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**PUBLIC SERVICE  
COMMISSION**

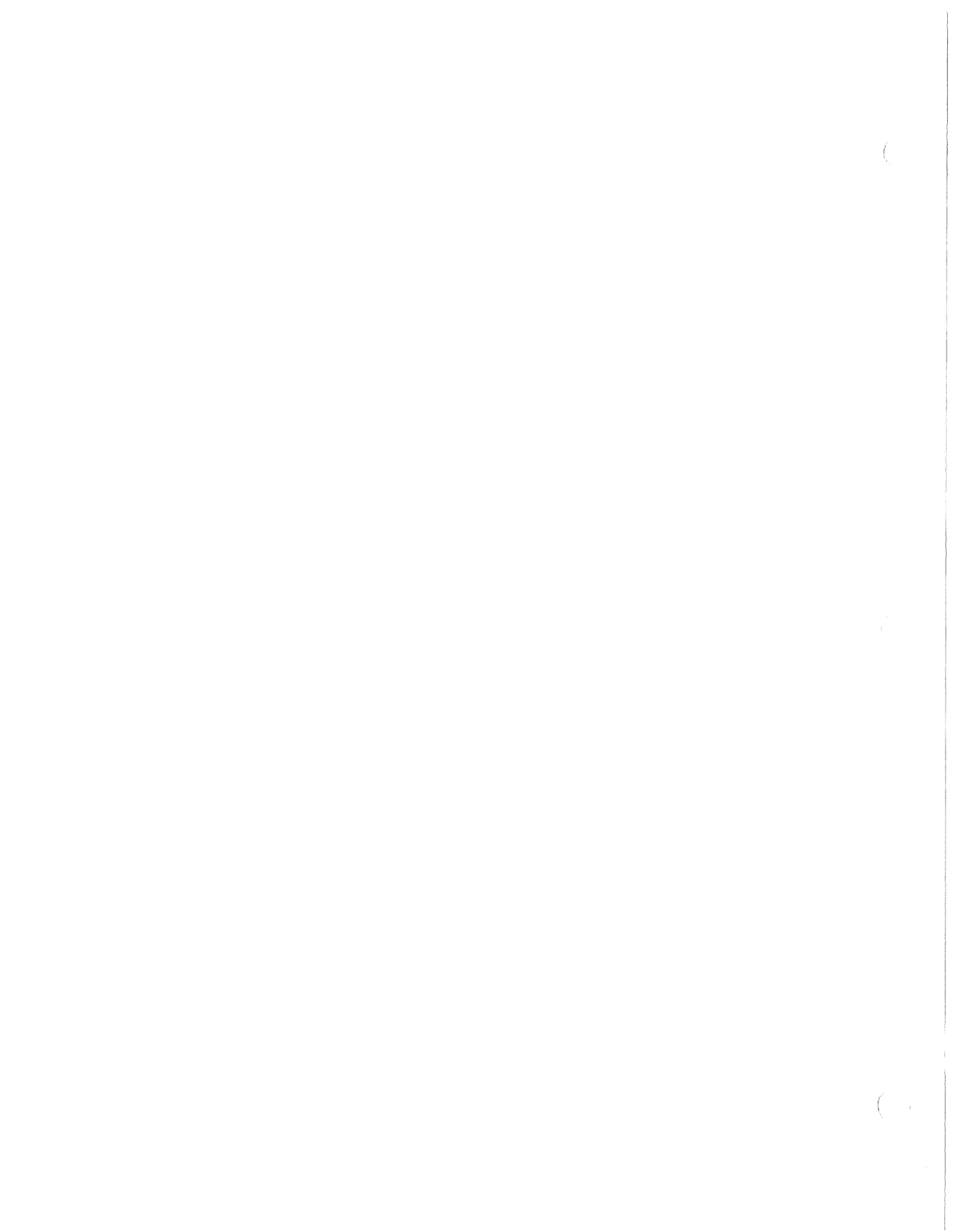
COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN ADJUSTMENT )  
OF GAS RATES OF COLUMBIA GAS )  
OF KENTUCKY, INC. )

CASE NO. 2007-00008

VOLUME 2

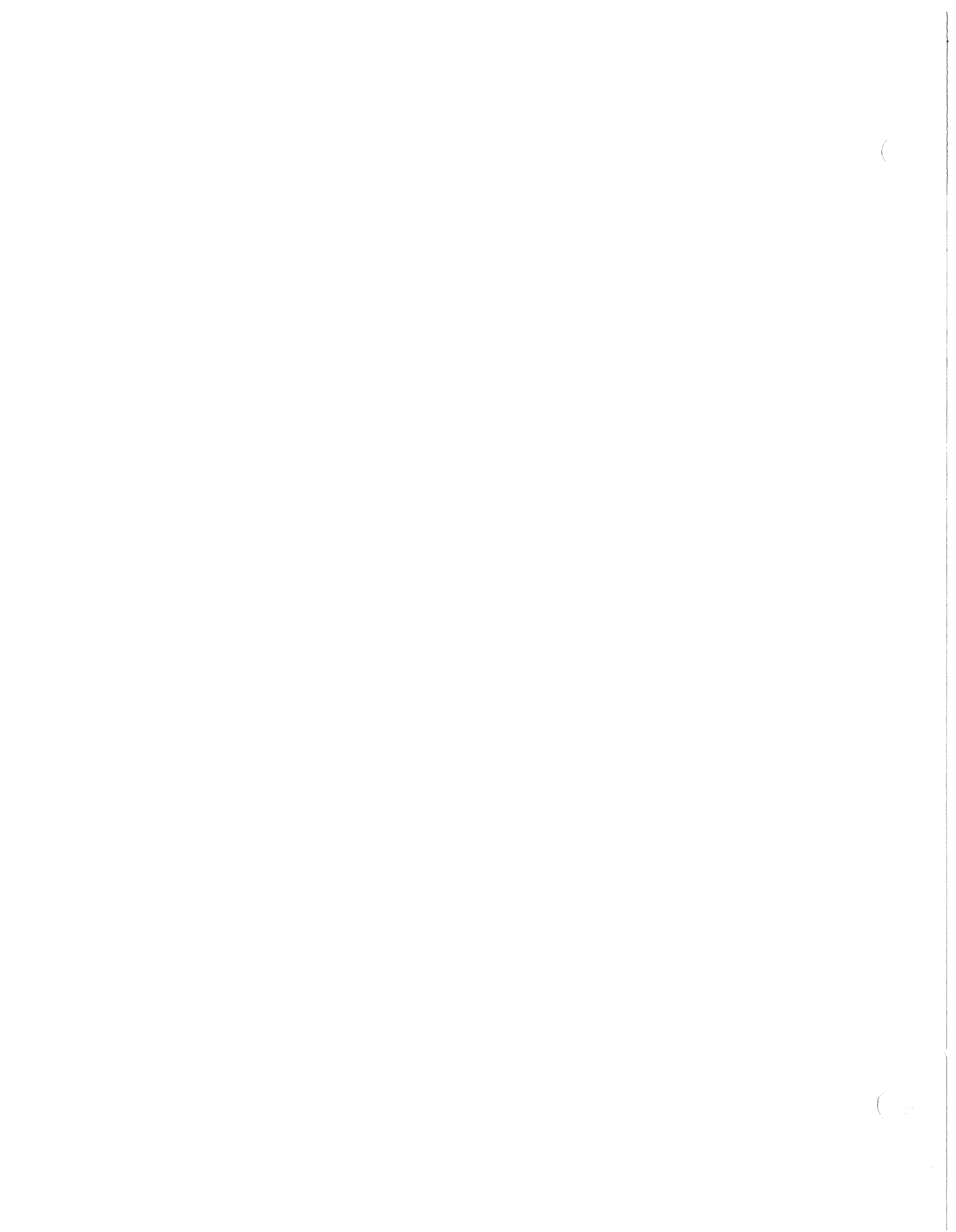
FILING REQUIREMENTS





**Columbia Gas of Kentucky**  
**Case No. 2007-00008**  
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**Volume 2**

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**Columbia Gas of Kentucky  
Case No. 2007-00008  
Historical Test Period Filing Requirements  
Filing Requirement #6-k**

**Description of Filing Requirement:**

The independent auditor's annual opinion report, with any written communication from the auditors to the utility which indicates the existence of a material weakness in the utility's internal control.

**Response:**

Attached is the independent auditor's report for NiSource Inc. from pages 65 and 66 of the Company's 2005 Annual Report.

**Responsible Witness:**

Kelly L. Humrichouse

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Board of Directors of NiSource Inc.:**

We have audited the accompanying consolidated balance sheets, statements of consolidated capitalization and long-term debt of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2005 and 2004, and the related consolidated statements of income, common stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2005. Our audits also included the financial statement schedules listed in the Index at Item 8. We also have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that the Company maintained effective internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on these financial statements and financial statement schedules, an opinion on management's assessment, and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**NI SOURCE INC.**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein. Also in our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As explained in Note 10 to the consolidated financial statements, effective January 1, 2003, the Company adopted FASB Statement No. 143, "Accounting for Asset Retirement Obligations." As explained in Note 10 to the consolidated financial statements, effective December 31, 2005, the Company adopted FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations."

/s/ DELOITTE & TOUCHE LLP  
Chicago, Illinois  
March 6, 2006

**Columbia Gas of Kentucky  
Case No. 2007-00008  
Historical Test Period Filing Requirements  
Filing Requirement #6-I**

**Description of Filing Requirement:**

The most recent FERC audit reports.

**Response:**

Columbia Gas of Kentucky is regulated solely by the Public Service Commission of Kentucky and there are no FERC or FERC audit reports available.

**Responsible Witness:**

Kelly L. Humrichouse





**Columbia Gas of Kentucky  
Case No. 2007-00008  
Historical Test Period Filing Requirements  
Filing Requirement #6-m**

**Description of Filing Requirement:**

The most recent Federal Energy Regulatory Commission (FERC) Form 2 (Gas).

**Response:**

Please refer to the attached FERC Form 2.

**Responsible Witness:**

Kelly L. Humrichouse



THIS FILING IS

Item 1:  An Initial (Original) Submission OR  Resubmission No. \_\_\_\_\_

Form 2 Approved  
OMB No. 1902-0028  
(Expires 6/30/2007)  
Form 3-Q: Approved  
OMB No. 1902-0205  
(Expires 6/30/2007)



# FERC FINANCIAL REPORT

## FERC FORM No. 2: Annual Report of Major Natural Gas Companies and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Natural Gas Act, Sections 10(a), and 16 and 18 CFR Parts 260.1 and 260.300. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of a confidential nature.

Exact Legal Name of Respondent (Company)

Columbia Gas of Kentucky, Inc

Year/Period of Report

End of 2005/Q4



# INSTRUCTIONS FOR FILING FERC FORMS 2, 2-A and 3-Q

## GENERAL INFORMATION

### Purpose

Form 2 is an annual regulatory support requirement under 18 CFR 260.1 for major interstate natural gas companies subject to the jurisdiction of the Federal Energy Regulatory Commission. Form 2-A is an annual regulatory support requirement under 18 CFR 260.2 for nonmajor interstate natural gas companies subject to the jurisdiction of the Federal Energy Regulatory Commission. Form 3-Q is a quarterly regulatory support requirement which supplements Forms 2 and 2A under 18 CFR 260.300. These reports are also considered to be a non-confidential public use forms.

### II. Who Must Submit

Each Major natural gas company which meets the filing requirements of 18 CFR 260.1 must file Form 2. Each Nonmajor natural gas company must submit Form 2-A as prescribed in 18 CFR Part 260.2. Each Major and Nonmajor natural gas company must submit Form 3-Q as prescribed in 18 CFR Part 260.300.

Note: Major means having combined gas transported or stored for a fee exceeding 50 million Mcf in each of the three previous calendar years.

Nonmajor means having total gas sales or volume transactions exceeding 200,000 Mcf in each of the three previous calendar years.

### III. What and Where to Submit

- (a) Submit Forms 2, 2-A and 3-Q electronically through the Form 2/3-Q Submission Software. Retain one copy of each report for your files.
- (b) Respondents may submit the Corporate Officer Certification electronically, or file/mail an original signed Corporate Officer Certification to:

Chief Accountant  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

(c) Submit, immediately upon publication, four (4) copies of the latest annual report to stockholders and any annual financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. (Do not include monthly and quarterly reports. Indicate by checking the appropriate box on Form 2, Page 3, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared.) Mail these reports to the address in III(c) above.

(d) For the Annual CPA certification, submit with the original submission, or within 30 days after the filing date for Form 2 or 2-A, a letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984):

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

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

Reference

Comparative Balance Sheet  
 Statement of Income  
 Statement of Retained Earnings  
 Statement of Cash Flows  
 Notes to Financial Statements

Reference

Schedules Pages

110-113  
 114-117  
 118-119  
 120-121  
 122-123

Insert the Letter or report immediately following the cover sheet. When submitting after the filing date for this form, send the letter or report to the Chief Accountant at the address indicated at III (b). Use the following form for the letter or report unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. insert parenthetical phrases only when exceptions are reported.

In connection with our regular examination of the financial statements of \_\_\_\_\_ for the year ended on which we have reported separately under date of \_\_\_\_\_ We have also reviewed schedules \_\_\_\_\_ of FERC Form No. 2/2A for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

State in the letter or report, which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist

(e) Federal, State and Local Governments and other authorized users may obtain additional blank copies to meet their requirements free of charge from: Public Reference and Files Maintenance Branch, Federal Energy Regulatory Commission, 888 First Street, NE. Room 2A, Washington, DC 20426 (202).502-8371

**IV. When to Submit:**

Submit Form 2 according to the filing dates contained in section 18 CFR 260.1 of the Commission's regulations. Submit Form 2-A according to the filing dates contained in section 18 CFR 260.2 of the Commission's regulations. Submit Form 3-Q according to the filing dates contained in section 18 CFR 260.300 of the Commission's regulations.

**V. Where to Send Comments on Public Reporting Burden.**

The public reporting burden for the Form 2 collection of information is estimated to average 1,570 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data-needed, and completing and reviewing the collection of information. The public reporting burden for the Form 2A collection of information is estimated to average 115 hours per response. The public reporting burden for the Form 3-Q collection of information is estimated to average 150 hours per response. Send comments regarding these burden estimates or any aspect of these collections of information, including suggestions for reducing burden, to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426 (Attention: Mr. Michael Miller, ED-30); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512 (a)).

GENERAL INSTRUCTIONS

- I. Prepare all reports in conformity with the Uniform System of Accounts (18 CFR 101) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U. S. of A.  
  
Enter in whole numbers (dollars or Dth) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.
- III Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. **The "Date of Report" included in the header of each page is to be completed only for resubmissions** (see VII. below).
- VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.
- VII For any resubmissions, submit the electronic filing using the Form 2/3-Q software and send a letter identifying which pages in the form have been revised. Send the letter to the Office of the Secretary.
- VIII. Footnote and further explain accounts or pages as necessary.  
  
Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.
- X. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.
- XI. Report all gas volumes in MMBtu and Dth.

DEFINITIONS

Btu per cubic foot – The total heating value, expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60°F if saturated with water vapor and under a pressure equivalent to that of 30°F, and under standard gravitational force (980.665 cm. per sec) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state (called gross heating value or total heating value).

II. Commission Authorization -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.

III. Dekatherm – A unit of heating value equivalent to 10 therms or 1,000,000 Btu.

IV. Respondent – The person, corporation, licensee, agency, authority, or other legal entity or instrumentality on whose behalf the report is made.

## EXCERPTS FROM THE LAW

(Natural Gas Act, 15 U.S.C. 717-717w)

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

"Section 16. The Commission shall have power to perform all and any acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this act; and may prescribe the form or forms of all statements declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and time within they shall be filed..."

### General Penalties

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



**QUARTERLY/ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES**

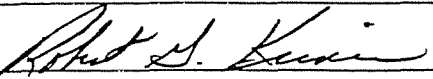

**IDENTIFICATION**

01 Exact Legal Name of Respondent Columbia Gas of Kentucky, Inc		Year/Period of Report End of <u>2005/Q4</u>	
03 Previous Name and Date of Change (If name changed during year)			
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 2001 Mercer Road, P. O. Box 4241, Lexington, KY 40512-4241			
05 Name of Contact Person Robert Kriner		06 Title of Contact Person Controller-Distribution Segment	
07 Address of Contact Person (Street, City, State, Zip Code) 200 Civic Center Drive, Columbus, OH 43215			
08 Telephone of Contact Person, Including Area Code 614-460-5900		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) 03/31/2006

**ANNUAL CORPORATE OFFICER CERTIFICATION**

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

11 Name Robert Kriner		12 Title Controller-Distribution Segment	
13 Signature 		14 Date Signed  3/29/2006	

Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.



Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of <u>2005/Q4</u>
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**List of Schedules (Natural Gas Company)**

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

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
	GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS			
1	General Information	101		
2	Control Over Respondent	102		
3	Corporations Controlled by Respondent	103		
4	Security Holders and Voting Powers	107		
5	Important Changes During the Year	108		
6	Comparative Balance Sheet	110-113		
7	Statement of Income for the Year	114-116		
8	Statement of Accumulated Comprehensive Income and Hedging Activities	117		None
9	Statement of Retained Earnings for the Year	118-119		
10	Statements of Cash Flows	120-121		
11	Notes to Financial Statements	122		
	BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)			
12	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
13	Gas Plant in Service	204-209		
14	Gas Property and Capacity Leased from Others	212		None
15	Gas Property and Capacity Leased to Others	213		None
16	Gas Plant Held for Future Use	214		None
17	Construction Work in Progress-Gas	216		
18	General Description of Construction Overhead Procedure	218		
19	Accumulated Provision for Depreciation of Gas Utility Plant	219		
20	Gas Stored	220		
21	Investments	222-223		
22	Investments in Subsidiary Companies	224-225		None
23	Prepayments	230		
24	Extraordinary Property Losses	230		
25	Unrecovered Plant and Regulatory Study Costs	230		
26	Other Regulatory Assets	232		
27	Miscellaneous Deferred Debits	233		
28	Accumulated Deferred Income Taxes	234-235		
	BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)			
29	Capital Stock	250-251		
30	Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		None
31	Other Paid-in Capital	253		
32	Discount on Capital Stock	254		None
33	Capital Stock Expense	254		None
34	Securities issued or Assumed and Securities Refunded or Retired During the Year	255		
35	Long-Term Debt	256-257		
36	Unamortized Debt Expense, Premium, and Discount on Long-Term Debt	258-259		None
37	Unamortized Loss and Gain on Reacquired Debt	260		None

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**List of Schedules (Natural Gas Company) (continued)**

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

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
38	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	261		
39	Taxes Accrued, Prepaid, and Charged During Year	262-263		
40	Miscellaneous Current and Accrued Liabilities	268		
41	Other Deferred Credits	269		
42	Accumulated Deferred Income Taxes-Other Property	274-275		
43	Accumulated Deferred Income Taxes-Other	276-277		
44	Other Regulatory Liabilities	278		
	<b>INCOME ACCOUNT SUPPORTING SCHEDULES</b>			
45	Gas Operating Revenues	300-301		
46	Revenues from Transportation of Gas of Others Through Gathering Facilities	302-303		None
47	Revenues from Transportation of Gas of Others Through Transmission Facilities	304-305		None
48	Revenues from Storage Gas of Others	306-307		None
49	Other Gas Revenues	308		
50	Gas Operation and Maintenance Expenses	317-325		
51	Exchange and Imbalance Transactions	328		
52	Gas Used in Utility Operations	331		
53	Transmission and Compression of Gas by Others	332		None
54	Other Gas Supply Expenses	334		
55	Miscellaneous General Expenses-Gas	335		
56	Depreciation, Depletion, and Amortization of Gas Plant	336-338		
57	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340		
	<b>COMMON SECTION</b>			
58	Regulatory Commission Expenses	350-351		
59	Distribution of Salaries and Wages	354-355		
60	Charges for Outside Professional and Other Consultative Services	357		
	<b>GAS PLANT STATISTICAL DATA</b>			
61	Compressor Stations	508-509		None
62	Gas Storage Projects	512-513		
63	Transmission Lines	514		None
64	Transmission System Peak Deliveries	518		None
65	Auxiliary Peaking Facilities	519		None
66	Gas Account-Natural Gas	520		
67	System Map	522		
68	Footnote Reference	551		
69	Footnote Text	552		
70	Stockholder's Reports (check appropriate box)			None
	<input type="checkbox"/> Four copies will be submitted <input type="checkbox"/> No annual report to stockholders is prepared			

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**General Information**

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Robert Kriner, Controller - Distribution Segment  
200 Civic Center Drive  
Columbus , Ohio 43215

2. Provide the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Incorporated in Kentucky - October 11, 1905, as Central Kentucky Natural Gas Company  
Named changed to Columbia Gas of Kentucky, Inc. effective January 1, 1958.

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

Purchase and distribute, at retail and wholesale, natural gas within the Commonwealth of Kentucky, and engage in off-system sales in the states of Louisiana, and West Virginia. Respondent also transports natural gas to industrial and commercial consumers under transportation service rate schedules.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

- (1)  Yes... Enter the date when such independent accountant was initially engaged:  
(2)  No

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, 2006	Year of Report Dec. 31, 2005
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**CONTROL OVER RESPONDENT**

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

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

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

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

Detail of Columbia Energy Group Companies

Columbia Energy Group (Parent)  
Columbia Atlantic Trading Corporation  
Columbia Remainder Corporation  
Columbia Energy Services Corporation  
Columbia Gas of Kentucky, Inc.  
Columbia Gas of Maryland, Inc.  
Columbia Gas of Ohio, Inc.  
Columbia Gas of Pennsylvania, Inc.  
Columbia Gas of Virginia, Inc.  
Columbia Gas Transmission Corporation  
Columbia Gulf Transmission Company  
Columbia Network Services Corporation  
Columbia Assurance Agency  
Columbia Accounts Receivable Corporation  
Columbia Deep Water Services Company

The Columbia Energy Group (the Group) was organized under the laws of Delaware on September 30, 1926, and is a registered holding company under the Public Utility Holding Company Act of 1935.

Columbia is an interconnected natural gas system composed of the Group; three transmission subsidiaries, one of which operates storage and transmission facilities in the Appalachian area, another operates a transmission line from the Southwest to the Appalachian area and the last of which owns and operates non-jurisdictional facilities, including offshore systems; five distribution subsidiaries operating in the states of Kentucky, Maryland, Ohio, Pennsylvania, and Virginia; a subsidiary which reinsures commercial insurance bought by Columbia subsidiaries; a subsidiary that invests in telecommunications network and a subsidiary which factors receivables of other Columbia subsidiaries.

Columbia Energy Group is a wholly owned subsidiary of NiSource Inc. and was acquired by NiSource on November 1, 2000.

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, 2006	Year of Report December 31, 2005
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**SECURITY HOLDERS AND VOTING POWERS**

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

2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

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

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

1. Give date of the latest closing of the stock book prior to end of year, and in a footnote, state the purpose of such closing:  May 31, 2005 Election of Directors	2. State the number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy Total: 952,248 By proxy: —	3. Give the date and place of such meeting:  May 10, 2005 Pittsburgh, PA
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Line No.	Name (Title) and Address of Security Holder  (a)	VOTING SECURITIES			
		4. Number of votes as of (date): December 31, 2003			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	952,248	952,248	-	-
6	TOTAL number of security holders	1	1	-	-
7	TOTAL votes of security holders listed below	952,248	952,248	-	-
8					
9	Columbia Energy Group				
10	801 E. 86th Avenue				
11	Merrillville, IN 46410				
12					
13					
14					
15					
16					
17					

Name of Respondent Columbia Gas of Kentucky, Inc	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report 2005/Q4
<b>Important Changes During the Quarter/Year</b>			

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

1. Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service.  
Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Cite Commission authorization if any was required.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
12. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
13. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

1. None
2. None
3. None
4. None
5. None
6. None
7. None
8. None
9. None
10. None
11. None
12. None



Name of Respondent Columbia Gas of Kentucky, Inc	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report 2005/Q4
Important Changes During the Quarter/Year			

13. None

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Comparative Balance Sheet (Assets and Other Debits)**

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	200-201	244,767,477	239,725,247
3	Construction Work in Progress (107)	200-201	4,732,118	1,049,005
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	249,499,595	240,774,252
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		110,075,722	107,069,249
6	Net Utility Plant (Total of line 4 less 5)		139,423,873	133,705,003
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)		0	0
8	(Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)		0	0
9	Nuclear Fuel (Total of line 7 less 8)		0	0
10	Net Utility Plant (Total of lines 6 and 9)		139,423,873	133,705,003
11	Utility Plant Adjustments (116)	122	0	0
12	Gas Stored-Base Gas (117.1)	220	0	0
13	System Balancing Gas (117.2)	220	0	0
14	Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3)	220	0	0
15	Gas Owned to System Gas (117.4)	220	0	0
16	<b>OTHER PROPERTY AND INVESTMENTS</b>			
17	Nonutility Property (121)		0	0
18	(Less) Accum. Provision for Depreciation and Amortization (122)		0	0
19	Investments in Associated Companies (123)	222-223	0	0
20	Investments in Subsidiary Companies (123.1)	224-225	0	0
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)			
22	Noncurrent Portion of Allowances		0	
23	Other Investments (124)	222-223	0	0
24	Sinking Funds (125)		0	0
25	Depreciation Fund (126)		0	0
26	Amortization Fund - Federal (127)		0	0
27	Other Special Funds (128)		0	0
28	Long-Term Portion of Derivative Assets (175)		0	0
29	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
30	TOTAL Other Property and Investments (Total of lines 17-20, 22-29)		0	0
31	<b>CURRENT AND ACCRUED ASSETS</b>			
32	Cash (131)		1,667,067	414,983
33	Special Deposits (132-134)		0	0
34	Working Funds (135)		1,200	1,700
35	Temporary Cash Investments (136)	222-223	314,117	1,357
36	Notes Receivable (141)		0	0
37	Customer Accounts Receivable (142)		17,638,547	11,867,475
38	Other Accounts Receivable (143)		5,380,781	1,571,496
39	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		509,159	430,441
40	Notes Receivable from Associated Companies (145)		0	0
41	Accounts Receivable from Associated Companies (146)		4,257,542	8,895,706
42	Fuel Stock (151)		0	
43	Fuel Stock Expenses Undistributed (152)		0	

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Comparative Balance Sheet (Assets and Other Debits)(continued)**

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
44	Residuals (Elec) and Extracted Products (Gas) (153)		0	0
45	Plant Materials and Operating Supplies (154)		42,405	32,138
46	Merchandise (155)		0	0
47	Other Materials and Supplies (156)		0	0
48	Nuclear Materials Held for Sale (157)		0	0
49	Allowances (158.1 and 158.2)		0	0
50	(Less) Noncurrent Portion of Allowances		0	0
51	Stores Expense Undistributed (163)		0	0
52	Gas Stored Underground-Current (164.1)	220	52,359,537	9,761,823
53	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	0	0
54	Prepayments (165)	230	508,025	510,534
55	Advances for Gas (166 thru 167)		0	0
56	Interest and Dividends Receivable (171)		0	434
57	Rents Receivable (172)		0	0
58	Accrued Utility Revenues (173)		20,256,348	15,223,961
59	Miscellaneous Current and Accrued Assets (174)		534,649	378,576
60	Derivative Instrument Assets (175)		795,700	0
61	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
62	Derivative Instrument Assets - Hedges (176)		0	0
63	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
64	<b>TOTAL Current and Accrued Assets (Total of lines 32 thru 63)</b>		<b>103,246,759</b>	<b>48,229,742</b>
65	<b>DEFERRED DEBITS</b>			
66	Unamortized Debt Expense (181)		0	0
67	Extraordinary Property Losses (182.1)	230	0	0
68	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
69	Other Regulatory Assets (182.3)	232	3,196,949	3,361,979
70	Preliminary Survey and Investigation Charges (Electric)(183)		0	0
71	Preliminary Survey and Investigation Charges (Gas)(183.1 and 183.2)		189,915	307,610
72	Clearing Accounts (184)		0	0
73	Temporary Facilities (185)		0	0
74	Miscellaneous Deferred Debits (186)	233	3,388,106	2,795,962
75	Deferred Losses from Disposition of Utility Plant (187)		0	0
76	Research, Development, and Demonstration Expend. (188)		0	0
77	Unamortized Loss on Reacquired Debt (189)		0	0
78	Accumulated Deferred Income Taxes (190)	234-235	6,627,374	3,148,201
79	Unrecovered Purchased Gas Costs (191)		15,353,401	11,131,764
80	<b>TOTAL Deferred Debits (Total of lines 66 thru 79)</b>		<b>28,755,745</b>	<b>20,745,516</b>
81	<b>TOTAL Assets and Other Debits (Total of lines 10-15,30,64, and 80)</b>		<b>271,426,377</b>	<b>202,680,261</b>

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Comparative Balance Sheet (Liabilities and Other Credits)**

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)
1	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock Issued (201)	250-251	23,806,200	23,806,200
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	4,749,596	4,684,378
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	52,977,027	49,057,807
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reacquired Capital Stock (217)	250-251	0	0
14	Accumulated Other Comprehensive Income (219)	117	0	0
15	<b>TOTAL Proprietary Capital (Total of lines 2 thru 14)</b>		<b>81,532,823</b>	<b>77,548,385</b>
16	<b>LONG TERM DEBT</b>			
17	Bonds (221)	256-257	0	0
18	(Less) Reacquired Bonds (222)	256-257	0	0
19	Advances from Associated Companies (223)	256-257	28,250,000	36,250,000
20	Other Long-Term Debt (224)	256-257	0	0
21	Unamortized Premium on Long-Term Debt (225)	258-259	0	0
22	(Less) Unamortized Discount on Long-Term Debt-Dr (226)	258-259	0	0
23	(Less) Current Portion of Long-Term Debt		0	0
24	<b>TOTAL Long-Term Debt (Total of lines 17 thru 23)</b>		<b>28,250,000</b>	<b>36,250,000</b>
25	<b>OTHER NONCURRENT LIABILITIES</b>			
26	Obligations Under Capital Leases-Noncurrent (227)		20,724	59,200
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		239,873	151,917
29	Accumulated Provision for Pensions and Benefits (228.3)		0	0
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of <u>2005/Q4</u>
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**Comparative Balance Sheet (Liabilities and Other Credits)(continued)**

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		0	0
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)		260,597	211,117
36	<b>CURRENT AND ACCRUED LIABILITIES</b>			
37	Current Portion of Long-Term Debt		8,000,000	5,805,000
38	Notes Payable (231)		0	0
39	Accounts Payable (232)		21,250,771	19,403,194
40	Notes Payable to Associated Companies (233)		0	0
41	Accounts Payable to Associated Companies (234)		36,881,806	4,562,442
42	Customer Deposits (235)		3,091,683	2,975,537
43	Taxes Accrued (236)	262-263	4,002,221	( 1,192,962)
44	Interest Accrued (237)		17,874	22,719
45	Dividends Declared (238)		0	0
46	Matured Long-Term Debt (239)		0	0
47	Matured Interest (240)		0	0
48	Tax Collections Payable (241)		2,371,277	1,185,443
49	Miscellaneous Current and Accrued Liabilities (242)	268	47,726,553	21,930,684
50	Obligations Under Capital Leases-Current (243)		38,477	34,829
51	Derivative Instrument Liabilities (244)		0	0
52	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
53	Derivative Instrument Liabilities - Hedges (245)		0	0
54	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
55	TOTAL Current and Accrued Liabilities (Total of lines 37 thru 54)		123,380,662	54,726,886
56	<b>DEFERRED CREDITS</b>			
57	Customer Advances for Construction (252)		994,612	849,096
58	Accumulated Deferred Investment Tax Credits (255)		1,029,018	1,117,526
59	Deferred Gains from Disposition of Utility Plant (256)		0	0
60	Other Deferred Credits (253)	269	6,925,729	6,295,812
61	Other Regulatory Liabilities (254)	278	4,307,799	2,761,048
62	Unamortized Gain on Reacquired Debt (257)	260	0	0
63	Accumulated Deferred Income Taxes - Accelerated Amortization (281)		0	0
64	Accumulated Deferred Income Taxes - Other Property (282)		18,532,405	17,721,900
65	Accumulated Deferred Income Taxes - Other (283)		6,212,732	5,198,491
66	TOTAL Deferred Credits (Total of lines 57 thru 65)		38,002,295	33,943,873
67	TOTAL Liabilities and Other Credits (Total of lines 15,24,35,55,and 66)		271,426,377	202,680,261

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Statement of Income**

Quarterly

1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
4. If additional columns are needed place them in a footnote

Annual or Quarterly, if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11. Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting mehods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
1	<b>UTILITY OPERATING INCOME</b>					
2	Gas Operating Revenues (400)	300-301	169,896,320	152,546,329	0	0
3	Operating Expenses					
4	Operation Expenses (401)	317-325	146,887,380	128,226,471	0	
5	Maintenance Expenses (402)	317-325	2,039,469	2,061,550	0	0
6	Depreciation Expense (403)	336-338	4,730,768	4,635,985	0	0
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338	0	0	0	0
8	Amortization and Depletion of Utility Plant (404-405)	336-338	494,035	458,265	0	0
9	Amortization of Utility Plant Acu. Adjustment (406)	336-338	0	0	0	0
10	Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1)		0	0	0	0
11	Amortization of Conversion Expenses (407.2)		0	0	0	0
12	Regulatory Debits (407.3)		0	0	0	0
13	(Less) Regulatory Credits (407.4)		0	0	0	0
14	Taxes Other than Income Taxes (408.1)	262-263	2,177,279	1,985,389	0	0
15	Income Taxes-Federal (409.1)	262-263	4,033,709	3,809,742	0	0
16	Income Taxes-Other (409.1)	262-263	689,361	366,712	0	0
17	Provision of Deferred Income Taxes (410.1)	234-235	5,170,445	5,376,839	0	0
18	(Less) Provision for Deferred Income Taxes-Credit (411.1)	234-235	6,291,054	5,188,089	0	0
19	Investment Tax Credit Adjustment-Net (411.4)		( 88,505)	( 89,328)	0	0
20	(Less) Gains from Disposition of Utility Plant (411.6)		0	0	0	0
21	Losses from Disposition of Utility Plant (411.7)		0	0	0	0
22	(Less) Gains from Disposition of Allowances (411.8)		0	0	0	0
23	Losses from Disposition of Allowances (411.9)		0	0	0	0
24	Accretion Expense (411.10)		0	0	0	0
25	TOTAL Utility Operating Expenses (Total of lines 4 thru 24)		159,842,887	141,643,536	0	0
26	Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27)		10,053,433	10,902,793	0	0

Statement of Income

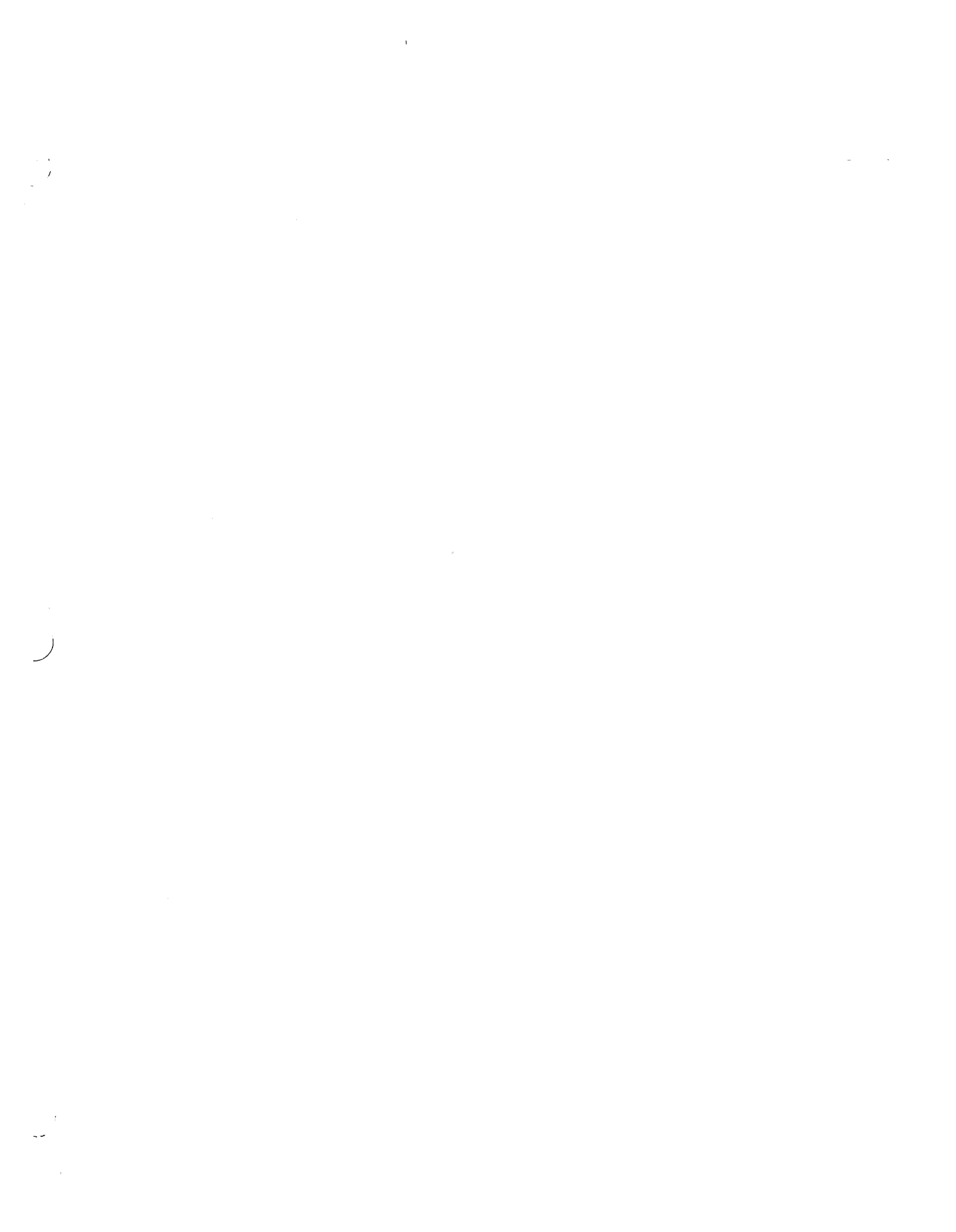
Line No.	Elec. Utility Current Year to Date (in dollars) (g)	Elec. Utility Previous Year to Date (in dollars) (h)	Gas Utility Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1						
2	0	0	169,896,320	152,546,329	0	0
3						
4	0	0	146,887,380	128,226,471	0	0
5	0	0	2,039,469	2,061,550	0	0
6	0	0	4,730,768	4,635,985	0	0
7	0	0	0	0	0	0
8	0	0	494,035	458,265	0	0
9	0	0	0	0	0	0
10	0	0	0	0	0	0
11	0	0	0	0	0	0
12	0	0	0	0	0	0
13	0	0	0	0	0	0
14	0	0	2,177,279	1,985,389	0	0
15	0	0	4,033,709	3,809,742	0	0
16	0	0	689,361	366,712	0	0
17	0	0	5,170,445	5,376,839	0	0
18	0	0	6,291,054	5,188,089	0	0
19	0	0	( 88,505)	( 89,328)	0	0
20	0	0	0	0	0	0
21	0	0	0	0	0	0
22	0	0	0	0	0	0
23	0	0	0	0	0	0
24	0	0	0	0	0	0
25	0	0	159,842,887	141,643,536	0	0
26	0	0	10,053,433	10,902,793	0	0

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Statement of Income(continued)**

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		10,053,433	10,902,793	0	0
28	<b>OTHER INCOME AND DEDUCTIONS</b>					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues form Merchandising, Jobbing and Contract Work (415)		0	0	0	0
32	(Less) Costs and Expense of Merchandising, Job & Contract Work (416)		0	0	0	0
33	Revenues from Nonutility Operations (417)		1,217,261	1,132,324	0	0
34	(Less) Expenses of Nonutility Operations (417.1)		0	0	0	0
35	Nonoperating Rental Income (418)		0	0	0	0
36	Equity in Earnings of Subsidiary Companies (418.1)	119	0	0	0	0
37	Interest and Dividend Income (419)		419,066	333,857	0	0
38	Allowance for Other Funds Used During Construction (419.1)		0	0	0	0
39	Miscellaneous Nonoperating Income (421)		1,312,856	372,688	0	0
40	Gain on Disposition of Property (421.1)		0	0	0	0
41	<b>TOTAL Other Income (Total of lines 31 thru 40)</b>		<b>2,949,183</b>	<b>1,838,869</b>	<b>0</b>	<b>0</b>
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		0	0	0	0
44	Miscellaneous Amortization (425)		0	156,472	0	0
45	Donations (426.1)	340	0	0	0	0
46	Life Insurance (426.2)		0	0	0	0
47	Penalties (426.3)		0	0	0	0
48	Expenditures for Certain Civic, Political and Related Activities (426.4)		0	4,558	0	0
49	Other Deductions (426.5)		324,794	115,738	0	0
50	<b>TOTAL Other Income Deductions (Total of lines 43 thru 49)</b>	<b>340</b>	<b>324,794</b>	<b>276,768</b>	<b>0</b>	<b>0</b>
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other than Income Taxes (408.2)	262-263	0	0	0	0
53	Income Taxes-Federal (409.2)	262-263	840,164	513,621	0	0
54	Income Taxes-Other (409.2)	262-263	185,604	122,679	0	0
55	Provision for Deferred Income Taxes (410.2)	234-235	22,896	211,116	0	0
56	(Less) Provision for Deferred Income Taxes-Credit (411.2)	234-235	0	36,128	0	0
57	Investment Tax Credit Adjustments-Net (411.5)		0	0	0	0
58	(Less) Investment Tax Credits (420)		0	0	0	0
59	<b>TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)</b>		<b>1,048,664</b>	<b>811,288</b>	<b>0</b>	<b>0</b>
60	<b>Net Other Income and Deductions (Total of lines 41, 50, 59)</b>		<b>1,575,725</b>	<b>750,813</b>	<b>0</b>	<b>0</b>
61	<b>INTEREST CHARGES</b>					
62	Interest on Long-Term Debt (427)		0	0	0	0
63	Amortization of Debt Disc. and Expense (428)	258-259	0	0	0	0
64	Amortization of Loss on Reacquired Debt (428.1)		0	0	0	0
65	(Less) Amortization of Premium on Debt-Credit (429)	258-259	0	0	0	0
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		0	0	0	0
67	Interest on Debt to Associated Companies (430)	340	3,394,457	3,254,135	0	0
68	Other Interest Expense (431)	340	290,263	206,544	0	0
69	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)		( 25,219)	66,967	0	0
70	<b>Net Interest Charges (Total of lines 62 thru 69)</b>		<b>3,709,939</b>	<b>3,393,712</b>	<b>0</b>	<b>0</b>
71	<b>Income Before Extraordinary Items (Total of lines 27,60 and 70)</b>		<b>7,919,219</b>	<b>8,259,894</b>	<b>0</b>	<b>0</b>
72	<b>EXTRAORDINARY ITEMS</b>					
73	Extraordinary Income (434)		0	0	0	0
74	(Less) Extraordinary Deductions (435)		0	0	0	0
75	<b>Net Extraordinary Items (Total of line 73 less line 74)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
76	Income Taxes-Federal and Other (409.3)	262-263	0	0	0	0
77	<b>Extraordinary Items after Taxes (Total of line 75 less line 76)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
78	<b>Net Income (Total of lines 71 and 77)</b>		<b>7,919,219</b>	<b>8,259,894</b>	<b>0</b>	<b>0</b>







Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of <u>2005/Q4</u>
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**Statement of Accumulated Comprehensive Income and Hedging Activities(continued)**

Line No.	Other Cash Flow Hedges Interest Rate Swaps  (f)	Other Cash Flow Hedges (Insert Category)  (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 116, Line 78) (i)	Total Comprehensive Income (j)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of <u>2005/Q4</u>
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**Statement of Retained Earnings**

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
5. Show dividends for each class and series of capital stock.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter Year to Date Balance (c)	Previous Quarter Year to Date Balance (d)
	<b>UNAPPROPRIATED RETAINED EARNINGS</b>			
1	Balance-Beginning of Period		49,057,807	49,797,913
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)			
4	TOTAL Credits to Retained Earnings (Account 439) (footnote details)			
5	TOTAL Debits to Retained Earnings (Account 439) (footnote details)			
6	Balance Transferred from Income (Acct 433 less Acct 418.1)		7,919,220	8,259,894
7	Appropriations of Retained Earnings (Account 436)			
8	TOTAL Appropriations of Retained Earnings (Account 436) (footnote details)			
9	Dividends Declared-Preferred Stock (Account 437)			
10	TOTAL Dividends Declared-Preferred Stock (Account 437) (footnote details)			
11	Dividends Declared-Common Stock (Account 438)			
12	TOTAL Dividends Declared-Common Stock (Account 438) (footnote details)		4,000,000	9,000,000
13	Transfers from Account 216.1, Unappropriated Undistributed Subsidiary Earnings			
14	Balance-End of Period (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13)		52,977,027	49,057,807
15	<b>APPROPRIATED RETAINED EARNINGS (Account 215)</b>			
16	TOTAL Appropriated Retained Earnings (Account 215) (footnote details)			
17	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account			
18	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account			
19	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) (Total of lines			
20	TOTAL Retained Earnings (Accounts 215, 215.1, 216) (Total of lines 14 and 1		52,977,027	49,057,807
21	<b>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</b>			
	Report only on an Annual Basis no Quarterly			
22	Balance-Beginning of Year (Debit or Credit)			
23	Equity in Earnings for Year (Credit) (Account 418.1)			
24	(Less) Dividends Received (Debit)			
25	Other Changes (Explain)			
26	Balance-End of Year			



Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Statement of Cash Flows**

- (1) Codes to be used: (a) Net Proceeds or Payments, (b) Bonds, debentures and other long-term debt; (c) Include commercial paper, and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
- (2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
- (3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
- (4) Investing Activities: Include at Other (line 25) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
1	Net Cash Flow from Operating Activities		
2	Net Income (Line 78(c) on page 116)	7,919,219	8,259,879
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	4,730,768	4,635,985
5	Amortization of (Specify) (footnote details)	494,035	458,266
6	Deferred Income Taxes (Net)	1,889,964	( 4,043,410)
7	Investment Tax Credit Adjustments (Net)	( 88,508)	( 89,321)
8	Net (Increase) Decrease in Receivables	( 4,863,041)	( 7,184,144)
9	Net (Increase) Decrease in Inventory	( 10,267)	141,271
10	Net (Increase) Decrease in Allowances Inventory		
11	Net Increase (Decrease) in Payables and Accrued Expenses	59,960,464	7,501,768
12	Net (Increase) Decrease in Other Regulatory Assets	165,030	500,288
13	Net Increase (Decrease) in Other Regulatory Liabilities	1,546,751	602,914
14	(Less) Allowance for Other Funds Used During Construction		
15	(Less) Undistributed Earnings from Subsidiary Companies		
16	Other (footnote details):	( 49,433,745)	5,815,8.
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of Lines 2 thru 16)	22,310,670	16,599,307
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	( 10,941,326)	( 7,970,228)
25	Gross Additions to Nonutility Plant		
26	(Less) Allowance for Other Funds Used During Construction		
27	Other (footnote details):		
28	Cash Outflows for Plant (Total of lines 22 thru 27)	( 10,941,326)	( 7,970,228)
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: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of <u>2005/Q4</u>
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**Statement of Cash Flows (continued)**

Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
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 (footnote details):		
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47)	( 10,941,326)	( 7,970,228)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)		
54	Preferred Stock		
55	Common Stock		
56	Other (footnote details):		
57	Net Increase in Short-term Debt (c)		
58	Other (footnote details):		
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)		
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)	( 5,805,000)	
63	Preferred Stock		
64	Common Stock		
65	Other (footnote details):		
66	Net Decrease in Short-Term Debt (c)		
67			
68	Dividends on Preferred Stock		
69	Dividends on Common Stock	( 4,000,000)	( 9,000,000)
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	( 9,805,000)	( 9,000,000)
72			
73	Net Increase (Decrease) in Cash and Cash Equivalents		
74	(Total of line 18, 49 and 71)	1,564,344	( 370,921)
75			
76	Cash and Cash Equivalents at Beginning of Period	418,040	788,961
77			
78	Cash and Cash Equivalents at End of Period	1,982,384	418,040

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, 2006	Dec. 31, 2005

**NOTES TO FINANCIAL STATEMENTS**

- 1 Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.
- 2 Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Also, briefly explain any dividends in arrears on cumulative preferred stock.
- 3 Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets.
- 4 Where Account 189, *Unamortized Loss on Recquired Debt*, and 257, *Unamortized Gain on Recquired Debt*, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
- 5 Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
- 6 Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.
- 7 Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.
- 8 Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.
- 9 Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

**Notes to Statement of Cash Flows- Pages 120-120-A**

Other Non-Cash Charges (Credits) to Income (Line16)

Unrecovered Purchased Gas Costs	(4,221,637)
Gas Stored Underground - Current	\$ (42,597,714)
Prepayments	2,509
Accrued Utility Revenues	(5,032,387)
Miscellaneous Current and Accrued Assets	(156,073)
Clearing Accounts	-
Miscellaneous Deferred Debits	(592,144)
Preliminary Surveying and Investigation Charges	117,695
Accumulated Deferred Income Taxes - Asset	(3,479,173)
Accumulated Provision for Injuries and Damages	87,956
Obligations Under Capital Leases - Noncurrent	(38,476)
Customer Deposits	116,146
Accrued Taxes	5,195,183
Other Current Liabilities	1,180,989
Customer Advances for Construction	145,516
Other Deferred Credits	629,917
Research, Development and Demonstration Activities	-
Derivative Instrument Assets	(795,700)
Accumulated Deferred Income Tax Liabilities	3,648
Miscellaneous Non-Cash Charges - Net	<u>\$ (49,433,745)</u>

Cash Paid for Interest During 2005	<u>\$ 3,654,656</u>
Cash Paid for Income Taxes (net of refunds) During 2005	<u>\$ (752,506)</u>



Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) March 31, 2006	Year of Report Dec. 31, 2005
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NOTES TO FINANCIAL STATEMENTS (Continued)

Notes to Statement of Cash Flows - Pages 120 - 121 (Continued)

Cash and Cash Equivalents at End of Year: Line 78

Cash (Account 131)	\$1,667,067
Working Funds (Account 135)	1,200
Temporary Cash Investments (Account 136)	314,117
	<u>\$1,982,384</u>

Pension Plans

The respondent participates in the Columbia Energy Group's noncontributory, qualified defined benefit pension plan covering essentially all employees. Benefits are based primarily on years of credited service and employees' highest three-year average annual compensation in the final five years of service. Columbia's funding policy complies with Federal law and tax regulations. Cash contributions of zero dollars were made in 2005. Accounting for pension plans is in compliance with Statement of Financial Accounting Standards (SFAS) No. 87.

Other Post-Retirement Benefits

The respondent provides medical coverage and life insurance to retirees. Essentially all active employees are eligible for these benefits upon retirement after completing ten consecutive years of service after age 45. Normally, spouses and dependents of retirees are also eligible for medical benefits. Funding for retiree life insurance is through a voluntary employee beneficiary association trust to which annual contributions are made, subject to the maximum tax-deductible limit. Funding for retiree medical costs is through two trusts and a 401(h) account. Cash contributions for retiree life insurance and medical costs were \$535,000 and \$432,000, respectively, for 2004 and 2005. Accounting for other post-retirement benefits is in compliance with SFAS No. 106. Additionally, the respondent has deferred as a regulatory asset transition obligations related to other post-retirement benefits in compliance with SFAS No. 71. The regulatory asset is being amortized over an eighteen year period (November 1994 - October 2012).

Other Post-Employment Benefits

The respondent provides benefits to former or inactive employees after employment, but before retirement. Such benefits include, but are not limited to, salary continuation, supplemental unemployment, severance, disability, job training, counseling, and continuation of benefits such as health care and life insurance coverage. No cash contributions were made in 2005. Accounting for other post-employment benefits is in compliance with SFAS No. 112. Additionally, the respondent has deferred as a regulatory asset these obligations in compliance with SFAS No. 71. The regulatory asset is being amortized over a nineteen year period (November 1994 - October 2013).

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion**

Line No.	Item (a)	Total Company For the Current Quarter/Year
1	UTILITY PLANT	
2	In Service	
3	Plant in Service (Classified)	240,872,266
4	Property Under Capital Leases	59,239
5	Plant Purchased or Sold	
6	Completed Construction not Classified	3,835,972
7	Experimental Plant Unclassified	
8	TOTAL Utility Plant (Total of lines 3 thru 7)	244,767,477
9	Leased to Others	
10	Held for Future Use	
11	Construction Work in Progress	4,732,118
12	Acquisition Adjustments	
13	TOTAL Utility Plant (Total of lines 8 thru 12)	249,499,595
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	110,075,722
15	Net Utility Plant (Total of lines 13 and 14)	139,423,873
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION	
17	In Service:	
18	Depreciation	107,362,254
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
20	Amortization of Underground Storage Land and Land Rights	
21	Amortization of Other Utility Plant	2,713,454
22	TOTAL In Service (Total of lines 18 thru 21)	110,075,707
23	Leased to Others	
24	Depreciation	
25	Amortization and Depletion	
26	TOTAL Leased to Others (Total of lines 24 and 25)	
27	Held for Future Use	
28	Depreciation	
29	Amortization	
30	TOTAL Held for Future Use (Total of lines 28 and 29)	
31	Abandonment of Leases (Natural Gas)	14
32	Amortization of Plant Acquisition Adjustment	
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32)	110,075,722

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion (continued)

Line No.	Electric (c)	Gas (d)	Other (specify) (e)	Common (f)
1				
2				
3		240,872,266		
4		59,239		
5				
6		3,835,972		
7				
8		244,767,477		
9				
10				
11		4,732,118		
12				
13		249,499,595		
14		110,075,722		
15		139,423,873		
16				
17				
18		107,362,254		
19				
20				
21		2,713,454		
22		110,075,708		
23				
24				
25				
26				
27				
28				
29				
30				
31		14		
32				
33		110,075,722		

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Gas Plant in Service (Accounts 101, 102, 103, and 106)**

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

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	521	
3	302 Franchises and Consents		
4	303 Miscellaneous Intangible Plant	1,820,653	262,112
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	1,821,174	262,112
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Lands		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way		
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures		
15	328 Field Measuring and Regulating Station Equipment		
16	329 Other Structures		
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment		
19	332 Field Lines		
20	333 Field Compressor Station Equipment		
21	334 Field Measuring and Regulating Station Equipment		
22	335 Drilling and Cleaning Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration and Development Costs		
26	339 Asset Retirement Costs for Natural Gas Production and		
27	TOTAL Production and Gathering Plant (Enter Total of lines 8		
28	PRODUCTS EXTRACTION PLANT		
29	340 Land and Land Rights		
30	341 Structures and Improvements		
31	342 Extraction and Refining Equipment		
32	343 Pipe Lines		
33	344 Extracted Products Storage Equipment		

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of <u>2005/Q4</u>
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**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

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

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account

classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

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

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

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
1				
2				521
3				
4	253,758			1,829,007
5	253,758			1,829,528
6				
7				
8				
9				
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33				

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	345 Compressor Equipment		
35	346 Gas Measuring and Regulating Equipment		
36	347 Other Equipment		
37	348 Asset Retirement Costs for Products Extraction Plant		
38	TOTAL Products Extraction Plant (Enter Total of lines 29 thru 37)		
39	TOTAL Natural Gas Production Plant (Enter Total of lines 27 and		
40	Manufactured Gas Production Plant (Submit Supplementary	7,678	
41	TOTAL Production Plant (Enter Total of lines 39 and 40)	7,678	
42	NATURAL GAS STORAGE AND PROCESSING PLANT		
43	Underground Storage Plant		
44	350.1 Land		
45	350.2 Rights-of-Way		
46	351 Structures and Improvements		
47	352 Wells		
48	352.1 Storage Leaseholds and Rights		
49	352.2 Reservoirs		
50	352.3 Non-recoverable Natural Gas		
51	353 Lines		
52	354 Compressor Station Equipment		
53	355 Other Equipment		
54	356 Purification Equipment		
55	357 Other Equipment		
56	358 Asset Retirement Costs for Underground Storage Plant		
57	TOTAL Underground Storage Plant (Enter Total of lines 44 thru		
58	Other Storage Plant		
59	360 Land and Land Rights		
60	361 Structures and Improvements		
61	362 Gas Holders		
62	363 Purification Equipment		
63	363.1 Liquefaction Equipment		
64	363.2 Vaporizing Equipment		
65	363.3 Compressor Equipment		
66	363.4 Measuring and Regulating Equipment		
67	363.5 Other Equipment		
68	363.6 Asset Retirement Costs for Other Storage Plant		
69	TOTAL Other Storage Plant (Enter Total of lines 58 thru 68)		
70	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
71	364.1 Land and Land Rights		
72	364.2 Structures and Improvements		
73	364.3 LNG Processing Terminal Equipment		
74	364.4 LNG Transportation Equipment		
75	364.5 Measuring and Regulating Equipment		
76	364.6 Compressor Station Equipment		
77	364.7 Communications Equipment		
78	364.8 Other Equipment		
79	364.9 Asset Retirement Costs for Base Load Liquefied Natural Gas		
80	TOTAL Base Load Liquefied Nat'l Gas, Terminaling and		

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
34				
35				
36				
37				
38				
39				
40				7,678
41				7,678
42				
43				
44				
45				
46				
47				
48				
49				
50				
51				
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Name of Respondent		This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2006	Dec. 31, 2005
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
34				
35	Manufactured Plant			
36	Production Plant			
37	Liquefied Petroleum			
38	Gas Air Plant			
39				
40	304 Land & Land Rights	7,678	-	
41	305 Structures & Improvements	-	-	
42	311 Liquefied Petroleum Gas Equipment	-	-	
43				
44	Total Manufactured Gas Production Plant			
45	Pages 206 and 207, Line 38	7,678	-	
46				
47				
48				
49				
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56				
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Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2006	Dec. 31, 2005

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				34
				35
				36
				37
				38
				39
-	-	-	7,678	40
-	-	-	0	41
-	-	-	0	42
<hr/>				43
				44
-	-	-	7,678	45
<hr/>				46
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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 57,		
82	TRANSMISSION PLAN		
83	365.1 Land and Land Rights		
84	365.2 Rights-of-Way		
85	366 Structures and Improvements		
86	367 Mains		
87	368 Compressor Station Equipment		
88	369 Measuring and Regulating Station Equipment		
89	370 Communication Equipment		
90	371 Other Equipment		
91	372 Asset Retirement Costs for Transmission Plant		
92	TOTAL Transmission Plant (Enter Totals of lines 83 thru 91)		
93	DISTRIBUTION PLANT		
94	374 Land and Land Rights	4,102,351	( 76,050)
95	375 Structures and Improvements	7,891,645	41,410
96	376 Mains	118,636,828	1,321,959
97	377 Compressor Station Equipment		
98	378 Measuring and Regulating Station Equipment-General	4,480,315	77,954
99	379 Measuring and Regulating Station Equipment-City Gate	257,909	
100	380 Services	70,237,630	2,809,466
101	381 Meters	10,246,092	686,745
102	382 Meter Installations	7,222,927	126,961
103	383 House Regulators	2,142,154	363,883
104	384 House Regulator Installations	2,392,132	
105	385 Industrial Measuring and Regulating Station Equipment	1,999,965	646,988
106	386 Other Property on Customers' Premises		
107	387 Other Equipment	2,912,207	468,34
108	388 Asset Retirement Costs for Distribution Plant		
109	TOTAL Distribution Plant (Enter Total of lines 94 thru 108)	232,522,155	6,467,660
110	GENERAL PLANT		
111	389 Land and Land Rights		
112	390 Structures and Improvements		
113	391 Office Furniture and Equipment	1,666,381	149,468
114	392 Transportation Equipment	132,459	
115	393 Stores Equipment		
116	394 Tools, Shop, and Garage Equipment	2,685,209	
117	395 Laboratory Equipment	10,308	
118	396 Power Operated Equipment	681,429	
119	397 Communication Equipment		
120	398 Miscellaneous Equipment	104,422	
121	Subtotal (Enter Total of lines 111 thru 120)	5,280,208	149,468
122	399 Other Tangible Property		
123	399.1 Asset Retirement Costs for General Plant		
124	TOTAL General Plant (Enter Total of lines 121, 122 and 123)	5,280,208	149,468
125	TOTAL (Accounts 101 and 106)	239,631,215	6,879,240
126	Gas Plant Purchased (See Instruction 8)		
127	(Less) Gas Plant Sold (See Instruction 8)		
128	Experimental Gas Plant Unclassified		
129	TOTAL Gas Plant In Service (Enter Total of lines 125 thru 128)	239,631,215	6,879,240

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94	602			4,025,699
95	4,765			7,928,290
96	294,800	( 38)		119,663,949
97				
98	( 3,767)			4,562,036
99				257,909
100	560,560			72,486,536
101	44,057			10,888,780
102	29,225			7,320,663
103	3,551			2,502,486
104	22,964			2,369,168
105	107,077			2,539,876
106				
107	49,606	183,305		3,514,250
108				
109	1,113,440	183,267		238,059,642
110				
111				
112				
113	35,950	( 183,305)		1,596,594
114				132,459
115				
116	397,753	( 3,290)		2,284,166
117				10,308
118				681,429
119				
120	1,278	3,290		106,434
121	434,981	( 183,305)		4,811,390
122				
123				
124	434,981	( 183,305)		4,811,390
125	1,802,179	( 38)		244,708,238
126				
127				
128				
129	1,802,179	( 38)		244,708,238

COLUMBIA GAS OF KENTUCKY, INC.

YEAR ENDED DECEMBER 31, 2005

GAS PLANT IN SERVICE

DEVELOPMENT OF ADDITIONS FOR YEAR 2005 - COLUMN (c)

Line No.	Account (a)	Completed Construction Not Classified - Account 106		Transferred from Account 107 (e)	2005 Additions Column (c) (f)
		Year 2004 (b)	Year 2005 (c)		
1	1. Intangible Plant				
2	301 Organization				
3	302 Franchises and Consents				
4	303 Miscellaneous Intangible Plant	420,904	414,973	268,043	262,112
5	TOTAL Intangible Plant	420,904	414,973	268,043	262,112
6	2. Production Plant				
7	Natural Gas Production and Gathering Plant				
8	325.1 Producing Lands				
9	325.2 Producing Leaseholds				
10	325.3 Gas Rights				
11	325.4 Rights-of-Way				
12	325.5 Other Land and Land Rights				
13	326 Gas Well Structures				
14	327 Field Compressor Station Structures				
15	328 Field Meas. and Reg. Sta. Structures				
16	329 Other Structures				
17	330 Producing Gas Wells-Well Construction				
18	331 Producing Gas Wells-Well Equipment				
19	332 Field Lines				
20	333 Field Compressor Station Equipment				
21	334 Field Meas. and Reg. Station Equipment				
22	335 Drilling and Cleaning Equipment				
23	336 Purification Equipment				
24	337 Other Equipment				
25	338 Unsuccessful Exploration & Devel. Costs				
26	TOTAL Production and Gathering Plant	-	-	-	-
27	Products Extraction Plant				
28	340 Land and Land Rights				
29	341 Structures and Improvements				
30	342 Extraction and Refining Equipment				
31	343 Pipe Lines				
32	344 Extracted Products Storage Equipment				

GAS PLANT IN SERVICE

DEVELOPMENT OF ADDITIONS FOR YEAR 2005 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106		Transferred from Account 107 (e)	2005 Additions Column (c) (f)
		Year 2004 (b)	Year 2005 (c)		
	2. Production Plant (Continued)				
	Products Extraction Plant (Continued)				
33	345 Compressor Equipment	-	-	-	-
34	346 Gas Meas. and Reg. Equipment	-	-	-	-
35	347 Other Equipment	-	-	-	-
36	TOTAL Products Extraction Plant	-	-	-	-
37	TOTAL Nat. Gas Production Plant	-	-	-	-
38	Mfd. Gas Prod. Plant (Submit Suppl. Statement) *	-	-	-	-
39	TOTAL Production Plant	-	-	-	-
40	3. Natural Gas Storage and Processing Plant				
41	Underground Storage Plant				
42	350.1 Land				
43	350.2 Rights-of-Way				
44	351 Structures and Improvement				
45	352 Wells				
46	352.1 Storage Leaseholds and Rigths				
47	352.2 Reservoirs				
48	352.3 Non-recoverable Natural Gas				
49	353 Lines				
50	354 Compressor Station Equipment				
51	355 Measuring and Reg. Equipment				
52	356 Purification Equipment				
53	357 Other Equipment				
54	TOTAL Underground Storage Plant	-	-	-	-
55	Other Storage Plant				
56	360 Land and Land Rights				
57	361 Structures and Improvements				
58	362 Gas Holders				
59	363 Purification Equipment				
60	363.1 Liquefaction Equipment				
61	363.2 Vaporizing Equipment				
62	363.3 Compressor Equipment				
63	363.4 Meas. and Reg. Equipment				
64	363.5 Other Equipment				
65	TOTAL Other Storage Plant	-	-	-	-

\* See page 209-E

## GAS PLANT IN SERVICE

## DEVELOPMENT OF ADDITIONS FOR YEAR 2005 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106			Transferred from Account 107 (e)	2005 Additions Column (c) (f)
		Year 2004 (b)	Year 2005 (c)	(c)-(b) (d)		
66	Base Load Liquefied Natural Gas Terminating and Processing Plant					
67	364.1 Land and Land Rights					
68	364.2 Structures and Improvements					
69	364.3 LNG Processing Terminal Equipment					
70	364.4 LNG Transportation Equipment					
71	364.5 Measuring and Regulating Equipment					
72	364.6 Compressor Station Equipment					
73	364.7 Communication Equipment					
74	364.8 Other Equipment					
75	TOTAL Base Load Liquefied Natural Gas Terminating and Processing Plant	-	-	-	-	-
76	TOTAL Nat. Gas Storage and Proc. Plant	-	-	-	-	-
77	4. Transmission Plant					
78	365.1 Land and Land Rights					
79	365.2 Rights of Way					
80	366 Structures and Improvements					
81	367 Mains					
82	368 Compressor Station Equipment					
83	369 Measuring and Reg. Sta. Equipment					
84	370 Communication Equipment					
85	371 Other Equipment					
86	TOTAL Transmission Plant	-	-	-	-	-
87	5. Distribution Plant					
88	374 Land and Land Rights	116,715	40,279	(76,436)	386	(76,050)
89	375 Structures and Improvements	17,944	13,465	(4,479)	45,889	41,410
90	376 Mains	3,542,119	1,018,267	(2,523,852)	3,845,810	1,321,959
91	377 Compressor Station Equipment	-	-	-	0	-
92	378 Meas. and Reg. Sta. Equip.-General	166,286	54,753	(111,533)	189,487	77,954
93	379 Meas. and Reg. Sta. Equip.-City Gate	-	-	-	0	-
94	380 Services	42,061	14,556	(27,505)	2,836,971	2,809,466
95	381 Meters	792,822	1,157,620	364,797	321,948	686,745
96	382 Meter Installations	-	-	-	126,961	126,961
97	383 House Regulators	-	-	-	363,883	363,883
98	384 House Reg. Installations	-	-	-	0	-
99	385 Industrial Meas. and Reg. Sta. Equipment	46,409	662,510	616,100	30,888	646,988
100	386 Other Prop. on Customers' Premises	-	-	-	0	-
101	387 Other Equipment	334,106	207,544	(126,562)	594,906	468,344
102	TOTAL Distribution Plant	5,058,463	3,168,994	(1,889,469)	8,357,129	6,467,660
103						

COLUMBIA GAS OF KENTUCKY, INC.

YEAR ENDED DECEMBER 31, 2005

GAS PLANT IN SERVICE

DEVELOPMENT OF ADDITIONS FOR YEAR 2005 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106 (c)-(b) (d)			Transferred from Account 107 (e)	2005 Additions Column (c) (f)
		Year 2004 (b)	Year 2005 (c)	(c)-(b) (d)		
104	6. General Plant					
105	389 Land and Land Rights	-	-	-	-	-
106	390 Structures and Improvements	-	-	-	-	-
107	391 Office Furniture and Equipment	25,606	205,500	179,895	(30,426)	149,468
108	392 Transportation Equipment	-	-	-	0	0
109	393 Stores Equipment	-	-	-	0	0
110	394 Tools, Shop, and Garage Equipment	46,591	46,591	0	0	0
111	395 Laboratory Equipment	-	-	-	0	0
112	396 Power Operated Equipment	-	-	-	0	0
113	397 Communication Equipment	-	-	-	0	0
114	398 Miscellaneous Equipment	0	0	0	0	0
115	Subtotal	72,196	252,091	179,895	(30,426)	149,468
116	399 Other Tangible Property	-	-	-	-	0
117	TOTAL General Plant	72,196	252,091	179,895	(30,426)	149,468
118	TOTAL	5,551,563	3,836,058	(1,715,505)	8,594,746	6,879,240

COLUMBIA GAS OF KENTUCKY, INC. YEAR ENDED DECEMBER 31, 2005

GAS PLANT IN SERVICE

DEVELOPMENT OF ADDITIONS FOR YEAR 2005 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106			Transferred from Account 107 (e)	2005 Additions Column (c) (f)
		Year 2004 (b)	Year 2005 (c)	(c)-(b) (d)		
(1)	Forward from page 209-B Line 38					
118	2. PRODUCTION PLANT					
119	Manufactured Gas Production Plant					
120	Liquefied Petroleum Gas					
121	Land and Land Rights	-	-	-	-	-
122	Structures and Improvements	-	-	-	-	-
123	Liquefied Petroleum Gas Equipment	-	-	-	-	-
124						
125	Total Manufactured Gas Production	-	-	-	-	-
126	Plant					





Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Gas Property and Capacity Leased from Others**

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

Line No.	Name of Lessor (a)	*	Description of Lease (c)	Lease Payments for Current Year (d)
1	Not Applicable			
2				
3				
4				
5				
6				
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42				
43				
44				
45	Total			

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Gas Property and Capacity Leased to Others**

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

Line No.	Name of Lessor (a)	*	Description of Lease (c)	Lease Payments for Current Year (d)
		(b)		
1	Not Applicable			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
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41				
42				
43				
44				
45	Total			

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Gas Plant Held for Future Use (Account 105)**

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

Line No.	Description and Location of Property (a)	Date Originally Included in this Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	Not Applicable			
2				
3				
4				
5				
6				
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41				
42				
43				
44				
45	Total			

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, 2006	Dec. 31, 2005
<b>CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)</b>				
1. Report below descriptions and balances at end of year of projects in process of construction (107). 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,		Development, and Demonstration (see Account 107 of the Uniform System of Accounts). 3. Minor projects (less than \$1,000,000) may be grouped.		
Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)	
1	PRODUCTION PLANT			
2	<u>Liquefied Petroleum Gas-Air</u>			
3				
4	305 Structures and Improvements	-	-	
5	311 Liquefied Petroleum Gas Equipment	-	-	
6	Total L. P. G. Production Plant	-	-	
7				
8				
9	<u>Distribution Plant</u>			
10				
11	374 Land and Land Rights	67,221		
12	375 Structures and Improvements	4,942	544	
13	376 Mains *	4,101,885	451,207	
14	378 Measuring and Regulating Equipment-General	133,621	14,698	
15	380 Service Lines	25,152		
16	381 Meters	(6,940)		
17	382 Meter Installations	236,004		
18	383 House Regulators	11,782		
19	384 House Regulator Installations	-		
20	385 Industrial Measuring and Regulating Equipment	66,768	7,344	
21	387 Communications	38,931	4,282	
22	Total Distribution Plant	4,679,366	478,076	
23				
24				
25	<u>General Plant</u>			
26				
27	391 Office Furniture and Equipment	300	-	
28	394 Tools and Equipment	13,223	-	
29	396 Power Operated Equipment	0	-	
30	398 Miscellaneous Equipment	0	-	
31				
32	Total General Plant	13,523	-	
33				
34				
35	<u>Intangible Plant</u>			
36				
37	303 Miscellaneous Intangible Plant	39,229	4,315	
38	Total Intangible Plant	39,229	4,315	
39				
40				
41				
42	<b>TOTAL</b>	<b>4,732,118</b>	<b>482,391</b>	

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2006	Year of Report December 31, 2005
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**GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE**

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

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

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

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

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

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

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

Title (a)	Amount (b)	Capitalization Ratio (Percent) (c)	Cost Rate Percentage (d)
(1) Average Short-Term Debt	S 110,519,928		
(2) Short-Term Interest			s 2.30
(3) Long-Term Debt	D 1,075,923,636	26.64%	d 9.10
(4) Preferred Stock	P -	-	p -
(5) Common Equity	C 2,962,805,055	73.36%	c 12.98
(6) Total Capitalization	4,149,248,619	100.00%	
(7) Average Construction Work In Progress Balance	W 88,487,280		

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

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

4. Weighted Average Rate Actually Used for the Year:

- a. Rate for Borrowed Funds - 2.30
- b. Rate for Other Funds - 0.00

**(A)** Amounts used in computation are based on the consolidation capitalization and consolidated cost rates of the Columbia Energy Group and Subsidiary Companies.

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

Supervision and Engineering Overhead

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

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

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

Labor Overheads

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

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

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

Labor Overheads (Continued)

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

General and Administrative Overheads

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

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

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



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

General and Administrative Overheads (Continued)

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

Allowance for Funds Used During Construction

On February 2, 1977, the Federal Energy Regulatory Commission issued Order No. 561 establishing a "uniform formulary" method for determining the maximum rate to be used in computing the Allowance for Funds Used During Construction. In 2005, Allowance for Funds Used During Construction was capitalized at a cost rate of 2.30% on all classes of property except organization, autos, office equipment, tools and other property purchases.

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

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**Accumulated Provision for Depreciation of Gas Utility Plant (Account 108)**

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.
5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g., 7.01, 7.02, etc.

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
	<b>Section A. BALANCES AND CHANGES DURING YEAR</b>				
1	Balance Beginning of Year	104,421,018	104,421,018		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	4,730,768	4,730,768		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Expense of Gas Plant Leased to Others				
6	Transportation Expenses - Clearing				
7	Other Clearing Accounts				
8	Other Clearing (Specify) (footnote details):				
9					
10	TOTAL Deprec. Prov. for Year (Total of lines 3 thru 8)	4,730,768	4,730,768		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	( 1,473,474)	( 1,473,474)		
13	Cost of Removal	( 337,888)	( 337,888)		
14	Salvage (Credit)	( 6,385)	( 6,385)		
15	TOTAL Net Chrgs for Plant Ret. (Total of lines 12 thru 14)	( 1,804,977)	( 1,804,977)		
16	Other Debit or Credit Items (Describe) (footnote details):				
17					
18	Book Cost of Asset Retirement Costs				
19	Balance End of Year (Total of lines 1,10,15,16 and 18)	107,346,809	107,346,809		
	<b>Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS</b>				
21	Productions-Manufactured Gas				
22	Production and Gathering-Natural Gas				
23	Products Extraction-Natural Gas				
24	Underground Gas Storage				
25	Other Storage Plant				
26	Base Load LNG Terminaling and Processing Plant				
27	Transmission				
28	Distribution	106,564,272	106,564,272		
29	General	774,671	774,671		
30	TOTAL (Total of lines 21 thru 29)	107,338,943	107,338,943		

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**GAS STORED (ACCOUNT 117.1, 117.2, 117.3, 117.4, 164.1,164.2 AND 164.3)**

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

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

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

Line No.	Description (a)	(Account 117 1) (b)	(Account 117 2) (c)	Noncurrent (Account 117 3) (d)	(Account 117 4) (e)	Current (Account 164 1) (f)	LNG (Account 164 2) (g)	LNG (Account 164 3) (h)	Total (i)
1	Balance at Beginning of Year					9,761,826			9,761,826
2	Gas Delivered to Storage					98,970,584			98,970,584
3	Gas Withdrawn from Storage					56,372,870			56,372,870
4	Other Debits and Credits								
5	Balance at End of Year					52,359,540			52,359,540
6	Dth					8,837,300			8,837,300
7	Amount per Dth					5.9248	-		5.9248

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**Investments (Account 123, 124, and 136)**

- Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.
- Provide a subheading for each account and list thereunder the information called for:
  - Investment in Securities-List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments) state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.
  - Investment Advances-Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of Investment  (a)	*	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference)  (c)	Purchases or Additions During the Year  (d)
1	Liquid Money Market Instruments	*		
2	( e.g. Commercial Paper)		1,357	16,332,711
3				
4	Temporary Cash Investment	*		
5	(e. g. Hedging Account)			3,311,165
6				
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Name of Respondent Columbia Gas of Kentucky, Inc	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Investments (Account 123, 124, and 136) (continued)**

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

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

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

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

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

Line No.	Sales or Other Dispositions During Year (e)	Principal Amount or No. of Shares at End of Year (f)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (g)	Revenues for Year (h)	Gain or Loss from Investment Disposed of (i)
1					
2	16,334,068			131,868	
3					
4					
5	2,997,048		314,117	14,907	
6					
7					
8					
9					
10					
11					
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**Investments in Subsidiary Companies (Account 123.1)**

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

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	Not Applicable			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
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15				
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39				
40	TOTAL Cost of Account 123.1 \$		TOTAL	

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Investments in Subsidiary Companies (Account 123.1) (continued)**

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

Line No.	Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)
1				
2				
3				
4				
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Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)

**PREPAYMENTS (ACCOUNT 165)**

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

Line No.	Nature of Payment (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Insurance	384,681
2	Prepaid Rents	
3	Prepaid Taxes	
4	Prepaid Interest	
5	Miscellaneous Prepayments	123,344
6	TOTAL	508,025



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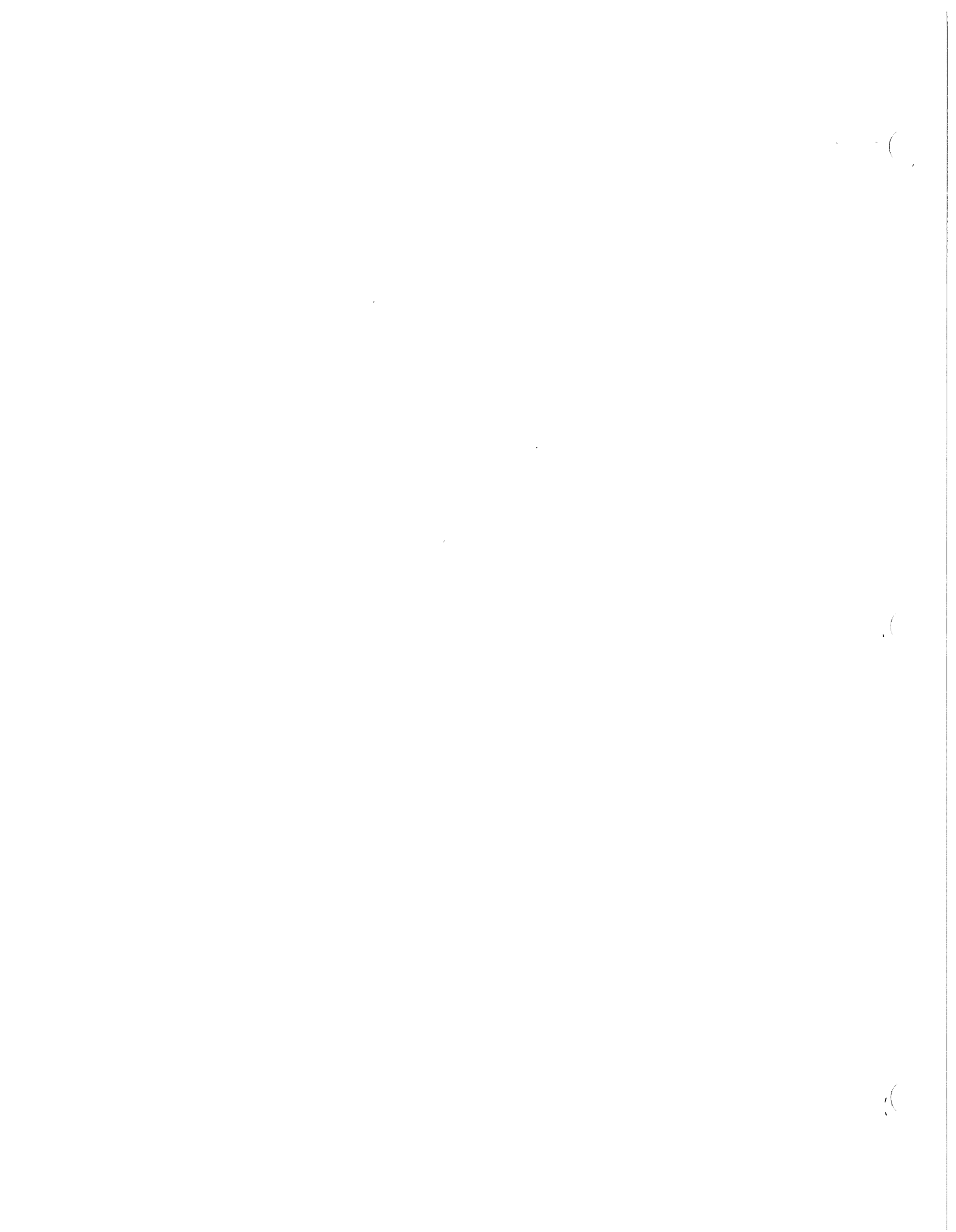
**Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)**  
(continued)

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**EXTRAORDINARY PROPERTY LOSSES (ACCOUNT 182.1)**

Line No.	Description of Extraordinary Loss [include the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr)] Add rows as necessary to report all data. (a)	Balance at Beginning of Year (b)	Total Amount of Loss (c)	Losses Recognized During Year (d)	Written off During Year Account Charged (e)	Written off During Year Amount (f)	Balance at End of Year (g)
7							
8							
9							
10							
11							
12							
13							
14							
<b>15</b>	<b>Total</b>						

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

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

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

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**Other Regulatory Assets (Account 182.3)**

1. Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes.
4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.

Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning Current Quarter/Year (b)	Debits (c)	Written off During Quarter/Year Account Charged (d)	Written off During the Period Amount (e)	Balance at End of Current Quarter/Year (f)
1	Other Postretirement Employee Benefits					
2	(amortized over 18 years - began 11/94)	2,591,248		107,926	330,798	2,260,450
3						
4	Postemployment Benefits					
5	(amortized over 19 years - began 11/94)	303,532		926	34,361	269,171
6						
7	Rate Case Expense from 2002					
8	(amortized over 3 years - began 3/03)	137,087			117,012	20,075
9						
10	Minor Regulatory Assets					
11	Less than \$250,000 (3 items)	330,111	2,268,177	Various	1,951,035	647,253
12						
13						
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17						
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39						
40	<b>Total</b>	3,361,978	2,268,177		2,433,206	3,196,9

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Miscellaneous Deferred Debits (Account 186)**

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

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	Credits Account Charged (d)	Credits Amount (e)	Balance at End of Year (f)
1	Civic Center Building Lease	564,916		253	56,966	507,950
2						
3	Taxes, Property	1,592,000	1,727,000	408/236	1,592,000	1,727,000
4						
5	Deferred Billings		11,166,653	Various	11,166,653	
6						
7	Mutual Materials		1,939,139	Various	1,883,041	56,098
8						
9	RIP Expense			242		
10						
11	Other Miscellaneous					
12	Deferred Items - Less					
13	Than \$250,000 (2 Items)	630,353	635,363	Various	178,448	1,087,268
14						
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17						
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19						
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38						
39	Miscellaneous Work in Progress	8,693				9,790
40	<b>Total</b>	<b>2,795,962</b>	<b>15,468,155</b>		<b>14,877,108</b>	<b>3,388,106</b>

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2006	Year of Report Dec. 31, 2005
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**ACCUMULATED DEFERRED INCOME TAXES (Account 190)**

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

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric			
3	Gas (See Other)			
4	Other (Define)			
4.01	Contingent Stock	0	18,593	92
4.02	Delayed Deposits	0	12,774	22,563
4.03	Section 461 (H) - Rate Refunds	(24,568)	1,603	58,946
4.04	TCO Penalty Credits	163,432	30,459	23,671
4.05	Vacation Accrual	182,351	24,534	56,230
4.06	Injuries and Damages	61,317	4,298	36,292
4.07	Builder Incentives	0	4,077	0
4.08	Off System Sales	0	1,482	59,122
4.09	Customer Advances	338,073	20,559	63,394
4.10	Restricted Stock	0	108	2,658
4.11	Capitalized Inventory Costs	194,693	49,694	45,342
4.12	Capitalized interest - Section 263(A)	(23,068)	0	0
4.13	Deferred Directors' Costs	0	0	0
4.14	SFAS 96 Adjustments	745,765	18,868	0
4.15	Salary Continuation/Deferred Compensation	29,758	8,124	285,781
4.16	CMEP & DAP	16,905	1,263	9,395
4.17	LIFO Tax Adjustment	1,066,328	136,408	3,057,814
4.18	Retention Agreements	1,211	68	24
4.19	Rate Base 1% Increment	18,452	0	1,354
4.20	Environmental Costs	23,943	41,403	1,401
4.21	SFAS 112	486,553	30,393	140,009
4.22	SFAS 106 - OPEB	(828,810)	15,039	235,116
4.23	Deferred Compensation	(45,784)	218,894	237,406
4.24	SFAS 133	(11,260)	471	11,731
4.25	Non-Qualified Stock	11,360	352	123
4.26	Deferred G/P Options	156,402	162,940	6,538
4.27	Consolidated Rate Effect of Net Operating Loss	585,148	0	0
5	Total (Total of lines 2 thru 4)	3,148,201	802,404	4,355,002
6	Other (Rounding)	0	0	0
7	Total Account 190 (Total of lines 5 thru 6)	3,148,201	802,404	4,355,002
8	Classification of TOTAL			
9	Federal Income Tax	2,042,268	452,933	3,546,651
10	State Income Tax	1,105,933	349,471	808,351
11	Local Income Tax			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2006	Year of Report Dec. 31, 2005
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**ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)**

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

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

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited Account 410.2 (e)	Amounts Credited Account 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
							3
							4
0	0	See Note 1)	18,501		0	0	4.01
0	0		0		0	9,789	4.02
0	0		0		0	32,775	4.03
0	0		0		0	156,644	4.04
0	0		0		0	214,047	4.05
0	0		0		0	93,311	4.06
0	0	282-2234/4234 2)	4,077		0	0	4.07
0	0		0		0	57,640	4.08
0	0		0	190-2953 2)	206	380,702	4.09
0	0		0		0	2,550	4.10
0	0		0		0	190,341	4.11
0	0	282-2205/4205 2)	23,068		0	0	4.12
0	0		0		0	0	4.13
0	0	See Note 3)	8,624	See Note 3)	105,902	629,619	4.14
0	0		0	190-1922/3922 2)	27,273	280,142	4.15
0	0		0		0	25,037	4.16
0	0		0		0	3,987,734	4.17
0	0		0		0	1,167	4.18
0	0	190-2851 2)	206	282-2953 2)	10,662	9,350	4.19
0	0		0		0	(16,059)	4.20
0	0		0		0	596,169	4.21
0	0		0		0	(608,733)	4.22
0	0	190-1972/3972 2)	27,273		0	1	4.23
0	0		0		0	0	4.24
0	0		0	See Note 1)	11,131	0	4.25
0	0		0		0	0	4.26
0	0		0		0	585,148	4.27
0	0		81,749		155,174	6,627,374	5
0	0		0		0	0	6
0	0		81,749		155,174	6,627,374	7
							8
0	0		68,099		95,740	5,108,345	9
0	0		13,650		59,434	1,519,029	10
							11

**NOTES**

1) APIC Adjustment	7,370
2) Reclass between deferred accounts for proper classification	16,483
3) SFAS 96 Balance Sheet Entries	(97,278)
<b>Total</b>	<b>(73,425)</b>

**ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)**

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

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

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited Account 410.2 (e)	Amounts Credited Account 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
							3
							4
0	0	See Note	1) 18,501		0	0	4.01
0	0		0		0	9,789	4.02
0	0		0		0	32,775	4.03
0	0		0		0	156,644	4.04
0	0		0		0	214,047	4.05
0	0		0		0	93,311	4.06
0	0	282-2234/4234	2) 4,077		0	0	4.07
0	0		0		0	57,640	4.08
0	0		0	190-2953	2) 206	380,702	4.09
0	0		0		0	2,550	4.10
0	0		0		0	190,341	4.11
0	0	282-2205/4205	2) 23,068		0	0	4.12
0	0		0		0	0	4.13
0	0	See Note	3) 8,624	See Note	3) 105,902	629,619	4.14
0	0		0	190-1922/3922	2) 27,273	280,142	4.15
0	0		0		0	25,037	4.16
0	0		0		0	3,987,734	4.17
0	0		0		0	1,167	4.18
0	0	190-2851	2) 206	282-2953	2) 10,662	9,350	4.19
0	0		0		0	(16,059)	4.20
0	0		0		0	596,169	4.21
0	0		0		0	(608,733)	4.22
0	0	190-1972/3972	2) 27,273		0	1	4.23
0	0		0		0	0	4.24
0	0		0	See Note	1) 11,131	0	4.25
0	0		0		0	0	4.26
0	0		0		0	585,148	4.27
0	0		81,749		155,174	6,627,374	5
0	0		0		0	0	6
0	0		81,749		155,174	6,627,374	7
							8
0	0		68,099		95,740	5,108,345	9
0	0		13,650		59,434	1,519,029	10
							11

**NOTES**

1) APIC Adjustment	7,370
2) Reclass between deferred accounts for proper classification	16,483
3) SFAS 96 Balance Sheet Entries	(97,278)
<b>Total</b>	<b>(73,425)</b>



Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Capital Stock (Accounts 201 and 204)**

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

Line No.	Class and Series of Stock and Name of Stock Exchange  (a)	Number of Shares Authorized by Charter  (b)	Par or Stated Value per Share  (c)	Call Price at End of Year  (d)
1	Common	1,100,000	25.00	
2				
3				
4				
5				
6				
7				
8				
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**Capital Stock (Accounts 201 and 204)**

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

Line No.	Outstanding per Bal. Sheet (total amt outstanding without reduction for amts held by respondent) Shares (e)	Outstanding per Bal. Sheet Amount (f)	Held by Respondent As Reacquired Stock (Acct 217) Shares (g)	Held by Respondent As Reacquired Stock (Acct 217) Cost (h)	Held by Respondent In Sinking and Other Funds Shares (i)	Held by Respondent In Sinking and Other Funds Amount (j)
1	952,248	23,806,200				
2						
3						
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Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Capital Stock: Subscribed, Liability for Conversion, Premium on, and Installments Received on (Accts 202, 203, 205, 206, 207, and 212)**

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

Line No.	Name of Account and Description of Item (a)	* (b)	Number of Shares (c)	Amount (d)
1	Not Applicable			
2				
3				
4				
5				
6				
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39				
40	Total		0	0

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Other Paid-In Capital (Accounts 208-211)**

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

- (a) Donations Received from Stockholders (Account 208) - State amount and briefly explain the origin and purpose of each donation.
- (b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and briefly explain the capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
- (c) Gain or Resale or Cancellation of Reacquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
- (d) Miscellaneous Paid-In Capital (Account 211) - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account 208 - Donations Received From Stockholders	
2	None	
3		
4	Account 209 - Reduction in Par or Stated Value of Capital Stock	
5	None	
6		
7	Account 210 - Gain on Resale or Cancellation of Reacquired Capital Stock	
8	None	
9		
10	Account 211- Miscellaneous Paid in Capital	
11	Excess of Book Value of Assets Acquired from Cincinnati Gas	
12	Transportation Company over the Liability Assumed	12
13		
14	Adjustments of Depreciation Reserve for Cincinnati Gas	
15	Transportation Company, Acquired Company, and Respondent	595,081
16		
17	Paid in Capital Transferred to Kentucky Gas Transmission	
18	Corporation as of January 1, 1957	( 363,441)
19		
20	Transfer Parent Company Federal Tax Savings	2,968,531
21		
22	Adjustment to Reserve Federal Benefit of NiSource/ Finance Tax Savings	
23	Allocation of APIC	1,549,413
24		
25		
26		
27		
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35		
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39		
40	Total	4,749,596

**DISCOUNT ON CAPITAL STOCK (ACCOUNT 213)**

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

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1	Not Applicable	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
<b>TOTAL</b>		

**CAPITAL STOCK EXPENSE (ACCOUNT 214)**

1. Report the balance at end of year of capital stock expenses for each class and series of capital stock. Use as many rows as necessary to report all data. Number the rows in sequence starting from the last row number used for Discount on Capital Stock above.
2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
16	Not Applicable	
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
<b>TOTAL</b>		

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report 2005/Q4
Columbia Gas of Kentucky, Inc			
Securities Issued or Assumed and Securities Refunded or Retired During the Year			

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

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

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Long-Term Debt (Accounts 221, 222, 223, and 224)**

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

Line No.	Class and Series of Obligation and Name of Stock Exchange  (a)	Nominal Date of Issue  (b)	Date of Maturity  (c)	Outstanding (Total amount outstanding without reduction for armts held by respondent)  (d)
1	Account 223			
2	Advances from Associated Companies			
3	Columbia Energy Group			
4				
5	Installment Promissory Notes			28,250,000
6				
7	See Page 257-A			
8				
9				
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40	<b>TOTAL</b>			28,250,000

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Long-Term Debt (Accounts 221, 222, 223, and 224)**

5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.
6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.
7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

Line No.	Interest for Year	Interest for Year	Held by Respondent	Held by Respondent	Redemption Price
	Rate (in %) (e)	Amount (f)	Reacquired Bonds (Acct 222) (g)	Sinking and Other Funds (h)	per \$100 at End of Year (i)
1					
2					
3					
4					
5		2,613,300			
6					
7					
8					
9					
10					
11					
12					
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19					
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35					
36					
37					
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39					
40		2,613,300			



December 31, 2005

COLUMBIA GAS OF KENTUCKY, INC.									
LONG-TERM DEBT (Accounts 221, 222, 223, and 224) (Continued)									
DATE OF ISSUE (a)	DATE OF MATURITY (b)	BALANCE BEGINNING OF YEAR (c)	PRINCIPAL ADVANCED DURING YEAR (d)	PRINCIPAL TRANSFERS AND PAYMENTS (e)*	BALANCE END OF YEAR (f)	INTEREST FOR YEAR		COMMISSION AUTHORITY FILE NUMBER (i)	DATE (j)
						RATE (g)	AMOUNT (h)		
Account 223 - Installment Promissory Notes									
1996	2006	8,000,000	-	-	8,000,000	8.000%	640,000.00	96-267	8/15/1996
	2005	-	-	8,000,000	(8,000,000)	8.000%	(640,000.00)	96-267	8/15/1996
1996	2011	5,030,000	-	-	5,030,000	7.280%	366,184.00	96-267	8/15/1996
1997**	2005**	5,805,000	-	-	0	7.300%	423,765.00	96-502	1/14/97
1997	2007	5,805,000	-	-	5,805,000	7.550%	438,277.50	96-502	1/14/97
1997	2010	5,805,000	-	-	5,805,000	7.820%	453,951.00	96-502	1/14/97
1997	2015	5,805,000	-	-	5,805,000	7.920%	459,756.00	96-502	1/14/97
1997	2025	5,805,000	-	-	5,805,000	8.120%	471,366.00	96-502	1/14/97
* Transferred Long Term Debt to Current Maturity (Acct 233) in 2005									
TOTAL ACCOUNT 223		42,055,000	0	8,000,000	28,250,000				2,613,300
Item 9 - Schedule 257 Additional Borrowing Authorized But Not Yet Issued									
None									

Name of Respondent  
Columbia Gas of Kentucky, Inc

This Report Is:  
(1)  An Original  
(2)  A Resubmission

Date of Report  
(Mo, Da, Yr)  
03/31/2006

Year/Period of Report  
End of 2005/Q4

**Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)**

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period	
				Date From (d)	Date To (e)
1	Not Applicable				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
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40					

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)**

5. Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.
6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years.
7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt-Credit.

Line No.	Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
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16				
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Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Unamortized Loss and Gain on Recquired Debt (Accounts 189, 257)**

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Recquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.
4. Show loss amounts by enclosing the figures in parentheses.
5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Recquired Debt, or credited to Account 429.1, Amortization of Gain on Recquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Not Applicable					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2006	Year of Report Dec. 31, 2005
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M - 3 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Detail) (a)	Amount (b)
1	Net Income for the Year (Page 116)	\$7,919,220
2	Reconciling Items for the Year	
3		
4	Income (Loss) Items	
5	SEE PAGE 261-A	\$378,694
6		
7		
8		
9	Expense/Deduction Items	
10	SEE PAGE 261-A	\$5,766,848
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	\$14,064,762
28	Show Computation of Tax:	
29	Separate Return Tax @ 35% of Line 27	4,922,668
33	2004 Books to Return	(48,795)
34		
35	Net Taxes Charged	<u>4,873,873</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, 2006	Dec. 31, 2005

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES (Continued)**

Income (Loss) Items

TCO Penalty Credit	(52,449)
Delayed Deposits	(29,920)
Customer Advances	145,517
Loss on Disposal of Assets	(1,099,000)
Contributions In Aid	1,414,546
Total	<u>\$378,694</u>

Expense/Deduction Items

Federal Income Taxes - Current	4,873,873
Federal Income Taxes - Deferred	(1,124,305)
State Income Taxes - Current	357,102
Sec 461(h) Economic Performance: Taxes	(14,438)
State Income Taxes - Deferred	(61,916)
Stock Compensation: Restricted Stock	3,279
Stock Compensation: Contingent Stock	(39,381)
Business Meals & Entertainment	26,347
Fines and Penalties	37
Pension Expense	391,140
SFAS 112	327,107
SFAS 106 OPEB	442,243
SFAS 106-2 Accounting for Medicare Prescription Act	(48,764)
Compensation: Vacation Accrual	(29,784)
Compensation: Bonus Accrual	(533,927)
Environmental Costs	(42,375)
Tax Depreciation	(3,645,731)
Builder Incentive Plan	(31,928)
Bad Debt Expense	78,718
CMEP/DAP	14,656
Severance Accruals & Payments	715,389
Deferred Gas Costs	(4,598,339)
Customer Assistance Plan	201,707
Regulatory Commission Expense	168,385
Unrecovered Gas Purchase Costs- Choice Program	376,702
Off System Sales	148,174
Injuries and Damages	87,956
Legal Liability on CDC Building	7,607
Lobbying Expenses	27,067
Miscellaneous IRC Section 274 Costs	9,000
Rent Expense Leased Autos	400
Prepaid Assets	2,509
Property Removal	(48,000)
LIFO Tax Adjustment to Inventories	7,539,781
Sec 263 Inventory Capitalization	101,973
Capitalized Interest - Section 263A	(21,109)
Sect. 461(h) Supplier Refunds	105,560
Employee Stock Purchase Plan	133
Total	<u>\$5,766,848</u>

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original	(Mo.Da.Yr.)	
	<input type="checkbox"/> A Resubmission	March 31, 2006	Dec. 31, 2005

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES (Continued)**

Reconcilement of 2005 Federal Income Taxes Payable  
to Federal Income Tax Expense

Respondent is a subsidiary of the Nisource, Inc., which files a Consolidated Federal Income Tax Return.

The information required by Item 2 is not available at this time as the Consolidated Tax Return has not yet been filed.

Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	March 31, 2006	Dec. 31, 2005

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES (Continued)**

**Name of Group Members Filing Consolidated Federal Income Tax Return:**

NiSource Inc. (DE)  
 Bay State Gas Company  
 Bay State GPE, Inc.  
 Northern Utilities, Inc.  
 Columbia Energy Group  
 Columbia Atlantic Trading Corporation  
 Columbia Energy Services Corporation  
 Columbia Accounts Receivable Corp.  
 Columbia Gas of Kentucky, Inc.  
 Central Kentucky Transmission Company  
 Columbia Gas of Maryland, Inc.  
 Columbia Gas of Ohio, Inc.  
 Columbia of Ohio Receivables Corporation  
 Columbia Gas of Pennsylvania, Inc.  
 Columbia Gas of Virginia, Inc.  
 Columbia Gas Transmission Corporation  
 Columbia Hardy Corporation  
 Columbia Gulf Transmission Company  
 NiSource Insurance Corporation Ltd  
 Columbia Network Services Corporation  
 CNS Microwave, Inc.  
 Columbia Deep Water Services Company  
 Columbia Remainder Corporation in Delaware  
 Columbia Assurance Agency, Inc.  
 EnergyUSA Inc. (IN)  
 EnergyUSA Inc. (MA)  
 EnergyUSA Commercial Energy Services, Inc.  
 EnergyUSA-TPC Corp.  
 NI Energy Services Transportation, Inc.  
 NI Fuel Company, Inc.  
 NI-TEX, Inc.  
 IWC Resources Corp.  
 The Darlington Water Works Company  
 Harbour Water Corp.  
 Indianapolis Water Company  
 Irishman's Run Acquisition Corp.  
 IWC Morgan Water Corp.  
 Liberty Water Corp.  
 Kokomo Gas and Fuel Company  
 NI Energy Services, Inc.  
 Crossroads Pipeline Company  
 NiSource Capital Markets, Inc.  
 NiSource Corporate Services Company



Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	March 31, 2006	Dec. 31, 2005

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES (Continued)**

**Name of Group Members Filing Consolidated Federal Income Tax Return:**

NiSource Corporate Services Company  
NiSource Development Company, Inc.  
Cardinal Property Management, Inc.  
JOF Transportation Company  
Lake Erie Land Company  
SCC Services, Inc.  
NDC Douglas Properties, Inc.  
South Works Power Company  
N Squared Aviation, LLC  
NiSource Energy Technologies, Inc.  
NiSource Finance Corp.  
Granite State Gas Transmission, Inc.  
Northern Indiana Fuel and Light Company, Inc.  
Northern Indiana Trading Company  
Northern Indiana Public Service Company  
NIPSCO Receivables Corporation  
PEI Holdings, Inc.  
Whiting Clean Energy, Inc.  
Whiting Leasing LLC  
NiSource Retail Services, Inc.

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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2006	Year of Report Dec. 31, 2005
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

1. Give particulars(details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year & charged direct to final accounts, (not charged to prepaid or

accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner

Line No.	Kind Of Tax (See Instruction 5)  (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (b)	Prepaid Taxes (c)
1	Federal Taxes: Income: 1999	(20,302)	
2	2004	(4,202,798)	
3	2005	-	
4			
5			
6			
7			
8	Unemployment: 2004	454	
9	2005	-	
10			
11	FICA: 2004	21,940	
12	2005	-	
13			
14	Excise: 2005	-	
15			
16	<b>TOTAL</b> (Continued on Page 262-A)		

Line No.	DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)			
	Electric (Account 408.1 409.1)  (i)	Gas (Account 408.1 409.1)  (j)	Other Utility Departments (Account 408.1 409.1)  (k)	Other Income and Deductions (Account 408.2 409.2)  (l)
1		-		-
2		(25,899)		(22,896)
3		4,059,608		863,060
4		-		-
5		-		-
6		-		-
7				
8		1,068		
9		5,032		
10				
11		(16,497)		-
12		517,807		
13				
14		1,907		-
15				
16	<b>TOTAL</b> (Continued on Page 262-A)			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2006	Year of Report Dec. 31, 2005
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

that the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column(a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll

deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (i) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

10. Items under \$250,000 may be grouped.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (See page 262-D) (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
-	-	-	(20,302)		1
(48,795)	(4,124,681)	126,912	-		2
4,922,668	4,520,000	(2,879)	399,789		3
			-		4
			-		5
			-		6
980	1,434		-		7
8,134	8,134	-	-		8
			-		9
(21,940)	-		-		10
724,908	724,908		-		11
			-		12
			-		13
72	72	-	-		14
			-		15
(Continued on Page 263-A)					16

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)**

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (See Page 263-D) (p)	Line No.
			-	1
			-	2
			-	3
			-	4
			-	5
			-	6
			(88)	7
			3,102	8
			(5,443)	9
			207,101	10
			(1,835)	11
			(1,835)	12
			(1,835)	13
			(1,835)	14
			(1,835)	15
(Continued on Page 263-A)				16

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, 2006	Year of Report Dec. 31, 2005
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

1. Give particulars(details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or

accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner

Line No.	Kind Of Tax (See Instruction 5)  (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (b)	Prepaid Taxes (c)
17	Federal Taxes (cont'd)		
18		-	-
19	Total Federal Taxes	(4,200,706)	-
20	State Taxes:      Income:		
21		-	
22		(222,281)	
23		-	
24		-	
25		-	
26		-	
27		-	
28		-	
29		-	
30	<b>TOTAL</b> (Continued on Page 262-B)		

Line No.	DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)			
	Electric (Account 408.1 409.1)  (i)	Gas (Account 408.1 409.1)  (j)	Other Utility Departments (Account 408.1 409.1)  (k)	Other Income and Deductions (Account 408.2 409.2)  (l)
17				
18			-	-
19		4,543,026	-	840,164
20				
21		(122,652)		-
22		812,013		185,604
23		-		-
24		-		-
25		-		-
26		-		-
27		-		-
28		-		-
29		-		-
30	<b>TOTAL</b> (Continued on Page 262-B)			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2006	Year of Report Dec. 31, 2005
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

that the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column(a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll

deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (i) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

10. Items under \$250,000 may be grouped.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (See page 262-D) (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
-	-	-	-	-	17
-	-	-	-	-	18
5,586,027	1,129,867	124,033	379,487	-	19
-	-	-	-	-	20
(122,652)	(529,883)	(184,950)	-	-	21
997,617	887,070	-	110,547	-	22
-	-	-	-	-	23
-	-	-	-	-	24
-	-	-	-	-	25
-	-	-	-	-	26
-	-	-	-	-	27
-	-	-	-	-	28
-	-	-	-	-	29
(Continued on Page 263-B)					30

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)				Line No.
Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (See Page 263-D) (p)	
-	-	-	-	17
-	-	-	-	18
-	-	-	202,837	19
-	-	-	-	20
-	-	-	-	21
-	-	-	-	22
-	-	-	-	23
-	-	-	-	24
-	-	-	-	25
-	-	-	-	26
-	-	-	-	27
-	-	-	-	28
-	-	-	-	29
(Continued on Page 263-B)				30

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, 2006	Year of Report Dec. 31, 2005
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

1. Give particulars(details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or

accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner

Line No.	Kind Of Tax (See Instruction 5)  (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (b)	Prepaid Taxes (c)
31	State Taxes (Cont'd) Property: 2003	22,663	
32	2004	1,540,040	
33	2005	1,592,000	
34	2006	-	
35		-	
36			
37	Sales and Use: 2004	69,739	
38	2005	-	
39			
40	Unemployment: 2004	181	
41	2005	-	
42	Capital Stock & Franchise: 2002	-	
43	2004	(810)	
44	2005	-	
45	<b>TOTAL</b> (Continued on Page 262-C)		

Line No.	DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)			
	Electric (Account 408.1 409.1)  (j)	Gas (Account 408.1 409.1)  (j)	Other Utility Departments (Account 408.1 409.1)  (k)	Other Income and Deductions (Account 408.2 409.2)  (l)
31		-		-
32		(526)		-
33		1,631,238		-
34		-		-
35		-		-
36				
37		-		-
38		5,916		-
39				
40		(98)		-
41		5,012		
42		4,008		
43		(751)		-
44		1,072		-
45	<b>TOTAL</b> (Continued on Page 262-C)			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2006	Year of Report Dec. 31, 2005
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

that the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column(a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll

deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (i) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

10. Items under \$250,000 may be grouped.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (See page 262-D) (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
-	22,663	-	-	-	31
(526)	1,382,680	-	156,834	-	32
39,238	5,915	-	1,625,323	-	33
1,727,000	-	-	1,727,000	-	34
-	-	-	-	-	35
-	-	-	-	-	36
-	69,739	-	-	-	37
19,900	15,350	-	4,550	-	38
-	-	-	-	-	39
(131)	50	-	-	-	40
6,762	6,762	-	-	-	41
4,008	4,008	-	-	-	42
(710)	(1,520)	-	-	-	43
1,072	2,592	-	(1,520)	-	44
			(Continued on Page 263-C)		45

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)**

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (See Page 263-D) (p)	Line No.	
			-	31	
			-	32	
			(1,592,000)	33	
			1,727,000	34	
			-	35	
			-	36	
			-	37	
			13,984	38	
			-	39	
			(33)	40	
			1,750	41	
			-	42	
			41	43	
			-	44	
			(Continued on Page 263-C)		45



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, 2006	Year of Report Dec. 31, 2005
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

1. Give particulars(details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or

accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner

Line No.	Kind Of Tax (See Instruction 5)  (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (b)	Prepaid Taxes (c)
46	Excise Tax: 2005	-	
47			
48	Total State Taxes	3,001,532	-
49			
50	Local Taxes: Gross Receipts Tax: 2004	6,212	-
51	2005	-	-
52			
53			
54	Other: Adjustment Due to Rounding	-	
55			
56			
57			
58			
59			
60	<b>TOTAL TAXES</b>	<b>(1,192,962)</b>	<b>-</b>

Line No.	DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)			
	Electric (Account 408.1 409.1)  (i)	Gas (Account 408.1 409.1)  (j)	Other Utility Departments (Account 408.1 409.1)  (k)	Other Income and Deductions (Account 408.2 409.2)  (l)
46	-	174	-	-
47				
48	-	2,335,406	-	185,604
49				
50		-		
51		21,916		
52		-		-
53		-		
54		-		
55		-		
56				
57				
58				
59				
60	<b>TOTAL TAXES</b>	<b>6,900,348</b>	<b>-</b>	<b>1,025,768</b>

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2006	Year of Report Dec. 31, 2005
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

that the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column(a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll

deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (i) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

10. Items under \$250,000 may be grouped.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (See page 262-D) (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
195	195	-	-		46
2,671,773	1,865,621	(184,950)	3,622,734	-	47
-	6,212	-	-	-	48
21,916	21,916	-	-	-	49
-	-	-	-	-	50
-	-	-	-	-	51
-	-	-	-	-	52
-	-	-	-	-	53
-	-	-	-	-	54
-	-	-	-	-	55
-	-	-	-	-	56
-	-	-	-	-	57
-	-	-	-	-	58
-	-	-	-	-	59
8,279,716	3,023,616	(60,917)	4,002,221	-	60

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)				Line No.
Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (See Page 263-D) (p)	
-	-	-	21	46
-	-	-	150,763	47
-	-	-		48
-	-	-		49
-	-	-		50
-	-	-		51
-	-	-		52
-	-	-		53
-	-	-		54
-	-	-		55
-	-	-		56
-	-	-		57
-	-	-		58
-	-	-		59
-	-	-	353,600	60

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2006	Year of Report Dec. 31, 2005
<b>TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR</b>			
Detail of Schedule 263, Column (f)			
<u>Description</u>			<u>Amount</u>
Federal Taxes			
Income Taxes			
Parent Company Tax Savings - Line 2		\$	(57,848)
Intercompany Gain Tax Savings - Line 2		\$	-
Fuel Tax Credit (p/y) - Line 2		\$	(190)
Fuel Tax Credit - Line 3		\$	(1,163)
Backup Withholding - Line 3		\$	(1,716)
Misclass between Federal and State - Line 2		\$	<u>184,950</u>
Total Federal Tax Adjustments - Page 263-A, Line 19		\$	<u><u>124,033</u></u>
State Taxes:			
Income Taxes			
Misclass between Federal and State - Line 21		\$	(184,950)
		\$	<u><u>(184,950)</u></u>
Capital Stock Taxes			
		\$	<u>0</u>
Total State Adjustments - Page 263-C, Line 48		\$	<u><u>(184,950)</u></u>
Rounding Adjustments - Page 263-C, Line 54		\$	<u><u>0</u></u>
Total Adjustments - Page 263-C, Line 60, Column (f)		\$	<u><u>(60,917)</u></u>

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2006	Year of Report Dec. 31, 2005
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

Detail of Schedule 263, Column (p)

Kind of Tax	Account Charged	Amount
Federal Taxes: Unemployment	107	2,434
	108	194
	146	571
	163 - 182	(273)
	183	1
	186	(2)
	234	89
Total Page 263, Lines 8-9		3,014
F.I.C.A.	107	167,090
	108	13,226
	146	34,318
	163 - 182	(18,947)
	183	41
	186	(92)
	234	6,022
Total Page 263, Lines 11-12		201,658
Excise	186	(1,814)
	234	(21)
Total Page 263, Line 14		(1,835)
State Taxes: Deferred Property Tax Expense		
Amortize 2005 estimate to exp	186	(1,592,000)
Establish estimated 2006 liab	186	1,727,000
Total Page 263-B, Line 34		135,000
Use Tax, Prior Year	VARIOUS	0
Use Tax, Current Year	VARIOUS	13,984
Total Page 263-B, Lines 37-38		13,984
Unemployment	107	1,428
	108	109
	146	243
	163 - 182	(113)
	234	50
Total Page 263-B, Lines 40-41		1,717
Capital Stock & Franchise	186	(35)
	431	76
Total Page 263-B, Line 42		41
Excise	241	21
Total Page 263-B, Line 46		21
Total Federal and State Taxes, Page 263-C, Line 60		353,600

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Miscellaneous Current and Accrued Liabilities (Account 242)**

- Describe and report the amount of other current and accrued liabilities at the end of year.
- Minor items (less than \$250,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Retail Rate Refunds	187,713
2	Retrail Rate Reductions	3,080
3	Accrued Vacations/Payroll	876,779
4	Accrued Payroll Deductions	4,843
5	Accrual for Exchange Gas	39,257,831
6	Accrual for Unclaimed Funds	67,233
7	Accrual for Backup Withholding	3,474
8	Accrual for Dental Assistance Plan	25,856
9	Accrual for Medical Plan	59,459
10	Accrual for Rate Refunds - Suspended	20
11	Accrual for Special Employee Severence	720,193
12	Accrual for Post Employee Retirements Benefits	749,332
13	Accrual for Post Employee Benefits	122,773
14	Deferred Director Costs	( 54)
15	Accrual for Customer A/R Credit Balances	4,998,005
16	Accrual for Enviornmental Expenses	60,753
17	Wages and other Miscellaneous and Accrued Liabilities	589,263
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	<b>Total</b>	<b>47,726,553</b>

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Other Deferred Credits (Account 253)**

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

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	Debit Contra Account (c)	Debit Amount (d)	Credits (e)	Balance at End of Year (f)
1	Other Post Retirement Benefits	149,887	186/253	1,965,461	2,424,975	609,401
2	Postemployment Benefits Non-Current	1,375,734	242/926		279,909	1,655,643
3	Civic Center Building Lease	564,954	186	56,966		507,988
4	Nicole Energy Reserve	402,683	144			402,683
5	Lake Carnico Capital Project	3,750,000	146			3,750,000
6	Other Miscellaneous and Deferred Credits	52,554	Various	228,150	175,610	14
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45	<b>Total</b>	<b>6,295,812</b>		<b>2,250,577</b>	<b>2,880,494</b>	<b>6,925,729</b>

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2006	Year of Report Dec. 31, 2005
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**ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.      2. For Other, include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric			
3	Gas (See Other)			
4	Other (Define)			
4.01	Gas Depreciation	12,813,453	1,520,268	323,404
4.02	Gas Depreciation- 30% Bonus	3,714,912	69,818	33,797
4.03	Gas Depreciation - State Nonconforming Bonus	(774,412)	96,559	0
4.04	Property Removal Costs	345,487	22,831	0
4.05	Loss on ACRS Property Retired	3,444,753	638,060	0
4.06	Contribution in Aid of Construction	(724,804)	0	583,621
4.07	Builder Incentive	(89,121)	8,551	0
4.08	Capitalized interest - Section 263(A)	120,095	8,349	2,578
4.09	Software Costs	5,867	94,680	0
4.10	SFAS 96 Adjustments	(1,550,543)	0	0
4.11	Rate Base 1% Increment	301,871	43,544	13,155
4.12	RRA '93 1% Offset	114,342	2,532	0
4.13				
5	Total (Total of lines 2 thru 4)	17,721,900	2,505,192	956,555
6	Other (Rounding)	0	0	0
7	Total Account 282 (Total of lines 5 thru 6)	17,721,900	2,505,192	956,555
8	Classification of TOTAL			
9	Federal Income Tax	14,773,587	1,881,228	831,446
10	State Income Tax	2,948,313	623,964	125,109
11	Local Income Tax			

**NOTES**

Liberalized Depreciation is based on the declining balance method and is applied to all classes of property. Effective January 1, 1968, Respondent adopted "Flow Through" Accounting for Liberalized Depreciation in accordance with Public Service Commission of Kentucky Order issued December 16, 1968, in Case No. 3196.

Basis for determining Tax Depreciation:

Vintage Year	Tax Return Method	Tax Deprec. Rate	Rate (Book) Treatment	Deferral
Pre-1954	S. L.	Book	Flow Through	(Deferral of Excess BK S/L over DDB fully turned around in 1986 for 1954-67)
1954-1967	DDB	Book	Flow Through	
1968-1973	DDB	Book	Flow Through	
1974-1980	DDB	ADR	Deferral	Excess DDB ADR over DDB Book
1981-1986	ACRS	ACRS	Deferral	Excess ACRS over Book S/L
1987-1998	MACRS	MACRS	Deferral	Excess MACRS over Book S/L

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, 2006	Year of Report Dec. 31, 2005
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**ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282) (Continued)**

3. Add rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.01 and 6.01, 6.02, etc. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited Account 410.2 (e)	Amounts Credited Account 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
							3
							4
0	0		0		1) 1,995	14,012,312	4.01
0	0		0		0	3,750,933	4.02
0	0		0		0	(677,853)	4.03
0	0		1) 98		0	368,220	4.04
0	0		1) 4,856		0	4,077,957	4.05
0	0		0		1) 848	(1,307,577)	4.06
0	0		0	190-2918/4918	2) 4,077	(76,493)	4.07
0	0		0	190-2917/4917	2) 23,068	148,934	4.08
0	0	See below	2) 107,993		0	(7,446)	4.09
0	0		3) 1,730,043		3) 1,083,421	(2,197,165)	4.10
0	0	190-2953	2) 10,662		1) 2,111	323,709	4.11
0	0		0		0	116,874	4.12
							4.13
0	0		1,853,652		1,115,520	18,532,405	5
0	0		0		0	0	6
0	0		1,853,652		1,115,520	18,532,405	7
							8
0	0		399,105		684,635	16,108,899	9
0	0		1,454,547		430,885	2,423,506	10
							11

**NOTES**

1) 1% Increment/Offset for the writeup of deferred accounts to 35%.

2) Reclass between deferred accounts for proper classification.

283-2902/4902	17,573
283-2913/4913	90,420

3) SFAS 96 balance sheet entries.

107,993



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, 2006	Year of Report Dec. 31, 2005
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**ACCUMULATED DEFERRED INCOME TAXES-OTHER (Account 283)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization
2. For Other, include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Gas (See Other)			
4	Other (Define)			
4.02	Property Taxes	(6,962)	9,317	61,602
4.03	Unrecovered Gas Costs	4,454,159	1,810,996	292,682
4.04	Distributive Information System Costs	(17,573)	0	0
4.05	Customer Assistance Plan	(161,838)	11,039	83,639
4.06	Legal Liability on Civic Center Bldg.	(10,359)	654	3,237
4.07	Rate Case Costs	133,658	2,017	72,361
4.08	Retirement Income Plan	71,162	11,587	316,169
4.09	OCI - Retirement Income Plan	0	0	0
4.10	Uncollectible Accounts	(173,735)	10,471	34,798
4.11	Prepaid Assets	206,064	4,012	12,454
4.12	Software Costs	4,260	0	94,680
4.13	Intercompany Gain	353,580	0	0
4.14	Accelerated Charitable Contributions	141,273	2,756	7,875
4.15	Consolidated Rate Effect of Net Operating Loss	204,802	0	0
4.16				
5	Total (Total of lines 2 thru 4)	5,198,491	1,862,849	979,497
6	Other (Rounding)	0	0	0
7	Total Account 283 (Total of lined 5 thru 6)	5,198,491	1,862,849	979,497
8	Classification of TOTAL			
9	Federal Income Tax	4,250,065	1,521,785	536,542
10	State Income Tax	948,426	341,064	442,955
11	Local Income Tax			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2006	Year of Report Dec. 31, 2005
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**ACCUMULATED DEFERRED INCOME TAXES-OTHER (Account 283) (Continued)**

3. Add rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.01 and 6.01, 6.02, etc. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited Account 410.2 (e)	Amounts Credited Account 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
							3
							4
0	0		0		0	(59,247)	4.02
0	0		0		0	5,972,473	4.03
0	0		0	282-2205/4205 1)	17,573	0	4.04
0	0		0		0	(234,438)	4.05
0	0		0		0	(12,942)	4.06
0	0		0		0	63,314	4.07
0	0		0		0	(233,420)	4.08
0	0		0		0	0	4.09
0	0		0		0	(198,062)	4.10
0	0		0		0	197,622	4.11
0	0		0	282-2205/4205 1)	90,420	0	4.12
22,896	0		0		0	376,476	4.13
0	0		0		0	136,154	4.14
0	0		0		0	204,802	4.15
							4.16
22,896	0		0		107,993	6,212,732	5
0	0		0		0	0	6
22,896	0		0		107,993	6,212,732	7
							8
22,896	0		0		85,922	5,344,126	9
0	0		0		22,071	868,606	10
							11

**NOTES**

1) Reclass between deferred accounts for proper classification.



Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Other Regulatory Liabilities (Account 254)**

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Current Quarter/Year (f)
1	Regulatory Effect of SFAS No. 96	2,277,440	190	2,262,434	2,811,778	2,826,784
2						
3	Reclassification of Regulatory Assets	483,608		483,608	685,315	685,315
4	with Negative Balances					
5						
6	EAP Program (Hedging Account)			12,776,317	13,572,017	795,700
7						
8						
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31						
32						
33						
34						
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36						
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38						
39						
40						
41						
42						
43						
44						
45	<b>Total</b>	2,761,048		15,522,359	17,069,110	4,307,799

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of <u>2005/Q4</u>
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**Gas Operating Revenues**

1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.
2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.

Line No.	Title of Account (a)	Revenues for Transition Costs and Take-or-Pay	Revenues for Transition Costs and Take-or-Pay	Revenues for GRI and ACA	Revenues for GRI and ACA
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	480-484 Sales				
2	485 Intracompany Transfers				
3	487 Forfeited Discounts				
4	488 Miscellaneous Service Revenues				
5	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
6	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities				
7	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
8	489.4 Revenues from Storing Gas of Others				
9	490 Sales of Prod. Ext. from Natural Gas				
10	491 Revenues from Natural Gas Proc. by Others				
11	492 Incidental Gasoline and Oil Sales				
12	493 Rent from Gas Property				
13	494 Interdepartmental Rents				
14	495 Other Gas Revenues				
15	Subtotal:				
16	496 (Less) Provision for Rate Refunds				
17	TOTAL:				

**Gas Operating Revenues**

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.  
 5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.  
 6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.

Line No.	Other Revenues  Amount for Current Year (f)	Other Revenues  Amount for Previous Year (g)	Total Operating Revenues  Amount for Current Year (h)	Total Operating Revenues  Amount for Previous Year (i)	Dekatherm of Natural Gas  Amount for Current Year (j)	Dekatherm of Natural Gas  Amount for Previous Year (k)
1	142,975,855	122,986,785	142,975,855	122,986,785	11,305,232	10,372,389
2						
3	252,464	318,994	252,464	318,994		
4	124,768	146,781	124,768	146,781		
5						
6						
7	19,385,846	22,942,987	19,385,846	22,942,987	25,520,939	26,641,824
8						
9						
10						
11						
12						
13						
14	7,157,387	6,150,784	7,157,387	6,150,784		
15	169,896,320	152,546,331	169,896,320	152,546,331		
16						
17	169,896,320	152,546,331	169,896,320	152,546,331		

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Revenues from Transportation of Gas of Others Through Gathering Facilities (Account 489.1)**

1. Report revenues and Dth of gas delivered through gathering facilities by zone of receipt (i.e. state in which gas enters respondent's system).
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.

Line No.	Rate Schedule and Zone of Receipt  (a)	Revenues for Transition Costs and Take-or-Pay	Revenues for Transaction Costs and Take-or-Pay	Revenues for GRI and ACA	Revenues for GRI and ACA
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Current Year (d)
1	Not Applicable				
2					
3					
4					
5					
6					
7					
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Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Revenues from Transportation of Gas of Others Through Gathering Facilities (Account 489.1)**

3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e).  
4. Delivered Dth of gas must not be adjusted for discounting.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1						
2						
3						
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24						
25						



**Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)**

1. Report revenues and Dth of gas delivered by Zone of Delivery by Rate Schedule. Total by Zone of Delivery and for all zones. If respondent does not have separate zones, provide totals by rate schedule.
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges for transportation and hub services, less revenues reflected in columns (b) through (e).

Line No.	Zone of Delivery, Rate Schedule  (a)	Revenues for Transition Costs and Take-or-Pay  Amount for Current Year (b)	Revenues for Transition Costs and Take-or-Pay  Amount for Previous Year (c)	Revenues for GRI and ACA  Amount for Current Year (d)	Revenues for GRI and ACA  Amount for Previous Year (e)
1	Not Applicable				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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16					
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24					
25					

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)**

4. Delivered Dth of gas must not be adjusted for discounting.
5. Each incremental rate schedule and each individually certificated rate schedule must be separately reported.
6. Where transportation services are bundled with storage services, report total revenues but only transportation Dth.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1						
2						
3						
4						
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Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Revenues from Storing Gas of Others (Account 489.4)**

1. Report revenues and Dth of gas withdrawn from storage by Rate Schedule and in total.
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.
3. Other revenues in columns (f) and (g) include reservation charges, deliverability charges, injection and withdrawal charges, less revenues reflected in columns (b) through (e).

Line No.	Rate Schedule  (a)	Revenues for Transition Costs and Take-or-Pay	Revenues for Transaction Costs and Take-or-Pay	Revenues for GRI and ACA	Revenues for GRI and ACA
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	Not Applicable				
2					
3					
4					
5					
6					
7					
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25					

**Revenues from Storing Gas of Others (Account 489.4)**

4. Dth of gas withdrawn from storage must not be adjusted for discounting.  
 5. Where transportation services are bundled with storage services, report only Dth withdrawn from storage.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
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2						
3						
4						
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**Other Gas Revenues (Account 495)**

1. For transactions with annual revenues of \$250,000 or more, describe, for each transaction, commissions on sales of distributions of gas of others, compensation for minor or incidental services provided for others, penalties, profit or loss on sales of material and supplies, sales of steam, water, or electricity, miscellaneous royalties, revenues from dehydration, other processing of gas of others, and gains on settlements of imbalance receivables. Separately report revenues from cash-out penalties.

Line No.	Description of Transaction (a)	Revenues (in dollars) (b)
1	Off System Sales	1,749,044
2	Unbilled Revenue	4,912,000
3	Miscellaneous - Other Gas Revenues	496,343
4		
5		
6		
7		
8		
9		
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23		
24		
25	<b>Total</b>	<b>7,157,387</b>

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Gas Operation and Maintenance Expenses**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (Submit Supplemental Statement)	1,506	1,299
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering	0	0
8	751 Production Maps and Records	0	0
9	752 Gas Well Expenses	0	0
10	753 Field Lines Expenses	0	0
11	754 Field Compressor Station Expenses	0	0
12	755 Field Compressor Station Fuel and Power	0	0
13	756 Field Measuring and Regulating Station Expenses	0	0
14	757 Purification Expenses	0	0
15	758 Gas Well Royalties	0	0
16	759 Other Expenses	0	0
17	760 Rents	0	0
18	TOTAL Operation (Total of lines 7 thru 17)	0	0
19	Maintenance		
20	761 Maintenance Supervision and Engineering	0	0
21	762 Maintenance of Structures and Improvements	0	0
22	763 Maintenance of Producing Gas Wells	0	0
23	764 Maintenance of Field Lines	0	0
24	765 Maintenance of Field Compressor Station Equipment	0	0
25	766 Maintenance of Field Measuring and Regulating Station Equipment	0	0
26	767 Maintenance of Purification Equipment	0	0
27	768 Maintenance of Drilling and Cleaning Equipment	0	0
28	769 Maintenance of Other Equipment	0	0
29	TOTAL Maintenance (Total of lines 20 thru 28)	0	0
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	0	0

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, 2006	Dec. 31, 2005

**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

**Supplemental Schedule**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Liquefied Petroleum Gas - AIR		
4	Operation		
5	717 Liquefied Petroleum Gas Expense	1,506	1,299
6	723 Fuel For Liquefied Petroleum Gas Process	-	-
7	728 Liquefied Petroleum Gas	-	-
8	736 Rents	-	-
9	Total Operation	1,506	1,299
10	Maintenance		
11	741 Structures and Improvements	0	0
12	742 Production Equipment	0	0
13	TOTAL Maintenance	0	0
14	TOTAL Manufactured Gas Production Expenses	1,506	1,299



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**Gas Operation and Maintenance Expenses(continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering	0	0
34	771 Operation Labor	0	0
35	772 Gas Shrinkage	0	0
36	773 Fuel	0	0
37	774 Power	0	0
38	775 Materials	0	0
39	776 Operation Supplies and Expenses	0	0
40	777 Gas Processed by Others	0	0
41	778 Royalties on Products Extracted	0	0
42	779 Marketing Expenses	0	0
43	780 Products Purchased for Resale	0	0
44	781 Variation in Products Inventory	0	0
45	(Less) 782 Extracted Products Used by the Utility-Credit	0	0
46	783 Rents	0	0
47	TOTAL Operation (Total of lines 33 thru 46)	0	0
48	Maintenance		
49	784 Maintenance Supervision and Engineering	0	0
50	785 Maintenance of Structures and Improvements	0	0
51	786 Maintenance of Extraction and Refining Equipment	0	0
52	787 Maintenance of Pipe Lines	0	0
53	788 Maintenance of Extracted Products Storage Equipment	0	0
54	789 Maintenance of Compressor Equipment	0	0
55	790 Maintenance of Gas Measuring and Regulating Equipment	0	0
56	791 Maintenance of Other Equipment	0	0
57	TOTAL Maintenance (Total of lines 49 thru 56)	0	0
58	TOTAL Products Extraction (Total of lines 47 and 57)	0	0

Name of Respondent  
Columbia Gas of Kentucky, Inc

This Report Is:  
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(2)  A Resubmission

Date of Report  
(Mo, Da, Yr)  
03/31/2006

Year/Period of Report  
End of 2005/Q4

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals	0	0
62	796 Nonproductive Well Drilling	0	0
63	797 Abandoned Leases	0	0
64	798 Other Exploration	0	0
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	0	0
66	D. Other Gas Supply Expenses		
67	Operation		
68	800 Natural Gas Well Head Purchases	0	0
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0
70	801 Natural Gas Field Line Purchases	1,454,208	1,042,097
71	802 Natural Gas Gasoline Plant Outlet Purchases	0	0
72	803 Natural Gas Transmission Line Purchases	120,005,459	92,424,608
73	804 Natural Gas City Gate Purchases	18,843,020	2,667,838
74	804.1 Liquefied Natural Gas Purchases	0	0
75	805 Other Gas Purchases	0	0
76	(Less) 805.1 Purchases Gas Cost Adjustments	5,550,566	( 5,699,333)
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	134,752,121	101,833,87
78	806 Exchange Gas	28,821,269	2,786,2
79	Purchased Gas Expenses		
80	807.1 Well Expense-Purchased Gas	0	0
81	807.2 Operation of Purchased Gas Measuring Stations	0	0
82	807.3 Maintenance of Purchased Gas Measuring Stations	0	0
83	807.4 Purchased Gas Calculations Expenses	0	0
84	807.5 Other Purchased Gas Expenses	24,746	22,514
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	24,746	22,514

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**Gas Operation and Maintenance Expenses(continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
86	808.1 Gas Withdrawn from Storage-Debit	56,372,870	36,159,766
87	(Less) 808.2 Gas Delivered to Storage-Credit	98,970,584	37,071,669
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	0	0
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	0	0
90	Gas used in Utility Operation-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit	0	0
92	811 Gas Used for Products Extraction-Credit	0	0
93	812 Gas Used for Other Utility Operations-Credit	258,115	112,575
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	258,115	112,575
95	813 Other Gas Supply Expenses	16,560	674
96	TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95)	120,758,867	103,618,805
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	120,760,373	103,620,104
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering	0	0
102	815 Maps and Records	0	0
103	816 Wells Expenses	0	0
104	817 Lines Expense	0	0
105	818 Compressor Station Expenses	0	0
106	819 Compressor Station Fuel and Power	0	0
107	820 Measuring and Regulating Station Expenses	0	0
108	821 Purification Expenses	0	0
109	822 Exploration and Development	0	0
110	823 Gas Losses	0	0
111	824 Other Expenses	0	0
112	825 Storage Well Royalties	0	0
113	826 Rents	0	0
114	TOTAL Operation (Total of lines of 101 thru 113)	0	0

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**Gas Operation and Maintenance Expenses(continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
115	Maintenance		
116	830 Maintenance Supervision and Engineering	0	0
117	831 Maintenance of Structures and Improvements	0	0
118	832 Maintenance of Reservoirs and Wells	0	0
119	833 Maintenance of Lines	0	0
120	834 Maintenance of Compressor Station Equipment	0	0
121	835 Maintenance of Measuring and Regulating Station Equipment	0	0
122	836 Maintenance of Purification Equipment	0	0
123	837 Maintenance of Other Equipment	0	0
124	TOTAL Maintenance (Total of lines 116 thru 123)	0	0
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	0	0
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering	0	0
129	841 Operation Labor and Expenses	0	0
130	842 Rents	0	0
131	842.1 Fuel	0	0
132	842.2 Power	0	0
133	842.3 Gas Losses	0	0
134	TOTAL Operation (Total of lines 128 thru 133)	0	0
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering	0	0
137	843.2 Maintenance of Structures	0	0
138	843.3 Maintenance of Gas Holders	0	0
139	843.4 Maintenance of Purification Equipment	0	0
140	843.5 Maintenance of Liquefaction Equipment	0	0
141	843.6 Maintenance of Vaporizing Equipment	0	0
142	843.7 Maintenance of Compressor Equipment	0	0
143	843.8 Maintenance of Measuring and Regulating Equipment	0	0
144	843.9 Maintenance of Other Equipment	0	0
145	TOTAL Maintenance (Total of lines 136 thru 144)	0	0
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	0	0

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**Gas Operation and Maintenance Expenses(continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering	0	0
150	844.2 LNG Processing Terminal Labor and Expenses	0	0
151	844.3 Liquefaction Processing Labor and Expenses	0	0
152	844.4 Liquefaction Transportation Labor and Expenses	0	0
153	844.5 Measuring and Regulating Labor and Expenses	0	0
154	844.6 Compressor Station Labor and Expenses	0	0
155	844.7 Communication System Expenses	0	0
156	844.8 System Control and Load Dispatching	0	0
157	845.1 Fuel	0	0
158	845.2 Power	0	0
159	845.3 Rents	0	0
160	845.4 Demurrage Charges	0	0
161	(less) 845.5 Wharfage Receipts-Credit	0	0
162	845.6 Processing Liquefied or Vaporized Gas by Others	0	0
163	846.1 Gas Losses	0	0
164	846.2 Other Expenses	0	0
165	TOTAL Operation (Total of lines 149 thru 164)	0	0
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering	0	0
168	847.2 Maintenance of Structures and Improvements	0	0
169	847.3 Maintenance of LNG Processing Terminal Equipment	0	0
170	847.4 Maintenance of LNG Transportation Equipment	0	0
171	847.5 Maintenance of Measuring and Regulating Equipment	0	0
172	847.6 Maintenance of Compressor Station Equipment	0	0
173	847.7 Maintenance of Communication Equipment	0	0
174	847.8 Maintenance of Other Equipment	0	0
175	TOTAL Maintenance (Total of lines 167 thru 174)	0	0
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)	0	0
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	0	0

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**Gas Operation and Maintenance Expenses(continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
178	<b>3. TRANSMISSION EXPENSES</b>		
179	Operation		
180	850 Operation Supervision and Engineering	0	0
181	851 System Control and Load Dispatching	0	0
182	852 Communication System Expenses	0	0
183	853 Compressor Station Labor and Expenses	0	0
184	854 Gas for Compressor Station Fuel	0	0
185	855 Other Fuel and Power for Compressor Stations	0	0
186	856 Mains Expenses	0	0
187	857 Measuring and Regulating Station Expenses	0	0
188	858 Transmission and Compression of Gas by Others	0	0
189	859 Other Expenses	0	0
190	860 Rents	0	0
191	TOTAL Operation (Total of lines 180 thru 190)	0	0
192	Maintenance		
193	861 Maintenance Supervision and Engineering	0	0
194	862 Maintenance of Structures and Improvements	0	0
195	863 Maintenance of Mains	0	0
196	864 Maintenance of Compressor Station Equipment	0	
197	865 Maintenance of Measuring and Regulating Station Equipment	0	
198	866 Maintenance of Communication Equipment	0	0
199	867 Maintenance of Other Equipment	0	0
200	TOTAL Maintenance (Total of lines 193 thru 199)	0	0
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	0	0
202	<b>4. DISTRIBUTION EXPENSES</b>		
203	Operation		
204	870 Operation Supervision and Engineering	329,444	293,381
205	871 Distribution Load Dispatching	12,869	38,718
206	872 Compressor Station Labor and Expenses	0	0
207	873 Compressor Station Fuel and Power	0	0

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**Gas Operation and Maintenance Expenses(continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
208	874 Mains and Services Expenses	1,596,035	1,434,614
209	875 Measuring and Regulating Station Expenses-General	171,201	174,245
210	876 Measuring and Regulating Station Expenses-Industrial	33,979	37,915
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	0	0
212	878 Meter and House Regulator Expenses	1,433,983	1,463,583
213	879 Customer Installations Expenses	1,080,480	1,137,339
214	880 Other Expenses	1,767,934	1,606,735
215	881 Rents	118,261	112,645
216	TOTAL Operation (Total of lines 204 thru 215)	6,544,186	6,299,175
217	Maintenance		
218	885 Maintenance Supervision and Engineering	149,123	166,845
219	886 Maintenance of Structures and Improvements	93,823	92,015
220	887 Maintenance of Mains	966,351	952,910
221	888 Maintenance of Compressor Station Equipment	0	0
222	889 Maintenance of Measuring and Regulating Station Equipment-General	123,018	124,121
223	890 Maintenance of Meas. and Reg. Station Equipment-Industrial	117,559	122,951
224	891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station	0	0
225	892 Maintenance of Services	298,310	287,957
226	893 Maintenance of Meters and House Regulators	146,822	155,200
227	894 Maintenance of Other Equipment	142,864	156,435
228	TOTAL Maintenance (Total of lines 218 thru 227)	2,037,870	2,058,434
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	8,582,056	8,357,609
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	8,217	9,981
233	902 Meter Reading Expenses	1,008,771	951,541
234	903 Customer Records and Collection Expenses	2,214,270	2,758,417

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**Gas Operation and Maintenance Expenses(continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
235	904 Uncollectible Accounts	1,499,295	1,981,716
236	905 Miscellaneous Customer Accounts Expenses	11,270	11,931
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	4,741,823	5,713,582
238	<b>6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES</b>		
239	Operation		
240	907 Supervision	38,601	40,301
241	908 Customer Assistance Expenses	111,620	99,217
242	909 Informational and Instructional Expenses	0	0
243	910 Miscellaneous Customer Service and Informational Expenses	1,292	1,869
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	151,513	141,387
245	<b>7. SALES EXPENSES</b>		
246	Operation		
247	911 Supervision	0	0
248	912 Demonstrating and Selling Expenses	1,503	5,000
249	913 Advertising Expenses	0	0
250	916 Miscellaneous Sales Expenses	0	0
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	1,503	5,000
252	<b>8. ADMINISTRATIVE AND GENERAL EXPENSES</b>		
253	Operation		
254	920 Administrative and General Salaries	1,000,346	596,300
255	921 Office Supplies and Expenses	335,728	431,797
256	(Less) 922 Administrative Expenses Transferred-Credit	0	( 26)
257	923 Outside Services Employed	9,510,414	7,455,068
258	924 Property Insurance	147,622	211,619
259	925 Injuries and Damages	484,371	537,960
260	926 Employee Pensions and Benefits	2,812,851	2,860,783
261	927 Franchise Requirements	0	0
262	928 Regulatory Commission Expenses	361,926	340,590
263	(Less) 929 Duplicate Charges-Credit	0	0
264	930.1 General Advertising Expenses	0	0
265	930.2 Miscellaneous General Expenses	32,414	13,389
266	931 Rents	2,326	0
267	TOTAL Operation (Total of lines 254 thru 266)	14,687,998	12,447,579
268	Maintenance		
269	932 Maintenance of General Plant	1,583	2,760
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	14,689,581	12,450,339
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	148,926,849	130,288,021



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**Exchange and Imbalance Transactions**

1. Report below details by zone and rate schedule concerning the gas quantities and related dollar amount of imbalances associated with system balancing and no-notice service. Also, report certificated natural gas exchange transactions during the year. Provide subtotals for imbalance and no-notice quantities for exchanges. If respondent does not have separate zones, provide totals by rate schedule. Minor exchange transactions (less than 100,000 Dth) may be grouped.

Line No.	Zone/Rate Schedule  (a)	Gas Received from Others	Gas Received from Others	Gas Delivered to Others	Gas Delivered to Others
		Amount (b)	Dth (c)	Amount (d)	Dth (e)
1	Off System Sales			2,843,554	296,802
2	Transportation Imbalances With Pipelines	1		5	
3	Transportation Imbalances With End User	25,977,715	1,710,555		
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
<b>25</b>	<b>Total</b>	<b>25,977,716</b>	<b>1,710,555</b>	<b>2,843,559</b>	<b>296,802</b>

**Gas Used in Utility Operations**

1. Report below details of credits during the year to Accounts 810, 811, and 812.
2. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the Dth of gas used, omitting entries in column (d).

Line No.	Purpose for Which Gas Was Used  (a)	Account Charged  (b)	Natural Gas  Gas Used Dth (c)	Natural Gas  Amount of Credit (in dollars) (d)	Natural Gas  Amount of Credit (in dollars) (d)	Natural Gas  Amount of Credit (in dollars) (d)
1	810 Gas Used for Compressor Station Fuel - Credit					
2	811 Gas Used for Products Extraction - Credit					
3	Gas Shrinkage and Other Usage in Respondent's Own Processing					
4	Gas Shrinkage, etc. for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)					
6	Heat for Building and Other Uses					
7		875	3,930	40,065		
8		880	21,471	218,900		
9		921	1,346	13,725		
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	<b>Total</b>		26,747	272,690		

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Transmission and Compression of Gas by Others (Account 858)**

1. Report below details concerning gas transported or compressed for respondent by others equalling more than 1,000,000 Dth and amounts of payments for such services during the year. Minor items (less than 1,000,000) Dth may be grouped. Also, include in column (c) amounts paid as transition costs to an upstream pipeline.
2. In column (a) give name of companies, points of delivery and receipt of gas. Designate points of delivery and receipt so that they can be identified readily on a map of respondent's pipeline system.
3. Designate associated companies with an asterisk in column (b).

Line No.	Name of Company and Description of Service Performed (a)	*	Amount of Payment (in dollars) (c)	Dth of Gas Delivered (d)
1	Not Applicable			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	<b>Total</b>			

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Other Gas Supply Expenses (Account 813)**

1. Report other gas supply expenses by descriptive titles that clearly indicate the nature of such expenses. Show maintenance expenses, revaluation of monthly encroachments recorded in Account 117.4, and losses on settlements of imbalances and gas losses not associated with storage separately. Indicate the functional classification and purpose of property to which any expenses relate. List separately items of \$250,000 or more.

Line No.	Description (a)	Amount (in dollars) (b)
1	Intercompany Off-System Exchange Activity	16,560
2		
3		
4		
5		
6		
7		
8		
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10		
11		
12		
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14		
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23		
24		
<b>25</b>	<b>Total</b>	<b>16,560</b>



Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Miscellaneous General Expenses (Account 930.2)**

1. Provide the information requested below on miscellaneous general expenses.  
 2. For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of \$250,000 or more however, amounts less than \$250,000 may be grouped if the number of items of so grouped is shown.

Line No.	Description (a)	Amount (in dollars) (b)
1	Industry association dues.	32,414
2	Experimental and general research expenses.	
	a. Gas Research Institute (GRI)	
	b. Other	
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent	
4	Other expenses	
5		
6		
7		
8		
9		
10		
11		
12		
13		
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21		
22		
23		
24		
25	<b>Total</b>	32,414

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)**

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.
2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are

**Section A. Summary of Depreciation, Depletion, and Amortization Charges**

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (d)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (e)
1	Intangible plant				216,069
2	Production plant, manufactured gas				
3	Production and gathering plant, natural gas				
4	Products extraction plant				
5	Underground gas storage plant				
6	Other storage plant				
7	Base load LNG terminaling and processing plant				
8	Transmission plant				
9	Distribution plant	4,645,071			10,155
10	General plant	85,697			267,811
11	Common plant-gas				
12	TOTAL	4,730,768			494,035

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**Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)**

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

**Section A. Summary of Depreciation, Depletion, and Amortization Charges**

Line No.	Amortization of Other Limited-term Gas Plant (Account 404.3) (f)	Amortization of Other Gas Plant (Account 405) (g)	Total (b to g) (h)	Functional Classification (a)
1			216,069	Intangible plant
2				Production plant, manufactured gas
3				Production and gathering plant, natural gas
4				Products extraction plant
5				Underground gas storage plant
6				Other storage plant
7				Base load LNG terminaling and processing plant
8				Transmission plant
9			4,655,226	Distribution plant
10			353,508	General plant
11				Common plant-gas
12			5,224,803	TOTAL



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**Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)**

4. Add rows as necessary to completely report all data. Number the additional rows in sequence as 2.01, 2.02, 3.01, 3.02, etc.

**Section B. Factors Used in Estimating Depreciation Charges**

Line No.	Functional Classification (a)	Plant Bases (in thousands) (b)	Applied Depreciation or Amortization Rates (percent) (c)
1	Production and Gathering Plant		
2	Offshore (footnote details)		
3	Onshore (footnote details)		
4	Underground Gas Storage Plant (footnote details)		
5	Transmission Plant		
6	Offshore (footnote details)		
7	Onshore (footnote details)		
8	General Plant (footnote details)	5,178	6.75
9	Distribution Plant	236,738	1.99
10			
11			
12			
13			
14			
15	Total	241,916	2.09

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**Particulars Concerning Certain Income Deductions and Interest Charges Accounts**

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

(a) Miscellaneous Amortization (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$250,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430)-For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	Account 426	
2		
3	Contributions	126,465
4	Energy Assistance	20,607
5	Customer Assistance	174,996
6	Merger Costs	1,945
7	PAC Administration	338
8	Other	443
9		
10	Total Account 426	324,794
11		
12	Account 430	
13		
14	Money Pool	180,003
15	Installment Promissory Notes	3,214,471
16		
17	Total Account 430	3,394,477
18		
19	Account 431	
20		
21	Rate Refunds	1,423
22	Customer Deposits	167,482
23	Director Fees	121,358
24		
25	Total Account 431	290,263
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		

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**Regulatory Commission Expenses (Account 928)**

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description (Furnish name of regulatory commission or body, the docket number, and a description of the case.)  (a)	Assessed by Regulatory Commission  (b)	Expenses of Utility  (c)	Total Expenses to Date  (d)	Deferred in Account 182.3 at Beginning of Year  (e)
1					
2	Public Service Commission of Kentucky				
3	Assessment Fees Based on Revenue	361,926		361,926	
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
<b>25</b>	<b>Total</b>	361,926		361,926	

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**Regulatory Commission Expenses (Account 928)**

3. Show in column (k) any expenses incurred in prior years that are being amortized. List in column (a) the period of amortization.
4. Identify separately all annual charge adjustments (ACA).
5. List in column (f), (g), and (h) expenses incurred during year which were charges currently to income, plant, or other accounts.
6. Minor items (less than \$250,000) may be grouped.

Line No.	Expenses Incurred During Year Charged Currently To Department (f)	Expenses Incurred During Year Charged Currently To Account No. (g)	Expenses Incurred During Year Charged Currently To Amount (h)	Expenses Incurred During Year Deferred to Account 182.3 (i)	Amortized During Year Contra Account (j)	Amortized During Year Amount (k)	Deferred in Account 182.3 End of Year (l)
1							
2							
3	Gas	928	361,926				
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
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21							
22							
23							
24							
25			361,926				

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**Distribution of Salaries and Wages**

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission			
5	Distribution			
6	Customer Accounts			
7	Customer Service and Informational			
8	Sales			
9	Administrative and General			
10	TOTAL Operation (Total of lines 3 thru 9)			
11	Maintenance			
12	Production			
13	Transmission			
14	Distribution			
15	Administrative and General			
16	TOTAL Maintenance (Total of lines 12 thru 15)			
17	Total Operation and Maintenance			
18	Production (Total of lines 3 and 12)			
19	Transmission (Total of lines 4 and 13)			
20	Distribution (Total of lines 5 and 14)			
21	Customer Accounts (line 6)			
22	Customer Service and Informational (line 7)			
23	Sales (line 8)			
24	Administrative and General (Total of lines 9 and 15)			
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)			
26	Gas			
27	Operation			
28	Production - Manufactured Gas	9		9
29	Production - Natural Gas(Including Exploration and Development)			
30	Other Gas Supply	22,262		22,262
31	Storage, LNG Terminaling and Processing			
32	Transmission			
33	Distribution	3,589,287		3,589,287
34	Customer Accounts	1,427,965		1,427,965
35	Customer Service and Informational	100,996		100,996
36	Sales			
37	Administrative and General	1,000,348		1,000,348
38	TOTAL Operation (Total of lines 28 thru 37)	6,140,867		6,140,867
39	Maintenance			
40	Production - Manufactured Gas			
41	Production - Natural Gas(Including Exploration and Development)			
42	Other Gas Supply		53,103	53,103
43	Storage, LNG Terminaling and Processing			
44	Transmission			
45	Distribution	932,738		932,738

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**Distribution of Salaries and Wages (continued)**

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
46	Administrative and General			
47	TOTAL Maintenance (Total of lines 40 thru 46)	932,738	53,103	985,841
48	Gas (Continued)			
49	Total Operation and Maintenance			
50	Production - Manufactured Gas (Total of lines 28 and 40)	9		9
51	Production - Natural Gas (Including Expl. and Dev.) (ll. 29 and 41)			
52	Other Gas Supply (Total of lines 30 and 42)	22,262	53,103	75,365
53	Storage, LNG Terminaling and Processing (Total of ll. 31 and 43)			
54	Transmission (Total of lines 32 and 44)			
55	Distribution (Total of lines 33 and 45)	4,522,025		4,522,025
56	Customer Accounts (Total of line 34)	1,427,965		1,427,965
57	Customer Service and Informational (Total of line 35)	100,996		100,996
58	Sales (Total of line 36)			
59	Administrative and General (Total of lines 37 and 46)	1,000,348		1,000,348
60	Total Operation and Maintenance (Total of lines 50 thru 59)	7,073,605	53,103	7,126,708
61	Other Utility Departments			
62	Operation and Maintenance			
63	TOTAL ALL Utility Dept. (Total of lines 25, 60, and 62)	7,073,605	53,103	7,126,708
64	Utility Plant			
65	Construction (By Utility Departments)			
66	Electric Plant			
67	Gas Plant	2,249,062	23,451	2,272,513
68	Other			
69	TOTAL Construction (Total of lines 66 thru 68)	2,249,062	23,451	2,272,513
70	Plant Removal (By Utility Departments)			
71	Electric Plant			
72	Gas Plant	210,388	2,845	213,233
73	Other			
74	TOTAL Plant Removal (Total of lines 71 thru 73)	210,388	2,845	213,233
75	Other Accounts (Specify) (footnote details)	812,770		812,770
76	TOTAL Other Accounts	812,770		812,770
77	TOTAL SALARIES AND WAGES	10,345,825	79,399	10,425,224

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**Charges for Outside Professional and Other Consultative Services**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$250,000, including payments for legislative services, except those which should be reported in Account 426 4 Expenditures for Certain Civic, Political and Related Activities.

- (a) Name of person or organization rendering services.
- (b) Total charges for the year.

2. Designate associated companies with an asterisk in column (b).

Line No.	Description (a)	*	Amount (in dollars) (c)
		(b)	
1	NiSource Corporate Service, Co.		
2	801 E 86th Avenue		
3	Merrillville, IN 46410		
4			
5	Agrees to furnish at such times, and for such periods and in such		
6	manner, as the respondent may, from time to time desire,		
7	accounting and statistical, auditing, budget, business promotion,		
8	corporate, depreciation, economic, electronic communications,		
9	employee relations, engineering and research, gas dispatching,		
10	information technology, information, insurance, legal,		
11	office space, officers, operation and planning, purchasing and		
12	storage, rate, tax, transporation, treasury, land/surveying, and	*	
13	miscellaneous services, the description of which is included	*	
14	in the service agreement.		
15			
16	Actual costs from the service corporation include a reasonable		
17	compensation for necessary capital procured through the issuance		
18	of capital stock.		
19			
20	Total Charges for the Year:      Amount	*	
21			311,548
22			2,282
23			32,835
24			19,804
25			55,589
26			120,861
27			10,120,426
28			107,661
29			
30	Total		10,771,006
31			
32	Service Agreement effective March 31, 2005 may be		
33	terminated upon not less than thirty days written notice.		
34			
35			

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) <input checked="" type="checkbox"/> An Original	(Mo.Da.Yr.)	(Mo.Da.Yr.)
	(2) <input type="checkbox"/> A Resubmission	March 31, 2006	Dec. 31, 2005

**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES (Continued)**

**2. ANNUAL PAYMENTS OVER \$250,000**

<u>Payee Name</u>	<u>Type of Service &amp; Basis</u>	<u>Account</u>	<u>Amount</u>
C J Hughes Construction Co. Inc. P. O. Box 7305 Huntington, WV 25776	Pipeline Construction & Maintenance	107	317,168
		108	18,046
		874	304
		887	30,022
		892	764
		<b>Total</b>	<b>\$ 366,304</b>
The Fishel Company Corporate Processing Dept. Columbus, OH 43271-0746	Consultant Services	107	1,797,387
		108	121,604
		183	142,854
		874	6,515
		876	312
		879	489
		880	311
		885	65
		887	300,378
		890	23
		<b>Total</b>	<b>\$ 2,429,885</b>
Citibank P. O. Box 6575 The Lakes, NV 889016575	Banking	184	769,117
		<b>Total</b>	<b>\$ 769,117</b>
KU Solutions 220 West Main Street Louisville, KY 40202	Consultant Services	902	717,297
		<b>Total</b>	<b>\$ 717,297</b>
Stanley Pipeline Inc 5425 Paris Road Winchester, KY 40391	Pipeline Construction & Maintenance	107	1,198,418
		<b>Total</b>	<b>\$ 1,198,418</b>
<b>Page Total</b>			<b>5,481,022</b>



Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Compressor Stations**

1. Report below details concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.

2. For column (a), indicate the production areas where such stations are used. Group relatively small field compressor stations by production areas. Show the number of stations grouped. Identify any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership if jointly owned.

Line No.	Name of Station and Location  (a)	Number of Units at Station  (b)	Certificated Horsepower for Each Station  (c)	Plant Cost  (d)
1	Not Applicable			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
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19				
20				
21				
22				
23				
24				
25				

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Compressor Stations**

Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote each unit's size and the date the unit was placed in operation.

3. For column (e), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

Line No.	Expenses (except depreciation and taxes) Fuel or Power (e)	Expenses (except depreciation and taxes) Other (f)	Gas for Compressor Fuel in Dth (g)	Operation Data Total Compressor Hours of Operation During Year (h)	Operation Data Number of Compressors Operated at Time of Station Peak (i)	Date of Station Peak (j)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
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22						
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25						

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Gas Storage Projects**

1. Report injections and withdrawals of gas for all storage projects used by respondent

Line No.	Item (a)	Gas Belonging to Respondent (Dth) (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
	STORAGE OPERATIONS (in Dth)			
1	Gas Delivered to Storage			
2	January	275,978		275,978
3	February	( 17,187)		( 17,187)
4	March	( 1,019)		( 1,019)
5	April	1,851,603		1,851,603
6	May	1,797,287		1,797,287
7	June	1,208,355		1,208,355
8	July	1,575,544		1,575,544
9	August	1,473,842		1,473,842
10	September	1,454,441		1,454,441
11	October	662,493		662,493
12	November	340,733		340,733
13	December	16,517		16,517
14	TOTAL (Total of lines 2 thru 13)	10,638,587		10,638,587
15	Gas Withdrawn from Storage			
16	January	526,119		526,119
17	February	1,198,646		1,198,646
18	March	1,330,434		1,330,434
19	April	( 4,066)		( 4,066)
20	May	22,276		22,276
21	June	( 1,290)		( 1,290)
22	July			
23	August			
24	September			
25	October	159,637		159,637
26	November	639,795		639,795
27	December	2,188,103		2,188,103
28	TOTAL (Total of lines 16 thru 27)	6,059,654		6,059,654

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Gas Storage Projects**

- On line 4, enter the total storage capacity certificated by FERC.
- Report total amount in Dth or other unit, as applicable on lines 2, 3, 4, 7. If quantity is converted from Mcf to Dth, provide conversion factor in a footnote.

Line No.	Item (a)	Total Amount (b)
	STORAGE OPERATIONS	
1	Top or Working Gas End of Year	
2	Cushion Gas (Including Native Gas)	
3	Total Gas in Reservoir (Total of line 1 and 2)	
4	Certificated Storage Capacity	
5	Number of Injection - Withdrawal Wells	
6	Number of Observation Wells	
7	Maximum Days' Withdrawal from Storage	
8	Date of Maximum Days' Withdrawal	
9	LNG Terminal Companies (in Dth)	
10	Number of Tanks	
11	Capacity of Tanks	
12	LNG Volume	
13	Received at "Ship Rail"	
14	Transferred to Tanks	
15	Withdrawn from Tanks	
16	"Boil Off" Vaporization Loss	

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Transmission Lines**

1. Report below, by state, the total miles of transmission lines of each transmission system operated by respondent at end of year.
2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk, in column (b) and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.
3. Report separately any line that was not operated during the past year. Enter in a footnote the details and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book costs are contemplated.
4. Report the number of miles of pipe to one decimal point.

Line No.	Designation (Identification) of Line or Group of Lines (a)	*	Total Miles of Pipe (c)
		(b)	
1	Not Applicable		
2			
3			
4			
5			
6			
7			
8			
9			
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11			
12			
13			
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Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of <u>2005/Q4</u>
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**Transmission System Peak Deliveries**

1. Report below the total transmission system deliveries of gas (in Dth), excluding deliveries to storage, for the period of system peak deliveries indicated below, during the 12 months embracing the heating season overlapping the year's end for which this report is submitted. The season's peak normally will be reached before the due date of this report, April 30, which permits inclusion of the peak information required on this page. Add rows as necessary to report all data. Number additional rows 6.01, 6.02, etc.

Line No.	Description	Dth of Gas Delivered to Interstate Pipelines (b)	Dth of Gas Delivered to Others (c)	Total (b) + (c) (d)
	<b>SECTION A: SINGLE DAY PEAK DELIVERIES</b>			
1	Date:			
2	Volumes of Gas Transported			
3	No-Notice Transportation			
4	Other Firm Transportation			
5	Interruptible Transportation			
6	Other (Describe) (footnote details)			
7	TOTAL			
8	Volumes of gas Withdrawn form Storage under Storage Contract			
9	No-Notice Storage			
10	Other Firm Storage			
11	Interruptible Storage			
12	Other (Describe) (footnote details)			
13	TOTAL			
14	Other Operational Activities			
15	Gas Withdrawn from Storage for System Operations			
16	Reduction in Line Pack			
17	Other (Describe) (footnote details)			
18	TOTAL			
19	<b>SECTION B: CONSECUTIVE THREE-DAY PEAK DELIVERIES</b>			
20	Dates:			
21	Volumes of Gas Transported			
22	No-Notice Transportation			
23	Other Firm Transportation			
24	Interruptible Transportation			
25	Other (Describe) (footnote details)			
26	TOTAL			
27	Volumes of Gas Withdrawn from Storage under Storage Contract			
28	No-Notice Storage			
29	Other Firm Storage			
30	Interruptible Storage			
31	Other (Describe) (footnote details)			
32	TOTAL			
33	Other Operational Activities			
34	Gas Withdrawn from Storage for System Operations			
35	Reduction in Line Pack			
36	Other (Describe) (footnote details)			
37	TOTAL			

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of <u>2005/Q4</u>
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**Auxiliary Peaking Facilities**

- Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.
- For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.
- For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility Dth (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?
1	Not Applicable				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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30					

Name of Respondent Columbia Gas of Kentucky, Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report End of 2005/Q4
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**Gas Account - Natural Gas**

- The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
- Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
- Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.
- Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
- If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.
- Also indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.
- Also indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
- Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional rows as necessary to report all data, numbered 14.01, 14.02, etc.

Line No.	Item (a)	Ref. Page No. (b)	Amount of Dth (c)
01 Name of System:			
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		13,545,505
4	Gas of Others Received for Gathering (Account 489.1)	303	
5	Gas of Others Received for Transmission (Account 489.2)	305	
6	Gas of Others Received for Distribution (Account 489.3)	301	
7	Gas of Others Received for Contract Storage (Account 489.4)	307	
8	Exchanged Gas Received from Others (Account 806)	328	1,710,555
9	Gas Received as Imbalances (Account 806)	328	
10	Receipts of Respondent's Gas Transported by Others (Account 858)	332	
11	Other Gas Withdrawn from Storage (Explain)		6,059
12	Gas Received from Shippers as Compressor Station Fuel		
13	Gas Received from Shippers as Lost and Unaccounted for		
14	Other Receipts (Specify) (footnote details)		
15	Total Receipts (Total of lines 3 thru 14)		21,315,714
16	GAS DELIVERED		
17	Gas Sales (Accounts 480-484)		11,305,232
18	Deliveries of Gas Gathered for Others (Account 489.1)	303	
19	Deliveries of Gas Transported for Others (Account 489.2)	305	
20	Deliveries of Gas Distributed for Others (Account 489.3)	301	25,520,939
21	Deliveries of Contract Storage Gas (Account 489.4)	307	
22	Exchange Gas Delivered to Others (Account 806)	328	( 296,802)
23	Gas Delivered as Imbalances (Account 806)	328	
24	Deliveries of Gas to Others for Transportation (Account 858)	332	
25	Other Gas Delivered to Storage (Explain)		10,638,587
26	Gas Used for Compressor Station Fuel	509	
27	Other Deliveries (Specify) (footnote details)		282,781
28	Total Deliveries (Total of lines 17 thru 27)		47,450,737
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		( 476,366)
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total of lines 30 thru 35)		( 476,366)
37	Total Deliveries & Unaccounted For (Total of lines 28 and 36)		46,974,371



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2006	Year/Period of Report 2005/Q4
Columbia Gas of Kentucky, Inc			
System Maps			

1. Furnish five copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.
2. Indicate the following information on the maps:
- (a) Transmission lines.
  - (b) Incremental facilities.
  - (c) Location of gathering areas.
  - (d) Location of zones and rate areas.
  - (e) Location of storage fields.
  - (f) Location of natural gas fields.
  - (g) Location of compressor stations.
  - (h) Normal direction of gas flow (indicated by arrows).
  - (i) Size of pipe.
  - (j) Location of products extraction plants, stabilization plants, purification plants, recycling areas, etc.
  - (k) Principal communities receiving service through the respondent's pipeline.
3. In addition, show on each map: graphic scale of the map; date of the facts the map purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.
4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.

MAJOR DELIVERY POINTS FOR SALE AND PURCHASE OF NATURAL GAS

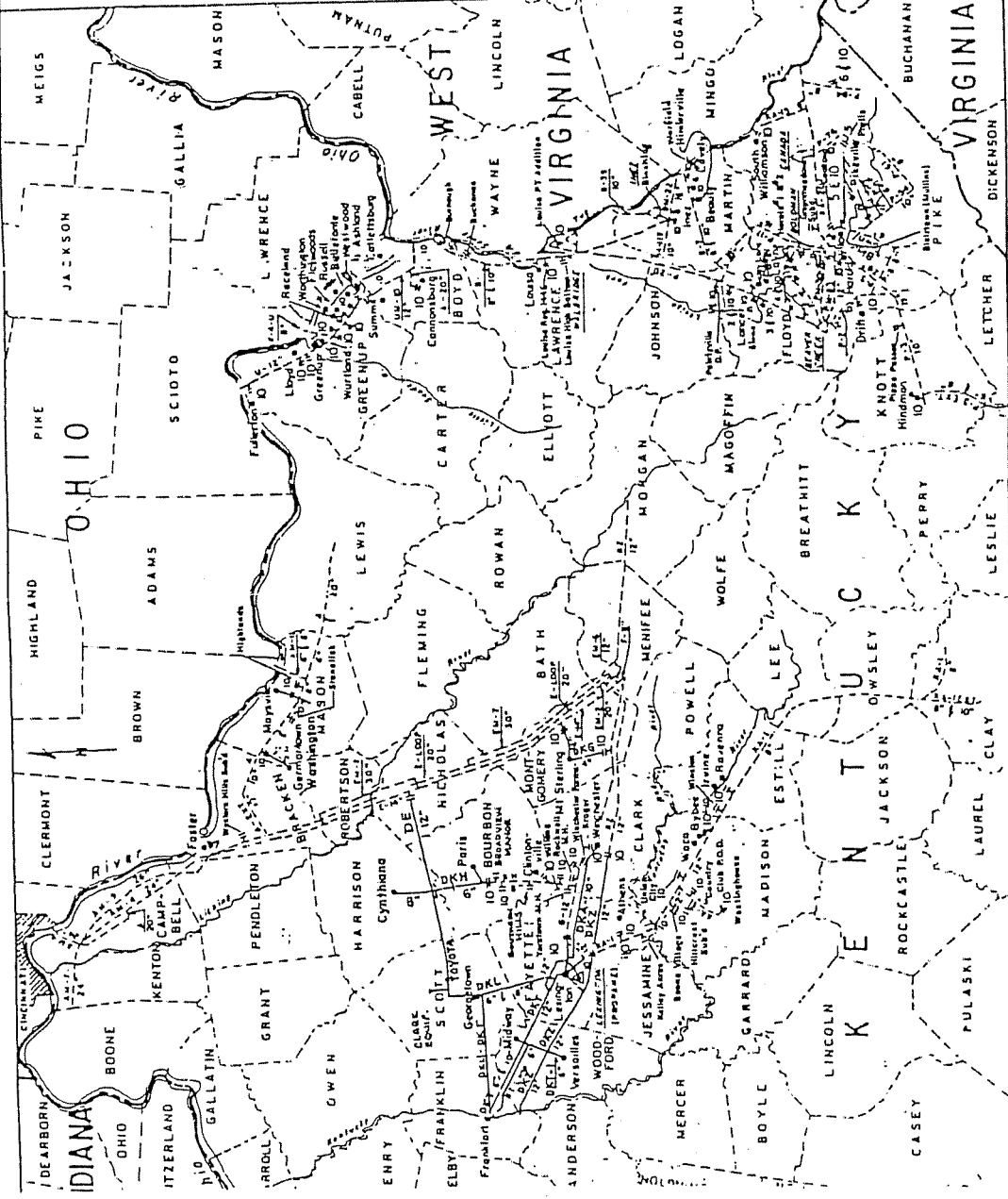
- |                                  |                          |
|----------------------------------|--------------------------|
| <b>SALE TO</b>                   | <b>LOCATION</b>          |
| 1. JOHNSON COUNTY GAS COMPANY    | JOHNSON COUNTY, KENTUCKY |
| 2. AUXIER ROAD GAS COMPANY       | FLOYD COUNTY, KENTUCKY   |
| 3. MIKE LITTLE GAS COMPANY, INC. | FLOYD COUNTY, KENTUCKY   |
| 4. MARTIN GAS COMPANY            | FLOYD COUNTY, KENTUCKY   |
| 5. THE CITY OF PIKEVILLE         | PIKE COUNTY, KENTUCKY    |
| 6. PHELPS GAS COMPANY, INC.      | PIKE COUNTY, KENTUCKY    |
- 
- |   |  |
|---|--|
| <b>PURCHASE FROM</b>                      |  |
| 10. COLUMBIA GAS TRANSMISSION CORPORATION | BOURBON, BOYD, BRACKEN, CLARK, E<br>FAYETTE, FLOYD, GREENUP, JOHNSON<br>LAWRENCE, MADISON, MARTIN, MASON<br>GOMERY AND PIKE COUNTIES, KENT |

MAP OF  
**COLUMBIA GAS OF KENTUCKY, INC.**  
SHOWING  
**MAJOR FACILITIES AND DELIVERY POINTS  
FOR SALE AND PURCHASE OF NATURAL GAS**

- LEGEND —**
- COMMUNITY SERVED METAL
  - PIPELINE
  - △ PROANE PLANT
  - INTERCONNECTION
- MAJOR SUPPLIER'S FACILITIES**
- COLUMBIA GAS TRANSMISSION CORPORATION PIPELINE
  - △ COMPRESSOR STATION



DECEMBER 31, 1994 REVISED: 03-20-00



Name of Respondent	This Report Is:	Date of Report	Year of Report
Columbia Gas of Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo. Da. Yr.) 03/31/2006	Dec. 31, 2005
FOOTNOTE DATA			

Schedule Page: 209 Line No.: 129 Column: g  
 Natural Gas Plant In Service - This schedule does not include capital leases totaling \$ 59,239 at 12/31/05.

Schedule Page: 355	Line No.: 75	Column: b
Other Accounts (Specify)		
Preliminary Survey and Investigation		(7,617)
Vacation and Non-Productive Time Transferred		(45,315)
Other Miscellaneous		(759,838)
<b>Total</b>		<b>(812,770)</b>

Schedule Page: 520	Line No.: 27	Column: c
DTH		
Unbilled Gas Sales		28,077
Off System Sales		224,582
Natural Gas Used by Respondent		26,747
Municipal Free and Line Damage		3,375
<b>Total</b>		<b>282,781</b>

5

5

5

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Supplemental Gas Information  
Revenues, Customers and MCF/DTH Sales

	For Reporting Year		
	Revenue	DTH of Natural Gas Sold	Customers
480 Residential	92,728,741	7,270,890	92,566
481 Commercial & Industrial Sales			
Small (or Commercial)	46,369,286	3,703,648	10,244
Large (or Industrial)	3,668,819	309,458	108
482 Other Sales To Public Authorities	-	-	-
484 Interdepartmental Sales	-	-	-
<b>TOTAL Sales to Ultimate Customers</b>	<b>142,766,846</b>	<b>11,283,995</b>	<b>102,918</b>
483 Sales for Resale	209,009	21,237	2
<b>TOTAL Natural Gas Service</b>	<b>142,975,855</b>	<b>11,305,232</b>	<b>102,920</b>

**ADDITIONAL INFORMATION TO BE FURNISHED WITH  
 ANNUAL REPORT  
 December 31, 2005**

**GAS PURCHASES**

**(ACCOUNTS 800, 801, 802, 803, 804, 804.1, 805, 805.1, 805.2)**

Name of Seller and Acct No.	Gas Purchased - Mcf	Cost of Gas
Various Appalachian Companies - Account 801	149,635	1,454,208
Various Local Companies	-	-
Various Non-Local Companies	11,390,733	106,334,899
Pipeline Expenses - Transp.	(348,973)	9,099,157
Pipeline Expenses - Storage	88,770	4,571,403
Total Account 803	11,130,530	120,005,459
Various Local Companies	253,703	2,873,169
Various Non-Local Companies	1,512,863	15,969,851
City Gate Gas Purchases - Account 804	1,766,566	18,843,020
Propane Expenses	-	-
Miscellaneous Purchases	-	-
Deferred Purchased Gas Adj. - Account 805	-	(5,550,566)
	-	(5,550,566)
Total	13,046,731	134,752,121

PUBLIC SERVICE COMMISSION OF KENTUCKY  
PRINCIPAL PAYMENT AND INTEREST INFORMATION  
FOR THE YEAR ENDING DECEMBER 31, 2005

1. Amount of Principal Payment during calendar year      \$      -
2. Is Principal current? (Yes)      N/A      (No)      \_\_\_\_\_
3. Is Interest current? (Yes)      N/A      (No)      \_\_\_\_\_

SERVICES PERFORMED BY  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are your financial statements examined by a Certified Public Accountant?  
YES      \_\_\_\_\_      NO      X\*      \_\_\_\_\_

If yes, which service is performed?

Audit      \_\_\_\_\_  
Compilation      \_\_\_\_\_  
Review      \_\_\_\_\_

Please enclose a copy of the accountant's report with annual report.

\* Deloitte & Touche LLP audits NiSource Inc. of which Respondent is a subsidiary (see page 102).



COLUMBIA GAS OF KENTUCKY, INC.  
 CHECKLIST FOR THE ANNUAL REPORT  
 OF A AND B GAS COMPANIES

To be Completed and Returned With Annual Report

Page No.	Line No.	Page No.	Line No.	Yes	No	If No, Explain Why
		<u>BALANCE SHEET</u>				
110	2	200	13 less 11	X		
110	3	200	11	X		
110	5	200	14 & 33	X		
110	6	200	15	X		
110	11	122-123	-	X		
110	12	220	5 (b)	X		
110	14	220	5 (d)	X		
110	15	220	5 (e)	X		
110	19	222-223	-	X		
110	20	222-223	-	X		
111	46	227	-	X		
111	52	220	-	X		
111	53	220	-	X		
111	54	230	Acct. 165	X		
111	67	230	Acct. 182.1	X		
111	68	230	Acct. 182.2	X		
111	69	232	Acct. 182.3	X		
111	74	233	Acct. 186	X		
111	78	234-235	Acct. 190	X		
112	2	251	(f)	X		
112	3	251	(f)	X		
112	4	252	-	X		
112	5	252	-	X		

COLUMBIA GAS OF KENTUCKY, INC.  
CHECKLIST FOR THE ANNUAL REPORT  
OF A AND B GAS COMPANIES

To be Completed and Returned With Annual Report

Page No.	Line No.	Page No.	Line No.	Yes	No	If No, Explain Why
						<u>BALANCE SHEET</u>
						<u>Continued</u>
112	6	252	-	X		
112	7	253	40 (b)	X		
112	8	252	(d)	X		
112	9	254	Acct. 213	X		
112	10	254	Acct. 214	X		
112	11	119	19	X		
112	12	119	24	X		
112	13	251	Acct. 217	X		
112	17	256	(d)	X		
112	18	257	Acct. 222	X		
112	19	256	Acct. 223	X		
112	30	256	Acct. 224	X		
113	43	263-C	Acct. 236 (g)	X		
113	49	268	45 (b)	X		
113	60	269	45 (f)	X		
113	61	278	45 (f)	X		
113	62	260	Acct. 257	X		
						<u>INCOME STATEMENT</u>
114	2	300-301	17(h)	X		
114	4 + 5 (c)	325	271(b)	X		
114	6 (c)	336	12 (b)	X		
114	8 (c)	337	12 (e)	X		
114	14+15+16 (c)	262-C	60 (j)			
114	17 (c)	234+274+276	7 (c)	X		
114	18 (c)	234+274+276	7 (d)	X		

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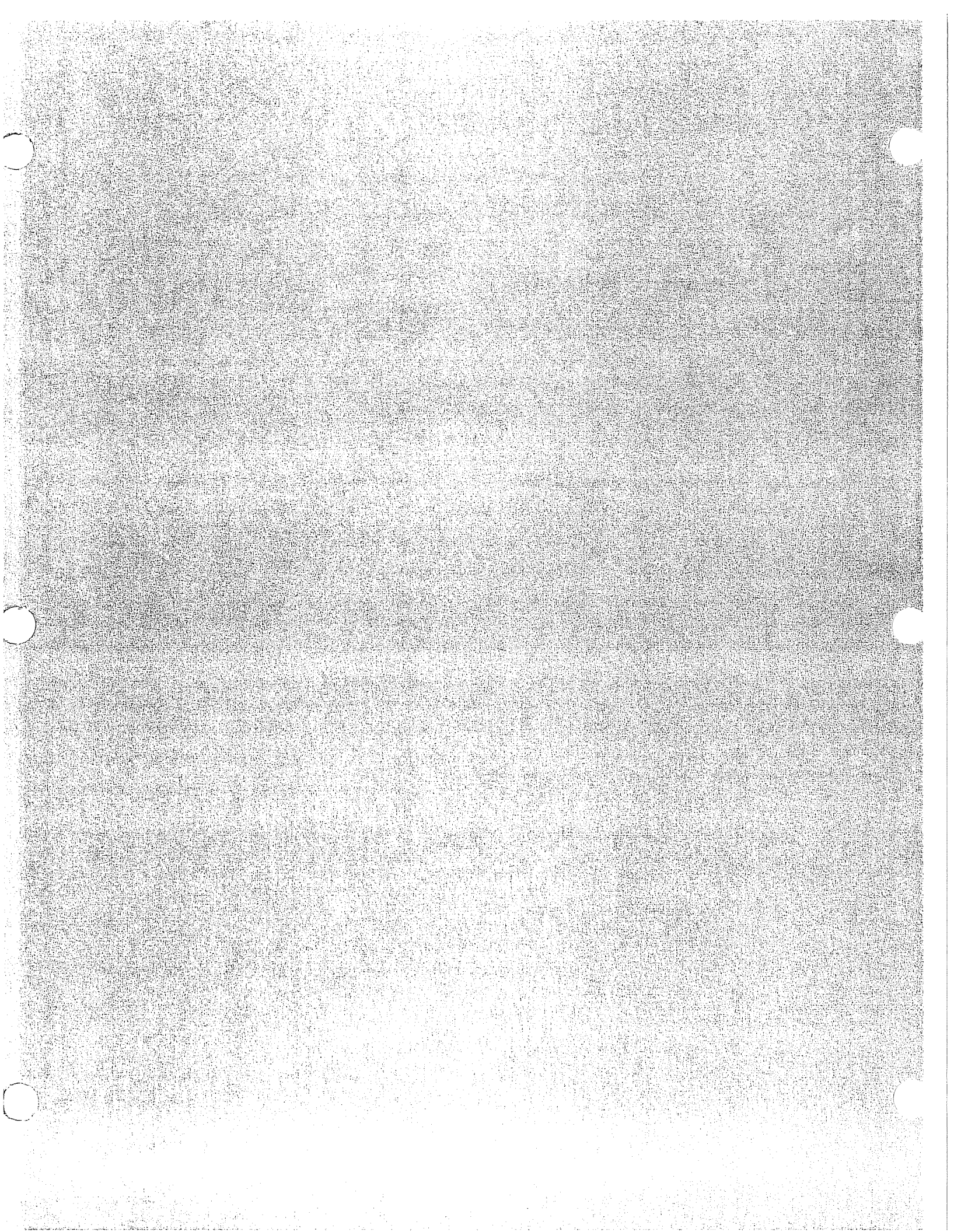
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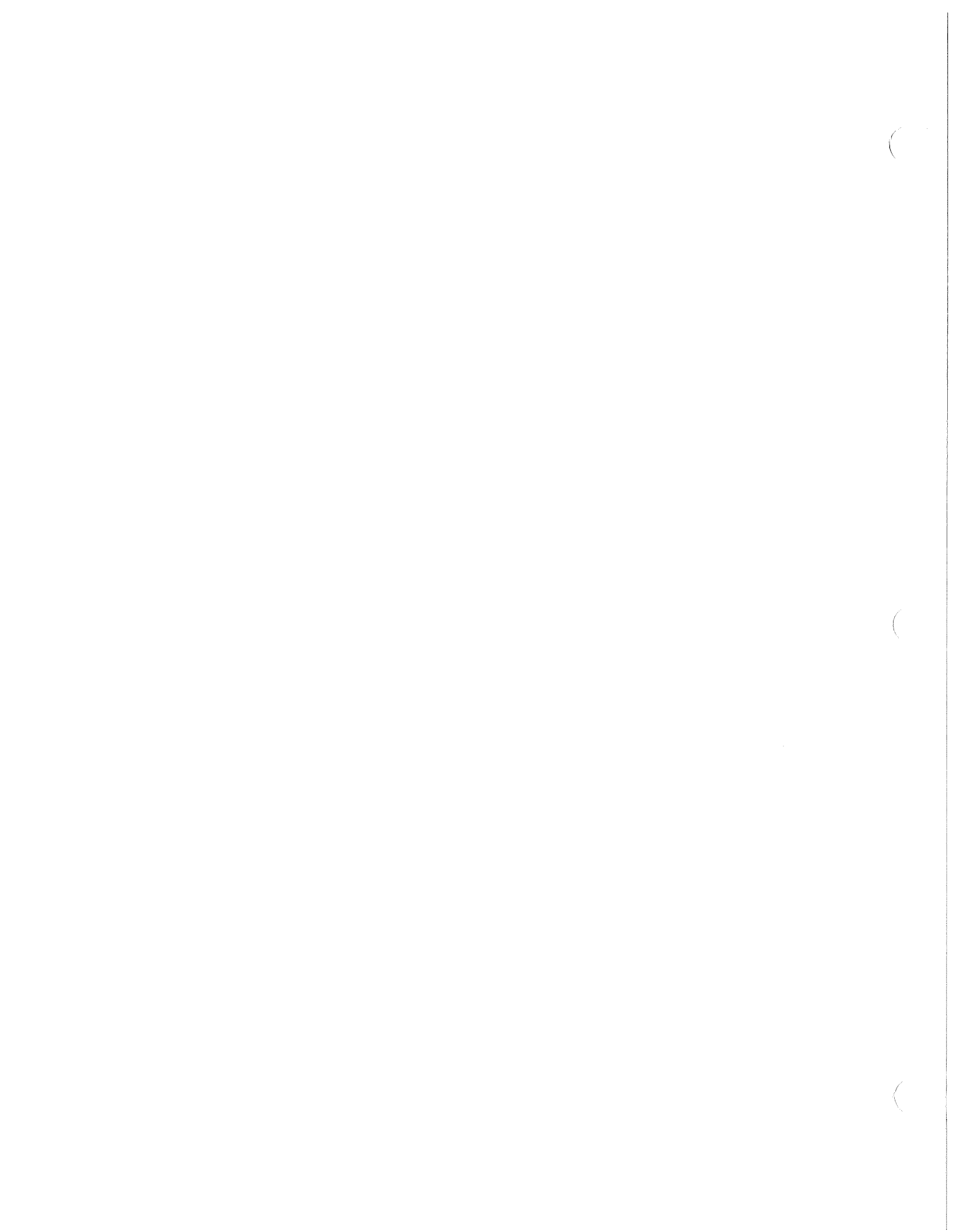
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**Columbia Gas of Kentucky  
Case No. 2007-00008  
Historical Test Period Filing Requirements  
Filing Requirement #6-n**

**Description of Filing Requirement:**

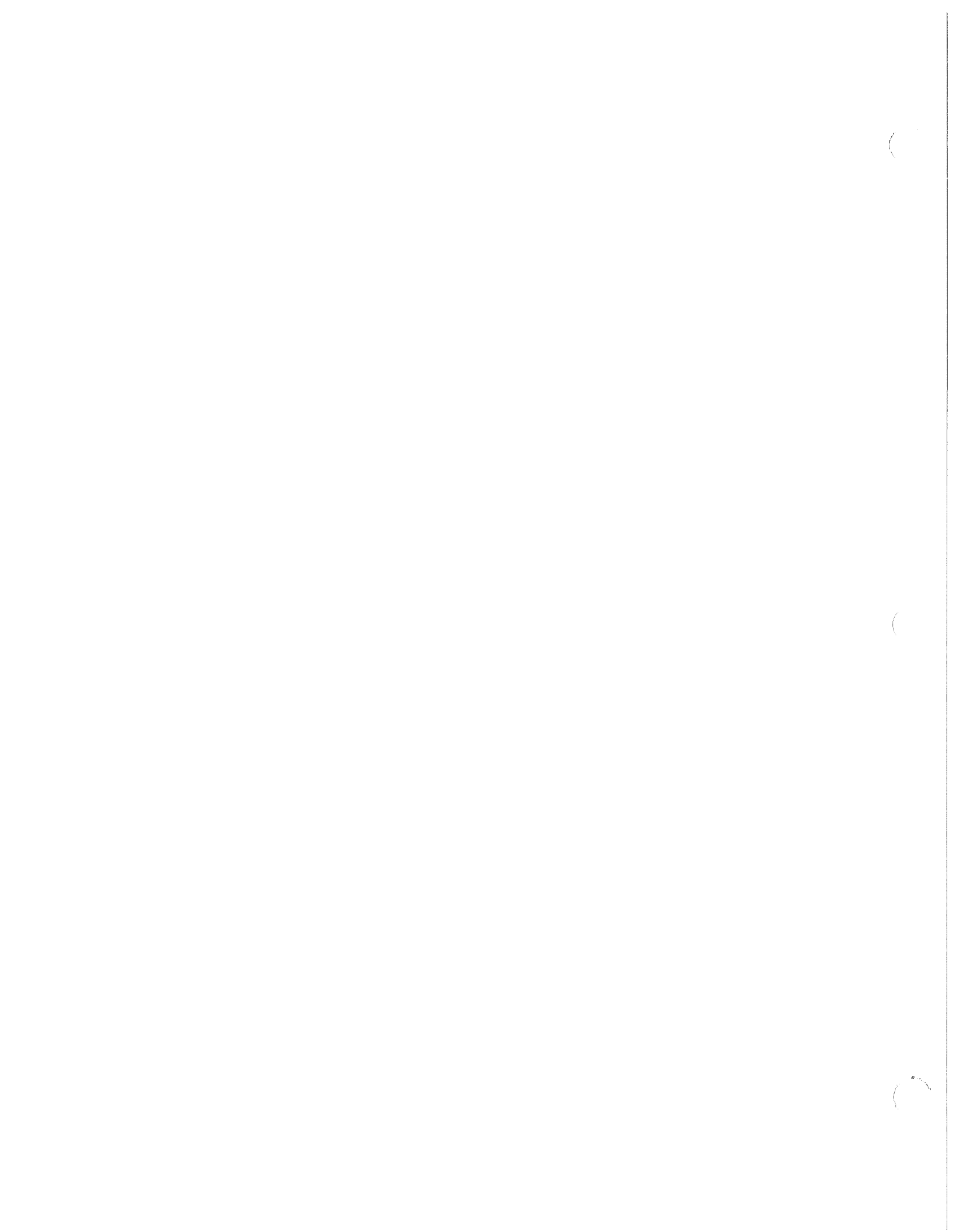
A summary of the utility's latest depreciation with schedules by major plant accounts. If required information has been filed in another Commission case, a reference to that case's number and style will be sufficient.

**Response:**

See attached study.

**Responsible Witness:**

John J. Spanos



# COLUMBIA GAS OF KENTUCKY, INC.

LEXINGTON, KENTUCKY

## DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS  
RELATED TO GAS PLANT  
AS OF DECEMBER 31, 2005



**Gannett Fleming**  
Valuation and Rate Division





COLUMBIA GAS OF KENTUCKY, INC.

Lexington, Kentucky

DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS

RELATED TO GAS PLANT

AS OF DECEMBER 31, 2005

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

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(

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**Gannett Fleming**

**GANNETT FLEMING, INC.**  
P.O. Box 67100  
Harrisburg, PA 17106-7100

Location:  
207 Senate Avenue  
Camp Hill, PA 17011

Office: (717) 763-7211  
Fax: (717) 763-4590  
[www.gannettfleming.com](http://www.gannettfleming.com)

January 15, 2007

Columbia Gas of Kentucky, Inc.  
2001 Mercer Road  
Lexington, KY 40512

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Attention Mr. Steve Byars  
Director of Regulatory Policy

Ladies and Gentlemen:

Pursuant to your request, we have conducted a depreciation study related to the gas plant of Columbia Gas of Kentucky, Inc. as of December 31, 2005. The attached report presents a description of the methods used in the estimation of depreciation, the summary of annual and accrued depreciation, the statistical support for the service life and net salvage estimates, and the detailed tabulations of annual and accrued depreciation.

Respectfully submitted,

GANNETT FLEMING, INC.

JOHN J. SPANOS  
Vice President  
Valuation and Rate Division

JJS:krm





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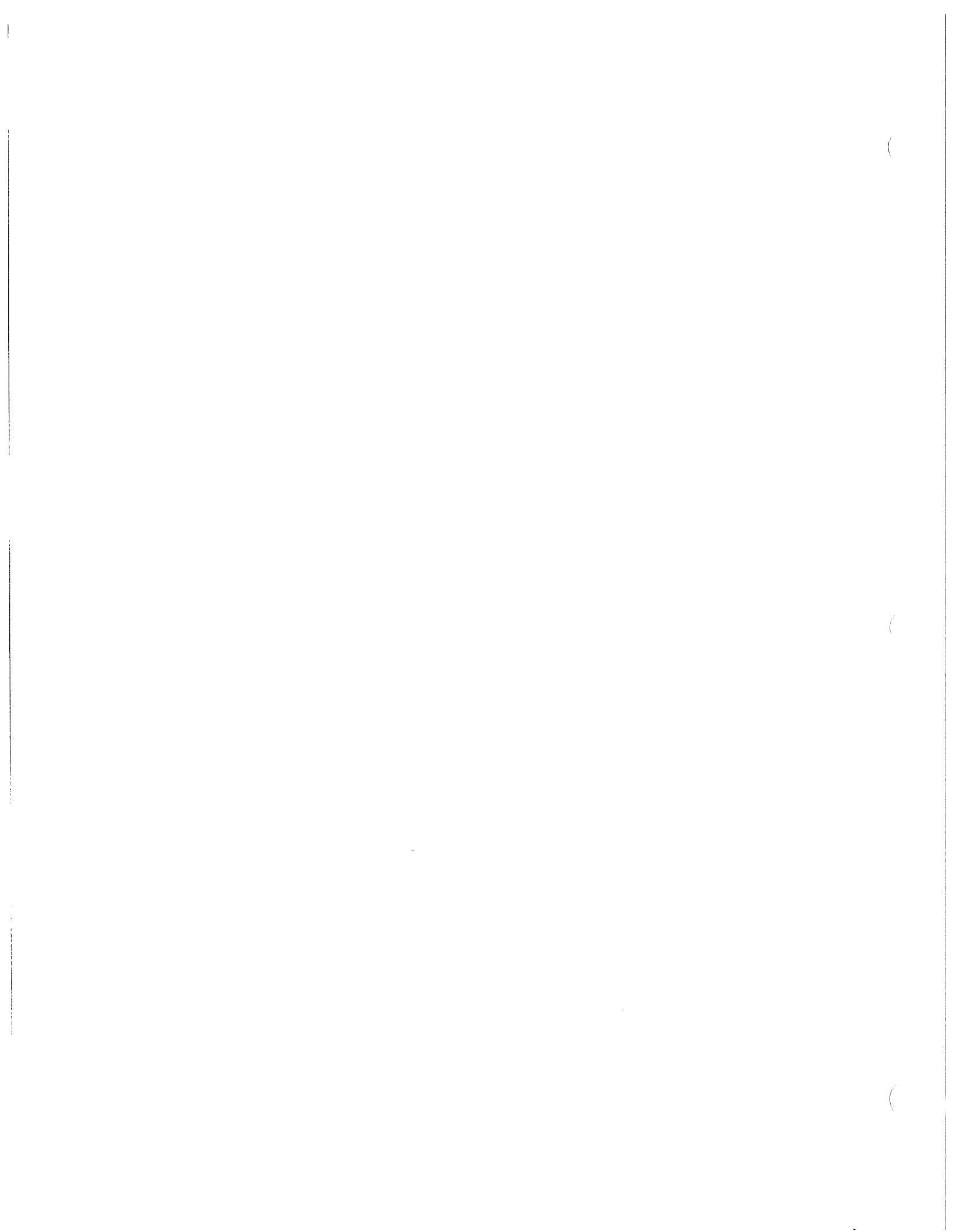
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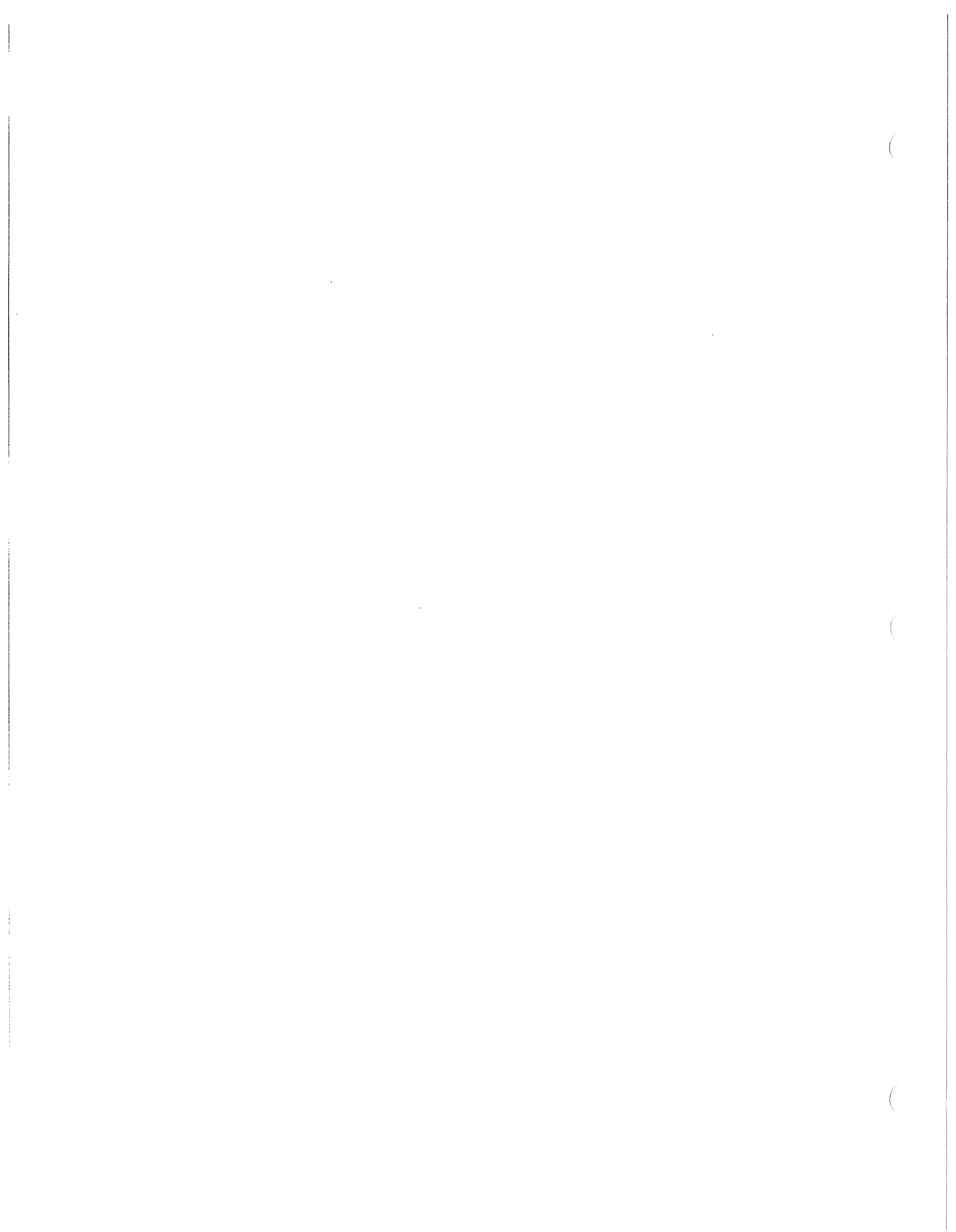
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COLUMBIA GAS OF KENTUCKY, INC.  
DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS  
RELATED TO GAS PLANT  
AS OF DECEMBER 31, 2005

PART I. INTRODUCTION

SCOPE

This report presents the results of the depreciation study prepared for Columbia Gas of Kentucky, Inc. ("Company") as applied to gas plant in service as of December 31, 2005. It relates to the concepts, methods and basic judgments which underlie recommended annual depreciation accrual rates related to current gas plant in service.

The service life estimates resulting from the study were based on informed judgment which incorporated analyses of historical plant retirement data as recorded through 2005; the net salvage analyses of historical plant retirements data recorded through 2005; a review of Company practice and outlook as they relate to plant operation and retirement; and consideration of current practice in the gas industry, including knowledge of service life and salvage estimates used for other gas properties.

PLAN OF REPORT

Part I includes brief statements of the scope and basis of the study. Part II presents descriptions of the methods used in the service life and salvage studies and the methods and procedures used in the calculation of depreciation. Part III presents the results of the study, including summary tables, survivor curve charts and life tables resulting from the retirement rate method of analysis; tabular results of the historical net salvage analyses; and detailed tabulations of the calculated remaining lives and annual accruals.

## BASIS OF STUDY

### Depreciation

For most accounts, the annual depreciation was calculated by the straight line method using the equal life group procedure and the remaining life basis. For certain General Plant accounts, the annual depreciation was based on amortization accounting. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group.

### Survivor Curve Estimates

The procedure for estimating survivor curves, which define service lives and remaining lives, consisted of compiling historical service life data for the plant accounts or other depreciable groups, analyzing the historical data base through the use of accepted techniques, and forecasting the survivor characteristics for each depreciable account or group. These forecasts were based on interpretations of the historical data analyses and the probable future. The combination of the historical data and the estimated future trend yields a complete pattern of life characteristics, i.e., a survivor curve, from which the average service life and remaining service life are derived.

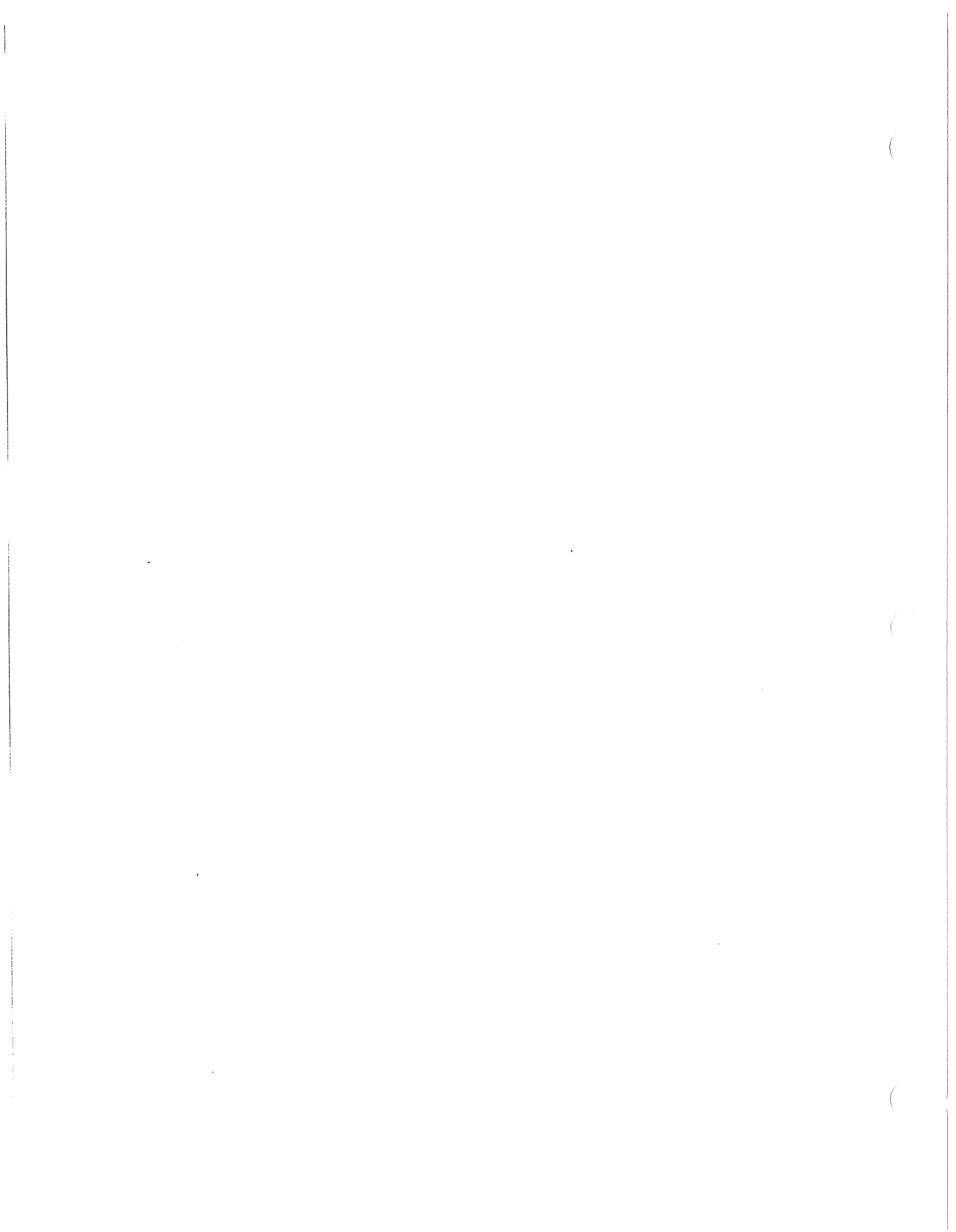
The historical data analyzed for life estimation purposes were compiled through 2005 from the Company's plant accounting records. Such data included plant additions, retirements, transfers and other activity recorded by the Company for each of its plant accounts and subaccounts.

The estimates of net salvage by account incorporated a review of experienced costs of removal and salvage related to plant retirements, and consideration of trends exhibited by the historical data. Each component of net salvage, i.e., cost of removal and salvage, was stated in dollars and as a percent of retirement.

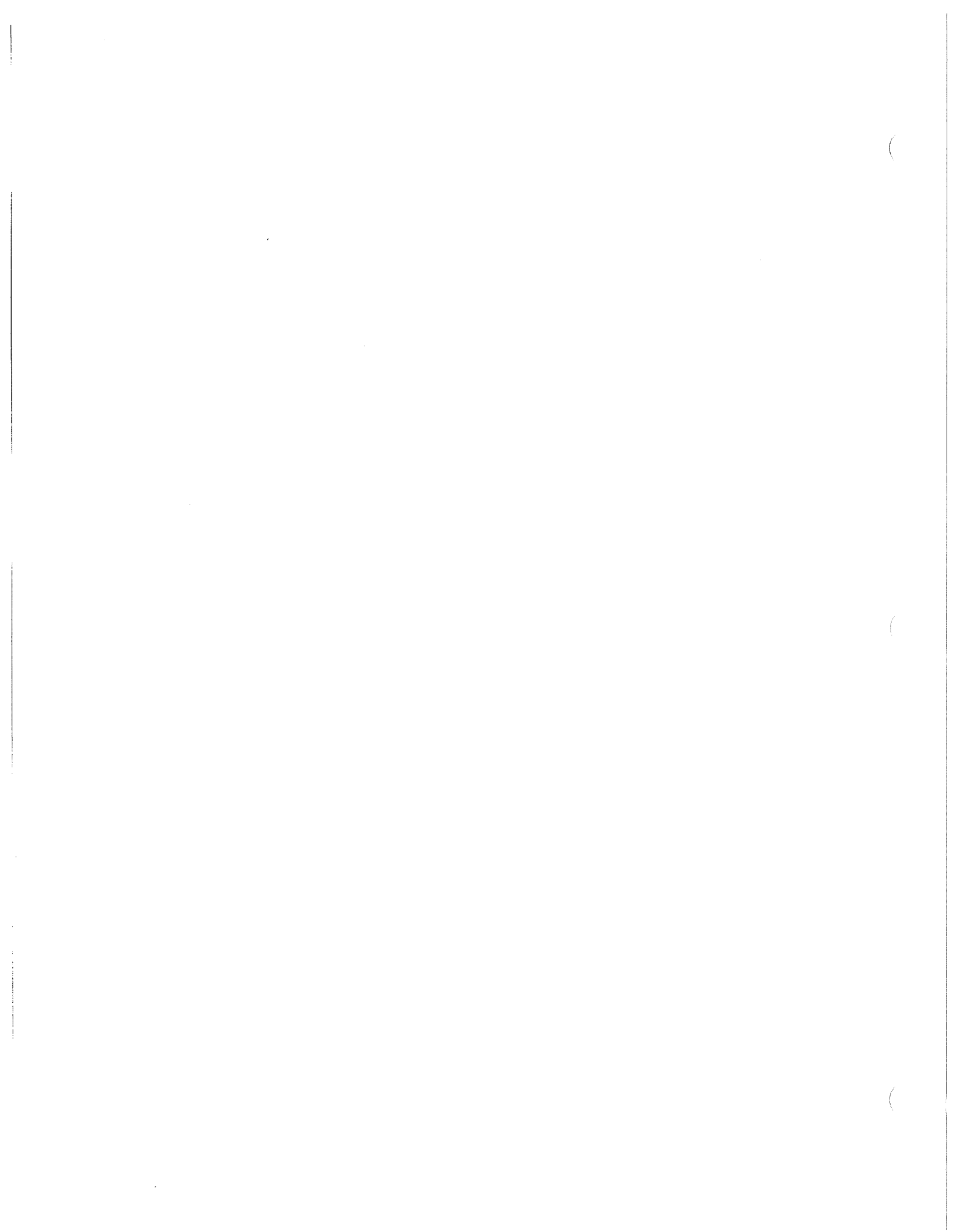
An understanding of the function of the plant and information with respect to the reasons for past retirements and the expected causes of future retirements was obtained through discussions with operating and management personnel. The supplemental information obtained in this manner was considered in the interpretation and extrapolation of the statistical analyses.

#### Calculation of Depreciation

The depreciation accrual rates were calculated using the straight line method, the remaining life basis and the equal life group depreciation procedure. The continuation of amortization accounting for certain accounts is recommended because of the disproportionate plant accounting effort required when compared to the minimal original cost of the large number of items in these accounts. An explanation of the calculation of annual and accrued amortization is presented on page II-33 of the report.



PART II. METHODS USED IN  
THE ESTIMATION OF DEPRECIATION





## PART II. METHODS USED IN THE ESTIMATION OF DEPRECIATION

### DEPRECIATION

Depreciation, as defined in the Uniform System of Accounts, is the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of gas plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, requirements of public authorities, and, in the case of natural gas companies, the exhaustion of natural resources.

Depreciation, as used in accounting, is a method of distributing fixed capital costs, less net salvage, over a period of time by allocating annual amounts to expense. Each annual amount of such depreciation expense is part of that year's total cost of providing utility service. Normally, the period of time over which the fixed capital cost is allocated to the cost of service is equal to the period of time over which an item renders service, that is, the item's service life. The most prevalent method of allocation is to distribute an equal amount of cost to each year of service life. This method is known as the straight line method of depreciation.

The calculation of annual depreciation based on the straight line method requires the estimation of average life and salvage. These subjects are discussed in the sections which follow.

## SERVICE LIFE AND NET SALVAGE ESTIMATION

### Average Service Life

The use of an average service life for a property group implies that the various units in the group have different lives. Thus, the average life may be obtained by determining the separate lives of each of the units, or by constructing a survivor curve by plotting the number of units which survive at successive ages. A discussion of the general concept of survivor curves is presented. Also, the lowa type survivor curves are reviewed.

### Survivor Curves

The survivor curve graphically depicts the amount of property existing at each age throughout the life of an original group. From the survivor curve, the average life of the group, the remaining life expectancy, the probable life, and the frequency curve can be calculated. In Figure 1, a typical smooth survivor curve and the derived curves are illustrated. The average life is obtained by calculating the area under the survivor curve, from age zero to the maximum age, and dividing this area by the ordinate at age zero. The remaining life expectancy at any age can be calculated by obtaining the area under the curve, from the observation age to the maximum age, and dividing this area by the percent surviving at the observation age. For example, in Figure 1, the remaining life at age 30 is equal to the crosshatched area under the survivor curve divided by 29.5 percent surviving at age 30. The probable life at any age is developed by adding the age and remaining life. If the probable life of the property is calculated for each year of age, the probable life curve shown in the chart can be developed. The frequency curve presents the number of units retired in each age interval and is derived by obtaining the differences between the amount of property surviving at the beginning and at the end of each interval.

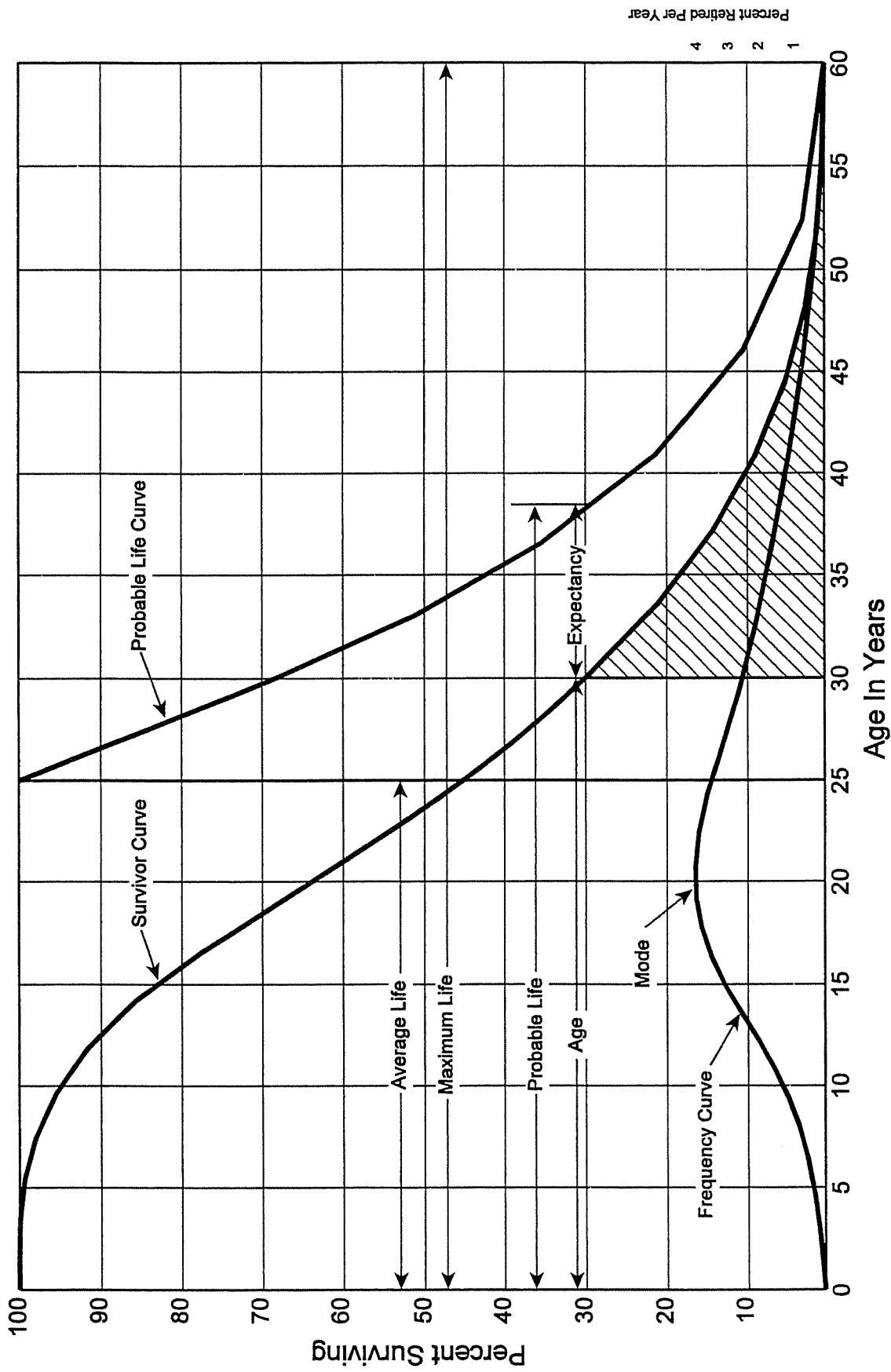


Figure 1. A Typical Survivor Curve and Derived Curves

Iowa Type Curves. The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized survivor curves known as the Iowa type curves. There are four families in the Iowa system, labeled in accordance with the location of the modes of the retirements in relationship to the average life and the relative height of the modes. The left moded curves, presented in Figure 2, are those in which the greatest frequency of retirement occurs to the left of, or prior to, average service life. The symmetrical moded curves, presented in Figure 3, are those in which the greatest frequency of retirement occurs at average service life. The right moded curves, presented in Figure 4, are those in which the greatest frequency occurs to the right of, or after, average service life. The origin moded curves, presented in Figure 5, are those in which the greatest frequency of retirement occurs at the origin, or immediately after age zero. The letter designation of each family of curves (L, S, R or O) represents the location of the mode of the associated frequency curve with respect to the average service life. The numbers represent the relative heights of the modes of the frequency curves within each family.

The Iowa curves were developed at the Iowa State College Engineering Experiment Station through an extensive process of observation and classification of the ages at which industrial property had been retired. A report of the study which resulted in the classification of property survivor characteristics into 18 type curves, which constitute three of the four families, was published in 1935 in the form of the Experiment Station's Bulletin 125.<sup>1</sup> These type curves have also been presented in subsequent Experiment Station

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<sup>1</sup>Winfrey, Robley. Statistical Analyses of Industrial Property Retirements. Iowa State College, Engineering Experiment Station, Bulletin 125. 1935.

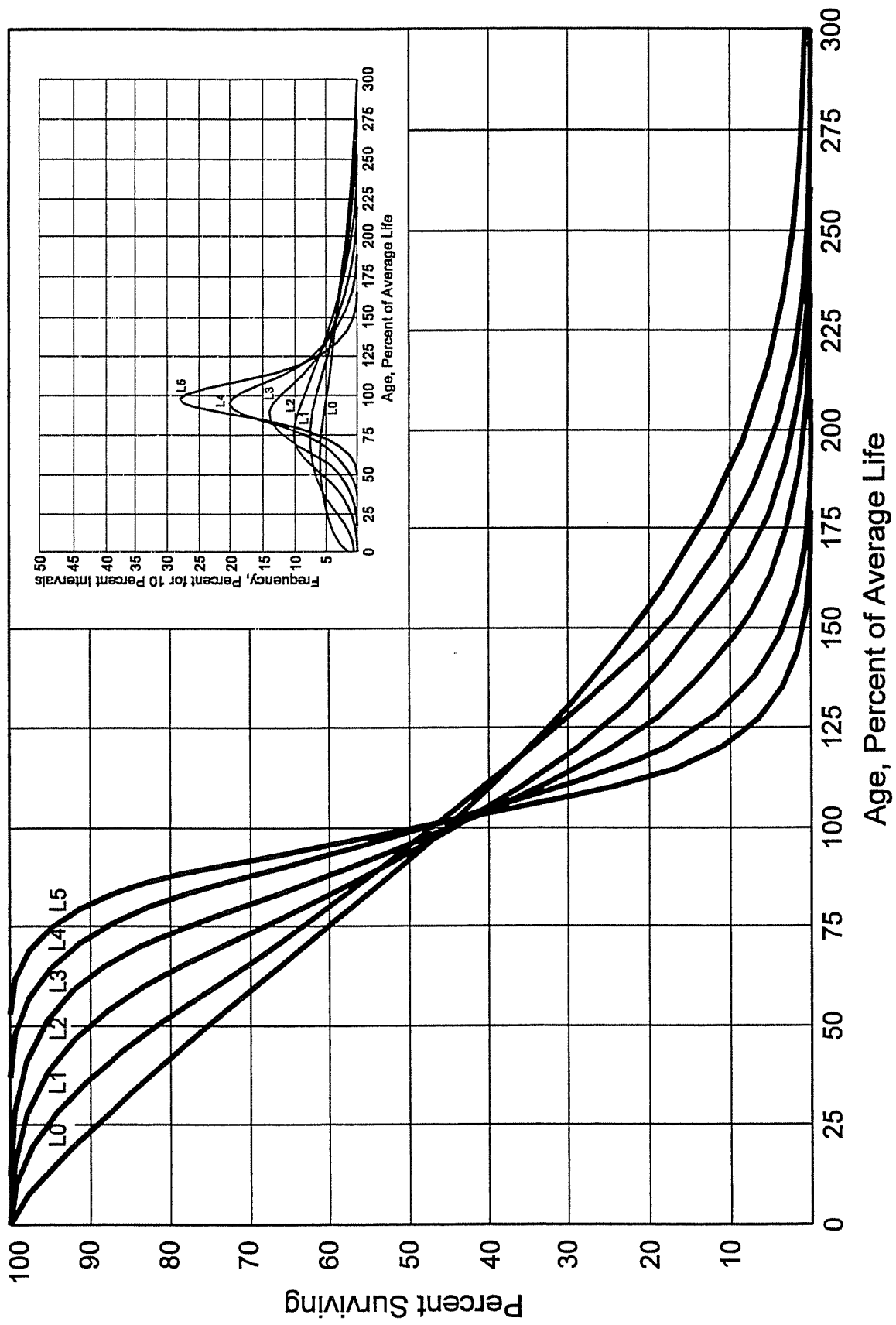


Figure 2. Left Modal or "L" Iowa Type Survivor Curves

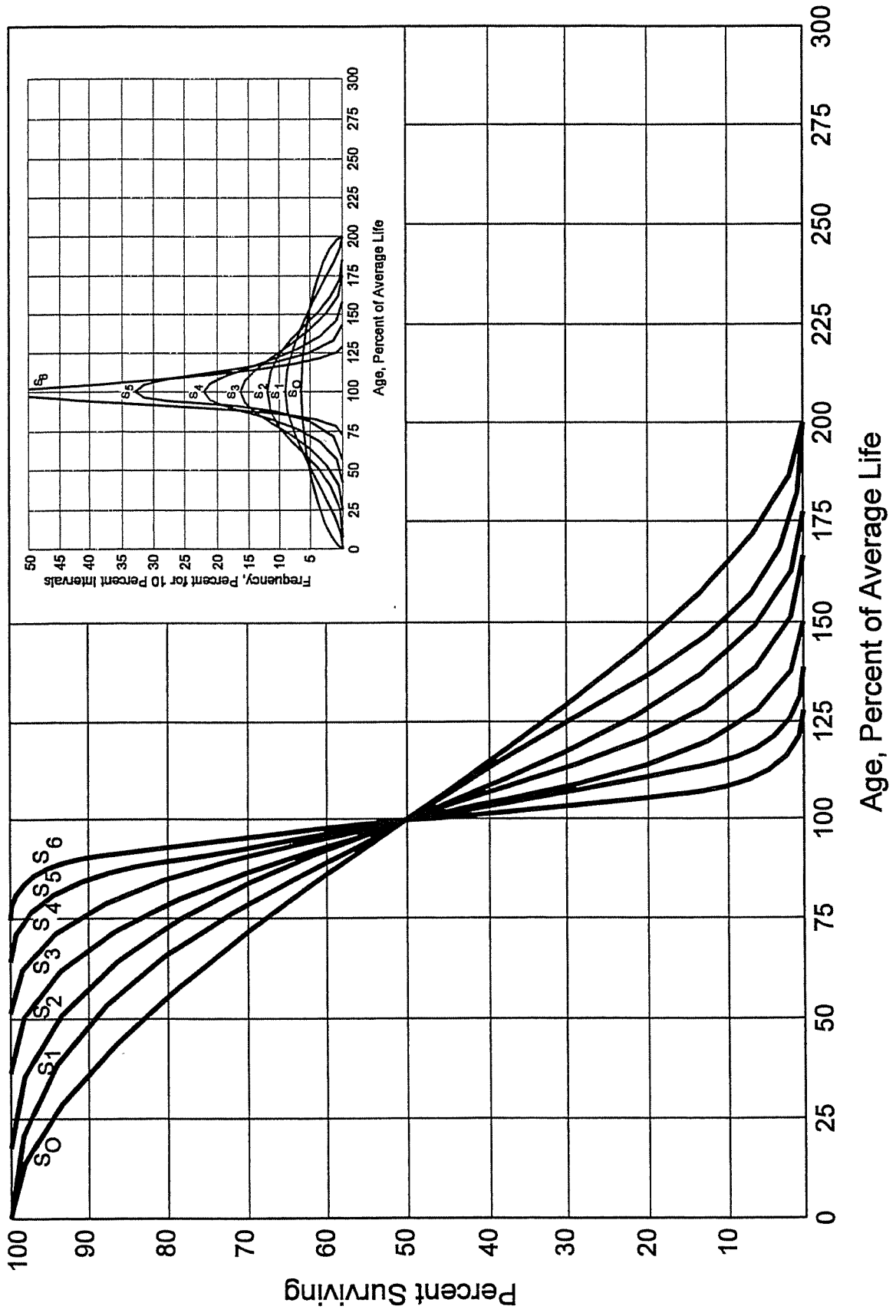


Figure 3. Symmetrical or "S" Iowa Type Survivor Curves

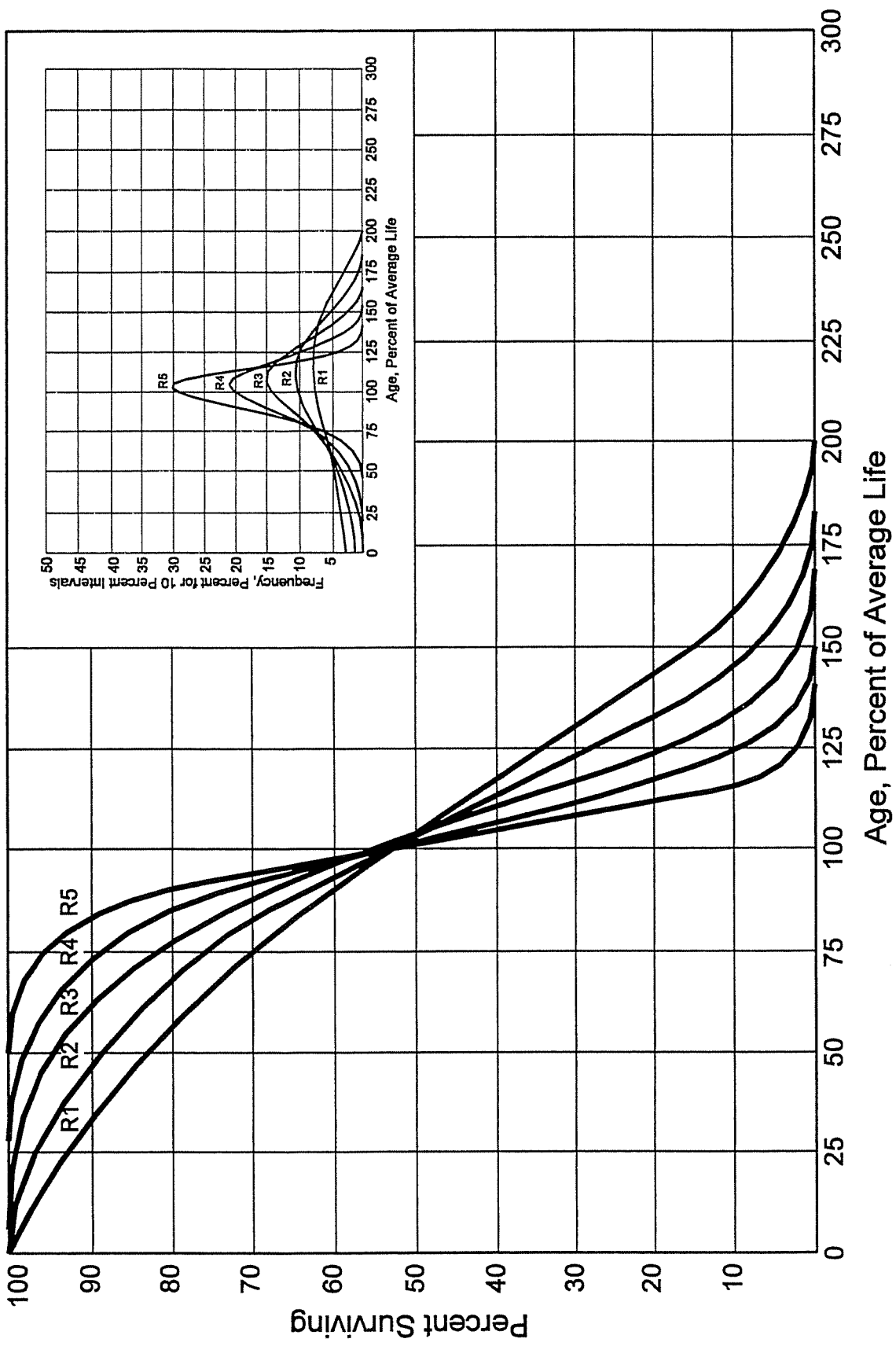


Figure 4. Right Modal or "R" Iowa Type Survivor Curves

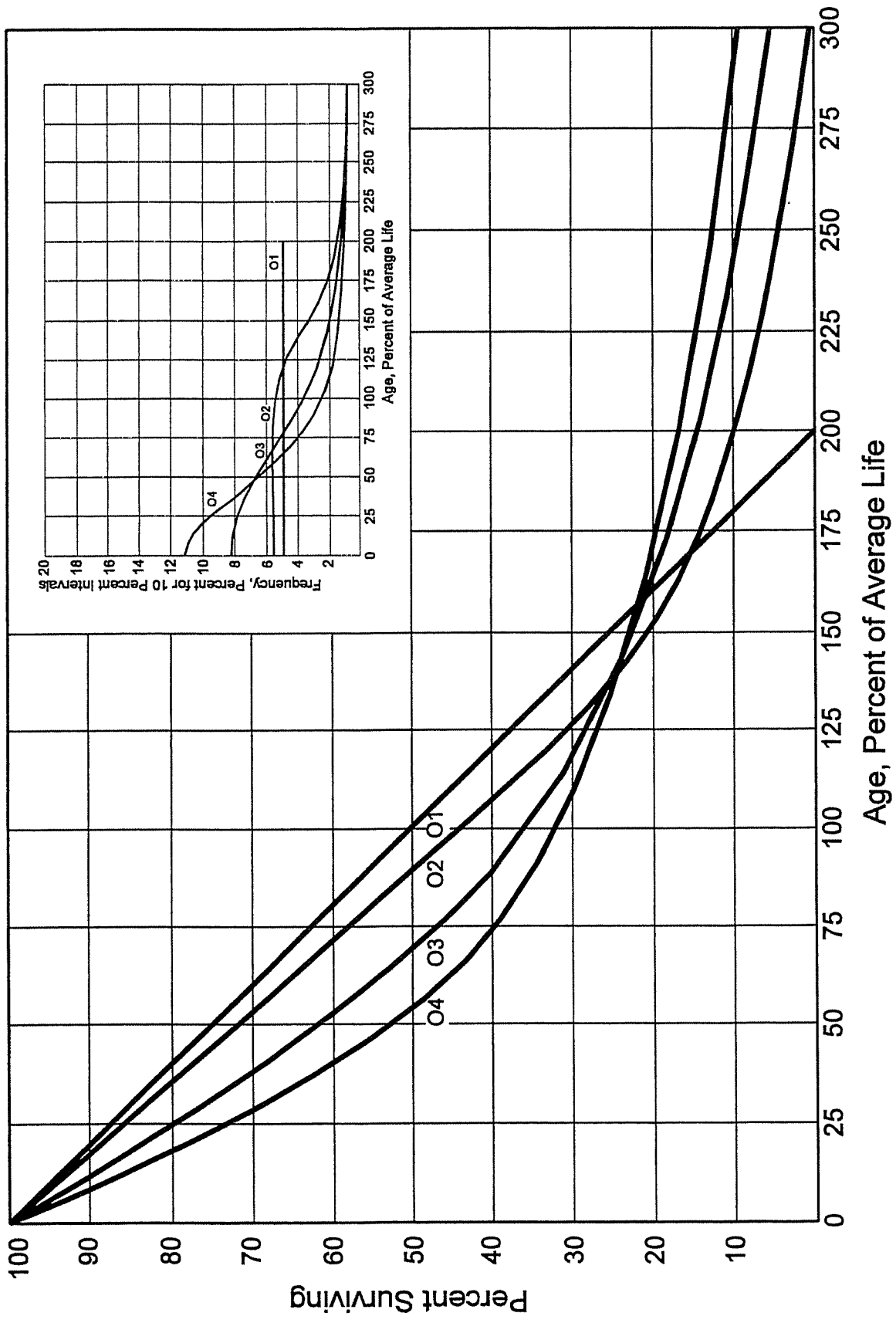


Figure 5. Origin Modal or "O" Iowa Type Survivor Curves



bulletins and in the text, "Engineering Valuation and Depreciation."<sup>2</sup> In 1957, Frank V. B.Couch, Jr., an Iowa State College graduate student, submitted a thesis<sup>3</sup> presenting his development of the fourth family consisting of the four O type survivor curves.

#### Retirement Rate Method of Analysis

The retirement rate method is an actuarial method of deriving survivor curves using the average rates at which property of each age group is retired. The method relates to property groups for which aged accounting experience is available or for which aged accounting experience is developed by statistically aging unaged amounts and is the method used to develop the original stub survivor curves in this study. The method (also known as the annual rate method) is illustrated through the use of an example in the following text, and is also explained in several publications, including "Statistical Analyses of Industrial Property Retirements,"<sup>4</sup> "Engineering Valuation and Depreciation,"<sup>5</sup> and "Depreciation Systems."<sup>6</sup>

The average rate of retirement used in the calculation of the percent surviving for the survivor curve (life table) requires two sets of data: first, the property retired during a period of observation, identified by the property's age at retirement; and second, the

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<sup>2</sup>Marston, Anson, Robley Winfrey and Jean C. Hempstead. Engineering Valuation and Depreciation, 2nd Edition. New York, McGraw-Hill Book Company. 1953.

<sup>3</sup>Couch, Frank V. B., Jr. "Classification of Type O Retirement Characteristics of Industrial Property." Unpublished M.S. thesis (Engineering Valuation). Library, Iowa State College, Ames, Iowa. 1957.

<sup>4</sup>Winfrey, Robley, Supra Note 1.

<sup>5</sup>Marston, Anson, Robley Winfrey, and Jean C. Hempstead, Supra Note 2.

<sup>6</sup>Wolf, Frank K. and W. Chester Fitch. Depreciation Systems. Iowa State University Press. 1994

property exposed to retirement at the beginnings of the age intervals during the same period. The period of observation is referred to as the experience band, and the band of years which represent the installation dates of the property exposed to retirement during the experience band is referred to as the placement band. An example of the calculations used in the development of a life table follows. The example includes schedules of annual aged property transactions, a schedule of plant exposed to retirement, a life table and illustrations of smoothing the stub survivor curve.

Schedules of Annual Transactions in Plant Records. The property group used to illustrate the retirement rate method is observed for the experience band 1996-2005 during which there were placements during the years 1991-2005. In order to illustrate the summation of the aged data by age interval, the data were compiled in the manner presented in Tables 1 and 2 on pages II-12 and II-13. In Table 1, the year of installation (year placed) and the year of retirement are shown. The age interval during which a retirement occurred is determined from this information. In the example which follows, \$10,000 of the dollars invested in 1991 were retired in 1996. The \$10,000 retirement occurred during the age interval between 4½ and 5½ years on the basis that approximately one-half of the amount of property was installed prior to and subsequent to July 1 of each year. That is, on the average, property installed during a year is placed in service at the midpoint of the year for the purpose of the analysis. All retirements also are stated as occurring at the midpoint of a one-year age interval of time, except the first age interval which encompasses only one-half year.

The total retirements occurring in each age interval in a band are determined by summing the amounts for each transaction year-installation year combination for that age

TABLE 1. RETIREMENTS FOR EACH YEAR 1996 -2005  
SUMMARIZED BY AGE INTERVAL

Experience Band 1996-2005	Retirements, Thousands of Dollars										Total During Age Interval (12)	Age Interval (13)
	During Year											
Year Placed (1)	1996 (2)	1997 (3)	1998 (4)	1999 (5)	2000 (6)	2001 (7)	2002 (8)	2003 (9)	2004 (10)	2005 (11)		
1991	10	11	12	13	14	16	23	24	25	26	26	13½-14½
1992	11	12	13	15	16	18	20	21	22	19	44	12½-13½
1993	11	12	13	14	16	17	19	21	22	18	64	11½-12½
1994	8	9	10	11	11	13	14	15	16	17	83	10½-11½
1995	9	10	11	12	13	14	16	17	19	20	93	9½-10½
1996	4	9	10	11	12	13	14	15	16	20	105	8½-9½
1997	5	5	11	12	13	14	15	16	18	20	113	7½-8½
1998	6	6	6	12	13	15	16	17	19	19	124	6½-7½
1999	6	6	6	6	13	15	16	17	19	19	131	5½-6½
2000	7	7	7	7	14	14	16	17	19	20	143	4½-5½
2001	8	8	8	8	8	8	18	20	22	23	146	3½-4½
2002	9	9	9	9	9	9	9	20	22	25	150	2½-3½
2003	11	11	11	11	11	11	11	11	23	25	151	1½-2½
2004	11	11	11	11	11	11	11	11	11	24	153	½-1½
2005	13	13	13	13	13	13	13	13	13	13	80	0-½
<b>Total</b>	<b>53</b>	<b>68</b>	<b>86</b>	<b>106</b>	<b>128</b>	<b>157</b>	<b>196</b>	<b>231</b>	<b>273</b>	<b>308</b>	<b>1,606</b>	

TABLE 2. OTHER TRANSACTIONS FOR EACH YEAR 1996-2005

Year Placed (1)	SUMMARIZED BY AGE INTERVAL										Total During Age Interval (12)	Age Interval (13)		
	Acquisitions, Transfers and Sales, Thousands of Dollars													
	1996 (2)	1997 (3)	1998 (4)	1999 (5)	2000 (6)	2001 (7)	2002 (8)	2003 (9)	2004 (10)	2005 (11)				
1991	-	-	-	-	-	-	60 <sup>a</sup>	-	-	-	-	-	-	13½-14½
1992	-	-	-	-	-	-	-	-	-	-	-	-	-	12½-13½
1993	-	-	-	-	-	-	-	-	-	-	-	-	-	11½-12½
1994	-	-	-	-	-	-	-	(5) <sup>b</sup>	-	-	-	60	-	10½-11½
1995	-	-	-	-	-	-	-	6 <sup>a</sup>	-	-	-	-	-	9½-10½
1996	-	-	-	-	-	-	-	-	-	-	-	(5)	-	8½-9½
1997	-	-	-	-	-	-	-	-	-	-	-	6	-	7½-8½
1998	-	-	-	-	-	-	-	-	-	-	-	-	-	6½-7½
1999	-	-	-	-	-	-	-	(12) <sup>b</sup>	-	-	-	-	-	5½-6½
2000	-	-	-	-	-	-	-	-	22 <sup>a</sup>	-	-	-	-	4½-5½
2001	-	-	-	-	-	-	-	(19) <sup>b</sup>	-	-	-	10	-	3½-4½
2002	-	-	-	-	-	-	-	-	-	-	-	-	-	2½-3½
2003	-	-	-	-	-	-	-	-	-	(102) <sup>c</sup>	-	(121)	-	1½-2½
2004	-	-	-	-	-	-	-	-	-	-	-	-	-	½-1½
2005	-	-	-	-	-	-	-	-	-	-	-	-	-	0-½
Total	=	=	=	=	=	=	60	(30)	22	(102)	=	(50)	=	

<sup>a</sup> Transfer Affecting Exposures at Beginning of Year

<sup>b</sup> Transfer Affecting Exposures at End of Year

<sup>c</sup> Sale with Continued Use

Parentheses denote Credit amount.

interval. For example, the total of \$143,000 retired for age interval 4½-5½ is the sum of the retirements entered on Table 1 immediately above the staircase line drawn on the table beginning with the 1996 retirements of 1991 installations and ending with the 2005 retirements of the 2000 installations. Thus, the total amount of 143 for age interval 4½-5½ equals the sum of:

$$10 + 12 + 13 + 11 + 13 + 13 + 15 + 17 + 19 + 20.$$

In Table 2, other transactions which affect the group are recorded in a similar manner. The entries illustrated include transfers and sales. The entries which are credits to the plant account are shown in parentheses. The items recorded on this schedule are not totaled with the retirements, but are used in developing the exposures at the beginning of each age interval.

Schedule of Plant Exposed to Retirement. The development of the amount of plant exposed to retirement at the beginning of each age interval is illustrated in Table 3 on page II-15.

The surviving plant at the beginning of each year from 1996 through 2005 is recorded by year in the portion of the table headed "Annual Survivors at the Beginning of the Year." The last amount entered in each column is the amount of new plant added to the group during the year. The amounts entered in Table 3 for each successive year following the beginning balance or addition are obtained by adding or subtracting the net entries shown on Tables 1 and 2. For the purpose of determining the plant exposed to retirement, transfers-in are considered as being exposed to retirement in this group at the beginning of the year in which they occurred, and the sales and transfers-out are considered to be removed from the plant exposed to retirement at the beginning of the

TABLE 3. PLANT EXPOSED TO RETIREMENT  
 JANUARY 1 OF EACH YEAR 1996-2005  
 SUMMARIZED BY AGE INTERVAL

Experience Band 1996-2005

Placement Band 1991-2005

Year Placed (1)	Exposures, Thousands of Dollars										Total at Beginning of Age Interval (12)	Age Interval (13)
	1996 (2)	1997 (3)	1998 (4)	1999 (5)	2000 (6)	2001 (7)	2002 (8)	2003 (9)	2004 (10)	2005 (11)		
1991	255	245	234	222	209	195	239	216	192	167	167	13½-14½
1992	279	268	256	243	228	212	194	174	153	131	323	12½-13½
1993	307	296	284	271	257	241	224	205	184	162	531	11½-12½
1994	338	330	321	311	300	289	276	262	242	226	823	10½-11½
1995	376	367	357	346	334	321	307	297	280	261	1,097	9½-10½
1996	420 <sup>a</sup>	416	407	397	386	374	361	347	332	316	1,503	8½-9½
1997		460 <sup>a</sup>	455	444	432	419	405	390	374	356	1,952	7½-8½
1998			510 <sup>a</sup>	504	492	479	464	448	431	412	2,463	6½-7½
1999				580 <sup>a</sup>	574	561	546	530	501	482	3,057	5½-6½
2000					660 <sup>a</sup>	653	639	623	628	609	3,789	4½-5½
2001						750 <sup>a</sup>	742	724	685	663	4,332	3½-4½
2002							850 <sup>a</sup>	841	821	799	4,955	2½-3½
2003								960 <sup>a</sup>	949	926	5,719	1½-2½
2004									1,080 <sup>a</sup>	1,069	6,579	½-1½
2005										1,220 <sup>a</sup>	7,490	0-½
Total	1,975	2,382	2,824	3,318	3,872	4,494	5,247	6,017	6,852	7,799	44,780	

<sup>a</sup> Additions during the year.

following year. Thus, the amounts of plant shown at the beginning of each year are the amounts of plant from each placement year considered to be exposed to retirement at the beginning of each successive transaction year. For example, the exposures for the installation year 2000 are calculated in the following manner:

Exposures at age 0	= amount of addition	= \$750,000
Exposures at age ½	= \$750,000 - \$ 8,000	= \$742,000
Exposures at age 1½	= \$742,000 - \$18,000	= \$724,000
Exposures at age 2½	= \$724,000 - \$20,000 - \$19,000	= \$685,000
Exposures at age 3½	= \$685,000 - \$22,000	= \$663,000

For the entire experience band 1996-2005, the total exposures at the beginning of an age interval are obtained by summing diagonally in a manner similar to the summing of the retirements during an age interval (Table 1). For example, the figure of 3,789, shown as the total exposures at the beginning of age interval 4½-5½, is obtained by summing:

$$255 + 268 + 284 + 311 + 334 + 374 + 405 + 448 + 501 + 609.$$

Original Life Table. The original life table, illustrated in Table 4 on page II-17, is developed from the totals shown on the schedules of retirements and exposures, Tables 1 and 3, respectively. The exposures at the beginning of the age interval are obtained from the corresponding age interval of the exposure schedule, and the retirements during the age interval are obtained from the corresponding age interval of the retirement schedule. The retirement ratio is the result of dividing the retirements during the age interval by the exposures at the beginning of the age interval. The percent surviving at the beginning of each age interval is derived from survivor ratios, each of which equals one minus

TABLE 4. ORIGINAL LIFE TABLE  
CALCULATED BY THE RETIREMENT RATE METHOD

Experience Band 1996-2005

Placement Band 1991-2005

(Exposure and Retirement Amounts are in Thousands of Dollars)

<u>Age at Beginning of Interval</u>	<u>Exposures at Beginning of Age Interval</u>	<u>Retirements During Age Interval</u>	<u>Retirement Ratio</u>	<u>Survivor Ratio</u>	<u>Percent Surviving at Beginning of Age Interval</u>
(1)	(2)	(3)	(4)	(5)	(6)
0.0	7,490	80	0.0107	0.9893	100.00
0.5	6,579	153	0.0233	0.9767	98.93
1.5	5,719	151	0.0264	0.9736	96.62
2.5	4,955	150	0.0303	0.9697	94.07
3.5	4,332	146	0.0337	0.9663	91.22
4.5	3,789	143	0.0377	0.9623	88.15
5.5	3,057	131	0.0429	0.9571	84.83
6.5	2,463	124	0.0503	0.9497	81.19
7.5	1,952	113	0.0579	0.9421	77.11
8.5	1,503	105	0.0699	0.9301	72.65
9.5	1,097	93	0.0848	0.9152	67.57
10.5	823	83	0.1009	0.8991	61.84
11.5	531	64	0.1205	0.8795	55.60
12.5	323	44	0.1362	0.8638	48.90
13.5	<u>167</u>	<u>26</u>	0.1557	0.8443	42.24
					35.66
Total	<u>44,780</u>	<u>1,606</u>			

Column 2 from Table 3, Column 12, Plant Exposed to Retirement.

Column 3 from Table 1, Column 12, Retirements for Each Year.

Column 4 = Column 3 divided by Column 2.

Column 5 = 1.0000 minus Column 4.

Column 6 = Column 5 multiplied by Column 6 as of the Preceding Age Interval.



the retirement ratio. The percent surviving is developed by starting with 100% at age zero and successively multiplying the percent surviving at the beginning of each interval by the survivor ratio, i.e., one minus the retirement ratio for that age interval. The calculations necessary to determine the percent surviving at age 5½ are as follows:

Percent surviving at age 4½	=	88.15
Exposures at age 4½	=	3,789,000
Retirements from age 4½ to 5½	=	143,000
Retirement Ratio	=	143,000 ÷ 3,789,000 = 0.0377
Survivor Ratio	=	1.000 - 0.0377 = 0.9623
Percent surviving at age 5½	=	(88.15) x (0.9623) = 84.83

The totals of the exposures and retirements (columns 2 and 3) are shown for the purpose of checking with the respective totals in Tables 1 and 3. The ratio of the total retirements to the total exposures, other than for each age interval, is meaningless.

The original survivor curve is plotted from the original life table (column 6, Table 4). When the curve terminates at a percent surviving greater than zero, it is called a stub survivor curve. Survivor curves developed from retirement rate studies generally are stub curves.

Smoothing the Original Survivor Curve. The smoothing of the original survivor curve eliminates any irregularities and serves as the basis for the preliminary extrapolation to zero percent surviving of the original stub curve. Even if the original survivor curve is complete from 100% to zero percent, it is desirable to eliminate any irregularities, as there is still an extrapolation for the vintages which have not yet lived to the age at which the curve reaches zero percent. In this study, the smoothing of the original curve with established type curves was used to eliminate irregularities in the original curve.

The lowa type curves are used in this study to smooth those original stub curves which are expressed as percents surviving at ages in years. Each original survivor curve was compared to the lowa curves using visual and mathematical matching in order to determine the better fitting smooth curves. In Figures 6, 7, and 8, the original curve developed in Table 4 is compared with the L, S, and R lowa type curves which most nearly fit the original survivor curve. In Figure 6, the L1 curve with an average life between 12 and 13 years appears to be the best fit. In Figure 7, the S0 type curve with a 12-year average life appears to be the best fit and appears to be better than the L1 fitting. In Figure 8, the R1 type curve with a 12-year average life appears to be the best fit and appears to be better than either the L1 or the S0. In Figure 9, the three fittings, 12-L1, 12-S0 and 12-R1 are drawn for comparison purposes. It is probable that the 12-R1 lowa curve would be selected as the most representative of the plotted survivor characteristics of the group, assuming no contrary relevant factors external to the analysis of historical data.

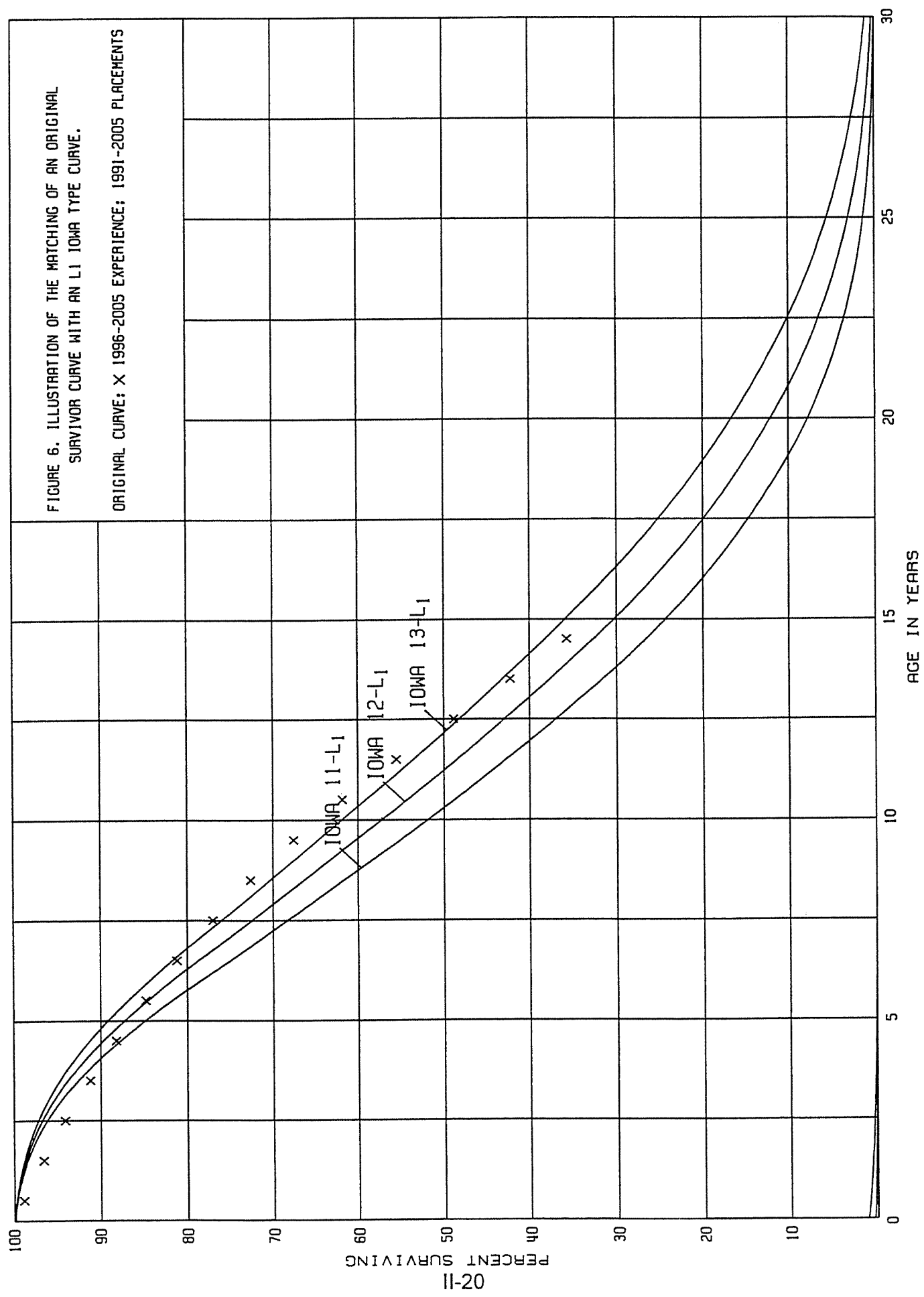
#### Service Life Considerations

The service life estimates were based on judgment which considered a number of factors. The primary factors were the statistical analyses of data; current Company policies and outlook as determined during conversations with management; and the survivor curve estimates from previous studies of this company and other gas utility companies.

For 23 of the 32 plant accounts and subaccounts for which survivor curves were estimated, the statistical analyses resulted in good to excellent indications of the survivor patterns experienced. These accounts represent 96 percent of depreciable plant. Generally, the information external to the statistics led to no significant departure from the

FIGURE 6. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN L1 IOWA TYPE CURVE.

ORIGINAL CURVE: X 1996-2005 EXPERIENCE; 1991-2005 PLACEMENTS



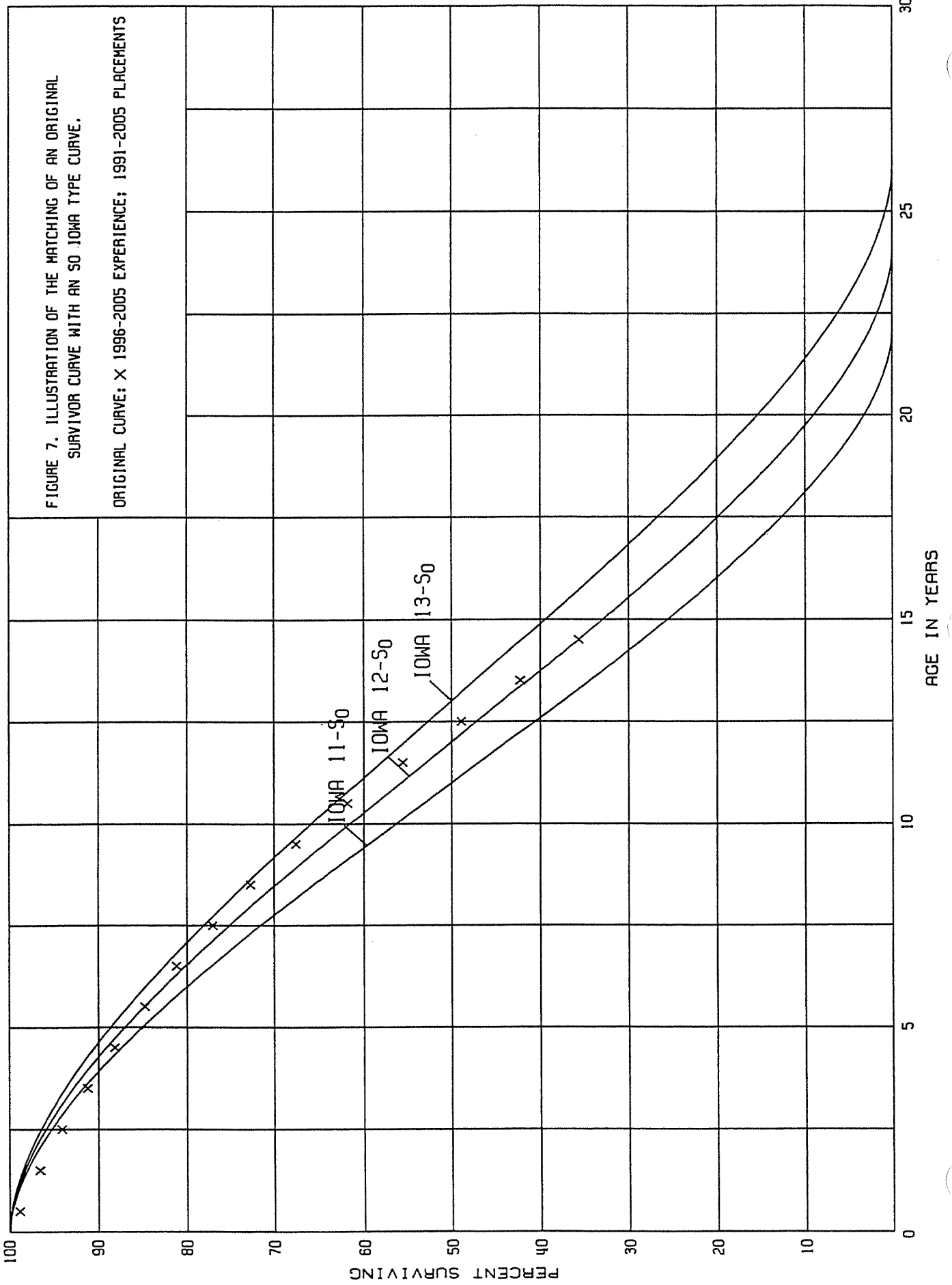


FIGURE 7. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN SO IOWA TYPE CURVE.

ORIGINAL CURVE: X 1996-2005 EXPERIENCE; 1991-2005 PLACEMENTS

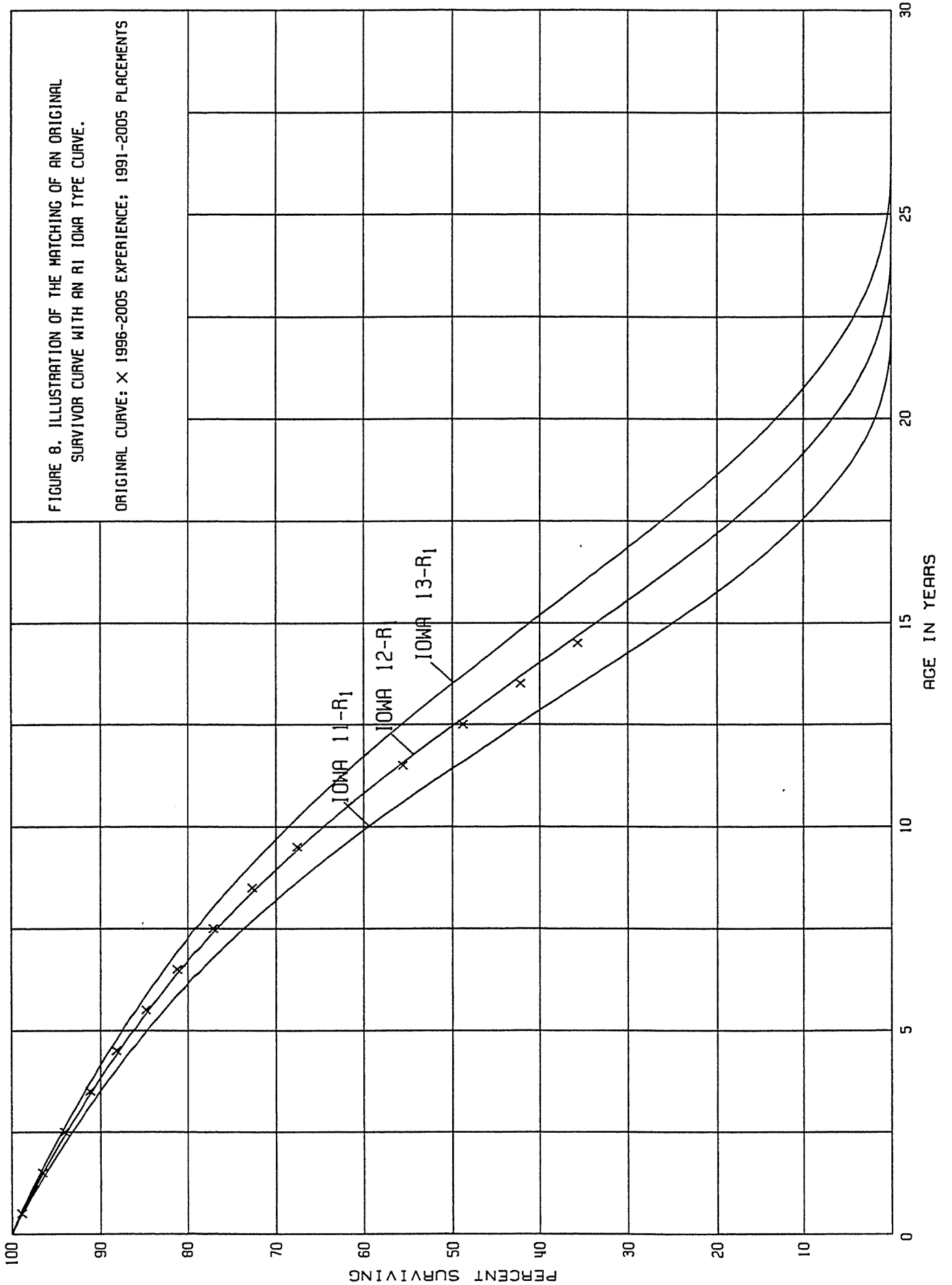


FIGURE 8. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN R1 IOWA TYPE CURVE.

ORIGINAL CURVE: X 1996-2005 EXPERIENCE; 1991-2005 PLACEMENTS

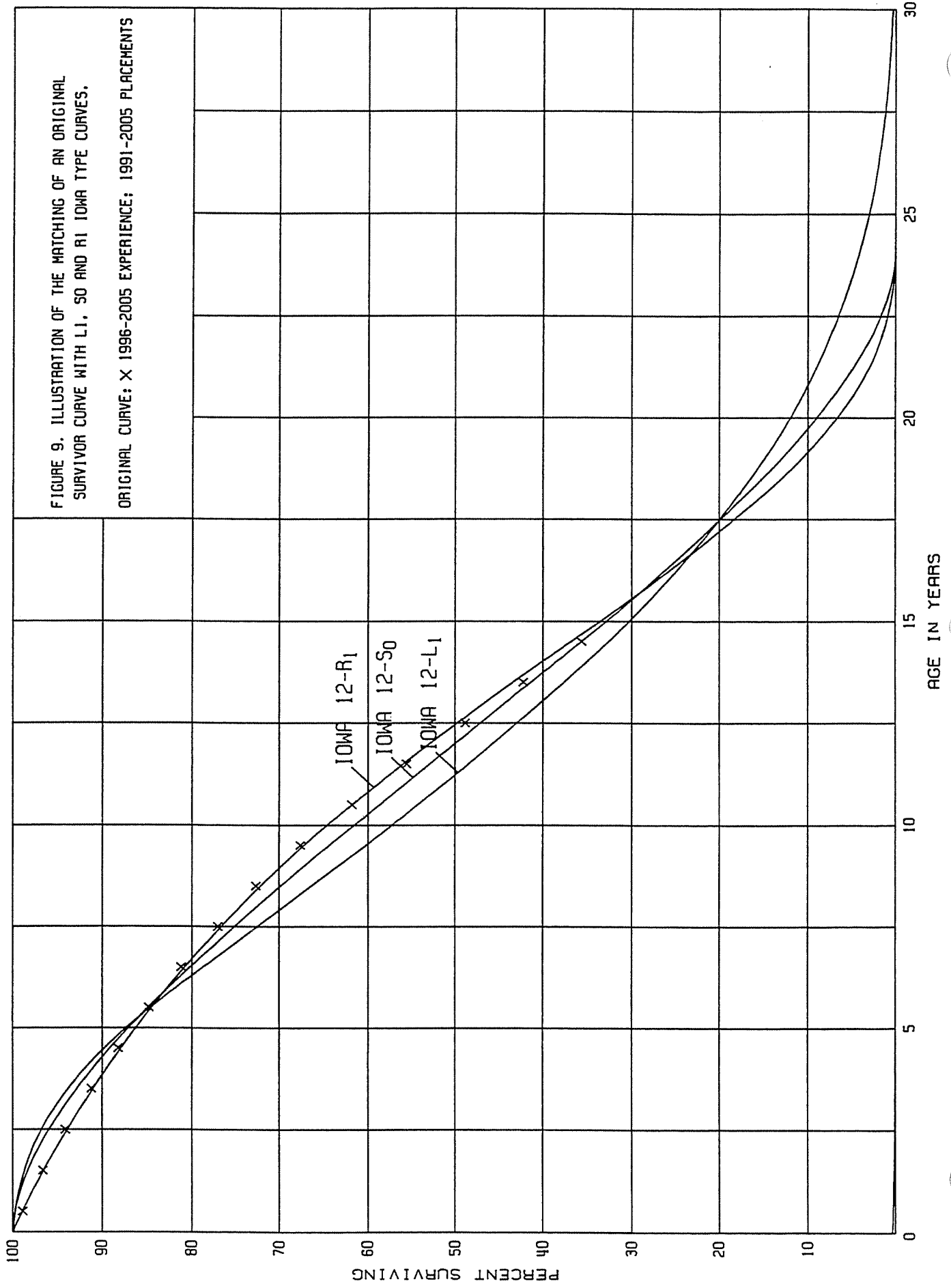


FIGURE 9. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH L1, S0 AND R1 IOWA TYPE CURVES.

ORIGINAL CURVE: X 1996-2005 EXPERIENCE; 1991-2005 PLACEMENTS

indicated survivor curves for the accounts listed below. The statistical support for the service life estimates is presented in the section beginning on page III-7.

#### DISTRIBUTION PLANT

374.4	Land and Land Rights - Land Rights
374.5	Land and Land Rights - Rights-of-Way
375.34	Structures and Improvements - Measuring and Regulating
375.7	Structures and Improvements - Other Buildings
376	Mains
378	Measuring and Regulating Station Equipment - General
379.1	Measuring and Regulating Station Equipment - City Gate
380	Services
381	Meters
382	Meter Installations
383	House Regulators
384	House Regulator Installations
385	Industrial Measuring and Regulating Station Equipment - Other Than Meters
387.2	Other Equipment - Odorization
387.4	Other Equipment - Customer Information Services

#### GENERAL PLANT

392.2	Trailers
394.11	Tools, Shop and Garage Equipment - CNG Facilities
396	Power Operated Equipment

Account 376, Mains, is used to illustrate the manner in which the study was conducted for the groups in the preceding list. Account 376 represents 49 percent of the total depreciable plant. Aged plant accounting data have been compiled for the years 1939 through 2005. These data have been coded in the course of the Company's normal record keeping according to account or property group, type of transaction, year in which the transaction took place, and year in which the gas plant was placed in service. The retirements, other plant transactions, and plant additions were analyzed by the retirement rate method.

The survivor curve estimate is based on the statistical indications for the period 1939 through 2005. The Iowa 65-R1.5 is an excellent fit of the original survivor curve. The 65-year service life is at the upper end, but still within, the typical service life range of 50 to 70 years for mains. The 65-year life reflects the Company's plans and practices of the past and next few years. The previous estimate was the Iowa 64-R2.

The survivor curve estimate for Account 380, Services is based on statistical analyses of historical retirement experience for the periods 1939-2005 and 1981-2005. The 38-R1.5 estimate for Account 380, Services, is an excellent fit of the original survivor curve developed from historical plant retirements for the period 1939 through 2005. The 38-R1.5 survivor curve sets forth the higher rates of retirement starting at approximately age 30. The 38-year average service life is within the typical range of 30 to 45 years for services. The previous estimate was the Iowa 38-R2.

The survivor curve estimates for the remaining accounts in the preceding list were based on similar statistical analyses and previous studies for this and other gas utilities. The remaining eight accounts were based primarily on judgment and estimates of other gas utilities.

#### Salvage Analysis

The estimates of net salvage by account were based in part on historical data compiled through 2005. Cost of removal and salvage were expressed as percents of the original cost of plant retired, both on annual and three-year moving average bases. The most recent five-year average also was calculated for consideration. The net salvage estimates by account are expressed as a percent of the original cost of plant retired.



## Net Salvage Considerations

The estimates of future net salvage are expressed as percentages of surviving plant in service, i.e., all future retirements. In cases in which removal costs are expected to exceed salvage receipts, a negative net salvage percentage is estimated. The net salvage estimates were based on judgment which incorporated analyses of historical cost of removal and salvage data, expectations with respect to future removal requirements and markets for retired equipment and materials.

The analyses of historical cost of removal and salvage data are presented in the section titled "Net Salvage Statistics" for the plant accounts for which the net salvage estimate relied partially on those analyses.

Statistical analyses of historical data for the period 1969 through 2005 contributed significantly toward the net salvage estimates for 17 plant accounts and subaccounts, representing 93 percent of the depreciable plant, as follows:

### DISTRIBUTION PLANT

374.4	Land and Land Rights - Land Rights
375.34	Structures and Improvements - Measuring and Regulating
375.71	Structures and Improvements - Other
376	Mains
378	Measuring and Regulating Station Equipment - General
380	Services
381	Meters
382	Meter Installations
383	House Regulators
384	House Regulator Installations
385	Industrial Measuring and Regulating Station Equipment

### GENERAL PLANT

396	Power Operated Equipment
-----	--------------------------

Account 376, Mains, is used to illustrate the manner in which the study was conducted for the groups in the preceding list. Net salvage data for the period 1969 through 2005 were analyzed for this account. The data include cost of removal, gross salvage and net salvage amounts and each of these amounts is expressed as a percent of the original cost of regular retirements. Three-year moving averages for the 1969-1971 through 2003-2005 periods were computed to smooth the annual amounts.

Cost of removal was consistent during the most recent 30-year period, 1976 - 2005. The practices for applying labor costs to removing pipe versus installing new pipe has not changed. Cost of removal for the most recent five years averaged 14 percent.

Gross salvage has varied slightly, however, the amounts have been minimal. The most recent five-year average of 0 percent gross salvage reflects recent trends of no salvage value for pipe.

The net salvage percent based on the overall period 1969 through 2005 is 13 percent negative net salvage. The range of estimates made by other gas companies for mains is negative 15 to negative 75 percent. Because the statistical indication and most recent five-year period is just below the lower end of the range, the statistical indication of negative 15 percent was selected for the Company's mains.

The net salvage percents for the remaining accounts were based on judgment incorporating estimates of previous studies of this and other gas utilities.

#### CALCULATION OF ANNUAL AND ACCRUED DEPRECIATION

After the survivor curve and salvage are estimated, the annual depreciation accrual rate can be calculated. In the average service life procedure, the annual accrual rate is computed by the following equation:

$$\text{Annual Accrual Rate, Percent} = \frac{(100\% \text{ Net Salvage, Percent})}{\text{Average Service Life}}$$

The calculated accrued depreciation for each depreciable property group represents that portion of the depreciable cost of the group which will not be allocated to expense through future depreciation accruals if current forecasts of life characteristics are used as a basis for straight line depreciation accounting.

The accrued depreciation calculation consists of applying an appropriate ratio to the surviving original cost of each vintage of each account, based upon the attained age and the estimated survivor curve. The accrued depreciation ratios are calculated as follows:

$$\text{Ratio} = \left( 1 - \frac{\text{Average Remaining Life Expectancy}}{\text{Average Service Life}} \right) (1 - \text{Net Salvage, Percent}).$$

The application of these procedures is described for a single unit of property and a group of property units. Salvage is omitted from the description for ease of application.

#### Single Unit of Property

The calculation of straight line depreciation for a single unit of property is straightforward. For example, if a \$1,000 unit of property attains an age of four years and has a life expectancy of six years, the annual accrual over the total life is:

$$\frac{\$1,000}{(4 + 6)} = \$100 \text{ per year.}$$

The accrued depreciation is:

$$\$1,000 \left( 1 - \frac{6}{10} \right) = \$400.$$

## Group Depreciation Procedures

When more than a single item of property is under consideration, a group procedure for depreciation is appropriate because normally all of the items within a group do not have identical service lives, but have lives that are dispersed over a range of time. There are two primary group procedures, namely, average service life and equal life group.

Average Service Life Procedure. In the average service life procedure, the rate of annual depreciation is based on the average service life of the group, and this rate is applied to the surviving balances of the group's cost. The accrued depreciation is based on the average service life of the group and the average remaining life of each vintage within the group derived from the area under the survivor curve between the attained age of the vintage and the maximum age.

A characteristic of this procedure is that the cost of plant retired prior to average life is not fully recouped at the time of retirement, whereas the cost of plant retired subsequent to average life is more than fully recouped. Over the entire life cycle, the portion of cost not recouped prior to average life is balanced by the excess cost recouped subsequent to average life. The recovery of cost is complete at the end of the life cycle, but the distribution of capital cost to annual expense does not match the consumption of service value of plant.

Equal Life Group Procedure. In the equal life group procedure, also known as the unit summation procedure, the property group is subdivided according to service life. That is, each equal life group includes that portion of the property which experiences the life of that specific group. The relative size of each equal life group is determined from the property's life dispersion curve. The calculated depreciation for the property group is the summation of the calculated depreciation based on the service life of each equal life unit.

This procedure eliminates the need to base annual depreciation expense on average lives, inasmuch as each group has a single life. The full cost of short-lived items is accrued during their lives, leaving no deferral of accruals required to be added to the annual cost associated with long-lived items. The depreciation expense for the property group is the summation of the depreciation expense based on the service life of each equal life group.

The table on the following page presents an illustration of calculation of equal life group depreciation using the Iowa 12-S3 survivor curve, net salvage of 0 percent and a December 31, 2005 calculation date.

In the table, each equal life group is defined by the age interval shown in columns 1 and 2. These are the ages at which the first and last retirement of each group occur, and the group's equal life, shown in column 3, is the midpoint of the interval. For purposes of the calculation, the computer is programmed to divide each vintage into equal life groups arranged so that the midpoint of each one-year age interval coincides with the calculation date, e.g., December 31 in this case. This enables the calculation of annual accruals for a twelve-month period centered on the date of calculation.

The retirement during the age interval, shown in column 4, is the size of each equal life group, and is derived from the Iowa 12-S3 survivor curve. It is the difference between the percents surviving at the beginning and end of the age interval.

Each equal life group's annual accrual, shown in column 5, equals the group's size (column 4) divided by its life (column 3) and multiplied by the quantity one minus the net salvage percent with the exception of 2005 installations. For 2005 installations, the group annual accrual is equal to the retirements during the interval multiplied by one minus the net salvage percent.

DETAILED COMPUTATION OF ANNUAL AND ACCRUED FACTORS USING THE EQUAL LIFE GROUP PROCEDURE

INPUT PARAMETERS:  
 CALCULATION DATE.. 12-31-2005  
 SURVIVOR CURVE.... 12-S3

AGE INTERVAL		LIFE	RETIREMENTS	GROUP	YEAR	SUMMATION	AVERAGE	ANNUAL	ACCRUED
BEG	END		DURING	ANNUAL		OF ANNUAL	PERCENT		
(1)	(2)	(3)	INTERVAL	ACCRUAL	(6)	(7)	(8)	(9)	(10)
				(5)=(4)/(3)					
0.000	1.000	0.500	0.00000	0.00000000000	2005	8.94517563169	100.000000	0.0895	0.0448
1.000	2.000	1.500	0.00100	0.00066666667	2004	8.94484229835	99.999497	0.0894	0.1341
2.000	3.000	2.500	0.01742	0.00696800000	2003	8.94102496502	99.990289	0.0894	0.2235
3.000	4.000	3.500	0.11603	0.03315142857	2002	8.92096525073	99.923567	0.0893	0.3126
4.000	5.000	4.500	0.44523	0.09894000000	2001	8.85491953645	99.642939	0.0889	0.4001
5.000	6.000	5.500	1.20861	0.21974727273	2000	8.69557590008	98.816017	0.0880	0.4840
6.000	7.000	6.500	2.58589	0.39782923077	1999	8.38678764833	96.918766	0.0865	0.5623
7.000	8.000	7.500	4.59156	0.61220800000	1998	7.88176903295	93.330043	0.0845	0.6338
8.000	9.000	8.500	7.04163	0.82842705882	1997	7.16145150354	87.513448	0.0818	0.6953
9.000	10.000	9.500	9.56152	1.00647578947	1996	6.24400007939	79.211872	0.0788	0.7486
10.000	11.000	10.500	11.63009	1.10762761905	1995	5.18694837513	68.616066	0.0756	0.7938
11.000	12.000	11.500	12.80102	1.11313217391	1994	4.07656847865	56.400509	0.0723	0.8315
12.000	13.000	12.500	12.80102	1.02408160000	1993	3.00796159170	43.599491	0.0690	0.8625
13.000	14.000	13.500	11.63009	0.86148814815	1992	2.06517671762	31.383935	0.0658	0.8883
14.000	15.000	14.500	9.56152	0.65941517241	1991	1.30472505734	20.788129	0.0628	0.9106
15.000	16.000	15.500	7.04163	0.45429870968	1990	0.74786811630	12.486553	0.0599	0.9285
16.000	17.000	16.500	4.59156	0.27827636364	1989	0.38158057964	6.669958	0.0572	0.9438
17.000	18.000	17.500	2.58589	0.14776514286	1988	0.16855982639	3.081235	0.0547	0.9573
18.000	19.000	18.500	1.20861	0.06533027027	1987	0.06201211982	1.183985	0.0524	0.9694
19.000	20.000	19.500	0.44523	0.02283230769	1986	0.01793083084	0.357063	0.0502	0.9789
20.000	21.000	20.500	0.11603	0.00566000000	1985	0.00368467700	0.076434	0.0482	0.9881
21.000	22.000	21.500	0.01742	0.00081023256	1984	0.00044956072	0.009712	0.0463	0.9955
22.000	23.000	22.500	0.00100	0.00004444444	1983	0.00002222222	0.000503	0.0442	0.9945
23.000	23.040	23.020	0.00000	0.00000000000	1982	0.00000000000	0.000000	0.0442	1.0000
TOTAL			100.00000						

Columns 6 through 10 show the derivation of the annual factor and accrued factor for each vintage based on the information developed in the first five columns. The year installed is shown in column 6. For all vintages other than 2005, the summation of annual accruals for each year installed, shown in column 7, is calculated by adding one-half of the group annual accrual (column 5) for that vintage's current age interval plus the group annual accruals for all succeeding age intervals. For example, the figure 8.94484229835 for 2004 equals one-half of 0.00066666667 plus all of the succeeding figures in column 5. Only one-half of the annual accrual for the vintage's current age interval group is included in the summation because the equal life group for that interval has reached the year during which it is expected to be retired.

The summation of annual accruals (column 7) for installations during 2005 are calculated on the basis of an in-service date at the midpoint of the year, i.e., June 30. Inasmuch as the overall calculation is centered on December 31, 2005, the first figure in column 7, for vintage 2005, equals all of the group annual accrual for the first equal life group plus the accruals for all of the subsequent equal life groups.

The average percent surviving, derived from the Iowa 12-S3 survivor curve, is shown in column 8 for each age interval. The annual factor, shown in column 9, is the result of dividing the summation of annual accruals (column 7) by the average percent surviving (column 8).

The accrued factor, shown in column 10, equals the annual factor multiplied by the age of the group at December 31, 2005.

#### REMAINING LIFE ANNUAL ACCRUAL RATES

The annual depreciation accrual rates are calculated as of December 31, 2005, and based on the straight line remaining life method using the equal life group procedure. For the purpose of calculating the composite remaining life accrual rates as of December 31, 2005, the book reserve for each plant account is allocated among vintages in proportion to the calculated accrued depreciation for the account as of December 31, 2005. The remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the composite remaining life for the surviving original cost of that vintage. The composite remaining life is derived by compositing the individual equal life group remaining lives in accordance with the following equation:

$$\text{Composite Remaining Life} = \frac{\left( \frac{\text{Book Cost}}{\text{Life}} \times \text{Remaining Life} \right)}{\frac{\text{Book Cost}}{\text{Life}}}$$

The book costs and lives of the several equal life groups which are summed in the foregoing equation are defined by the estimated future survivor curve.

Inasmuch as book cost divided by life equals the whole life annual accrual, the foregoing equation reduces to the following form:

$$\text{Composite Remaining Life} = \frac{\text{Whole Life Future Accruals}}{\text{Whole Life Annual Accruals}}$$

or

$$\text{Composite Remaining Life} = \frac{\text{Book Cost} - \text{Calc. Reserve}}{\text{Whole Life Annual Accrual}}$$

The composite remaining life calculations were made using computer software that utilizes detailed ELG calculations of whole life future accruals and annual accruals in order to derive the vintage composite remaining lives. The annual accrual rate for each account is equal to the sum of the remaining life annual accruals divided by the total original cost. The composite remaining life is calculated by dividing the sum of the future book accruals by the sum of the remaining life annual accruals.

#### CALCULATION OF ANNUAL AND ACCRUED AMORTIZATION

Amortization, as defined in the Uniform System of Accounts, is the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized. Normally, the distribution of the amount is in equal amounts to each year of the amortization period.

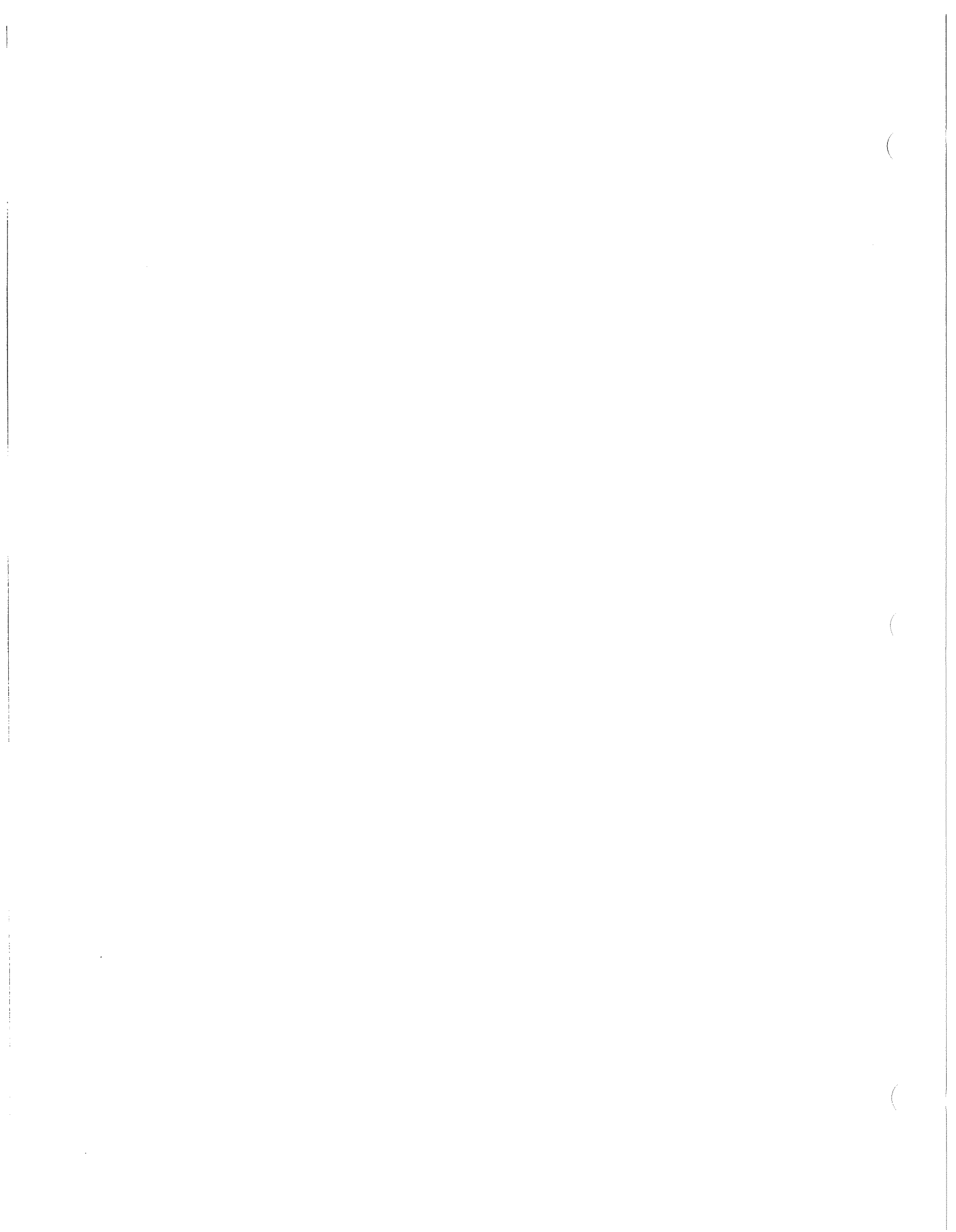


The calculation of annual and accrued amortization requires the selection of an amortization period. The amortization periods used in this report were based on judgment which incorporated a consideration of the period during which the assets will render most of their service, the amortization periods and service lives used by other utilities, and the service life estimates previously used for the asset under depreciation accounting.

Amortization accounting is appropriate for certain General Plant accounts that represent numerous units of property, but a very small portion of depreciable gas plant in service. The accounts and their amortization periods are as follows:

<u>Account</u>	<u>Amortization Period, Years</u>
391.1 Office Furniture & Equipment - Furniture	20
391.11 Office Furniture & Equipment - Equipment	15
391.12 Office Furniture & Equipment - Info Systems	5
394 Tools, Shop and Garage Equipment	25
395 Laboratory Equipment	20
398 Miscellaneous Equipment	15

For the purpose of calculating annual amortization amounts as of December 31, 2005, the book or ratemaking book depreciation reserve for each plant account or subaccount is assigned or allocated to vintages. The reserve assigned to vintages with an age greater than the amortization period is equal to the vintage's original cost. The remaining reserve is allocated among vintages with an age less than the amortization period in proportion to the calculated accrued amortization. The calculated accrued amortization is equal to the original cost multiplied by the ratio of the vintage's age to its amortization period. The annual amortization amount is determined by dividing the future amortizations (original cost less allocated book reserve) by the remaining period of amortization for the vintage.



III-1

PART III. RESULTS OF STUDY



## PART III. RESULTS OF STUDY

### QUALIFICATION OF RESULTS

The calculated annual depreciation accrual rates are the principal results of the study. Continued surveillance and periodic revisions are normally required to maintain continued use of appropriate annual depreciation accrual rates. An assumption that accrual rates can remain unchanged over a long period of time implies a disregard for the inherent variability in service lives and salvage and for the change of the composition of property in service. The annual accrual rates were calculated in accordance with the straight line remaining life method of depreciation using the equal life group procedure based on estimates which reflect considerations of current historical evidence and expected future conditions.

The annual depreciation accrual rates are applicable specifically to the gas plant in service as of December 31, 2005. For most plant accounts, the application of such rates to future balances that reflect additions subsequent to December 31, 2005, is reasonable for a period of three to five years.

### DESCRIPTION OF STATISTICAL SUPPORT

The service life and salvage estimates were based on judgment which incorporated statistical analyses of retirement data, discussions with management and consideration of estimates made for other gas utility companies. The results of the statistical analyses of service life are presented in the section titled "Service Life Statistics".

The estimated survivor curves for each account are presented in graphical form. The charts depict the estimated smooth survivor curve and original survivor curve(s), when

applicable, related to each specific group. For groups where the original survivor curve was plotted, the calculation of the original life table is also presented.

The analyses of salvage data are presented in the section titled, "Net Salvage Statistics". The tabulations present annual cost of removal and salvage data, three-year moving averages and the most recent five-year average. Data are shown in dollars and as percentages of original costs retired.

#### DESCRIPTION OF DEPRECIATION TABULATIONS

A summary of the results of the study, as applied to the original cost of gas plant at December 31, 2005, is presented on pages III-4 through III-6 of this report. The schedule sets forth the original cost, the book reserve, future accruals, the calculated annual depreciation rate and amount, and the composite remaining life related to gas plant.

The tables of the calculated annual depreciation accruals are presented in account sequence in the section titled "Depreciation Calculations." The tables indicate the estimated survivor curve and salvage percent for the account and set forth for each installation year the original cost, the calculated accrued depreciation, the allocated book reserve, future accruals, the remaining life and the calculated annual accrual amount.

COLUMBIA GAS OF KENTUCKY, INC.

ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND  
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2005

	Depreciable Group (1)	Survivor Curve (2)	Net Salvage (3)	Original Cost at December 31, 2005 (4)	Book Reserve (5)	Future Book Accruals (6)	Calculated		Composite Remaining Life (9)=(6)/(7)
							Amount (7)	Rate (8)=(7)/(4)	
DEPRECIABLE PLANT									
DISTRIBUTION PLANT									
374.4	Land and Land Rights	65-R2.5	0	476,359.68	101,925	374,437	8,951	1.88	41.8
374.5	Land Rights	70-S4	0	2,668,333.61	576,052	2,092,278	37,035	1.39	56.5
	Rights-of-Way			3,144,693.29	677,977	2,466,715	45,986	1.46	
	<i>Total Account 374</i>								
375.34	Structures and Improvements	43-S0.5	(10)	651,603.39	311,206	405,556	19,410	2.98	20.9
375.7	Measuring and Regulating								
	Other Distribution System	Square *	0	7,021,006.65	1,688,870	5,332,137	139,932	1.99	38.1
	Other Buildings	33-S0.5	0	148,447.69	71,482	76,966	4,325	2.91	17.8
	Distribution System Structures			7,169,454.34	1,760,352	5,409,103	144,257	2.01	
	<i>Total Account 375.70</i>								
375.71	Other Structures	Square *	0	74,308.31	54,843	19,465	12,977	17.46	1.5
375.8	Communication Structures	30-R3	0	33,260.58	20,477	12,784	1,541	4.63	8.3
	<i>Total Account 375</i>			7,928,626.62	2,146,878	5,846,908	178,185	2.25	
376	Mains	65-R1.5 *	(15)	289,155.68	218,563	113,965	7,048	2.44	16.2
	Cast Iron	65-R1.5 *	(15)	18,336,227.06	13,024,059	8,062,603	486,900	2.66	16.6
	Bare Steel	65-R1.5	(15)	32,107,966.01	10,640,034	26,284,128	656,924	2.05	40.0
	Coated Steel	65-R1.5	(15)	68,930,637.12	18,165,298	61,104,937	1,510,881	2.19	40.4
	Plastic			119,663,985.87	42,047,954	95,565,633	2,661,753	2.22	
	<i>Total Account 376</i>								
378	Meas and Reg Sta. Equip. - General	35-S0	(10)	4,562,036.59	2,280,449	2,737,791	145,452	3.19	18.8
379.1	Meas and Reg Sta. Equip. - City Gate	25-R2.5	(10)	257,909.74	244,249	39,450	4,562	1.77	8.6
380	Services	38-R1.5 *	(50)	2,546,031.42	3,103,526	715,522	75,369	2.96	9.5
	Bare Steel	38-R1.5	(50)	1,237,357.95	821,330	1,034,709	44,329	3.58	23.3
	Coated Steel	38-R1.5	(50)	68,703,146.60	44,164,619	58,890,104	2,537,617	3.69	23.2
	Plastic			72,486,535.97	48,089,475	60,640,355	2,657,315	3.67	
	<i>Total Account 380</i>								

COLUMBIA GAS OF KENTUCKY, INC.

ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND  
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2005

Depreciable Group (1)	Survivor Curve (2)	Net Salvage (3)	Original Cost at December 31, 2005 (4)	Book Reserve (5)	Future Book Accruals (6)	Calculated		Composite Remaining Life (9)=(6)/(7)
						Annual Amount (7)	Annual Rate (8)=(7)/(4)	
381	Meters	0	10,888,780.33	3,518,317	7,370,464	376,827	3.46	19.6
382	Meter Installations	(10)	7,320,663.04	2,984,601	5,088,131	223,712	3.06	22.7
383	House Regulators	(5)	2,502,486.02	918,638	1,708,971	69,827	2.79	24.5
384	House Regulator Installations	0	2,369,188.32	1,607,037	762,132	33,596	1.42	22.7
385	Industrial Meas and Reg Equipment	(5)	2,539,876.93	914,165	1,752,704	125,013	4.92	14.0
	Other Equipment							
387.2	Odorization	0	212,002.37	99,279	112,723	14,075	6.64	8.0
387.4	Customer Information Services	0	2,935,637.78	1,114,019	1,821,617	110,297	3.76	16.5
	Total Account 387		3,147,640.15	1,213,298	1,934,340	124,372	3.95	
	TOTAL DISTRIBUTION PLANT		236,812,401.87	106,623,038	185,913,574	6,646,600	2.81	
	GENERAL PLANT							
	Office Furniture and Equipment							
391.1	Furniture	0	1,258,847.71	446,506	812,341	105,974	8.42	7.7
391.11	Equipment	0	38,508.39	(6,447)	44,956	15,291	39.71	2.9
391.12	Information Systems	0	665,848.23	246,951	418,897	131,251	19.71	3.2
	Total Account 391		1,963,204.33	687,010	1,276,194	252,516	12.86	
392.2	Transportation Equipment - Trailers	0	132,458.28	48,089	84,370	5,796	4.38	14.6
	Tools, Shop and Garage Equipment							
394	Equipment	0	1,832,464.79	910,651	921,815	61,363	3.35	15.0
394.11	CNG Facilities	0	458,281.41	151,152	307,130	111,514	24.33	2.8
	Total Account 394		2,290,746.20	1,061,803	1,228,945	172,877	7.55	
395	Laboratory Equipment	0	10,307.98	3,149	7,159	373	3.62	19.2
396	Power Operated Equipment	25	681,428.81	575,431	(64,356)	0	-	-
398	Miscellaneous Equipment	0	99,854.31	46,316	53,538	11,816	11.83	4.5
	TOTAL GENERAL PLANT		5,177,999.91	2,421,798	2,585,850	443,378	8.56	
	TOTAL DEPRECIABLE PLANT		241,990,401.78	109,044,836	188,499,424	7,089,978	2.93	

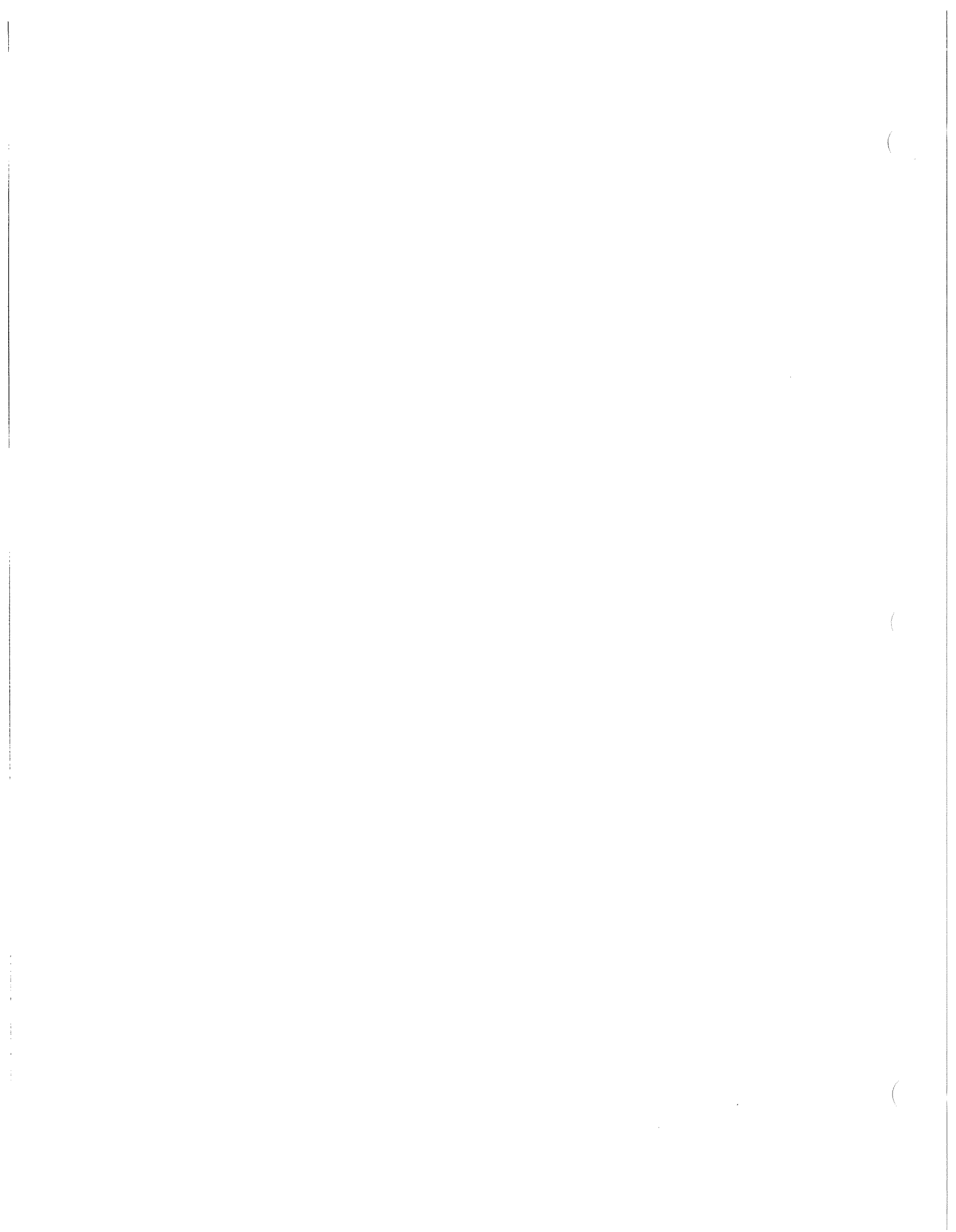


COLUMBIA GAS OF KENTUCKY, INC.

ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND  
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2005

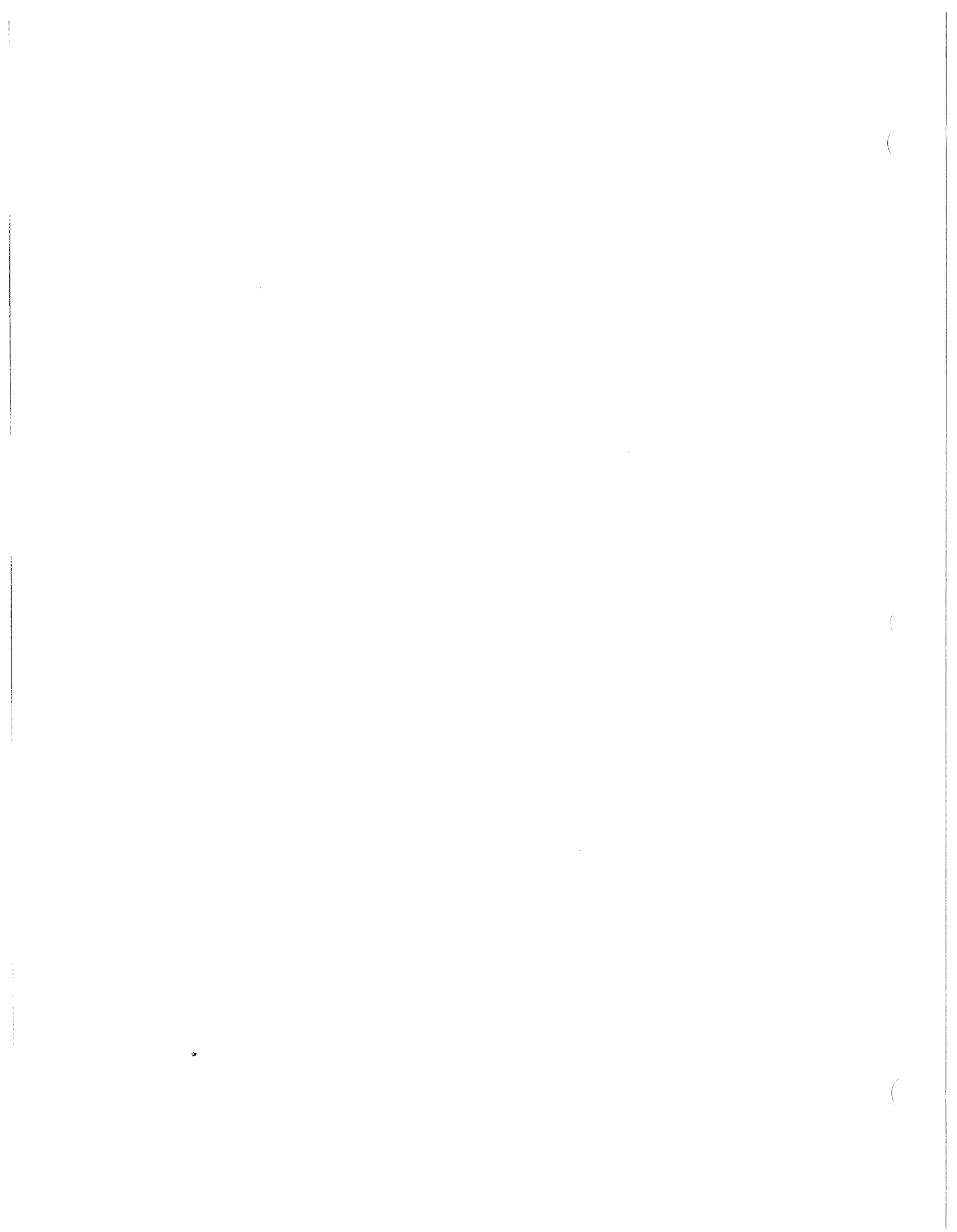
Depreciable Group (1)	Survivor Curve (2)	Net Salvage (3)	Original Cost at December 31, 2005 (4)	Book Reserve (5)	Future Book Accruals (6)	Calculated		Composite Remaining Life (9)=(6)/(7)
						Annual Amount (7)	Accrual Rate (8)=(7)/(4)	
NONDEPRECIABLE PLANT								
301	Organization		521.00					
303	Misc. Intangible Plant		1,829,007.35	1,011.623				
304	Land		7,678.39					
374.1	Land		206.00					
374.2	Land		880,461.23	(5,744)				
	TOTAL NONDEPRECIABLE PLANT		2,717,873.97	1,005,879				
	TOTAL GAS PLANT		244,708,275.75	110,050,715	188,499,424	7,089,978		

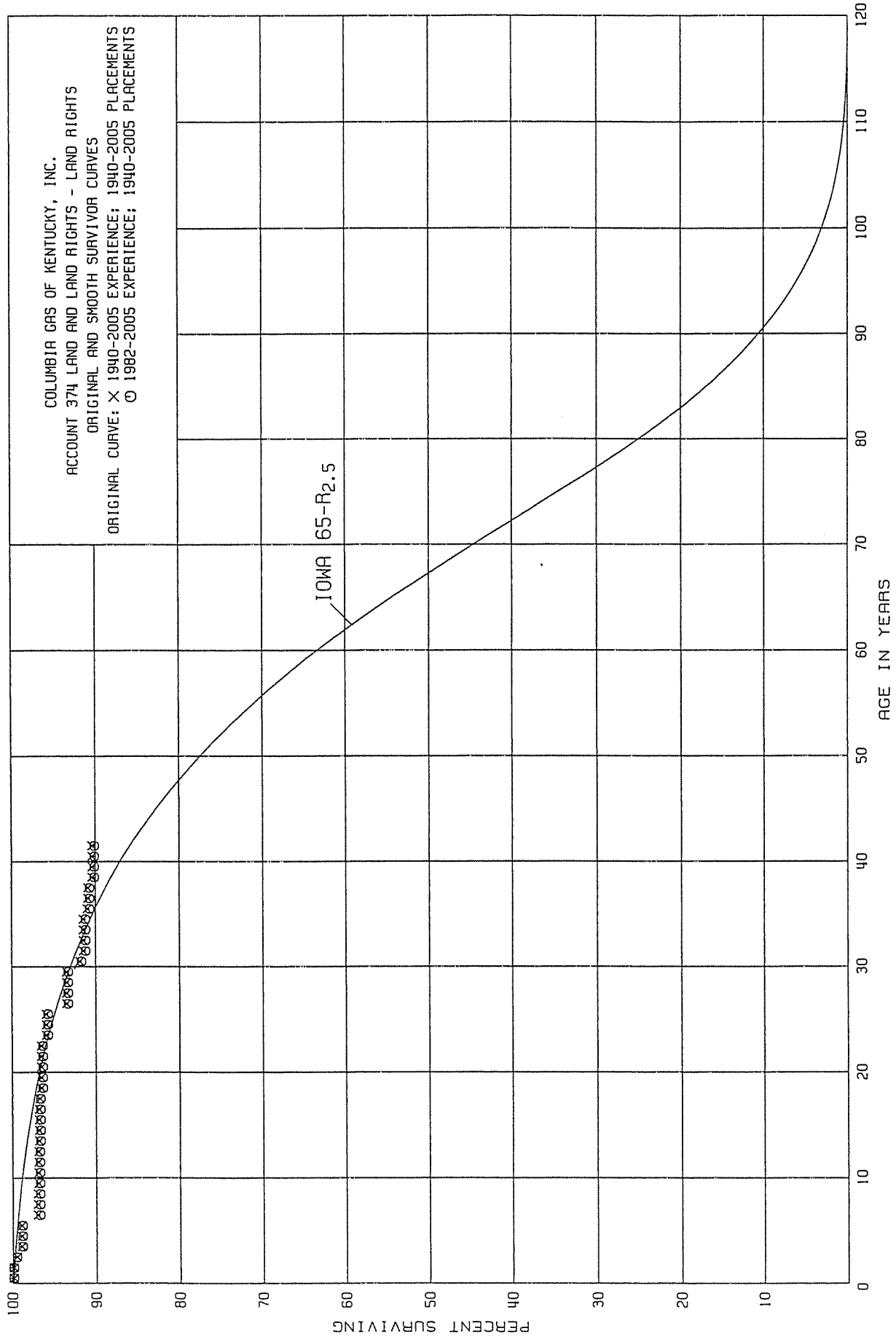
\* Indicates the use of an interim survivor curve. Each asset class has a probable retirement date.



III-7

## SERVICE LIFE STATISTICS





COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374 LAND AND LAND RIGHTS - LAND RIGHTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1940-2005			EXPERIENCE BAND 1940-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	496,088		0.0000	1.0000	100.00
0.5	493,556		0.0000	1.0000	100.00
1.5	481,929	2,211	0.0046	0.9954	100.00
2.5	479,743	3,071	0.0064	0.9936	99.54
3.5	448,207	29	0.0001	0.9999	98.90
4.5	434,828		0.0000	1.0000	98.89
5.5	423,182	8,244	0.0195	0.9805	98.89
6.5	414,169		0.0000	1.0000	96.96
7.5	406,022		0.0000	1.0000	96.96
8.5	383,080	84	0.0002	0.9998	96.96
9.5	383,054	36	0.0001	0.9999	96.94
10.5	366,751		0.0000	1.0000	96.93
11.5	316,171		0.0000	1.0000	96.93
12.5	312,897	435	0.0014	0.9986	96.93
13.5	305,165	32	0.0001	0.9999	96.79
14.5	295,182		0.0000	1.0000	96.78
15.5	279,154		0.0000	1.0000	96.78
16.5	241,035	161	0.0007	0.9993	96.78
17.5	217,671	533	0.0024	0.9976	96.71
18.5	153,578		0.0000	1.0000	96.48
19.5	128,745		0.0000	1.0000	96.48
20.5	107,768		0.0000	1.0000	96.48
21.5	74,138		0.0000	1.0000	96.48
22.5	55,029	339	0.0062	0.9938	96.48
23.5	44,927		0.0000	1.0000	95.88
24.5	38,714		0.0000	1.0000	95.88
25.5	35,675	903	0.0253	0.9747	95.88
26.5	34,773		0.0000	1.0000	93.45
27.5	31,850		0.0000	1.0000	93.45
28.5	31,291		0.0000	1.0000	93.45
29.5	30,957	518	0.0167	0.9833	93.45
30.5	30,438	147	0.0048	0.9952	91.89
31.5	27,471		0.0000	1.0000	91.45
32.5	27,394		0.0000	1.0000	91.45
33.5	22,664		0.0000	1.0000	91.45
34.5	21,699	112	0.0052	0.9948	91.45
35.5	19,975	8	0.0004	0.9996	90.97
36.5	19,441		0.0000	1.0000	90.93
37.5	18,911	114	0.0060	0.9940	90.93
38.5	18,308		0.0000	1.0000	90.38

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374 LAND AND LAND RIGHTS - LAND RIGHTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1940-2005			EXPERIENCE BAND 1940-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	17,460		0.0000	1.0000	90.38
40.5	16,754		0.0000	1.0000	90.38
41.5	13,329		0.0000	1.0000	90.38
42.5	9,827		0.0000	1.0000	90.38
43.5	8,073		0.0000	1.0000	90.38
44.5	7,437		0.0000	1.0000	90.38
45.5	7,175		0.0000	1.0000	90.38
46.5	5,706	3	0.0005	0.9995	90.38
47.5	4,209		0.0000	1.0000	90.33
48.5	3,902		0.0000	1.0000	90.33
49.5	3,099		0.0000	1.0000	90.33
50.5	2,453		0.0000	1.0000	90.33
51.5	1,036		0.0000	1.0000	90.33
52.5	1,036		0.0000	1.0000	90.33
53.5	1,036		0.0000	1.0000	90.33
54.5	1,036		0.0000	1.0000	90.33
55.5	1,036		0.0000	1.0000	90.33
56.5	718		0.0000	1.0000	90.33
57.5	659		0.0000	1.0000	90.33
58.5	659		0.0000	1.0000	90.33
59.5	632		0.0000	1.0000	90.33
60.5	632		0.0000	1.0000	90.33
61.5	632		0.0000	1.0000	90.33
62.5	632		0.0000	1.0000	90.33
63.5	632		0.0000	1.0000	90.33
64.5	632		0.0000	1.0000	90.33
65.5					90.33

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374 LAND AND LAND RIGHTS - LAND RIGHTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1940-2005			EXPERIENCE BAND 1982-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	446,905		0.0000	1.0000	100.00
0.5	450,660		0.0000	1.0000	100.00
1.5	442,683	2,161	0.0049	0.9951	100.00
2.5	440,522	3,071	0.0070	0.9930	99.51
3.5	411,909		0.0000	1.0000	98.81
4.5	399,443		0.0000	1.0000	98.81
5.5	388,133	8,192	0.0211	0.9789	98.81
6.5	379,881		0.0000	1.0000	96.73
7.5	375,163		0.0000	1.0000	96.73
8.5	352,221		0.0000	1.0000	96.73
9.5	356,951		0.0000	1.0000	96.73
10.5	341,646		0.0000	1.0000	96.73
11.5	292,678		0.0000	1.0000	96.73
12.5	290,564	300	0.0010	0.9990	96.73
13.5	283,997		0.0000	1.0000	96.63
14.5	274,535		0.0000	1.0000	96.63
15.5	260,199		0.0000	1.0000	96.63
16.5	222,787	161	0.0007	0.9993	96.63
17.5	202,854	501	0.0025	0.9975	96.56
18.5	142,297		0.0000	1.0000	96.32
19.5	119,217		0.0000	1.0000	96.32
20.5	98,877		0.0000	1.0000	96.32
21.5	65,509		0.0000	1.0000	96.32
22.5	48,504	339	0.0070	0.9930	96.32
23.5	39,896		0.0000	1.0000	95.65
24.5	34,509		0.0000	1.0000	95.65
25.5	32,276	793	0.0246	0.9754	95.65
26.5	32,128		0.0000	1.0000	93.30
27.5	30,622		0.0000	1.0000	93.30
28.5	30,064		0.0000	1.0000	93.30
29.5	29,729	518	0.0174	0.9826	93.30
30.5	29,211	147	0.0050	0.9950	91.68
31.5	26,358		0.0000	1.0000	91.22
32.5	26,676		0.0000	1.0000	91.22
33.5	22,005		0.0000	1.0000	91.22
34.5	21,040	112	0.0053	0.9947	91.22
35.5	19,343	8	0.0004	0.9996	90.74
36.5	18,810		0.0000	1.0000	90.70
37.5	18,279	114	0.0062	0.9938	90.70
38.5	17,677		0.0000	1.0000	90.14

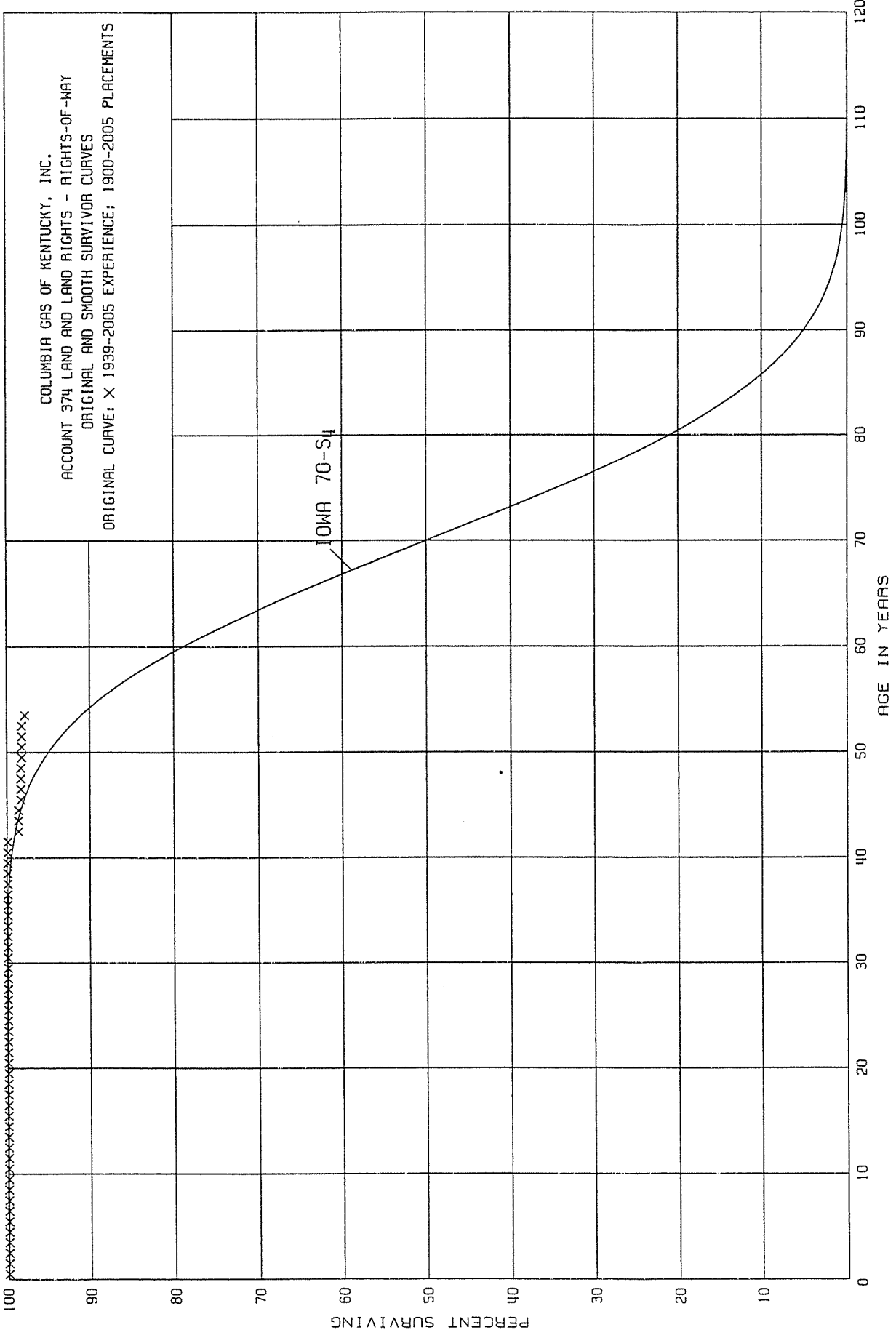


COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374 LAND AND LAND RIGHTS - LAND RIGHTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1940-2005			EXPERIENCE BAND 1982-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	16,829		0.0000	1.0000	90.14
40.5	16,122		0.0000	1.0000	90.14
41.5	13,329		0.0000	1.0000	90.14
42.5	9,827		0.0000	1.0000	90.14
43.5	8,073		0.0000	1.0000	90.14
44.5	7,437		0.0000	1.0000	90.14
45.5	7,175		0.0000	1.0000	90.14
46.5	5,706	3	0.0005	0.9995	90.14
47.5	4,209		0.0000	1.0000	90.09
48.5	3,902		0.0000	1.0000	90.09
49.5	3,099		0.0000	1.0000	90.09
50.5	2,453		0.0000	1.0000	90.09
51.5	1,036		0.0000	1.0000	90.09
52.5	1,036		0.0000	1.0000	90.09
53.5	1,036		0.0000	1.0000	90.09
54.5	1,036		0.0000	1.0000	90.09
55.5	1,036		0.0000	1.0000	90.09
56.5	718		0.0000	1.0000	90.09
57.5	659		0.0000	1.0000	90.09
58.5	659		0.0000	1.0000	90.09
59.5	632		0.0000	1.0000	90.09
60.5	632		0.0000	1.0000	90.09
61.5	632		0.0000	1.0000	90.09
62.5	632		0.0000	1.0000	90.09
63.5	632		0.0000	1.0000	90.09
64.5	632		0.0000	1.0000	90.09
65.5					90.09



COLUMBIA GAS OF KENTUCKY, INC.

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

ORIGINAL LIFE TABLE

PLACEMENT BAND 1900-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,494,049		0.0000	1.0000	100.00
0.5	2,492,812	2,533	0.0010	0.9990	100.00
1.5	2,506,690		0.0000	1.0000	99.90
2.5	2,514,710		0.0000	1.0000	99.90
3.5	1,390,950		0.0000	1.0000	99.90
4.5	1,247,618		0.0000	1.0000	99.90
5.5	1,241,494		0.0000	1.0000	99.90
6.5	1,242,696		0.0000	1.0000	99.90
7.5	1,240,958		0.0000	1.0000	99.90
8.5	1,245,790		0.0000	1.0000	99.90
9.5	1,215,575		0.0000	1.0000	99.90
10.5	1,044,676		0.0000	1.0000	99.90
11.5	841,895		0.0000	1.0000	99.90
12.5	791,407		0.0000	1.0000	99.90
13.5	731,704		0.0000	1.0000	99.90
14.5	679,263		0.0000	1.0000	99.90
15.5	593,156		0.0000	1.0000	99.90
16.5	522,931		0.0000	1.0000	99.90
17.5	425,749		0.0000	1.0000	99.90
18.5	404,304		0.0000	1.0000	99.90
19.5	390,645		0.0000	1.0000	99.90
20.5	381,046		0.0000	1.0000	99.90
21.5	318,522		0.0000	1.0000	99.90
22.5	309,517		0.0000	1.0000	99.90
23.5	307,047		0.0000	1.0000	99.90
24.5	296,783		0.0000	1.0000	99.90
25.5	286,463		0.0000	1.0000	99.90
26.5	273,012		0.0000	1.0000	99.90
27.5	280,722		0.0000	1.0000	99.90
28.5	275,119		0.0000	1.0000	99.90
29.5	270,025		0.0000	1.0000	99.90
30.5	261,238		0.0000	1.0000	99.90
31.5	259,579		0.0000	1.0000	99.90
32.5	256,102		0.0000	1.0000	99.90
33.5	228,295		0.0000	1.0000	99.90
34.5	212,622		0.0000	1.0000	99.90
35.5	184,203		0.0000	1.0000	99.90
36.5	141,489		0.0000	1.0000	99.90
37.5	136,488		0.0000	1.0000	99.90
38.5	131,948		0.0000	1.0000	99.90

COLUMBIA GAS OF KENTUCKY, INC.

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

ORIGINAL LIFE TABLE, CONT.

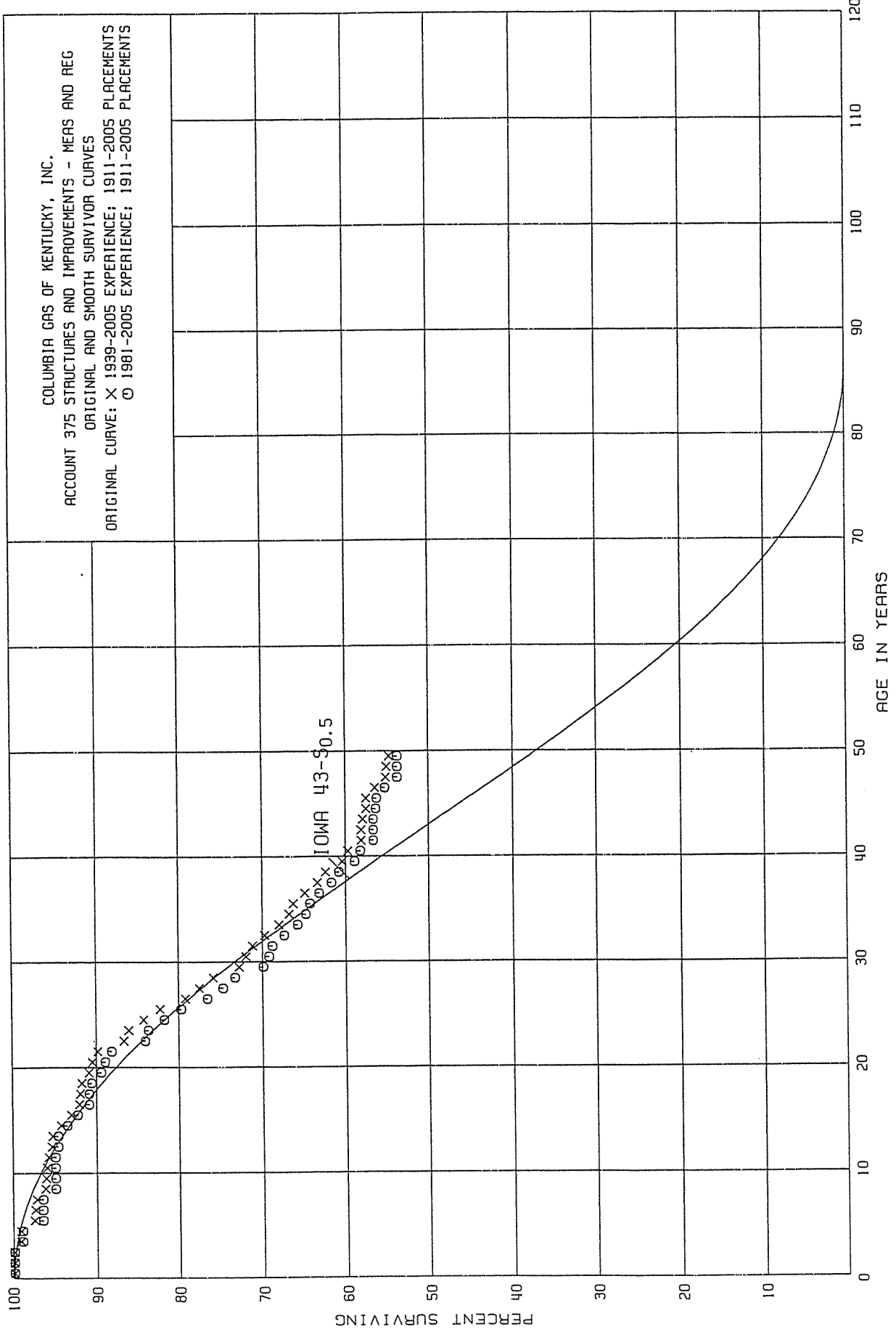
PLACEMENT BAND 1900-2005			EXPERIENCE BAND 1939-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	104,143	21	0.0002	0.9998	99.90	
40.5	110,264		0.0000	1.0000	99.88	
41.5	107,024	1,378	0.0129	0.9871	99.88	
42.5	100,610		0.0000	1.0000	98.59	
43.5	96,911		0.0000	1.0000	98.59	
44.5	85,226	236	0.0028	0.9972	98.59	
45.5	78,988		0.0000	1.0000	98.31	
46.5	73,740		0.0000	1.0000	98.31	
47.5	52,854		0.0000	1.0000	98.31	
48.5	78,854	106	0.0013	0.9987	98.31	
49.5	77,034		0.0000	1.0000	98.18	
50.5	79,811		0.0000	1.0000	98.18	
51.5	74,541		0.0000	1.0000	98.18	
52.5	70,442	313	0.0044	0.9956	98.18	
53.5	68,965		0.0000	1.0000	97.75	
54.5	72,941		0.0000	1.0000	97.75	
55.5	69,823		0.0000	1.0000	97.75	
56.5	67,032		0.0000	1.0000	97.75	
57.5	66,310		0.0000	1.0000	97.75	
58.5	66,044		0.0000	1.0000	97.75	
59.5	65,988		0.0000	1.0000	97.75	
60.5	66,858		0.0000	1.0000	97.75	
61.5	67,159		0.0000	1.0000	97.75	
62.5	66,980		0.0000	1.0000	97.75	
63.5	72,020		0.0000	1.0000	97.75	
64.5	68,936		0.0000	1.0000	97.75	
65.5	67,530		0.0000	1.0000	97.75	
66.5	67,476		0.0000	1.0000	97.75	
67.5	67,184		0.0000	1.0000	97.75	
68.5	67,037		0.0000	1.0000	97.75	
69.5	66,994		0.0000	1.0000	97.75	
70.5	66,994		0.0000	1.0000	97.75	
71.5	66,955		0.0000	1.0000	97.75	
72.5	66,834		0.0000	1.0000	97.75	
73.5	66,822		0.0000	1.0000	97.75	
74.5	66,746		0.0000	1.0000	97.75	
75.5	66,453		0.0000	1.0000	97.75	
76.5	57,088		0.0000	1.0000	97.75	
77.5	49,472		0.0000	1.0000	97.75	
78.5	50,457		0.0000	1.0000	97.75	

COLUMBIA GAS OF KENTUCKY, INC.

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

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1900-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	50,457		0.0000	1.0000	97.75
80.5	50,457		0.0000	1.0000	97.75
81.5	50,457		0.0000	1.0000	97.75
82.5	50,457		0.0000	1.0000	97.75
83.5	49,906		0.0000	1.0000	97.75
84.5	49,902		0.0000	1.0000	97.75
85.5	49,894		0.0000	1.0000	97.75
86.5	49,894		0.0000	1.0000	97.75
87.5	49,672		0.0000	1.0000	97.75
88.5	49,669		0.0000	1.0000	97.75
89.5	45,955		0.0000	1.0000	97.75
90.5	45,937		0.0000	1.0000	97.75
91.5	45,496		0.0000	1.0000	97.75
92.5	5,849		0.0000	1.0000	97.75
93.5	5,682		0.0000	1.0000	97.75
94.5	5,643		0.0000	1.0000	97.75
95.5	5,610		0.0000	1.0000	97.75
96.5	5,610		0.0000	1.0000	97.75
97.5	5,101		0.0000	1.0000	97.75
98.5	5,101		0.0000	1.0000	97.75
99.5	4,647		0.0000	1.0000	97.75
100.5	8		0.0000	1.0000	97.75
101.5	8		0.0000	1.0000	97.75
102.5	8		0.0000	1.0000	97.75
103.5	8		0.0000	1.0000	97.75
104.5	8		0.0000	1.0000	97.75
105.5					97.75



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

ORIGINAL LIFE TABLE

PLACEMENT BAND 1911-2005			EXPERIENCE BAND 1939-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	799,498	94	0.0001	0.9999	100.00	
0.5	796,101	43	0.0001	0.9999	99.99	
1.5	783,287	101	0.0001	0.9999	99.98	
2.5	778,455	6,592	0.0085	0.9915	99.97	
3.5	736,585	4	0.0000	1.0000	99.12	
4.5	717,521	11,856	0.0165	0.9835	99.12	
5.5	704,797	384	0.0005	0.9995	97.48	
6.5	698,749	1,597	0.0023	0.9977	97.43	
7.5	682,657	6,924	0.0101	0.9899	97.21	
8.5	676,934	955	0.0014	0.9986	96.23	
9.5	665,945	422	0.0006	0.9994	96.10	
10.5	667,397	1,978	0.0030	0.9970	96.04	
11.5	664,383	2,336	0.0035	0.9965	95.75	
12.5	662,801	587	0.0009	0.9991	95.41	
13.5	662,710	7,300	0.0110	0.9890	95.32	
14.5	654,198	7,968	0.0122	0.9878	94.27	
15.5	625,556	6,945	0.0111	0.9889	93.12	
16.5	613,658	360	0.0006	0.9994	92.09	
17.5	591,836	1,630	0.0028	0.9972	92.03	
18.5	497,318	4,850	0.0098	0.9902	91.77	
19.5	462,331	1,678	0.0036	0.9964	90.87	
20.5	399,742	3,229	0.0081	0.9919	90.54	
21.5	355,080	12,527	0.0353	0.9647	89.81	
22.5	328,536	2,282	0.0069	0.9931	86.64	
23.5	277,180	5,937	0.0214	0.9786	86.04	
24.5	263,613	6,415	0.0243	0.9757	84.20	
25.5	234,821	8,557	0.0364	0.9636	82.15	
26.5	226,323	4,697	0.0208	0.9792	79.16	
27.5	219,268	4,858	0.0222	0.9778	77.51	
28.5	211,331	8,488	0.0402	0.9598	75.79	
29.5	202,772	2,485	0.0123	0.9877	72.74	
30.5	199,935	2,025	0.0101	0.9899	71.85	
31.5	196,063	4,017	0.0205	0.9795	71.12	
32.5	185,296	4,311	0.0233	0.9767	69.66	
33.5	173,816	3,094	0.0178	0.9822	68.04	
34.5	153,535	1,147	0.0075	0.9925	66.83	
35.5	138,800	2,975	0.0214	0.9786	66.33	
36.5	135,698	3,132	0.0231	0.9769	64.91	
37.5	128,580	2,002	0.0156	0.9844	63.41	
38.5	124,158	3,995	0.0322	0.9678	62.42	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2005			EXPERIENCE BAND 1939-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	114,286	1,390	0.0122	0.9878	60.41	
40.5	105,832	2,841	0.0268	0.9732	59.67	
41.5	92,573	32	0.0003	0.9997	58.07	
42.5	88,395	297	0.0034	0.9966	58.05	
43.5	85,625	491	0.0057	0.9943	57.85	
44.5	81,732	68	0.0008	0.9992	57.52	
45.5	70,411	1,260	0.0179	0.9821	57.47	
46.5	61,275	1,462	0.0239	0.9761	56.44	
47.5	53,651	104	0.0019	0.9981	55.09	
48.5	46,291	240	0.0052	0.9948	54.99	
49.5	36,933	517	0.0140	0.9860	54.70	
50.5	32,956	673	0.0204	0.9796	53.93	
51.5	26,214	285	0.0109	0.9891	52.83	
52.5	22,978	34	0.0015	0.9985	52.25	
53.5	19,400	2,804	0.1445	0.8555	52.17	
54.5	11,099	3	0.0003	0.9997	44.63	
55.5	8,739	1	0.0001	0.9999	44.62	
56.5	7,935		0.0000	1.0000	44.62	
57.5	7,476		0.0000	1.0000	44.62	
58.5	6,801		0.0000	1.0000	44.62	
59.5	6,649		0.0000	1.0000	44.62	
60.5	6,649	6	0.0009	0.9991	44.62	
61.5	6,643	2	0.0003	0.9997	44.58	
62.5	6,601	1	0.0002	0.9998	44.57	
63.5	6,600		0.0000	1.0000	44.56	
64.5	5,204		0.0000	1.0000	44.56	
65.5	4,665	1	0.0002	0.9998	44.56	
66.5	4,345	200	0.0460	0.9540	44.55	
67.5	4,145		0.0000	1.0000	42.50	
68.5	4,120	205	0.0498	0.9502	42.50	
69.5	3,667	205	0.0559	0.9441	40.38	
70.5	3,462	346	0.0999	0.9001	38.12	
71.5	3,116	1	0.0003	0.9997	34.31	
72.5	3,115	2	0.0006	0.9994	34.30	
73.5	3,049	6	0.0020	0.9980	34.28	
74.5	3,043	205	0.0674	0.9326	34.21	
75.5	2,662		0.0000	1.0000	31.90	
76.5	2,264	148	0.0654	0.9346	31.90	
77.5	1,217		0.0000	1.0000	29.81	
78.5	1,217		0.0000	1.0000	29.81	



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2005			EXPERIENCE BAND 1939-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
79.5	1,217	117	0.0961	0.9039	29.81	
80.5	1,100		0.0000	1.0000	26.95	
81.5	1,100		0.0000	1.0000	26.95	
82.5	1,100		0.0000	1.0000	26.95	
83.5	1,100		0.0000	1.0000	26.95	
84.5	1,100		0.0000	1.0000	26.95	
85.5	1,100		0.0000	1.0000	26.95	
86.5	1,100	3	0.0027	0.9973	26.95	
87.5	1,097		0.0000	1.0000	26.88	
88.5	1,097		0.0000	1.0000	26.88	
89.5	1,097		0.0000	1.0000	26.88	
90.5	900	6	0.0067	0.9933	26.88	
91.5	894		0.0000	1.0000	26.70	
92.5	894		0.0000	1.0000	26.70	
93.5	894		0.0000	1.0000	26.70	
94.5					26.70	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

ORIGINAL LIFE TABLE

PLACEMENT BAND 1911-2005			EXPERIENCE BAND 1981-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	513,150		0.0000	1.0000	100.00
0.5	530,911		0.0000	1.0000	100.00
1.5	522,264	1	0.0000	1.0000	100.00
2.5	520,706	5,534	0.0106	0.9894	100.00
3.5	493,263	4	0.0000	1.0000	98.94
4.5	471,184	11,856	0.0252	0.9748	98.94
5.5	455,846	8	0.0000	1.0000	96.45
6.5	449,067	1	0.0000	1.0000	96.45
7.5	445,695	6,578	0.0148	0.9852	96.45
8.5	445,721		0.0000	1.0000	95.02
9.5	445,702		0.0000	1.0000	95.02
10.5	459,047		0.0000	1.0000	95.02
11.5	459,047	1,676	0.0037	0.9963	95.02
12.5	466,580	6	0.0000	1.0000	94.67
13.5	471,534	5,265	0.0112	0.9888	94.67
14.5	474,211	6,768	0.0143	0.9857	93.61
15.5	456,020	6,642	0.0146	0.9854	92.27
16.5	459,446	69	0.0002	0.9998	90.92
17.5	445,441	1,326	0.0030	0.9970	90.90
18.5	353,641	4,850	0.0137	0.9863	90.63
19.5	327,207	1,678	0.0051	0.9949	89.39
20.5	284,780	2,537	0.0089	0.9911	88.93
21.5	252,633	11,899	0.0471	0.9529	88.14
22.5	235,891	1,076	0.0046	0.9954	83.99
23.5	196,113	4,405	0.0225	0.9775	83.60
24.5	210,108	5,176	0.0246	0.9754	81.72
25.5	186,934	7,602	0.0407	0.9593	79.71
26.5	187,386	4,648	0.0248	0.9752	76.47
27.5	183,923	3,490	0.0190	0.9810	74.57
28.5	180,755	8,154	0.0451	0.9549	73.15
29.5	183,067	1,837	0.0100	0.9900	69.85
30.5	184,151	959	0.0052	0.9948	69.15
31.5	183,974	3,741	0.0203	0.9797	68.79
32.5	173,806	4,150	0.0239	0.9761	67.39
33.5	163,402	2,351	0.0144	0.9856	65.78
34.5	144,914	1,147	0.0079	0.9921	64.83
35.5	130,129	2,351	0.0181	0.9819	64.32
36.5	127,778	2,901	0.0227	0.9773	63.16
37.5	120,890	1,869	0.0155	0.9845	61.73
38.5	116,433	3,601	0.0309	0.9691	60.77

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

ORIGINAL LIFE TABLE, CONT.

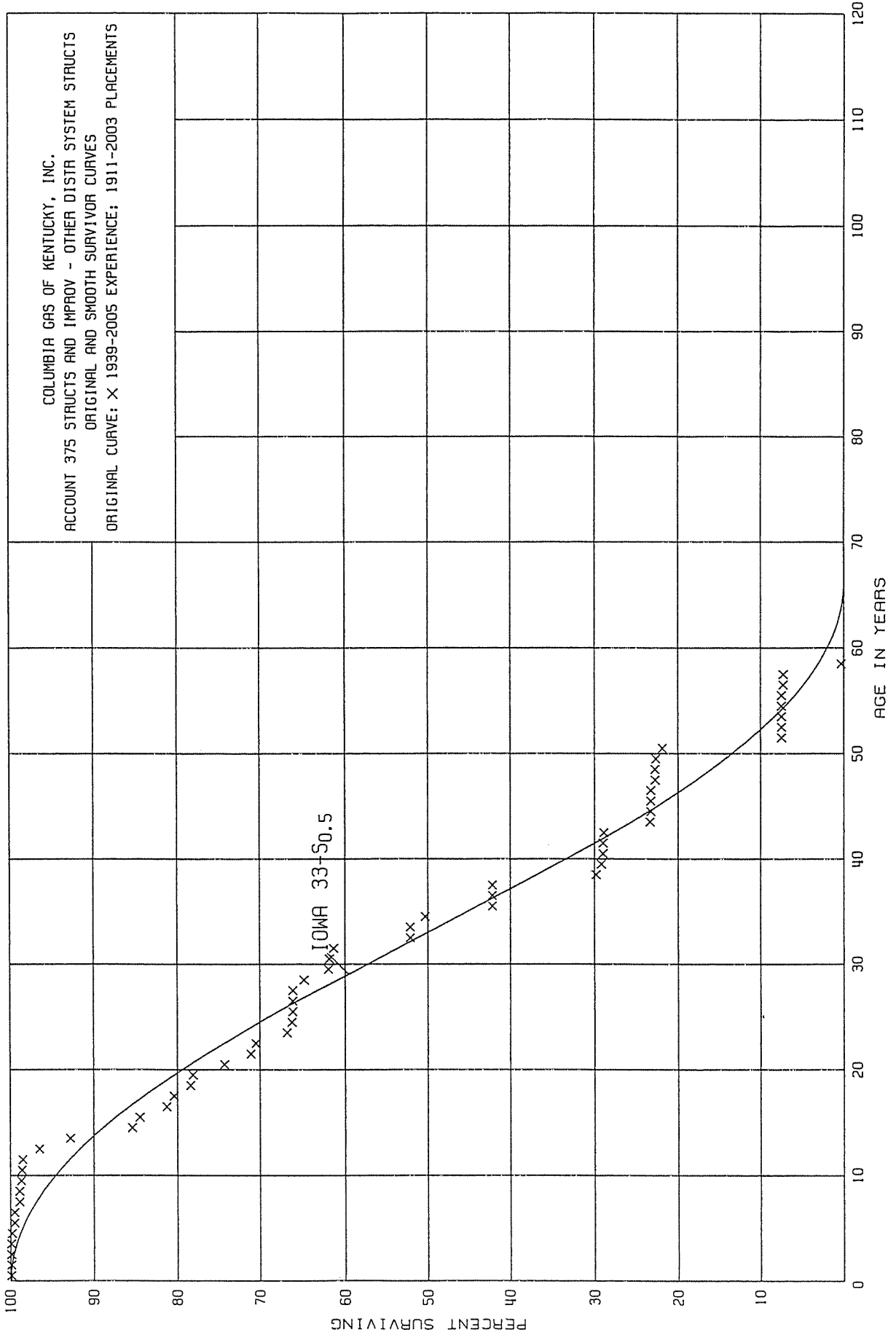
PLACEMENT BAND 1911-2005			EXPERIENCE BAND 1981-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	108,204	1,307	0.0121	0.9879	58.89
40.5	100,654	2,752	0.0273	0.9727	58.18
41.5	87,711	32	0.0004	0.9996	56.59
42.5	83,502	23	0.0003	0.9997	56.57
43.5	81,299	433	0.0053	0.9947	56.55
44.5	77,213	25	0.0003	0.9997	56.25
45.5	65,934	1,260	0.0191	0.9809	56.23
46.5	56,798	1,462	0.0257	0.9743	55.16
47.5	49,174	20	0.0004	0.9996	53.74
48.5	41,962	10	0.0002	0.9998	53.72
49.5	32,834	13	0.0004	0.9996	53.71
50.5	29,538	29	0.0010	0.9990	53.69
51.5	24,404	285	0.0117	0.9883	53.64
52.5	22,482	3	0.0001	0.9999	53.01
53.5	19,083	2,804	0.1469	0.8531	53.00
54.5	10,782	3	0.0003	0.9997	45.21
55.5	7,522	1	0.0001	0.9999	45.20
56.5	6,718		0.0000	1.0000	45.20
57.5	6,376		0.0000	1.0000	45.20
58.5	5,701		0.0000	1.0000	45.20
59.5	5,549		0.0000	1.0000	45.20
60.5	5,549	6	0.0011	0.9989	45.20
61.5	5,543	2	0.0004	0.9996	45.15
62.5	5,501	1	0.0002	0.9998	45.13
63.5	5,500		0.0000	1.0000	45.12
64.5	4,104		0.0000	1.0000	45.12
65.5	3,765	1	0.0003	0.9997	45.12
66.5	3,445	200	0.0581	0.9419	45.11
67.5	3,245		0.0000	1.0000	42.49
68.5	3,220	205	0.0637	0.9363	42.49
69.5	3,667	205	0.0559	0.9441	39.78
70.5	3,462	346	0.0999	0.9001	37.56
71.5	3,116	1	0.0003	0.9997	33.81
72.5	3,115	2	0.0006	0.9994	33.80
73.5	3,049	6	0.0020	0.9980	33.78
74.5	3,043	205	0.0674	0.9326	33.71
75.5	2,662		0.0000	1.0000	31.44
76.5	2,264	148	0.0654	0.9346	31.44
77.5	1,217		0.0000	1.0000	29.38
78.5	1,217		0.0000	1.0000	29.38

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2005			EXPERIENCE BAND 1981-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
79.5	1,217	117	0.0961	0.9039	29.38	
80.5	1,100		0.0000	1.0000	26.56	
81.5	1,100		0.0000	1.0000	26.56	
82.5	1,100		0.0000	1.0000	26.56	
83.5	1,100		0.0000	1.0000	26.56	
84.5	1,100		0.0000	1.0000	26.56	
85.5	1,100		0.0000	1.0000	26.56	
86.5	1,100	3	0.0027	0.9973	26.56	
87.5	1,097		0.0000	1.0000	26.49	
88.5	1,097		0.0000	1.0000	26.49	
89.5	1,097		0.0000	1.0000	26.49	
90.5	900	6	0.0067	0.9933	26.49	
91.5	894		0.0000	1.0000	26.31	
92.5	894		0.0000	1.0000	26.31	
93.5	894		0.0000	1.0000	26.31	
94.5					26.31	



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1911-2003

EXPERIENCE BAND 1939-2005

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	7,670,041		0.0000	1.0000	100.00
0.5	7,670,252		0.0000	1.0000	100.00
1.5	7,670,760	1,939	0.0003	0.9997	100.00
2.5	7,624,782	875	0.0001	0.9999	99.97
3.5	7,466,607	10,759	0.0014	0.9986	99.96
4.5	7,454,204	23,710	0.0032	0.9968	99.82
5.5	7,466,821	1,476	0.0002	0.9998	99.50
6.5	7,461,500	42,406	0.0057	0.9943	99.48
7.5	7,399,188	647	0.0001	0.9999	98.91
8.5	7,396,823	11,989	0.0016	0.9984	98.90
9.5	7,341,895	13,858	0.0019	0.9981	98.74
10.5	7,330,259	2,144	0.0003	0.9997	98.55
11.5	1,138,904	23,838	0.0209	0.9791	98.52
12.5	1,111,581	41,969	0.0378	0.9622	96.46
13.5	507,515	40,287	0.0794	0.9206	92.81
14.5	481,557	5,509	0.0114	0.9886	85.44
15.5	476,049	17,595	0.0370	0.9630	84.47
16.5	462,969	5,409	0.0117	0.9883	81.34
17.5	459,205	11,553	0.0252	0.9748	80.39
18.5	402,032	1,393	0.0035	0.9965	78.36
19.5	401,117	19,538	0.0487	0.9513	78.09
20.5	375,585	16,054	0.0427	0.9573	74.29
21.5	357,893	3,292	0.0092	0.9908	71.12
22.5	354,601	19,193	0.0541	0.9459	70.47
23.5	337,127	3,033	0.0090	0.9910	66.66
24.5	337,459	116	0.0003	0.9997	66.06
25.5	337,605	146	0.0004	0.9996	66.04
26.5	327,952		0.0000	1.0000	66.01
27.5	302,989	6,008	0.0198	0.9802	66.01
28.5	294,579	12,910	0.0438	0.9562	64.70
29.5	281,668	317	0.0011	0.9989	61.87
30.5	281,233	2,141	0.0076	0.9924	61.80
31.5	278,591	41,812	0.1501	0.8499	61.33
32.5	236,935		0.0000	1.0000	52.12
33.5	236,457	8,081	0.0342	0.9658	52.12
34.5	228,376	37,321	0.1634	0.8366	50.34
35.5	190,818	189	0.0010	0.9990	42.11
36.5	191,538	63	0.0003	0.9997	42.07
37.5	186,714	54,287	0.2907	0.7093	42.06
38.5	133,389	3,029	0.0227	0.9773	29.83
39.5	129,921	543	0.0042	0.9958	29.15

COLUMBIA GAS OF KENTUCKY, INC.

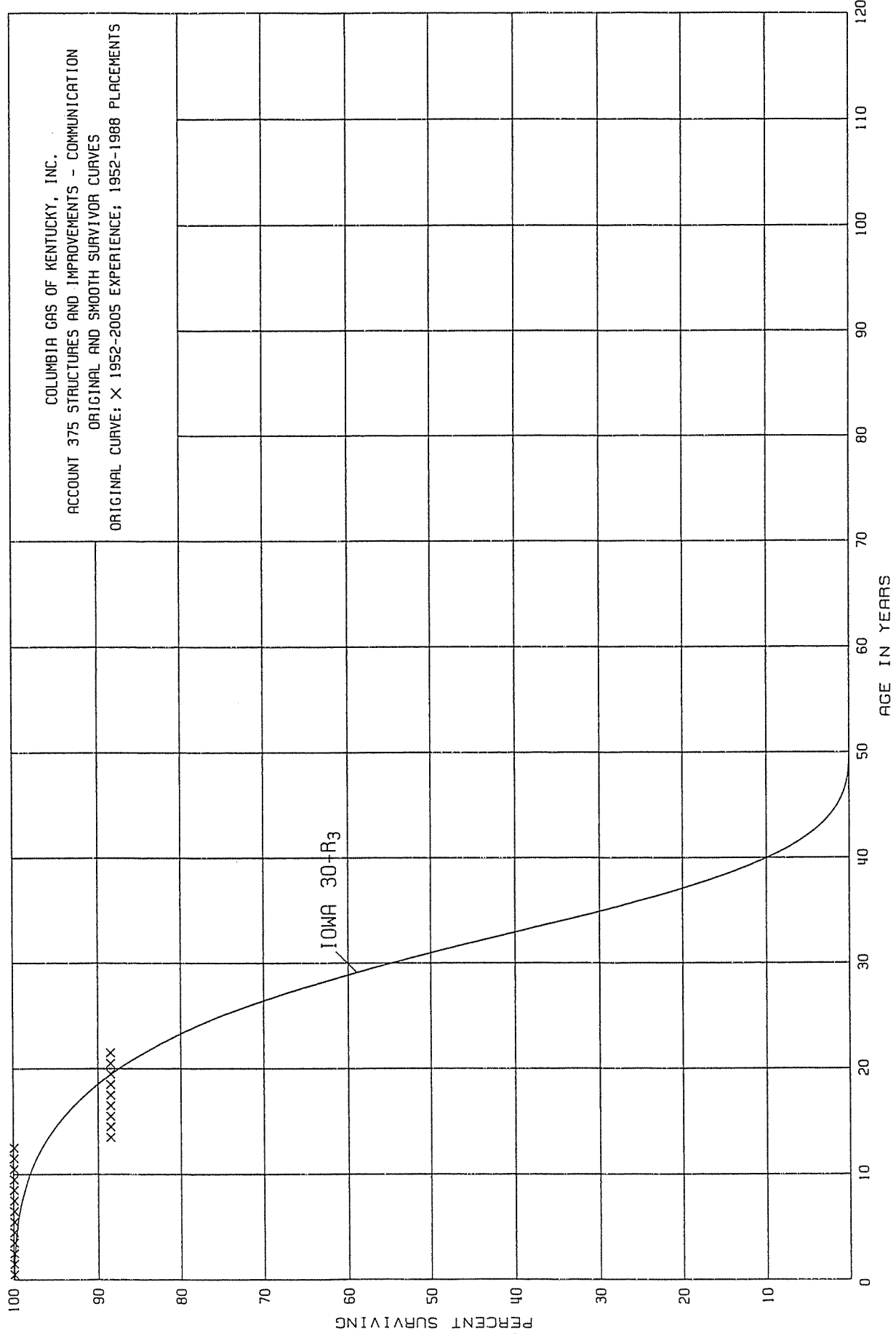
ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2003

EXPERIENCE BAND 1939-2005

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
40.5	126,766	226	0.0018	0.9982	29.03
41.5	125,621	417	0.0033	0.9967	28.98
42.5	126,092	24,152	0.1915	0.8085	28.88
43.5	101,940	294	0.0029	0.9971	23.35
44.5	97,855		0.0000	1.0000	23.28
45.5	97,855		0.0000	1.0000	23.28
46.5	94,270	2,093	0.0222	0.9778	23.28
47.5	89,039		0.0000	1.0000	22.76
48.5	83,876	392	0.0047	0.9953	22.76
49.5	83,484	2,818	0.0338	0.9662	22.65
50.5	79,758	52,458	0.6577	0.3423	21.88
51.5	26,497	148	0.0056	0.9944	7.49
52.5	25,721		0.0000	1.0000	7.45
53.5	24,447		0.0000	1.0000	7.45
54.5	23,262		0.0000	1.0000	7.45
55.5	19,687	361	0.0183	0.9817	7.45
56.5	18,577		0.0000	1.0000	7.31
57.5	18,577	17,906	0.9639	0.0361	7.31
58.5	671		0.0000	1.0000	0.26
59.5	671		0.0000	1.0000	0.26
60.5	671		0.0000	1.0000	0.26
61.5	671		0.0000	1.0000	0.26
62.5	671		0.0000	1.0000	0.26
63.5	671		0.0000	1.0000	0.26
64.5	671		0.0000	1.0000	0.26
65.5	671		0.0000	1.0000	0.26
66.5	671		0.0000	1.0000	0.26
67.5	671		0.0000	1.0000	0.26
68.5	671		0.0000	1.0000	0.26
69.5	240		0.0000	1.0000	0.26
70.5	240		0.0000	1.0000	0.26
71.5	240		0.0000	1.0000	0.26
72.5	240		0.0000	1.0000	0.26
73.5	240		0.0000	1.0000	0.26
74.5	240		0.0000	1.0000	0.26
75.5	240		0.0000	1.0000	0.26
76.5	240		0.0000	1.0000	0.26
77.5	240		0.0000	1.0000	0.26
78.5	240		0.0000	1.0000	0.26
79.5	240		0.0000	1.0000	0.26
80.5	240		0.0000	1.0000	0.26
81.5					0.26





COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - COMMUNICATION

ORIGINAL LIFE TABLE

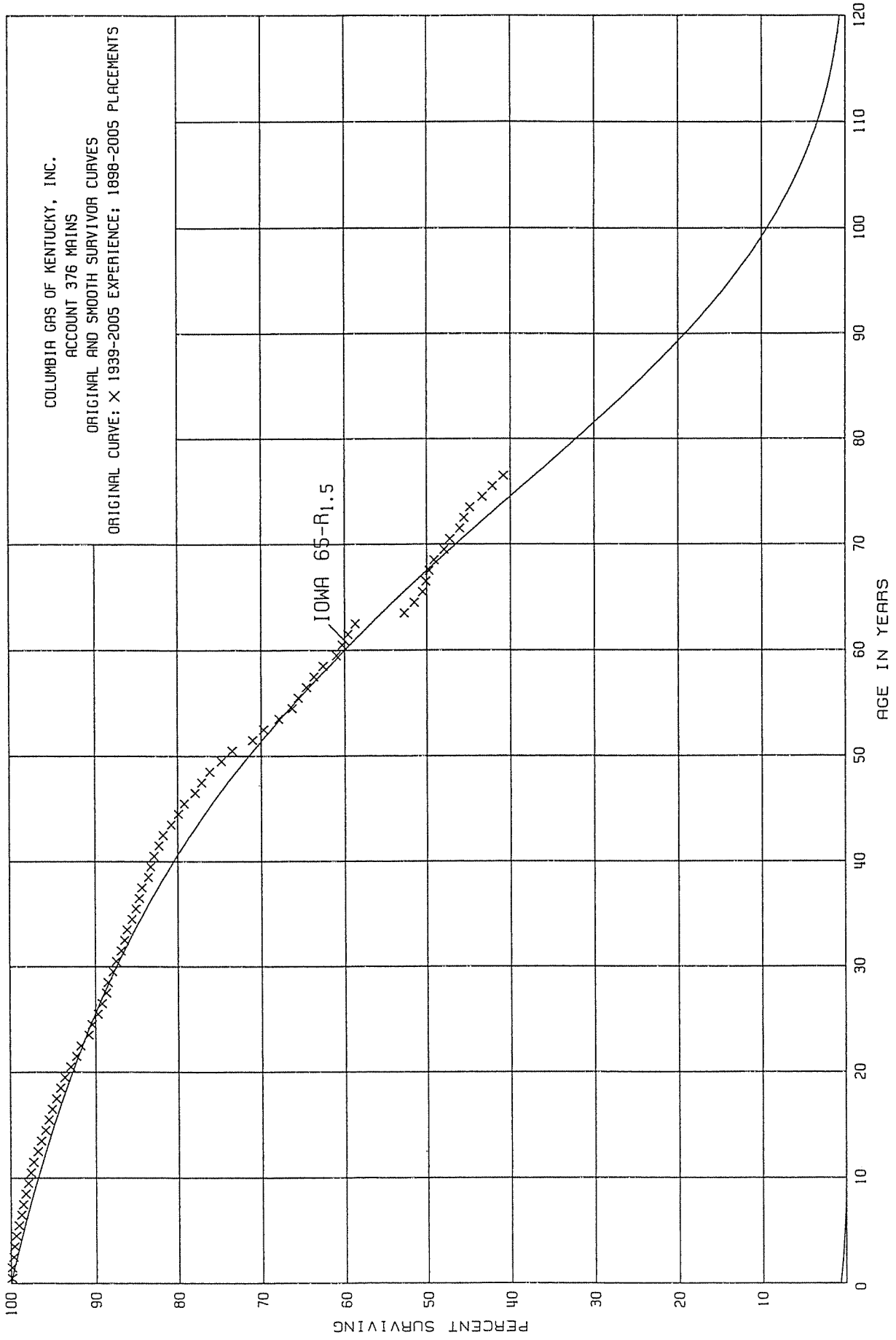
PLACEMENT BAND 1952-1988			EXPERIENCE BAND 1952-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	30,027		0.0000	1.0000	100.00
0.5	30,027		0.0000	1.0000	100.00
1.5	30,027		0.0000	1.0000	100.00
2.5	30,027		0.0000	1.0000	100.00
3.5	30,027		0.0000	1.0000	100.00
4.5	30,027		0.0000	1.0000	100.00
5.5	30,027		0.0000	1.0000	100.00
6.5	30,027		0.0000	1.0000	100.00
7.5	30,027		0.0000	1.0000	100.00
8.5	30,027		0.0000	1.0000	100.00
9.5	30,027		0.0000	1.0000	100.00
10.5	30,027		0.0000	1.0000	100.00
11.5	30,027		0.0000	1.0000	100.00
12.5	30,027	3,451	0.1149	0.8851	100.00
13.5	26,577		0.0000	1.0000	88.51
14.5	26,577		0.0000	1.0000	88.51
15.5	26,577		0.0000	1.0000	88.51
16.5	26,577		0.0000	1.0000	88.51
17.5	21,897		0.0000	1.0000	88.51
18.5	6,121		0.0000	1.0000	88.51
19.5	6,121		0.0000	1.0000	88.51
20.5	6,121		0.0000	1.0000	88.51
21.5	8,942		0.0000	1.0000	88.51
22.5	8,942		0.0000	1.0000	88.51
23.5	8,942		0.0000	1.0000	88.51
24.5	8,942		0.0000	1.0000	88.51
25.5	8,942		0.0000	1.0000	88.51
26.5	8,942		0.0000	1.0000	88.51
27.5	8,942		0.0000	1.0000	88.51
28.5	8,942		0.0000	1.0000	88.51
29.5	8,942		0.0000	1.0000	88.51
30.5	8,942		0.0000	1.0000	88.51
31.5	8,942		0.0000	1.0000	88.51
32.5	5,747		0.0000	1.0000	88.51
33.5	5,747		0.0000	1.0000	88.51
34.5	5,747		0.0000	1.0000	88.51
35.5	2,926		0.0000	1.0000	88.51
36.5	2,926		0.0000	1.0000	88.51
37.5	2,926		0.0000	1.0000	88.51
38.5	2,926		0.0000	1.0000	88.51

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - COMMUNICATION

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1952-1988			EXPERIENCE BAND 1952-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	3,594		0.0000	1.0000	88.51
40.5	3,594		0.0000	1.0000	88.51
41.5	3,594		0.0000	1.0000	88.51
42.5	3,275		0.0000	1.0000	88.51
43.5	3,155		0.0000	1.0000	88.51
44.5	3,155		0.0000	1.0000	88.51
45.5	668		0.0000	1.0000	88.51
46.5	668		0.0000	1.0000	88.51
47.5	668		0.0000	1.0000	88.51
48.5	668		0.0000	1.0000	88.51
49.5	668		0.0000	1.0000	88.51
50.5	668		0.0000	1.0000	88.51
51.5	668		0.0000	1.0000	88.51
52.5	668		0.0000	1.0000	88.51
53.5					88.51



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1898-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	120,441,922	2,577	0.0000	1.0000	100.00
0.5	118,681,899	73,155	0.0006	0.9994	100.00
1.5	117,227,523	235,472	0.0020	0.9980	99.94
2.5	116,185,343	202,059	0.0017	0.9983	99.74
3.5	110,068,044	193,836	0.0018	0.9982	99.57
4.5	104,915,661	307,249	0.0029	0.9971	99.39
5.5	102,280,355	272,460	0.0027	0.9973	99.10
6.5	94,770,562	242,901	0.0026	0.9974	98.83
7.5	90,460,047	229,345	0.0025	0.9975	98.57
8.5	90,715,557	298,092	0.0033	0.9967	98.32
9.5	87,133,508	271,525	0.0031	0.9969	98.00
10.5	83,695,798	284,558	0.0034	0.9966	97.70
11.5	79,307,538	353,858	0.0045	0.9955	97.37
12.5	75,897,071	301,882	0.0040	0.9960	96.93
13.5	73,118,922	408,110	0.0056	0.9944	96.54
14.5	70,673,168	291,147	0.0041	0.9959	96.00
15.5	67,351,282	283,882	0.0042	0.9958	95.61
16.5	63,869,269	326,433	0.0051	0.9949	95.21
17.5	59,383,554	335,669	0.0057	0.9943	94.72
18.5	48,213,215	257,157	0.0053	0.9947	94.18
19.5	44,797,609	341,961	0.0076	0.9924	93.68
20.5	42,917,176	300,063	0.0070	0.9930	92.97
21.5	39,760,482	230,358	0.0058	0.9942	92.32
22.5	37,710,708	408,687	0.0108	0.9892	91.78
23.5	34,778,454	152,446	0.0044	0.9956	90.79
24.5	32,206,715	247,208	0.0077	0.9923	90.39
25.5	30,035,244	149,352	0.0050	0.9950	89.69
26.5	28,071,216	172,933	0.0062	0.9938	89.24
27.5	26,886,249	73,200	0.0027	0.9973	88.69
28.5	26,315,431	165,118	0.0063	0.9937	88.45
29.5	25,492,075	104,684	0.0041	0.9959	87.89
30.5	24,926,507	181,817	0.0073	0.9927	87.53
31.5	24,053,563	105,493	0.0044	0.9956	86.89
32.5	23,319,783	96,145	0.0041	0.9959	86.51
33.5	21,833,483	151,058	0.0069	0.9931	86.16
34.5	20,371,652	109,643	0.0054	0.9946	85.57
35.5	19,270,415	100,348	0.0052	0.9948	85.11
36.5	17,533,782	63,491	0.0036	0.9964	84.67
37.5	16,422,258	144,663	0.0088	0.9912	84.37
38.5	15,636,126	61,548	0.0039	0.9961	83.63

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

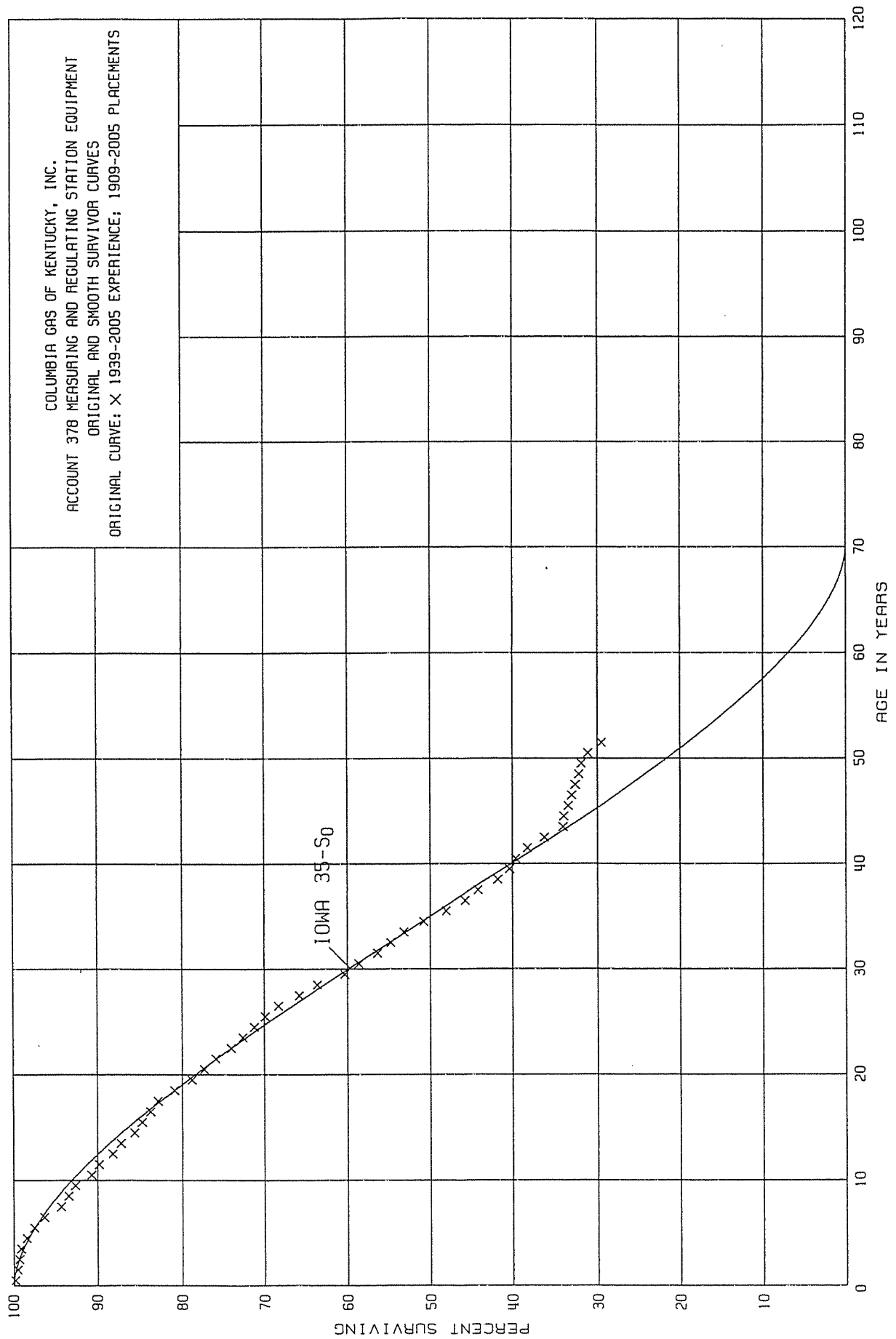
PLACEMENT BAND 1898-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	14,223,786	76,852	0.0054	0.9946	83.30
40.5	13,450,696	98,677	0.0073	0.9927	82.85
41.5	12,409,388	67,156	0.0054	0.9946	82.25
42.5	11,472,142	140,465	0.0122	0.9878	81.81
43.5	10,622,459	121,367	0.0114	0.9886	80.81
44.5	9,665,605	90,019	0.0093	0.9907	79.89
45.5	8,752,756	136,699	0.0156	0.9844	79.15
46.5	7,740,942	84,628	0.0109	0.9891	77.92
47.5	6,587,336	80,073	0.0122	0.9878	77.07
48.5	5,333,770	103,230	0.0194	0.9806	76.13
49.5	4,527,569	75,238	0.0166	0.9834	74.65
50.5	4,008,389	129,951	0.0324	0.9676	73.41
51.5	3,489,123	66,391	0.0190	0.9810	71.03
52.5	3,017,034	76,246	0.0253	0.9747	69.68
53.5	2,721,594	64,939	0.0239	0.9761	67.92
54.5	2,187,749	23,521	0.0108	0.9892	66.30
55.5	1,866,152	28,995	0.0155	0.9845	65.58
56.5	1,751,778	24,291	0.0139	0.9861	64.56
57.5	1,653,816	28,873	0.0175	0.9825	63.66
58.5	1,587,858	38,550	0.0243	0.9757	62.55
59.5	1,510,376	18,222	0.0121	0.9879	61.03
60.5	1,521,082	17,985	0.0118	0.9882	60.29
61.5	1,499,940	22,450	0.0150	0.9850	59.58
62.5	1,687,348	172,046	0.1020	0.8980	58.69
63.5	1,616,599	36,831	0.0228	0.9772	52.70
64.5	1,511,894	28,342	0.0187	0.9813	51.50
65.5	1,249,122	12,106	0.0097	0.9903	50.54
66.5	1,213,528	9,712	0.0080	0.9920	50.05
67.5	1,189,195	13,350	0.0112	0.9888	49.65
68.5	1,142,303	26,682	0.0234	0.9766	49.09
69.5	1,103,953	16,280	0.0147	0.9853	47.94
70.5	1,056,321	28,002	0.0265	0.9735	47.24
71.5	1,026,255	12,007	0.0117	0.9883	45.99
72.5	518,247	7,042	0.0136	0.9864	45.45
73.5	500,570	16,715	0.0334	0.9666	44.83
74.5	467,374	13,140	0.0281	0.9719	43.33
75.5	432,386	13,302	0.0308	0.9692	42.11
76.5	329,023	2,169	0.0066	0.9934	40.81
77.5	113,813	6,752	0.0593	0.9407	40.54
78.5	97,048	4,516	0.0465	0.9535	38.14

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1898-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	79,417	3,998	0.0503	0.9497	36.37
80.5	65,817	725	0.0110	0.9890	34.54
81.5	62,077	1,560	0.0251	0.9749	34.16
82.5	59,368	328	0.0055	0.9945	33.30
83.5	58,556	1,231	0.0210	0.9790	33.12
84.5	57,239	215	0.0038	0.9962	32.42
85.5	55,085	631	0.0115	0.9885	32.30
86.5	54,453	187	0.0034	0.9966	31.93
87.5	54,140	518	0.0096	0.9904	31.82
88.5	53,622	2,673	0.0498	0.9502	31.51
89.5	46,952	537	0.0114	0.9886	29.94
90.5	38,177	1,353	0.0354	0.9646	29.60
91.5	36,622	1	0.0000	1.0000	28.55
92.5	33,939		0.0000	1.0000	28.55
93.5	33,939	2,273	0.0670	0.9330	28.55
94.5	31,666		0.0000	1.0000	26.64
95.5	31,644	574	0.0181	0.9819	26.64
96.5	31,070	7,580	0.2440	0.7560	26.16
97.5	23,414	832	0.0355	0.9645	19.78
98.5	22,582		0.0000	1.0000	19.08
99.5	10,910	421	0.0386	0.9614	19.08
100.5	1,538		0.0000	1.0000	18.34
101.5	1,538		0.0000	1.0000	18.34
102.5	1,538	79	0.0514	0.9486	18.34
103.5	1,459		0.0000	1.0000	17.40
104.5	1,459		0.0000	1.0000	17.40
105.5	1,459		0.0000	1.0000	17.40
106.5					17.40



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1909-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	5,335,821	12,838	0.0024	0.9976	100.00
0.5	5,289,343	11,411	0.0022	0.9978	99.76
1.5	5,209,934	13,689	0.0026	0.9974	99.54
2.5	5,204,430	11,908	0.0023	0.9977	99.28
3.5	4,935,345	31,144	0.0063	0.9937	99.05
4.5	4,678,958	45,515	0.0097	0.9903	98.43
5.5	4,573,739	55,625	0.0122	0.9878	97.48
6.5	4,452,868	90,503	0.0203	0.9797	96.29
7.5	4,294,148	40,911	0.0095	0.9905	94.34
8.5	4,095,157	36,308	0.0089	0.9911	93.44
9.5	3,898,305	79,701	0.0204	0.9796	92.61
10.5	3,551,784	35,800	0.0101	0.9899	90.72
11.5	3,320,049	58,476	0.0176	0.9824	89.80
12.5	2,993,122	34,075	0.0114	0.9886	88.22
13.5	2,820,139	52,253	0.0185	0.9815	87.21
14.5	2,660,616	29,364	0.0110	0.9890	85.60
15.5	2,529,265	28,045	0.0111	0.9889	84.66
16.5	2,273,999	26,066	0.0115	0.9885	83.72
17.5	1,969,720	44,160	0.0224	0.9776	82.76
18.5	1,446,496	38,516	0.0266	0.9734	80.91
19.5	1,345,670	25,859	0.0192	0.9808	78.76
20.5	1,157,053	19,751	0.0171	0.9829	77.25
21.5	1,027,945	26,153	0.0254	0.9746	75.93
22.5	948,471	18,357	0.0194	0.9806	74.00
23.5	851,952	15,571	0.0183	0.9817	72.56
24.5	770,209	14,262	0.0185	0.9815	71.23
25.5	745,197	17,732	0.0238	0.9762	69.91
26.5	711,080	25,876	0.0364	0.9636	68.25
27.5	678,382	22,161	0.0327	0.9673	65.77
28.5	653,438	34,494	0.0528	0.9472	63.62
29.5	616,178	16,779	0.0272	0.9728	60.26
30.5	585,599	22,644	0.0387	0.9613	58.62
31.5	547,542	14,844	0.0271	0.9729	56.35
32.5	483,824	14,367	0.0297	0.9703	54.82
33.5	288,068	12,812	0.0445	0.9555	53.19
34.5	210,029	11,623	0.0553	0.9447	50.82
35.5	187,107	9,592	0.0513	0.9487	48.01
36.5	168,828	5,879	0.0348	0.9652	45.55
37.5	153,511	7,906	0.0515	0.9485	43.96
38.5	139,725	4,612	0.0330	0.9670	41.70



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

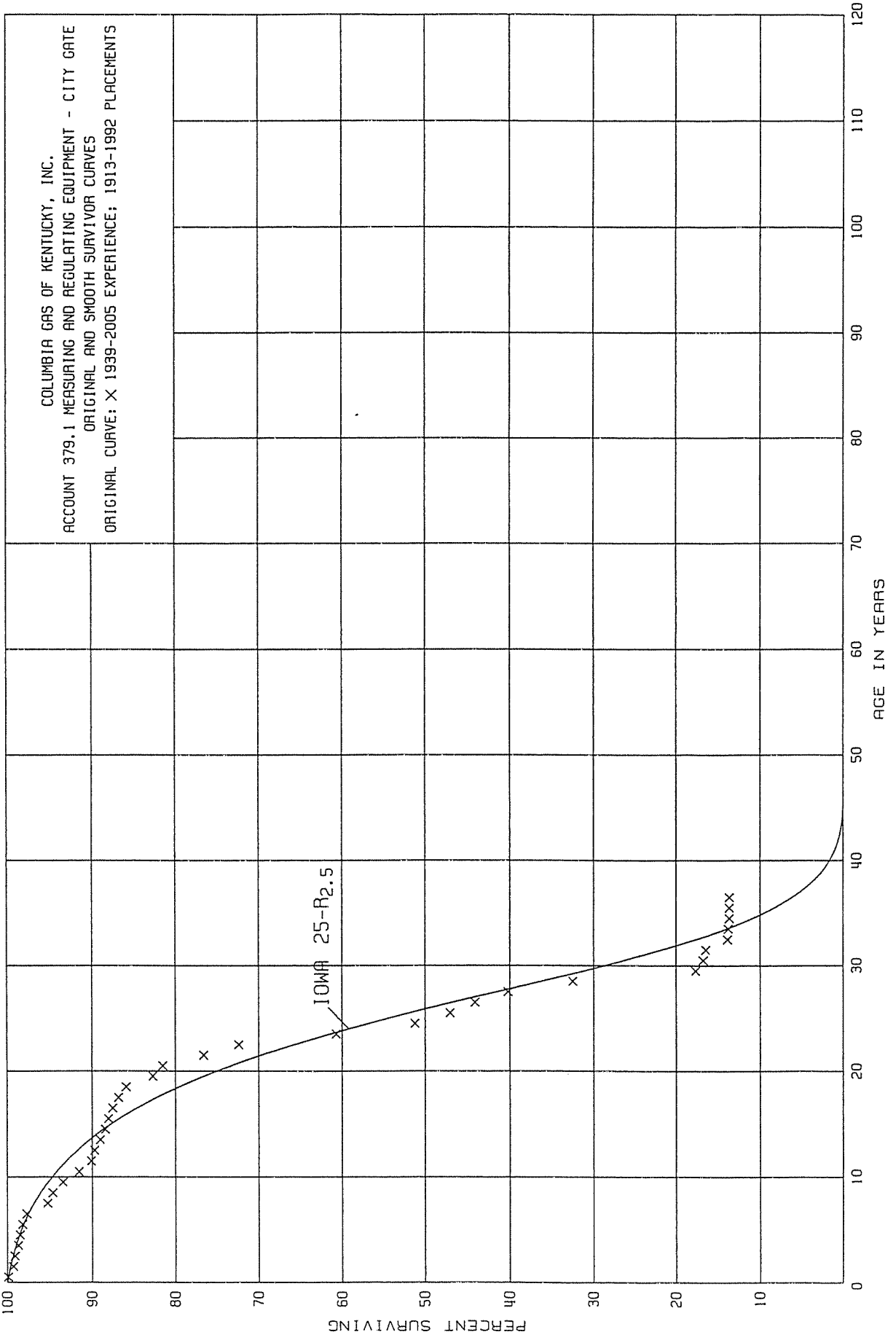
PLACEMENT BAND 1909-2005			EXPERIENCE BAND 1939-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	128,772	2,240	0.0174	0.9826	40.32	
40.5	119,023	4,207	0.0353	0.9647	39.62	
41.5	107,034	5,743	0.0537	0.9463	38.22	
42.5	95,314	5,727	0.0601	0.9399	36.17	
43.5	81,446	330	0.0041	0.9959	34.00	
44.5	72,691	993	0.0137	0.9863	33.86	
45.5	64,525	767	0.0119	0.9881	33.40	
46.5	57,325	682	0.0119	0.9881	33.00	
47.5	53,523	640	0.0120	0.9880	32.61	
48.5	48,585	533	0.0110	0.9890	32.22	
49.5	39,526	1,011	0.0256	0.9744	31.87	
50.5	26,848	1,320	0.0492	0.9508	31.05	
51.5	18,928	163	0.0086	0.9914	29.52	
52.5	16,461	357	0.0217	0.9783	29.27	
53.5	13,779	444	0.0322	0.9678	28.63	
54.5	11,341	52	0.0046	0.9954	27.71	
55.5	6,683	52	0.0078	0.9922	27.58	
56.5	5,703		0.0000	1.0000	27.36	
57.5	5,667		0.0000	1.0000	27.36	
58.5	5,632		0.0000	1.0000	27.36	
59.5	5,215	143	0.0274	0.9726	27.36	
60.5	5,072	66	0.0130	0.9870	26.61	
61.5	4,977	64	0.0129	0.9871	26.26	
62.5	4,913	5	0.0010	0.9990	25.92	
63.5	4,909	4	0.0008	0.9992	25.89	
64.5	3,645	1	0.0003	0.9997	25.87	
65.5	3,164	37	0.0117	0.9883	25.86	
66.5	2,872	179	0.0623	0.9377	25.56	
67.5	2,492		0.0000	1.0000	23.97	
68.5	2,455	13	0.0053	0.9947	23.97	
69.5	2,442	111	0.0455	0.9545	23.84	
70.5	2,331		0.0000	1.0000	22.76	
71.5	2,331	51	0.0219	0.9781	22.76	
72.5	1,647	12	0.0073	0.9927	22.26	
73.5	1,635	176	0.1076	0.8924	22.10	
74.5	1,459		0.0000	1.0000	19.72	
75.5	1,459	9	0.0062	0.9938	19.72	
76.5	1,087		0.0000	1.0000	19.60	
77.5	320		0.0000	1.0000	19.60	
78.5	320	10	0.0313	0.9687	19.60	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1909-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	310		0.0000	1.0000	18.99
80.5	310		0.0000	1.0000	18.99
81.5	310		0.0000	1.0000	18.99
82.5					18.99



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 379.1 MEASURING AND REGULATING EQUIPMENT - CITY GATE

ORIGINAL LIFE TABLE

PLACEMENT BAND 1913-1992

EXPERIENCE BAND 1939-2005

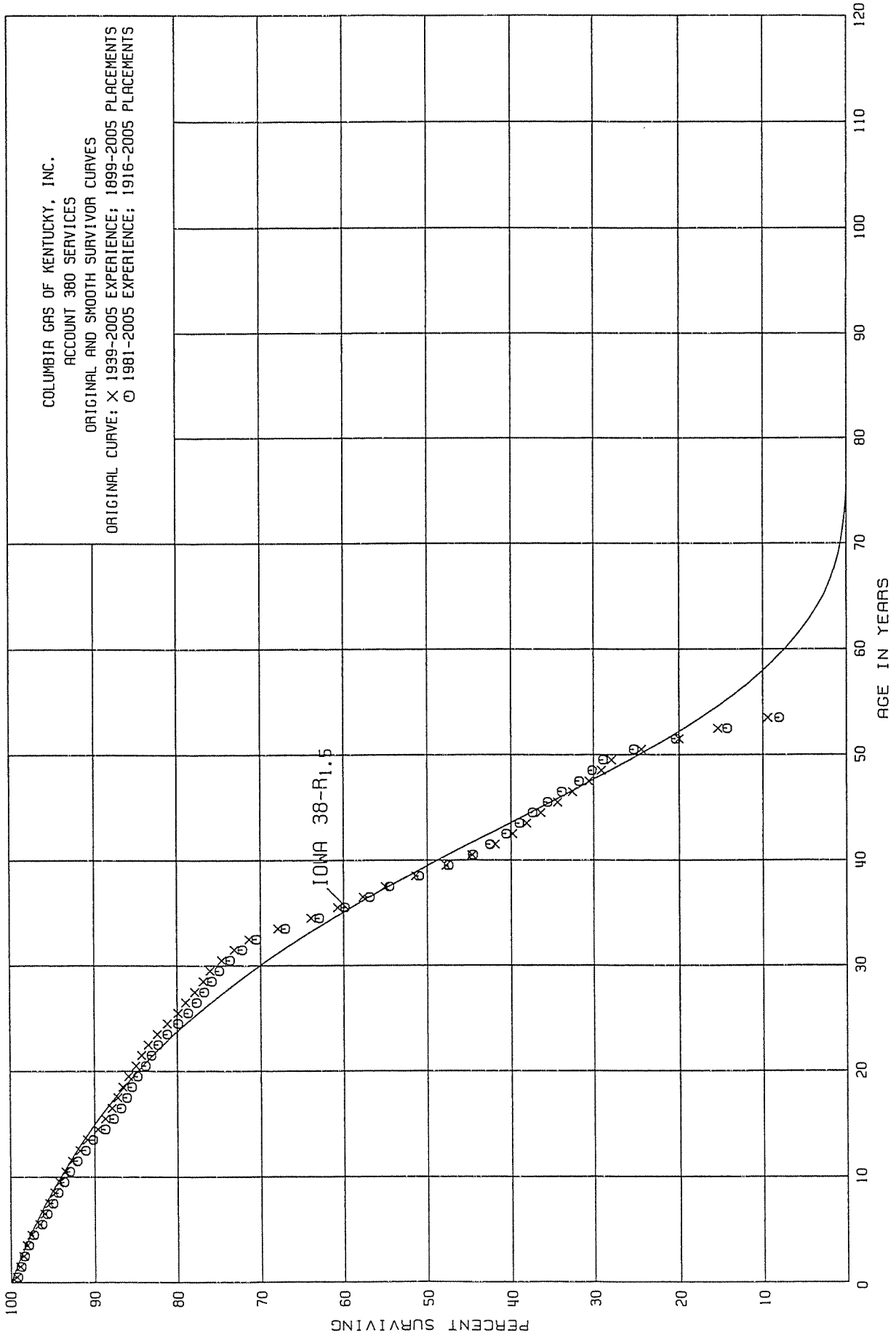
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	374,646	564	0.0015	0.9985	100.00
0.5	368,284	2,001	0.0054	0.9946	99.85
1.5	362,492	691	0.0019	0.9981	99.31
2.5	361,316	1,372	0.0038	0.9962	99.12
3.5	328,969	918	0.0028	0.9972	98.74
4.5	335,580	777	0.0023	0.9977	98.46
5.5	335,645	1,748	0.0052	0.9948	98.23
6.5	329,100	8,290	0.0252	0.9748	97.72
7.5	309,365	1,993	0.0064	0.9936	95.26
8.5	306,085	3,716	0.0121	0.9879	94.65
9.5	305,336	6,195	0.0203	0.9797	93.50
10.5	292,153	4,903	0.0168	0.9832	91.60
11.5	287,243	1,063	0.0037	0.9963	90.06
12.5	286,786	2,468	0.0086	0.9914	89.73
13.5	281,809	1,920	0.0068	0.9932	88.96
14.5	276,486	1,101	0.0040	0.9960	88.36
15.5	275,947	1,454	0.0053	0.9947	88.01
16.5	274,447	2,294	0.0084	0.9916	87.54
17.5	272,364	2,811	0.0103	0.9897	86.80
18.5	25,576	971	0.0380	0.9620	85.91
19.5	24,940	336	0.0135	0.9865	82.65
20.5	24,915	1,510	0.0606	0.9394	81.53
21.5	23,735	1,294	0.0545	0.9455	76.59
22.5	22,038	3,572	0.1621	0.8379	72.42
23.5	12,637	1,967	0.1557	0.8443	60.68
24.5	6,190	515	0.0832	0.9168	51.23
25.5	5,297	330	0.0623	0.9377	46.97
26.5	4,967	428	0.0862	0.9138	44.04
27.5	4,587	878	0.1914	0.8086	40.24
28.5	3,766	1,721	0.4570	0.5430	32.54
29.5	2,032	99	0.0487	0.9513	17.67
30.5	1,933	36	0.0186	0.9814	16.81
31.5	1,897	298	0.1571	0.8429	16.50
32.5	1,599	14	0.0088	0.9912	13.91
33.5	1,585	8	0.0050	0.9950	13.79
34.5	1,577		0.0000	1.0000	13.72
35.5	1,577		0.0000	1.0000	13.72
36.5	1,577	173	0.1097	0.8903	13.72
37.5	1,404	105	0.0748	0.9252	12.21
38.5	1,299		0.0000	1.0000	11.30

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 379.1 MEASURING AND REGULATING EQUIPMENT - CITY GATE

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1913-1992			EXPERIENCE BAND 1939-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	1,299	176	0.1355	0.8645	11.30	
40.5	601	120	0.1997	0.8003	9.77	
41.5	481		0.0000	1.0000	7.82	
42.5	481		0.0000	1.0000	7.82	
43.5	481		0.0000	1.0000	7.82	
44.5	481		0.0000	1.0000	7.82	
45.5	481		0.0000	1.0000	7.82	
46.5	481		0.0000	1.0000	7.82	
47.5	481	67	0.1393	0.8607	7.82	
48.5	414		0.0000	1.0000	6.73	
49.5	414	1	0.0024	0.9976	6.73	
50.5	413		0.0000	1.0000	6.71	
51.5	413		0.0000	1.0000	6.71	
52.5	413		0.0000	1.0000	6.71	
53.5	413		0.0000	1.0000	6.71	
54.5	413	6	0.0145	0.9855	6.71	
55.5	407		0.0000	1.0000	6.61	
56.5	407	30	0.0737	0.9263	6.61	
57.5	377		0.0000	1.0000	6.12	
58.5	377		0.0000	1.0000	6.12	
59.5	377		0.0000	1.0000	6.12	
60.5	377		0.0000	1.0000	6.12	
61.5	377		0.0000	1.0000	6.12	
62.5	377		0.0000	1.0000	6.12	
63.5	377		0.0000	1.0000	6.12	
64.5	377	92	0.2440	0.7560	6.12	
65.5	285		0.0000	1.0000	4.63	
66.5	285		0.0000	1.0000	4.63	
67.5	285		0.0000	1.0000	4.63	
68.5	285		0.0000	1.0000	4.63	
69.5	190		0.0000	1.0000	4.63	
70.5	21		0.0000	1.0000	4.63	
71.5	21		0.0000	1.0000	4.63	
72.5	21		0.0000	1.0000	4.63	
73.5	21		0.0000	1.0000	4.63	
74.5	21		0.0000	1.0000	4.63	
75.5	21		0.0000	1.0000	4.63	
76.5					4.63	



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1899-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	81,774,071	598,803	0.0073	0.9927	100.00
0.5	78,426,670	272,755	0.0035	0.9965	99.27
1.5	74,679,375	293,758	0.0039	0.9961	98.92
2.5	71,168,286	300,108	0.0042	0.9958	98.53
3.5	67,809,715	394,894	0.0058	0.9942	98.12
4.5	64,320,942	623,772	0.0097	0.9903	97.55
5.5	59,914,328	344,980	0.0058	0.9942	96.60
6.5	56,172,350	387,021	0.0069	0.9931	96.04
7.5	51,905,316	313,733	0.0060	0.9940	95.38
8.5	47,523,279	311,183	0.0065	0.9935	94.81
9.5	43,197,322	308,456	0.0071	0.9929	94.19
10.5	38,875,156	324,251	0.0083	0.9917	93.52
11.5	34,588,007	336,864	0.0097	0.9903	92.74
12.5	30,725,849	303,520	0.0099	0.9901	91.84
13.5	27,313,768	389,557	0.0143	0.9857	90.93
14.5	24,202,759	260,580	0.0108	0.9892	89.63
15.5	21,092,810	189,395	0.0090	0.9910	88.66
16.5	18,228,457	132,272	0.0073	0.9927	87.86
17.5	16,622,547	118,217	0.0071	0.9929	87.22
18.5	15,064,308	122,332	0.0081	0.9919	86.60
19.5	13,733,403	142,819	0.0104	0.9896	85.90
20.5	12,402,535	101,010	0.0081	0.9919	85.01
21.5	11,402,948	117,604	0.0103	0.9897	84.32
22.5	10,576,871	128,821	0.0122	0.9878	83.45
23.5	9,625,280	145,667	0.0151	0.9849	82.43
24.5	8,647,566	137,525	0.0159	0.9841	81.19
25.5	7,796,016	92,728	0.0119	0.9881	79.90
26.5	6,924,712	89,194	0.0129	0.9871	78.95
27.5	6,357,383	81,121	0.0128	0.9872	77.93
28.5	5,904,433	67,773	0.0115	0.9885	76.93
29.5	5,658,920	97,072	0.0172	0.9828	76.05
30.5	5,458,833	115,021	0.0211	0.9789	74.74
31.5	5,207,091	126,626	0.0243	0.9757	73.16
32.5	4,944,819	240,474	0.0486	0.9514	71.38
33.5	4,329,925	255,048	0.0589	0.9411	67.91
34.5	3,803,035	193,641	0.0509	0.9491	63.91
35.5	3,408,449	172,581	0.0506	0.9494	60.66
36.5	3,041,937	139,408	0.0458	0.9542	57.59
37.5	2,591,623	167,676	0.0647	0.9353	54.95
38.5	2,173,677	156,798	0.0721	0.9279	51.39

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1899-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	1,872,943	121,520	0.0649	0.9351	47.68
40.5	1,568,372	95,074	0.0606	0.9394	44.59
41.5	1,314,985	66,348	0.0505	0.9495	41.89
42.5	1,135,717	46,951	0.0413	0.9587	39.77
43.5	977,825	44,854	0.0459	0.9541	38.13
44.5	825,181	45,649	0.0553	0.9447	36.38
45.5	681,920	35,467	0.0520	0.9480	34.37
46.5	547,380	33,241	0.0607	0.9393	32.58
47.5	440,830	21,925	0.0497	0.9503	30.60
48.5	372,050	15,727	0.0423	0.9577	29.08
49.5	301,820	37,982	0.1258	0.8742	27.85
50.5	214,563	38,608	0.1799	0.8201	24.35
51.5	138,716	31,591	0.2277	0.7723	19.97
52.5	100,672	39,388	0.3913	0.6087	15.42
53.5	72,266	7,252	0.1004	0.8996	9.39
54.5	65,014	6,786	0.1044	0.8956	8.45
55.5	58,228	1,604	0.0275	0.9725	7.57
56.5	42,850	1,888	0.0441	0.9559	7.36
57.5	37,746	17,250	0.4570	0.5430	7.04
58.5	20,390	14,235	0.6981	0.3019	3.82
59.5	6,042	104	0.0172	0.9828	1.15
60.5	5,862	106	0.0181	0.9819	1.13
61.5	5,756	5,127	0.8907	0.1093	1.11
62.5	629	243	0.3863	0.6137	0.12
63.5	386	126	0.3264	0.6736	0.07
64.5	260		0.0000	1.0000	0.05
65.5	260	8	0.0308	0.9692	0.05
66.5	251	16	0.0637	0.9363	0.05
67.5	235	33	0.1404	0.8596	0.05
68.5	202	33	0.1634	0.8366	0.04
69.5	169	58	0.3432	0.6568	0.03
70.5	111	25	0.2252	0.7748	0.02
71.5	87	33	0.3793	0.6207	0.02
72.5	54	16	0.2963	0.7037	0.01
73.5	37	8	0.2162	0.7838	0.01
74.5	29		0.0000	1.0000	0.01
75.5	29	8	0.2759	0.7241	0.01
76.5	21	8	0.3810	0.6190	0.01
77.5	13	13	1.0000	0.0000	0.01
78.5					0.00



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE

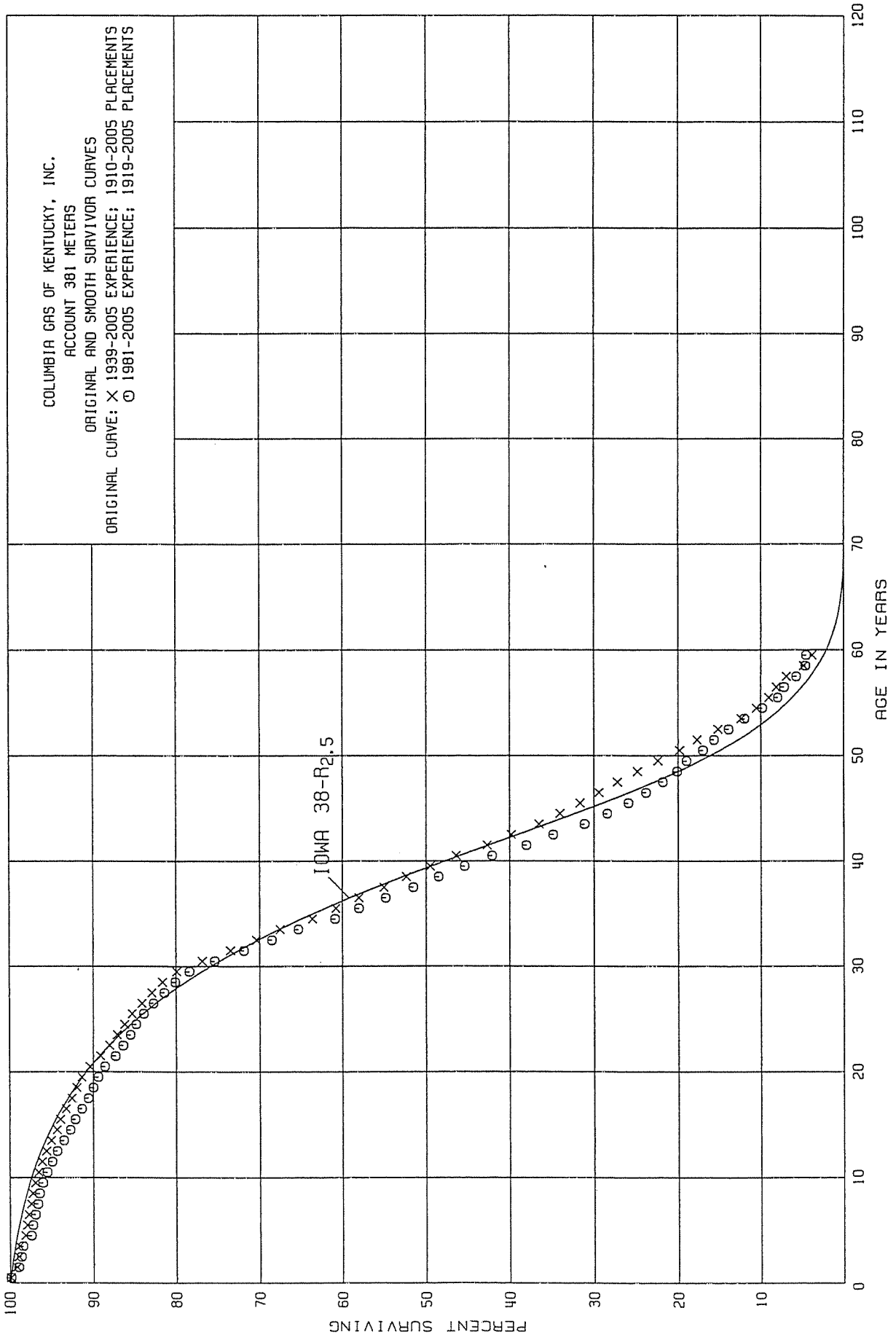
PLACEMENT BAND 1916-2005			EXPERIENCE BAND 1981-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	72,721,218	597,288	0.0082	0.9918	100.00
0.5	70,186,465	266,538	0.0038	0.9962	99.18
1.5	67,295,695	287,287	0.0043	0.9957	98.80
2.5	64,316,508	292,562	0.0045	0.9955	98.38
3.5	61,382,135	387,107	0.0063	0.9937	97.94
4.5	58,104,949	615,970	0.0106	0.9894	97.32
5.5	53,822,922	334,429	0.0062	0.9938	96.29
6.5	50,242,269	378,720	0.0075	0.9925	95.69
7.5	46,159,301	297,575	0.0064	0.9936	94.97
8.5	42,246,294	293,410	0.0069	0.9931	94.36
9.5	38,304,686	295,443	0.0077	0.9923	93.71
10.5	34,339,852	311,637	0.0091	0.9909	92.99
11.5	30,408,305	329,102	0.0108	0.9892	92.14
12.5	26,897,565	292,654	0.0109	0.9891	91.14
13.5	23,791,071	379,643	0.0160	0.9840	90.15
14.5	20,921,222	249,545	0.0119	0.9881	88.71
15.5	18,147,133	179,023	0.0099	0.9901	87.65
16.5	15,582,794	118,293	0.0076	0.9924	86.78
17.5	14,205,856	105,946	0.0075	0.9925	86.12
18.5	12,841,057	105,651	0.0082	0.9918	85.47
19.5	11,728,053	128,542	0.0110	0.9890	84.77
20.5	10,604,712	87,889	0.0083	0.9917	83.84
21.5	9,817,728	103,200	0.0105	0.9895	83.14
22.5	9,159,726	114,500	0.0125	0.9875	82.27
23.5	8,375,411	134,198	0.0160	0.9840	81.24
24.5	7,581,930	120,672	0.0159	0.9841	79.94
25.5	6,873,193	80,959	0.0118	0.9882	78.67
26.5	6,107,413	77,239	0.0126	0.9874	77.74
27.5	5,634,488	66,383	0.0118	0.9882	76.76
28.5	5,266,368	60,604	0.0115	0.9885	75.85
29.5	5,096,589	84,824	0.0166	0.9834	74.98
30.5	4,979,643	106,188	0.0213	0.9787	73.74
31.5	4,791,765	109,886	0.0229	0.9771	72.17
32.5	4,583,952	232,036	0.0506	0.9494	70.52
33.5	4,007,609	241,138	0.0602	0.9398	66.95
34.5	3,515,160	176,431	0.0502	0.9498	62.92
35.5	3,143,645	158,347	0.0504	0.9496	59.76
36.5	2,795,615	110,281	0.0394	0.9606	56.75
37.5	2,375,223	152,587	0.0642	0.9358	54.51
38.5	1,979,065	138,693	0.0701	0.9299	51.01

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1916-2005			EXPERIENCE BAND 1981-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	1,705,574	105,339	0.0618	0.9382	47.43
40.5	1,422,849	65,371	0.0459	0.9541	44.50
41.5	1,243,651	54,125	0.0435	0.9565	42.46
42.5	1,077,376	41,690	0.0387	0.9613	40.61
43.5	925,234	39,412	0.0426	0.9574	39.04
44.5	778,845	36,815	0.0473	0.9527	37.38
45.5	644,746	31,845	0.0494	0.9506	35.61
46.5	513,827	31,760	0.0618	0.9382	33.85
47.5	408,757	19,563	0.0479	0.9521	31.76
48.5	322,602	14,699	0.0456	0.9544	30.24
49.5	253,400	31,591	0.1247	0.8753	28.86
50.5	172,534	33,011	0.1913	0.8087	25.26
51.5	102,391	30,780	0.3006	0.6994	20.43
52.5	65,158	28,904	0.4436	0.5564	14.29
53.5	36,361	5,972	0.1642	0.8358	7.95
54.5	30,389	6,062	0.1995	0.8005	6.64
55.5	24,435	1,522	0.0623	0.9377	5.32
56.5	9,246	1,849	0.2000	0.8000	4.99
57.5	4,288	1,956	0.4562	0.5438	3.99
58.5	2,390	1,657	0.6933	0.3067	2.17
59.5	693	46	0.0664	0.9336	0.67
60.5	744	84	0.1129	0.8871	0.63
61.5	726	175	0.2410	0.7590	0.56
62.5	567	227	0.4004	0.5996	0.43
63.5	340	93	0.2735	0.7265	0.26
64.5	260		0.0000	1.0000	0.19
65.5	260	8	0.0308	0.9692	0.19
66.5	251	16	0.0637	0.9363	0.18
67.5	235	33	0.1404	0.8596	0.17
68.5	202	33	0.1634	0.8366	0.15
69.5	169	58	0.3432	0.6568	0.13
70.5	111	25	0.2252	0.7748	0.09
71.5	87	33	0.3793	0.6207	0.07
72.5	54	16	0.2963	0.7037	0.04
73.5	37	8	0.2162	0.7838	0.03
74.5	29		0.0000	1.0000	0.02
75.5	29	8	0.2759	0.7241	0.02
76.5	21	8	0.3810	0.6190	0.01
77.5	13	13	1.0000	0.0000	0.01
78.5					0.00



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1910-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	13,463,668	6,564	0.0005	0.9995	100.00
0.5	12,977,624	95,014	0.0073	0.9927	99.95
1.5	12,072,708	26,766	0.0022	0.9978	99.22
2.5	11,654,466	17,597	0.0015	0.9985	99.00
3.5	11,471,052	77,380	0.0067	0.9933	98.85
4.5	11,173,148	20,053	0.0018	0.9982	98.19
5.5	11,156,982	21,474	0.0019	0.9981	98.01
6.5	10,852,425	31,070	0.0029	0.9971	97.82
7.5	10,168,684	21,581	0.0021	0.9979	97.54
8.5	10,136,031	36,219	0.0036	0.9964	97.34
9.5	9,517,491	35,183	0.0037	0.9963	96.99
10.5	9,509,887	47,971	0.0050	0.9950	96.63
11.5	8,989,180	39,904	0.0044	0.9956	96.15
12.5	8,690,215	58,671	0.0068	0.9932	95.73
13.5	8,355,263	56,640	0.0068	0.9932	95.08
14.5	7,966,747	38,332	0.0048	0.9952	94.43
15.5	7,564,007	57,818	0.0076	0.9924	93.98
16.5	7,176,020	48,495	0.0068	0.9932	93.27
17.5	6,785,655	46,877	0.0069	0.9931	92.64
18.5	6,463,382	43,854	0.0068	0.9932	92.00
19.5	6,115,420	65,238	0.0107	0.9893	91.37
20.5	5,737,292	82,224	0.0143	0.9857	90.39
21.5	5,496,103	65,918	0.0120	0.9880	89.10
22.5	5,272,042	53,397	0.0101	0.9899	88.03
23.5	4,941,165	53,913	0.0109	0.9891	87.14
24.5	4,639,394	50,088	0.0108	0.9892	86.19
25.5	4,313,228	57,903	0.0134	0.9866	85.26
26.5	4,029,583	56,662	0.0141	0.9859	84.12
27.5	3,915,742	65,326	0.0167	0.9833	82.93
28.5	3,858,764	79,613	0.0206	0.9794	81.55
29.5	3,766,853	139,434	0.0370	0.9630	79.87
30.5	3,592,401	158,485	0.0441	0.9559	76.91
31.5	3,402,090	143,974	0.0423	0.9577	73.52
32.5	3,213,013	133,883	0.0417	0.9583	70.41
33.5	2,932,400	169,723	0.0579	0.9421	67.47
34.5	2,615,892	111,962	0.0428	0.9572	63.56
35.5	2,279,832	105,624	0.0463	0.9537	60.84
36.5	2,109,767	108,448	0.0514	0.9486	58.02
37.5	1,951,381	98,490	0.0505	0.9495	55.04
38.5	1,733,623	92,934	0.0536	0.9464	52.26

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1910-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	1,543,956	94,300	0.0611	0.9389	49.46
40.5	1,317,282	105,490	0.0801	0.9199	46.44
41.5	1,120,884	77,762	0.0694	0.9306	42.72
42.5	978,744	81,318	0.0831	0.9169	39.76
43.5	852,536	58,128	0.0682	0.9318	36.46
44.5	766,765	54,263	0.0708	0.9292	33.97
45.5	646,729	44,397	0.0686	0.9314	31.56
46.5	493,543	37,664	0.0763	0.9237	29.39
47.5	405,373	35,782	0.0883	0.9117	27.15
48.5	344,371	32,821	0.0953	0.9047	24.75
49.5	297,623	35,112	0.1180	0.8820	22.39
50.5	257,953	27,320	0.1059	0.8941	19.75
51.5	215,381	29,949	0.1391	0.8609	17.66
52.5	180,592	32,954	0.1825	0.8175	15.20
53.5	144,085	22,155	0.1538	0.8462	12.43
54.5	116,265	17,242	0.1483	0.8517	10.52
55.5	90,601	9,097	0.1004	0.8996	8.96
56.5	78,083	12,681	0.1624	0.8376	8.06
57.5	60,799	18,740	0.3082	0.6918	6.75
58.5	37,779	7,848	0.2077	0.7923	4.67
59.5	29,194	5,213	0.1786	0.8214	3.70
60.5	23,577	3,554	0.1507	0.8493	3.04
61.5	19,988	7,160	0.3582	0.6418	2.58
62.5	12,758	2,218	0.1739	0.8261	1.66
63.5	10,277	658	0.0640	0.9360	1.37
64.5	8,549	1,918	0.2244	0.7756	1.28
65.5	6,617	273	0.0413	0.9587	0.99
66.5	6,179	673	0.1089	0.8911	0.95
67.5	5,506		0.0000	1.0000	0.85
68.5	5,506		0.0000	1.0000	0.85
69.5	5,506		0.0000	1.0000	0.85
70.5	5,506	427	0.0776	0.9224	0.85
71.5	5,079		0.0000	1.0000	0.78
72.5	5,079	483	0.0951	0.9049	0.78
73.5	4,596	801	0.1743	0.8257	0.71
74.5	3,795		0.0000	1.0000	0.59
75.5	3,773		0.0000	1.0000	0.59
76.5	3,773		0.0000	1.0000	0.59
77.5	3,773	1,405	0.3724	0.6276	0.59
78.5	2,368	174	0.0735	0.9265	0.37

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1910-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	2,194		0.0000	1.0000	0.34
80.5	2,194		0.0000	1.0000	0.34
81.5	2,194	405	0.1846	0.8154	0.34
82.5	1,789	1,789	1.0000	0.0000	0.28
83.5					0.00

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1919-2005			EXPERIENCE BAND 1981-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	8,810,584	867	0.0001	0.9999	100.00
0.5	8,689,648	89,310	0.0103	0.9897	99.99
1.5	8,054,063	24,116	0.0030	0.9970	98.96
2.5	7,697,355	15,449	0.0020	0.9980	98.66
3.5	7,547,106	74,416	0.0099	0.9901	98.46
4.5	7,280,696	16,741	0.0023	0.9977	97.49
5.5	7,296,808	18,568	0.0025	0.9975	97.27
6.5	7,025,750	21,049	0.0030	0.9970	97.03
7.5	6,402,515	18,522	0.0029	0.9971	96.74
8.5	6,550,376	26,809	0.0041	0.9959	96.46
9.5	6,112,428	27,325	0.0045	0.9955	96.06
10.5	6,342,827	43,243	0.0068	0.9932	95.63
11.5	6,055,762	36,237	0.0060	0.9940	94.98
12.5	5,981,140	50,791	0.0085	0.9915	94.41
13.5	5,818,045	50,840	0.0087	0.9913	93.61
14.5	5,564,875	33,288	0.0060	0.9940	92.80
15.5	5,357,525	49,537	0.0092	0.9908	92.24
16.5	5,126,682	42,185	0.0082	0.9918	91.39
17.5	4,865,566	35,132	0.0072	0.9928	90.64
18.5	4,682,788	28,670	0.0061	0.9939	89.99
19.5	4,405,395	41,510	0.0094	0.9906	89.44
20.5	4,173,733	59,291	0.0142	0.9858	88.60
21.5	4,134,316	46,701	0.0113	0.9887	87.34
22.5	4,061,735	40,573	0.0100	0.9900	86.35
23.5	3,843,416	33,627	0.0087	0.9913	85.49
24.5	3,661,633	38,249	0.0104	0.9896	84.75
25.5	3,396,030	48,433	0.0143	0.9857	83.87
26.5	3,191,235	48,545	0.0152	0.9848	82.67
27.5	3,123,201	51,614	0.0165	0.9835	81.41
28.5	3,083,012	64,263	0.0208	0.9792	80.07
29.5	3,062,509	117,150	0.0383	0.9617	78.40
30.5	2,970,604	138,874	0.0467	0.9533	75.40
31.5	2,837,196	133,464	0.0470	0.9530	71.88
32.5	2,707,598	128,684	0.0475	0.9525	68.50
33.5	2,468,359	163,161	0.0661	0.9339	65.25
34.5	2,171,534	105,970	0.0488	0.9512	60.94
35.5	1,844,026	99,746	0.0541	0.9459	57.97
36.5	1,676,874	100,804	0.0601	0.9399	54.83
37.5	1,477,524	88,177	0.0597	0.9403	51.53
38.5	1,272,578	80,435	0.0632	0.9368	48.45

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1919-2005			EXPERIENCE BAND 1981-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	1,113,876	80,251	0.0720	0.9280	45.39
40.5	914,086	90,579	0.0991	0.9009	42.12
41.5	746,391	62,674	0.0840	0.9160	37.95
42.5	629,256	66,648	0.1059	0.8941	34.76
43.5	526,439	45,530	0.0865	0.9135	31.08
44.5	458,994	40,601	0.0885	0.9115	28.39
45.5	354,634	28,399	0.0801	0.9199	25.88
46.5	218,247	18,381	0.0842	0.9158	23.81
47.5	149,118	11,489	0.0770	0.9230	21.81
48.5	112,688	6,374	0.0566	0.9434	20.13
49.5	95,943	10,052	0.1048	0.8952	18.99
50.5	85,853	6,515	0.0759	0.9241	17.00
51.5	70,852	8,279	0.1168	0.8832	15.71
52.5	80,063	11,068	0.1382	0.8618	13.88
53.5	65,528	12,095	0.1846	0.8154	11.96
54.5	47,800	9,258	0.1937	0.8063	9.75
55.5	30,141	3,026	0.1004	0.8996	7.86
56.5	31,785	6,459	0.2032	0.7968	7.07
57.5	20,764	4,069	0.1960	0.8040	5.63
58.5	12,415	285	0.0230	0.9770	4.53
59.5	11,624	338	0.0291	0.9709	4.43
60.5	10,882	1,078	0.0991	0.9009	4.30
61.5	19,260	6,478	0.3363	0.6637	3.87
62.5	12,713	2,172	0.1708	0.8292	2.57
63.5	10,277	658	0.0640	0.9360	2.13
64.5	8,549	1,918	0.2244	0.7756	1.99
65.5	6,617	273	0.0413	0.9587	1.54
66.5	6,179	673	0.1089	0.8911	1.48
67.5	5,506		0.0000	1.0000	1.32
68.5	5,506		0.0000	1.0000	1.32
69.5	5,506		0.0000	1.0000	1.32
70.5	5,506	427	0.0776	0.9224	1.32
71.5	5,079		0.0000	1.0000	1.22
72.5	5,079	483	0.0951	0.9049	1.22
73.5	4,596	801	0.1743	0.8257	1.10
74.5	3,795		0.0000	1.0000	0.91
75.5	3,773		0.0000	1.0000	0.91
76.5	3,773		0.0000	1.0000	0.91
77.5	3,773	1,405	0.3724	0.6276	0.91
78.5	2,368	174	0.0735	0.9265	0.57

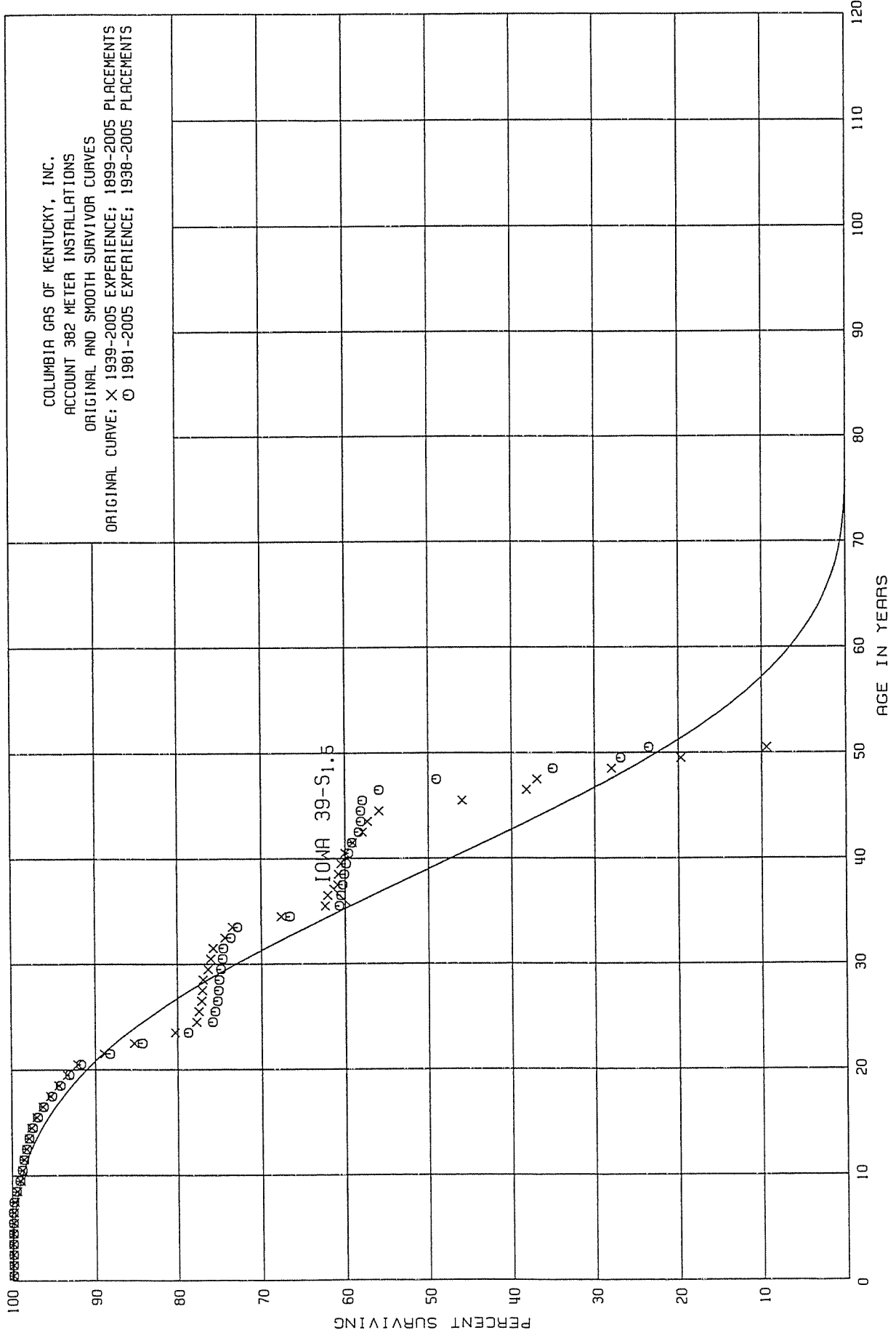


COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1919-2005			EXPERIENCE BAND 1981-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	2,194		0.0000	1.0000	0.53
80.5	2,194		0.0000	1.0000	0.53
81.5	2,194	405	0.1846	0.8154	0.53
82.5	1,789	1,789	1.0000	0.0000	0.43
83.5					0.00



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1899-2005			EXPERIENCE BAND 1939-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	7,874,437	116	0.0000	1.0000	100.00	
0.5	7,748,858	41	0.0000	1.0000	100.00	
1.5	7,498,231	5,067	0.0007	0.9993	100.00	
2.5	7,228,277	5,567	0.0008	0.9992	99.93	
3.5	6,994,771	222	0.0000	1.0000	99.85	
4.5	6,766,474	426	0.0001	0.9999	99.85	
5.5	6,445,899	1,052	0.0002	0.9998	99.84	
6.5	6,173,667	6,583	0.0011	0.9989	99.82	
7.5	5,785,813	19,215	0.0033	0.9967	99.71	
8.5	5,531,902	19,873	0.0036	0.9964	99.38	
9.5	5,060,464	11,857	0.0023	0.9977	99.02	
10.5	4,666,317	8,616	0.0018	0.9982	98.79	
11.5	4,258,935	13,726	0.0032	0.9968	98.61	
12.5	3,889,064	10,442	0.0027	0.9973	98.29	
13.5	3,499,952	11,756	0.0034	0.9966	98.02	
14.5	3,158,194	18,819	0.0060	0.9940	97.69	
15.5	2,783,763	20,463	0.0074	0.9926	97.10	
16.5	2,436,439	21,832	0.0090	0.9910	96.38	
17.5	2,164,067	22,334	0.0103	0.9897	95.51	
18.5	1,887,410	20,487	0.0109	0.9891	94.53	
19.5	1,676,222	23,122	0.0138	0.9862	93.50	
20.5	1,493,963	54,078	0.0362	0.9638	92.21	
21.5	1,351,119	54,348	0.0402	0.9598	88.87	
22.5	1,188,841	70,054	0.0589	0.9411	85.30	
23.5	1,000,640	32,625	0.0326	0.9674	80.28	
24.5	882,578	3,189	0.0036	0.9964	77.66	
25.5	840,312	2,862	0.0034	0.9966	77.38	
26.5	797,940	1,348	0.0017	0.9983	77.12	
27.5	773,929	936	0.0012	0.9988	76.99	
28.5	751,880	6,388	0.0085	0.9915	76.90	
29.5	729,928	2,397	0.0033	0.9967	76.25	
30.5	717,698	2,722	0.0038	0.9962	76.00	
31.5	709,908	13,603	0.0192	0.9808	75.71	
32.5	654,990	7,529	0.0115	0.9885	74.26	
33.5	548,226	43,147	0.0787	0.9213	73.41	
34.5	435,964	33,967	0.0779	0.9221	67.63	
35.5	341,709	1,275	0.0037	0.9963	62.36	
36.5	275,951	5,394	0.0195	0.9805	62.13	
37.5	216,708	573	0.0026	0.9974	60.92	
38.5	185,879	949	0.0051	0.9949	60.76	

COLUMBIA GAS OF KENTUCKY, INC.  
ACCOUNT 382 METER INSTALLATIONS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1899-2005			EXPERIENCE BAND 1939-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	159,356	1,253	0.0079	0.9921	60.45	
40.5	127,550	1,799	0.0141	0.9859	59.97	
41.5	104,364	2,085	0.0200	0.9800	59.12	
42.5	89,493	984	0.0110	0.9890	57.94	
43.5	77,518	1,924	0.0248	0.9752	57.30	
44.5	65,703	11,792	0.1795	0.8205	55.88	
45.5	41,223	6,909	0.1676	0.8324	45.85	
46.5	29,270	1,006	0.0344	0.9656	38.17	
47.5	28,132	6,793	0.2415	0.7585	36.86	
48.5	21,298	6,265	0.2942	0.7058	27.96	
49.5	14,953	7,865	0.5260	0.4740	19.73	
50.5	7,074	5,235	0.7400	0.2600	9.35	
51.5	1,852	269	0.1452	0.8548	2.43	
52.5	1,582	107	0.0676	0.9324	2.08	
53.5	1,469	439	0.2988	0.7012	1.94	
54.5	1,031	23	0.0223	0.9777	1.36	
55.5	1,008	16	0.0159	0.9841	1.33	
56.5	991	256	0.2583	0.7417	1.31	
57.5	735	104	0.1415	0.8585	0.97	
58.5	631	88	0.1395	0.8605	0.83	
59.5	543	96	0.1768	0.8232	0.71	
60.5	447	39	0.0872	0.9128	0.58	
61.5	408	365	0.8946	0.1054	0.53	
62.5	43		0.0000	1.0000	0.06	
63.5	43		0.0000	1.0000	0.06	
64.5	43		0.0000	1.0000	0.06	
65.5	43		0.0000	1.0000	0.06	
66.5	43		0.0000	1.0000	0.06	
67.5	43	43	1.0000	0.0000	0.06	
68.5					0.00	

COLUMBIA GAS OF KENTUCKY, INC.

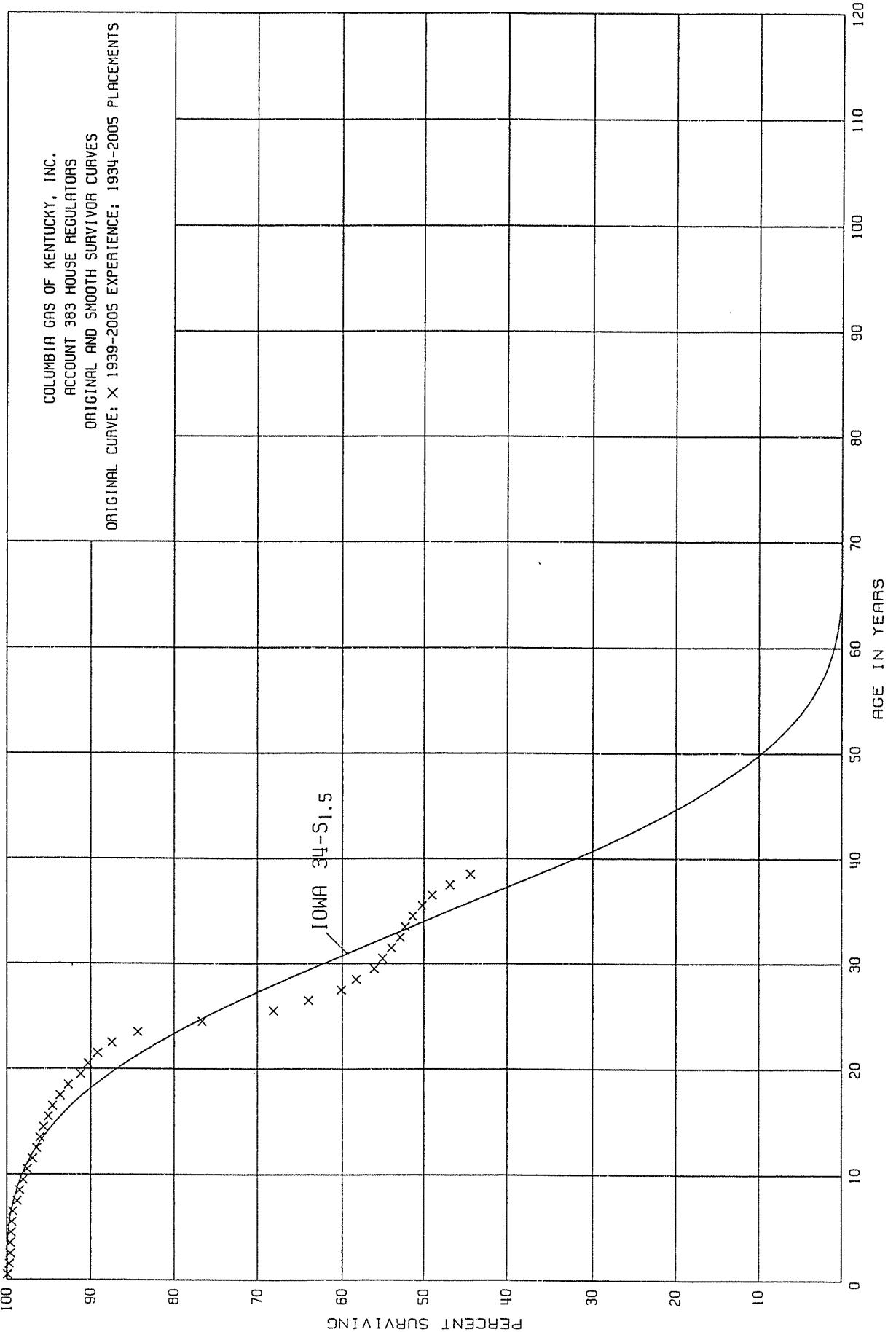
ACCOUNT 382 METER INSTALLATIONS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1938-2005			EXPERIENCE BAND 1981-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	6,805,844	116	0.0000	1.0000	100.00	
0.5	6,766,488	41	0.0000	1.0000	100.00	
1.5	6,613,801	414	0.0001	0.9999	100.00	
2.5	6,400,432	91	0.0000	1.0000	99.99	
3.5	6,224,692	222	0.0000	1.0000	99.99	
4.5	6,042,642	426	0.0001	0.9999	99.99	
5.5	5,754,341	1,052	0.0002	0.9998	99.98	
6.5	5,513,248	6,575	0.0012	0.9988	99.96	
7.5	5,166,453	19,215	0.0037	0.9963	99.84	
8.5	5,012,356	19,865	0.0040	0.9960	99.47	
9.5	4,610,222	11,849	0.0026	0.9974	99.07	
10.5	4,276,611	8,602	0.0020	0.9980	98.81	
11.5	3,944,811	13,717	0.0035	0.9965	98.61	
12.5	3,628,096	10,432	0.0029	0.9971	98.26	
13.5	3,268,458	11,754	0.0036	0.9964	97.98	
14.5	2,951,752	18,808	0.0064	0.9936	97.63	
15.5	2,607,692	20,463	0.0078	0.9922	97.01	
16.5	2,282,387	21,808	0.0096	0.9904	96.25	
17.5	2,022,252	22,325	0.0110	0.9890	95.33	
18.5	1,756,672	20,453	0.0116	0.9884	94.28	
19.5	1,554,922	23,118	0.0149	0.9851	93.19	
20.5	1,385,465	54,073	0.0390	0.9610	91.80	
21.5	1,213,172	54,335	0.0448	0.9552	88.22	
22.5	1,061,857	70,037	0.0660	0.9340	84.27	
23.5	886,280	32,586	0.0368	0.9632	78.71	
24.5	775,462	3,133	0.0040	0.9960	75.81	
25.5	729,839	2,771	0.0038	0.9962	75.51	
26.5	694,393	1,120	0.0016	0.9984	75.22	
27.5	676,905	854	0.0013	0.9987	75.10	
28.5	661,132	1,788	0.0027	0.9973	75.00	
29.5	649,849	1,727	0.0027	0.9973	74.80	
30.5	641,723	1,186	0.0018	0.9982	74.60	
31.5	644,470	7,547	0.0117	0.9883	74.47	
32.5	595,943	6,333	0.0106	0.9894	73.60	
33.5	490,632	42,021	0.0856	0.9144	72.82	
34.5	379,496	33,671	0.0887	0.9113	66.59	
35.5	285,318	907	0.0032	0.9968	60.68	
36.5	219,710	736	0.0033	0.9967	60.49	
37.5	164,833	484	0.0029	0.9971	60.29	
38.5	133,803	456	0.0034	0.9966	60.12	

COLUMBIA GAS OF KENTUCKY, INC.  
ACCOUNT 382 METER INSTALLATIONS  
ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1938-2005			EXPERIENCE BAND 1981-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	107,395	564	0.0053	0.9947	59.92	
40.5	76,074	557	0.0073	0.9927	59.60	
41.5	54,054	687	0.0127	0.9873	59.16	
42.5	40,571	187	0.0046	0.9954	58.41	
43.5	29,395	29	0.0010	0.9990	58.14	
44.5	19,410	48	0.0025	0.9975	58.08	
45.5	6,676	233	0.0349	0.9651	57.93	
46.5	1,401	172	0.1228	0.8772	55.91	
47.5	1,099	315	0.2866	0.7134	49.04	
48.5	742	172	0.2318	0.7682	34.99	
49.5	490	61	0.1245	0.8755	26.88	
50.5	416	8	0.0192	0.9808	23.53	
51.5	408	2	0.0049	0.9951	23.08	
52.5	405		0.0000	1.0000	22.97	
53.5	399	327	0.8195	0.1805	22.97	
54.5	72	15	0.2083	0.7917	4.15	
55.5	57	7	0.1228	0.8772	3.29	
56.5	49	41	0.8367	0.1633	2.89	
57.5	8	8	1.0000	0.0000	0.47	
58.5					0.00	



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1934-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,736,547	3,150	0.0012	0.9988	100.00
0.5	2,370,623	4,473	0.0019	0.9981	99.88
1.5	1,665,231	1,045	0.0006	0.9994	99.69
2.5	1,343,444	465	0.0003	0.9997	99.63
3.5	1,307,526	800	0.0006	0.9994	99.60
4.5	1,291,675	1,425	0.0011	0.9989	99.54
5.5	1,277,768	1,783	0.0014	0.9986	99.43
6.5	1,256,458	5,717	0.0046	0.9954	99.29
7.5	1,244,715	4,260	0.0034	0.9966	98.83
8.5	1,225,177	5,510	0.0045	0.9955	98.49
9.5	1,146,063	5,550	0.0048	0.9952	98.05
10.5	1,103,409	6,075	0.0055	0.9945	97.58
11.5	1,053,198	6,359	0.0060	0.9940	97.04
12.5	990,703	3,585	0.0036	0.9964	96.46
13.5	926,247	3,832	0.0041	0.9959	96.11
14.5	876,019	5,589	0.0064	0.9936	95.72
15.5	819,051	4,491	0.0055	0.9945	95.11
16.5	761,280	7,010	0.0092	0.9908	94.59
17.5	708,198	8,039	0.0114	0.9886	93.72
18.5	638,838	9,871	0.0155	0.9845	92.65
19.5	569,063	5,947	0.0105	0.9895	91.21
20.5	502,739	5,611	0.0112	0.9888	90.25
21.5	458,377	9,063	0.0198	0.9802	89.24
22.5	412,955	14,424	0.0349	0.9651	87.47
23.5	356,993	33,126	0.0928	0.9072	84.42
24.5	300,331	33,309	0.1109	0.8891	76.59
25.5	253,934	15,150	0.0597	0.9403	68.10
26.5	223,730	13,638	0.0610	0.9390	64.03
27.5	200,757	6,126	0.0305	0.9695	60.12
28.5	186,713	7,058	0.0378	0.9622	58.29
29.5	170,784	2,975	0.0174	0.9826	56.09
30.5	166,061	3,332	0.0201	0.9799	55.11
31.5	159,447	3,199	0.0201	0.9799	54.00
32.5	148,494	1,660	0.0112	0.9888	52.91
33.5	115,427	1,951	0.0169	0.9831	52.32
34.5	90,155	2,100	0.0233	0.9767	51.44
35.5	64,471	1,622	0.0252	0.9748	50.24
36.5	40,226	1,810	0.0450	0.9550	48.97
37.5	21,286	1,125	0.0529	0.9471	46.77
38.5	3,896	110	0.0282	0.9718	44.30

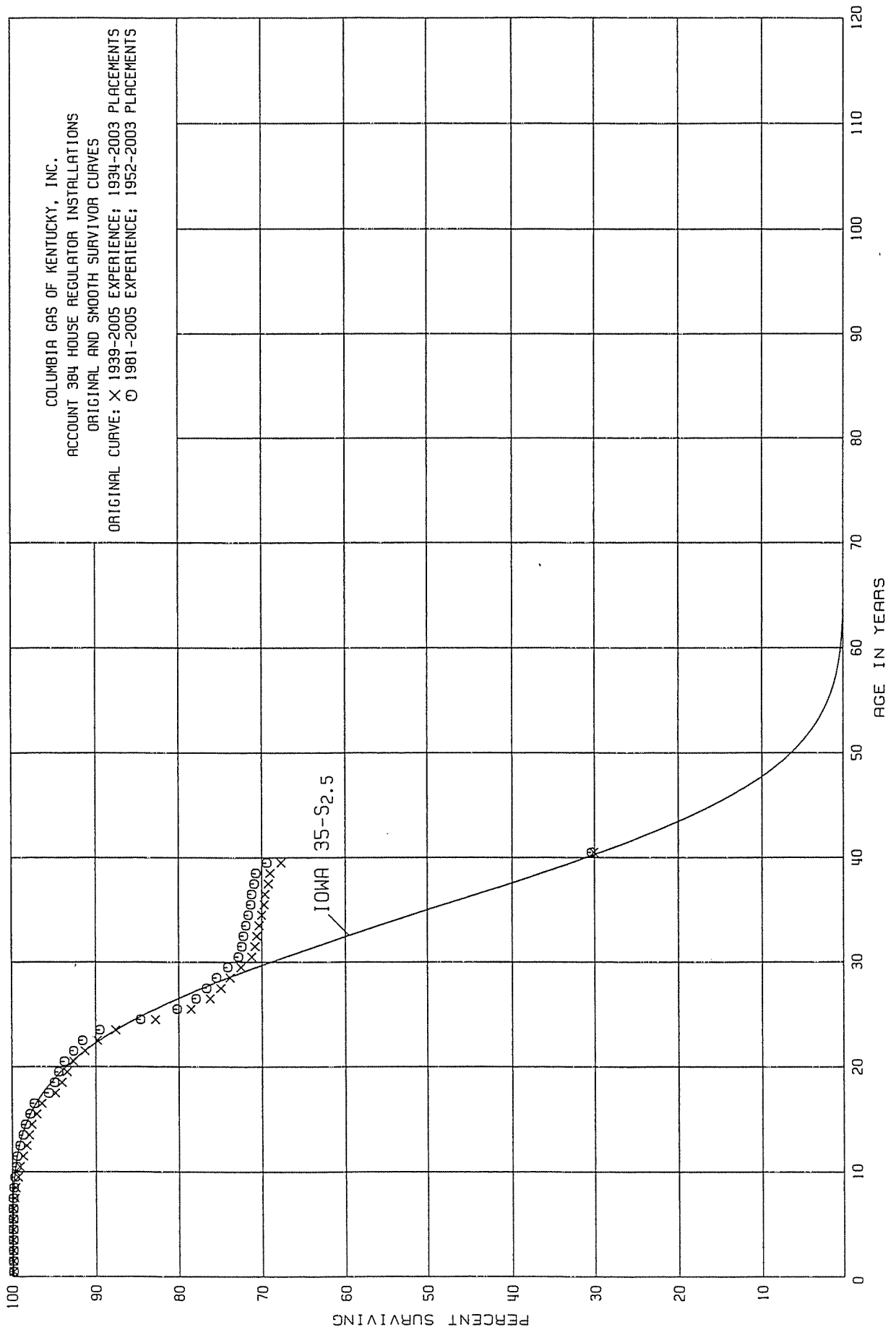


COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1934-2005			EXPERIENCE BAND 1939-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	2,640	37	0.0140	0.9860	43.05	
40.5	2,014	115	0.0571	0.9429	42.45	
41.5	1,601	40	0.0250	0.9750	40.03	
42.5	1,243	168	0.1352	0.8648	39.03	
43.5	627		0.0000	1.0000	33.75	
44.5	441		0.0000	1.0000	33.75	
45.5	375		0.0000	1.0000	33.75	
46.5	375	6	0.0160	0.9840	33.75	
47.5	369		0.0000	1.0000	33.21	
48.5	369		0.0000	1.0000	33.21	
49.5	369		0.0000	1.0000	33.21	
50.5	253		0.0000	1.0000	33.21	
51.5	253	18	0.0711	0.9289	33.21	
52.5	235		0.0000	1.0000	30.85	
53.5	235		0.0000	1.0000	30.85	
54.5	235		0.0000	1.0000	30.85	
55.5					30.85	



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1934-2003

EXPERIENCE BAND 1939-2005

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,585,800	399	0.0002	0.9998	100.00
0.5	2,587,411	169	0.0001	0.9999	99.98
1.5	2,587,737	701	0.0003	0.9997	99.97
2.5	2,493,523	231	0.0001	0.9999	99.94
3.5	2,402,366	369	0.0002	0.9998	99.93
4.5	2,382,980	534	0.0002	0.9998	99.91
5.5	2,342,225	801	0.0003	0.9997	99.89
6.5	2,232,088	3,477	0.0016	0.9984	99.86
7.5	2,099,464	2,848	0.0014	0.9986	99.70
8.5	1,974,701	4,683	0.0024	0.9976	99.56
9.5	1,824,507	3,699	0.0020	0.9980	99.32
10.5	1,725,337	6,530	0.0038	0.9962	99.12
11.5	1,596,907	6,542	0.0041	0.9959	98.74
12.5	1,510,216	5,621	0.0037	0.9963	98.34
13.5	1,416,126	4,772	0.0034	0.9966	97.98
14.5	1,348,869	7,669	0.0057	0.9943	97.65
15.5	1,276,899	7,969	0.0062	0.9938	97.09
16.5	1,204,796	20,423	0.0170	0.9830	96.49
17.5	1,114,710	8,430	0.0076	0.9924	94.85
18.5	1,021,179	6,681	0.0065	0.9935	94.13
19.5	941,837	8,500	0.0090	0.9910	93.52
20.5	834,202	12,810	0.0154	0.9846	92.68
21.5	749,714	11,924	0.0159	0.9841	91.25
22.5	669,762	16,281	0.0243	0.9757	89.80
23.5	551,573	30,515	0.0553	0.9447	87.62
24.5	427,044	21,911	0.0513	0.9487	82.77
25.5	362,471	10,793	0.0298	0.9702	78.52
26.5	305,921	4,999	0.0163	0.9837	76.18
27.5	262,918	3,964	0.0151	0.9849	74.94
28.5	219,235	3,858	0.0176	0.9824	73.81
29.5	189,650	3,325	0.0175	0.9825	72.51
30.5	180,452	1,040	0.0058	0.9942	71.24
31.5	177,230	681	0.0038	0.9962	70.83
32.5	159,818	561	0.0035	0.9965	70.56
33.5	128,398	532	0.0041	0.9959	70.31
34.5	101,704	459	0.0045	0.9955	70.02
35.5	70,788	97	0.0014	0.9986	69.70
36.5	41,979	235	0.0056	0.9944	69.60
37.5	15,909	42	0.0026	0.9974	69.21
38.5	4,511	87	0.0193	0.9807	69.03

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1934-2003

EXPERIENCE BAND 1939-2005

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	3,368	1,870	0.5552	0.4448	67.70
40.5	1,498	15	0.0100	0.9900	30.11
41.5	1,388		0.0000	1.0000	29.81
42.5	873	37	0.0424	0.9576	29.81
43.5	572	121	0.2115	0.7885	28.55
44.5	144	2	0.0139	0.9861	22.51
45.5	142		0.0000	1.0000	22.20
46.5	142		0.0000	1.0000	22.20
47.5	11		0.0000	1.0000	22.20
48.5					22.20

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

ORIGINAL LIFE TABLE

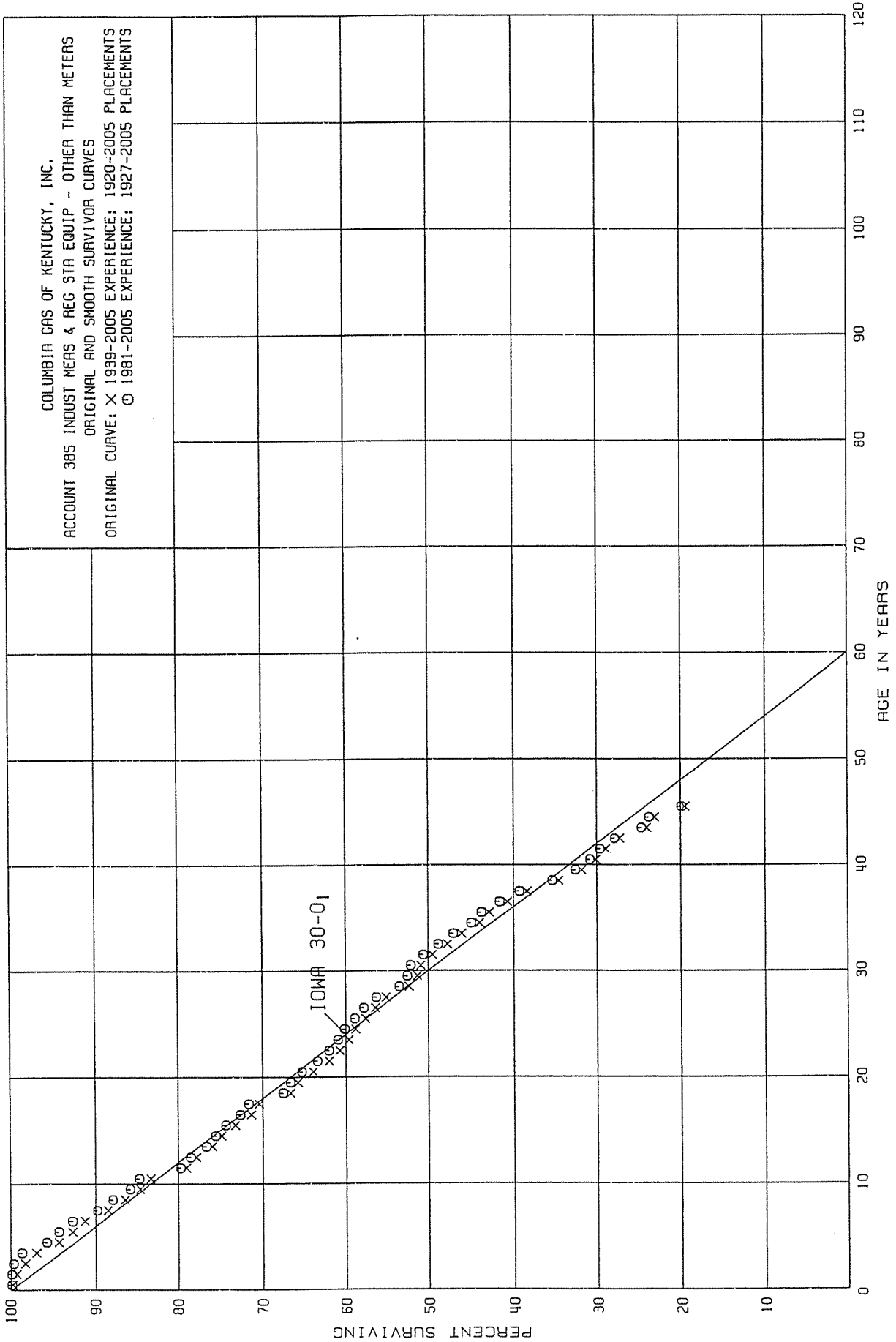
PLACEMENT BAND 1952-2003			EXPERIENCE BAND 1981-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,058,353		0.0000	1.0000	100.00
0.5	2,108,267		0.0000	1.0000	100.00
1.5	2,164,219		0.0000	1.0000	100.00
2.5	2,112,391	1	0.0000	1.0000	100.00
3.5	2,064,713	3	0.0000	1.0000	100.00
4.5	2,082,088	6	0.0000	1.0000	100.00
5.5	2,070,592	197	0.0001	0.9999	100.00
6.5	1,973,040	2,719	0.0014	0.9986	99.99
7.5	1,857,790	1,003	0.0005	0.9995	99.85
8.5	1,766,031	2,679	0.0015	0.9985	99.80
9.5	1,644,279	2,561	0.0016	0.9984	99.65
10.5	1,577,053	1,600	0.0010	0.9990	99.49
11.5	1,482,846	5,044	0.0034	0.9966	99.39
12.5	1,423,966	5,116	0.0036	0.9964	99.05
13.5	1,341,791	3,892	0.0029	0.9971	98.69
14.5	1,277,044	6,616	0.0052	0.9948	98.40
15.5	1,212,139	6,433	0.0053	0.9947	97.89
16.5	1,150,080	19,534	0.0170	0.9830	97.37
17.5	1,073,955	7,795	0.0073	0.9927	95.71
18.5	986,846	5,485	0.0056	0.9944	95.01
19.5	915,450	6,381	0.0070	0.9930	94.48
20.5	814,747	9,712	0.0119	0.9881	93.82
21.5	742,286	9,153	0.0123	0.9877	92.70
22.5	668,023	15,061	0.0225	0.9775	91.56
23.5	550,891	30,432	0.0552	0.9448	89.50
24.5	426,394	21,809	0.0511	0.9489	84.56
25.5	362,053	10,708	0.0296	0.9704	80.24
26.5	305,565	4,986	0.0163	0.9837	77.86
27.5	262,573	3,937	0.0150	0.9850	76.59
28.5	218,989	3,858	0.0176	0.9824	75.44
29.5	189,404	3,319	0.0175	0.9825	74.11
30.5	180,213	1,026	0.0057	0.9943	72.81
31.5	177,004	551	0.0031	0.9969	72.39
32.5	159,722	561	0.0035	0.9965	72.17
33.5	128,302	532	0.0041	0.9959	71.92
34.5	101,608	459	0.0045	0.9955	71.63
35.5	70,692	97	0.0014	0.9986	71.31
36.5	41,883	176	0.0042	0.9958	71.21
37.5	15,872	42	0.0026	0.9974	70.91
38.5	4,474	87	0.0194	0.9806	70.73

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1952-2003			EXPERIENCE BAND 1981-2005			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	3,330	1,870	0.5616	0.4384	69.36	
40.5	1,461	15	0.0103	0.9897	30.41	
41.5	1,350		0.0000	1.0000	30.10	
42.5	836		0.0000	1.0000	30.10	
43.5	572	121	0.2115	0.7885	30.10	
44.5	144	2	0.0139	0.9861	23.73	
45.5	142		0.0000	1.0000	23.40	
46.5	142		0.0000	1.0000	23.40	
47.5	11		0.0000	1.0000	23.40	
48.5					23.40	



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUST MEAS & REG STA EQUIP - OTHER THAN METERS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1920-2005

EXPERIENCE BAND 1939-2005

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	3,399,840	6,634	0.0020	0.9980	100.00
0.5	2,809,749	14,389	0.0051	0.9949	99.80
1.5	2,808,010	29,465	0.0105	0.9895	99.29
2.5	2,725,090	35,002	0.0128	0.9872	98.25
3.5	2,571,513	67,780	0.0264	0.9736	96.99
4.5	2,434,526	42,059	0.0173	0.9827	94.43
5.5	2,333,175	38,210	0.0164	0.9836	92.80
6.5	2,238,355	67,949	0.0304	0.9696	91.28
7.5	2,145,743	51,543	0.0240	0.9760	88.51
8.5	1,971,425	41,454	0.0210	0.9790	86.39
9.5	1,747,913	26,907	0.0154	0.9846	84.58
10.5	1,648,466	84,144	0.0510	0.9490	83.28
11.5	1,476,556	23,283	0.0158	0.9842	79.03
12.5	1,412,351	33,778	0.0239	0.9761	77.78
13.5	1,335,292	19,810	0.0148	0.9852	75.92
14.5	1,280,640	27,785	0.0217	0.9783	74.80
15.5	1,224,160	31,043	0.0254	0.9746	73.18
16.5	1,119,054	14,789	0.0132	0.9868	71.32
17.5	1,096,393	57,520	0.0525	0.9475	70.38
18.5	813,583	10,340	0.0127	0.9873	66.69
19.5	768,710	22,527	0.0293	0.9707	65.84
20.5	726,119	21,381	0.0294	0.9706	63.91
21.5	623,194	13,706	0.0220	0.9780	62.03
22.5	583,103	10,099	0.0173	0.9827	60.67
23.5	554,224	7,551	0.0136	0.9864	59.62
24.5	484,101	9,851	0.0203	0.9797	58.81
25.5	453,852	9,286	0.0205	0.9795	57.62
26.5	444,566	10,922	0.0246	0.9754	56.44
27.5	424,067	21,012	0.0495	0.9505	55.05
28.5	396,161	7,801	0.0197	0.9803	52.33
29.5	387,075	2,776	0.0072	0.9928	51.30
30.5	378,532	10,488	0.0277	0.9723	50.93
31.5	358,976	12,924	0.0360	0.9640	49.52
32.5	324,877	12,125	0.0373	0.9627	47.74
33.5	303,435	13,707	0.0452	0.9548	45.96
34.5	218,015	5,544	0.0254	0.9746	43.88
35.5	168,673	8,176	0.0485	0.9515	42.77
36.5	139,026	7,985	0.0574	0.9426	40.70
37.5	107,777	10,652	0.0988	0.9012	38.36
38.5	84,246	6,662	0.0791	0.9209	34.57



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUST MEAS & REG STA EQUIP - OTHER THAN METERS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1920-2005			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	62,228	3,372	0.0542	0.9458	31.84
40.5	48,126	1,975	0.0410	0.9590	30.11
41.5	37,854	2,263	0.0598	0.9402	28.88
42.5	30,364	3,531	0.1163	0.8837	27.15
43.5	21,580	800	0.0371	0.9629	23.99
44.5	16,410	2,587	0.1576	0.8424	23.10
45.5	12,918	1,130	0.0875	0.9125	19.46
46.5	6,557	159	0.0242	0.9758	17.76
47.5	5,560	600	0.1079	0.8921	17.33
48.5	1,845	8	0.0043	0.9957	15.46
49.5	1,607		0.0000	1.0000	15.39
50.5	1,025		0.0000	1.0000	15.39
51.5	1,024	1	0.0010	0.9990	15.39
52.5	903	1	0.0011	0.9989	15.37
53.5	786		0.0000	1.0000	15.35
54.5	568	3	0.0053	0.9947	15.35
55.5	326		0.0000	1.0000	15.27
56.5					15.27

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUST MEAS & REG STA EQUIP - OTHER THAN METERS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1927-2005

EXPERIENCE BAND 1981-2005

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,718,216	1,465	0.0005	0.9995	100.00
0.5	2,117,756	89	0.0000	1.0000	99.95
1.5	2,111,288	4,389	0.0021	0.9979	99.95
2.5	2,057,456	21,237	0.0103	0.9897	99.74
3.5	1,919,264	55,981	0.0292	0.9708	98.71
4.5	1,794,733	26,369	0.0147	0.9853	95.83
5.5	1,718,909	30,035	0.0175	0.9825	94.42
6.5	1,649,958	52,968	0.0321	0.9679	92.77
7.5	1,602,067	33,857	0.0211	0.9789	89.79
8.5	1,453,344	34,484	0.0237	0.9763	87.90
9.5	1,333,543	17,504	0.0131	0.9869	85.82
10.5	1,314,108	78,303	0.0596	0.9404	84.70
11.5	1,186,016	17,488	0.0147	0.9853	79.65
12.5	1,171,749	28,843	0.0246	0.9754	78.48
13.5	1,123,469	15,217	0.0135	0.9865	76.55
14.5	1,114,368	18,161	0.0163	0.9837	75.52
15.5	1,090,814	25,296	0.0232	0.9768	74.29
16.5	1,019,301	14,060	0.0138	0.9862	72.57
17.5	1,009,654	56,500	0.0560	0.9440	71.57
18.5	738,100	9,227	0.0125	0.9875	67.56
19.5	709,128	15,295	0.0216	0.9784	66.72
20.5	681,759	19,384	0.0284	0.9716	65.28
21.5	591,687	13,706	0.0232	0.9768	63.43
22.5	567,599	9,922	0.0175	0.9825	61.96
23.5	543,647	7,289	0.0134	0.9866	60.88
24.5	478,395	8,898	0.0186	0.9814	60.06
25.5	450,517	9,046	0.0201	0.9799	58.94
26.5	441,471	10,843	0.0246	0.9754	57.76
27.5	421,021	20,994	0.0499	0.9501	56.34
28.5	393,249	7,801	0.0198	0.9802	53.53
29.5	385,109	2,776	0.0072	0.9928	52.47
30.5	377,726	10,488	0.0278	0.9722	52.09
31.5	358,787	12,924	0.0360	0.9640	50.64
32.5	324,657	12,125	0.0373	0.9627	48.82
33.5	303,310	13,699	0.0452	0.9548	47.00
34.5	217,889	5,536	0.0254	0.9746	44.88
35.5	168,548	8,136	0.0483	0.9517	43.74
36.5	138,932	7,946	0.0572	0.9428	41.63
37.5	107,714	10,612	0.0985	0.9015	39.25
38.5	84,214	6,631	0.0787	0.9213	35.38

COLUMBIA GAS OF KENTUCKY, INC.

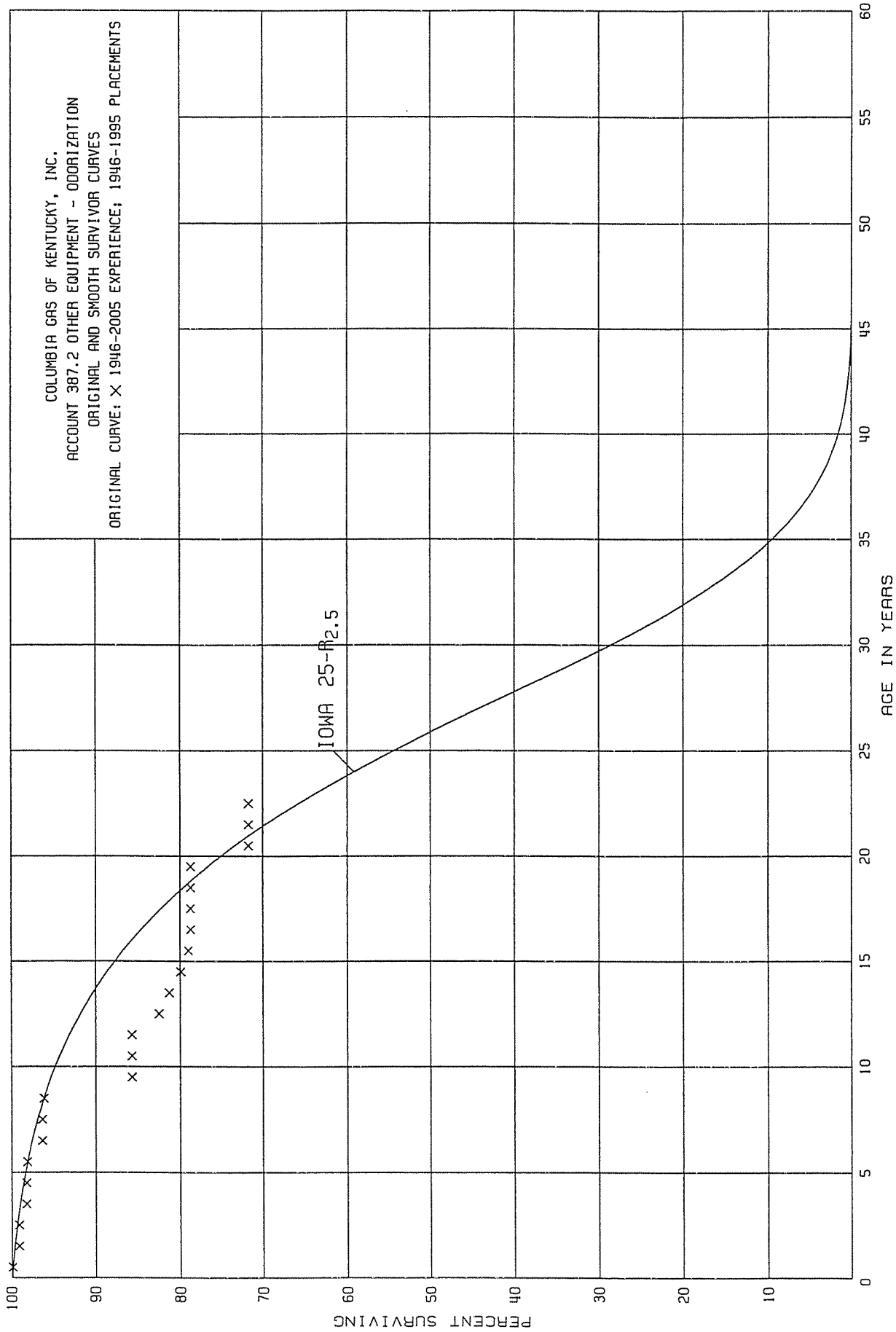
ACCOUNT 385 INDUST MEAS & REG STA EQUIP - OTHER THAN METERS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1927-2005

EXPERIENCE BAND 1981-2005

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	62,175	3,372	0.0542	0.9458	32.60
40.5	48,072	1,975	0.0411	0.9589	30.83
41.5	37,801	2,263	0.0599	0.9401	29.56
42.5	30,361	3,531	0.1163	0.8837	27.79
43.5	21,577	800	0.0371	0.9629	24.56
44.5	16,407	2,587	0.1577	0.8423	23.65
45.5	12,915	1,130	0.0875	0.9125	19.92
46.5	6,553	159	0.0243	0.9757	18.18
47.5	5,557	600	0.1080	0.8920	17.74
48.5	1,841	8	0.0043	0.9957	15.82
49.5	1,604		0.0000	1.0000	15.75
50.5	1,021		0.0000	1.0000	15.75
51.5	1,021	1	0.0010	0.9990	15.75
52.5	899	1	0.0011	0.9989	15.73
53.5	786		0.0000	1.0000	15.71
54.5	568	3	0.0053	0.9947	15.71
55.5	326		0.0000	1.0000	15.63
56.5					15.63

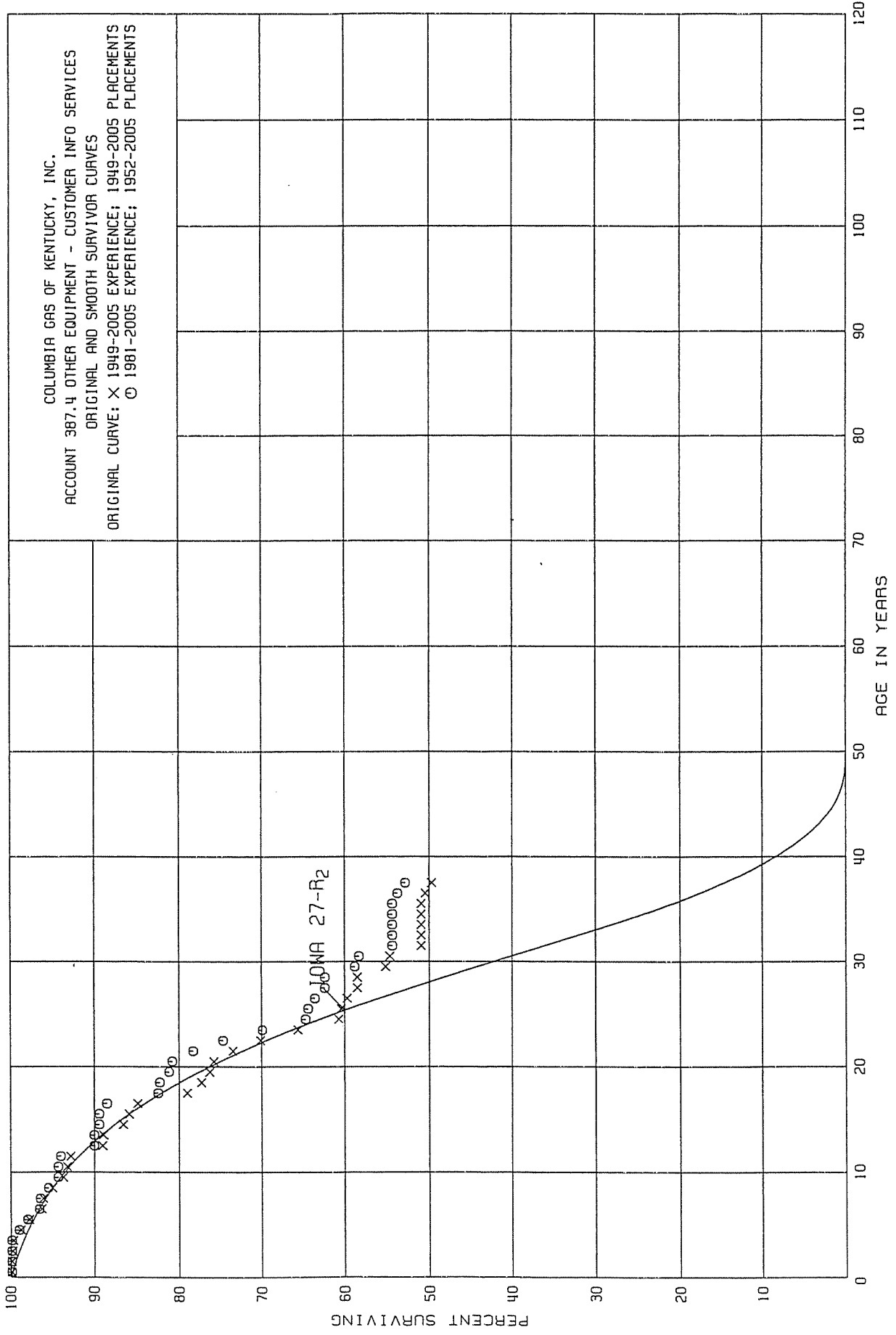


COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.2 OTHER EQUIPMENT - ODORIZATION

ORIGINAL LIFE TABLE

PLACEMENT BAND 1946-1995			EXPERIENCE BAND 1946-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	266,439		0.0000	1.0000	100.00
0.5	266,439	2,470	0.0093	0.9907	100.00
1.5	264,200		0.0000	1.0000	99.07
2.5	264,200	2,448	0.0093	0.9907	99.07
3.5	261,752		0.0000	1.0000	98.15
4.5	273,171	231	0.0008	0.9992	98.15
5.5	273,111	4,839	0.0177	0.9823	98.07
6.5	268,272		0.0000	1.0000	96.33
7.5	268,272	591	0.0022	0.9978	96.33
8.5	267,934	28,979	0.1082	0.8918	96.12
9.5	238,955		0.0000	1.0000	85.72
10.5	209,976		0.0000	1.0000	85.72
11.5	209,976	7,944	0.0378	0.9622	85.72
12.5	202,032	2,960	0.0147	0.9853	82.48
13.5	199,072	3,305	0.0166	0.9834	81.27
14.5	195,767	2,144	0.0110	0.9890	79.92
15.5	193,623	942	0.0049	0.9951	79.04
16.5	192,681		0.0000	1.0000	78.65
17.5	192,681		0.0000	1.0000	78.65
18.5	27,554		0.0000	1.0000	78.65
19.5	27,554	2,428	0.0881	0.9119	78.65
20.5	25,236		0.0000	1.0000	71.72
21.5	25,236		0.0000	1.0000	71.72
22.5	25,236	110	0.0044	0.9956	71.72
23.5	25,949		0.0000	1.0000	71.40
24.5	25,949		0.0000	1.0000	71.40
25.5	25,949		0.0000	1.0000	71.40
26.5	25,949		0.0000	1.0000	71.40
27.5	25,949		0.0000	1.0000	71.40
28.5	25,949		0.0000	1.0000	71.40
29.5	25,949		0.0000	1.0000	71.40
30.5	25,949		0.0000	1.0000	71.40
31.5	25,949		0.0000	1.0000	71.40
32.5	25,949	8,053	0.3103	0.6897	71.40
33.5	17,896		0.0000	1.0000	49.24
34.5	15,989		0.0000	1.0000	49.24
35.5	6,264		0.0000	1.0000	49.24
36.5	823		0.0000	1.0000	49.24
37.5					49.24



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFO SERVICES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1949-2005			EXPERIENCE BAND 1949-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	3,222,020	1,651	0.0005	0.9995	100.00
0.5	3,213,968	651	0.0002	0.9998	99.95
1.5	2,892,174	3,282	0.0011	0.9989	99.93
2.5	2,745,107	2,517	0.0009	0.9991	99.82
3.5	2,144,202	19,460	0.0091	0.9909	99.73
4.5	2,133,089	22,642	0.0106	0.9894	98.82
5.5	1,993,535	30,795	0.0154	0.9846	97.77
6.5	1,653,482	3,281	0.0020	0.9980	96.26
7.5	1,478,045	17,204	0.0116	0.9884	96.07
8.5	1,460,664	19,581	0.0134	0.9866	94.96
9.5	1,336,217	6,686	0.0050	0.9950	93.69
10.5	1,329,471	5,614	0.0042	0.9958	93.22
11.5	1,060,237	43,322	0.0409	0.9591	92.83
12.5	949,845	1,683	0.0018	0.9982	89.03
13.5	817,012	20,840	0.0255	0.9745	88.87
14.5	744,369	5,766	0.0077	0.9923	86.60
15.5	651,753	7,502	0.0115	0.9885	85.93
16.5	542,180	37,817	0.0697	0.9303	84.94
17.5	404,264	8,787	0.0217	0.9783	79.02
18.5	360,679	4,844	0.0134	0.9866	77.31
19.5	315,509	1,910	0.0061	0.9939	76.27
20.5	255,414	7,895	0.0309	0.9691	75.80
21.5	245,828	11,235	0.0457	0.9543	73.46
22.5	226,577	14,533	0.0641	0.9359	70.10
23.5	198,712	14,912	0.0750	0.9250	65.61
24.5	158,687	667	0.0042	0.9958	60.69
25.5	136,714	1,694	0.0124	0.9876	60.44
26.5	128,592	2,506	0.0195	0.9805	59.69
27.5	115,539		0.0000	1.0000	58.53
28.5	113,263	6,456	0.0570	0.9430	58.53
29.5	102,441	903	0.0088	0.9912	55.19
30.5	97,946	6,595	0.0673	0.9327	54.70
31.5	81,130		0.0000	1.0000	51.02
32.5	62,175		0.0000	1.0000	51.02
33.5	62,299		0.0000	1.0000	51.02
34.5	54,418		0.0000	1.0000	51.02
35.5	50,327	501	0.0100	0.9900	51.02
36.5	31,981	536	0.0168	0.9832	50.51
37.5	31,894		0.0000	1.0000	49.66
38.5	27,426		0.0000	1.0000	49.66

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFO SERVICES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1949-2005			EXPERIENCE BAND 1949-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	29,973		0.0000	1.0000	49.66
40.5	26,031		0.0000	1.0000	49.66
41.5	26,031		0.0000	1.0000	49.66
42.5	25,243		0.0000	1.0000	49.66
43.5	19,408		0.0000	1.0000	49.66
44.5	12,550	599	0.0477	0.9523	49.66
45.5	9,585		0.0000	1.0000	47.29
46.5	9,516		0.0000	1.0000	47.29
47.5	6,913		0.0000	1.0000	47.29
48.5	6,913		0.0000	1.0000	47.29
49.5	5,337		0.0000	1.0000	47.29
50.5	5,107		0.0000	1.0000	47.29
51.5	2,728		0.0000	1.0000	47.29
52.5	2,547		0.0000	1.0000	47.29
53.5					47.29



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFO SERVICES

ORIGINAL LIFE TABLE

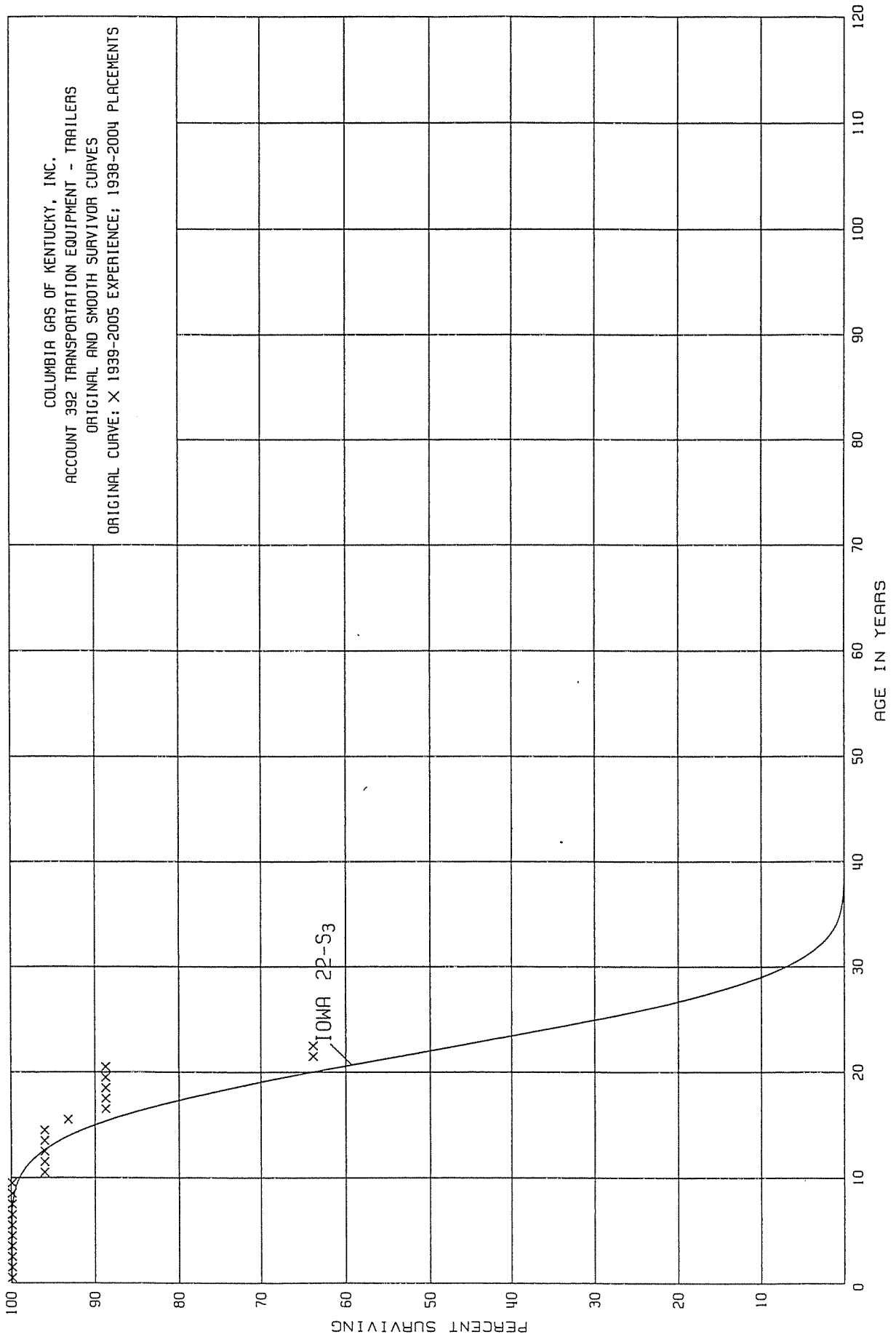
PLACEMENT BAND 1952-2005			EXPERIENCE BAND 1981-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,912,018		0.0000	1.0000	100.00
0.5	2,912,575	478	0.0002	0.9998	100.00
1.5	2,601,674	267	0.0001	0.9999	99.98
2.5	2,450,741	1,020	0.0004	0.9996	99.97
3.5	1,855,802	17,426	0.0094	0.9906	99.93
4.5	1,844,649	18,492	0.0100	0.9900	98.99
5.5	1,745,651	24,397	0.0140	0.9860	98.00
6.5	1,431,427	1,383	0.0010	0.9990	96.63
7.5	1,299,617	13,822	0.0106	0.9894	96.53
8.5	1,289,488	16,171	0.0125	0.9875	95.51
9.5	1,179,954	601	0.0005	0.9995	94.32
10.5	1,192,392	2,885	0.0024	0.9976	94.27
11.5	950,832	40,755	0.0429	0.9571	94.04
12.5	867,043	46	0.0001	0.9999	90.01
13.5	748,523	5,325	0.0071	0.9929	90.00
14.5	690,393		0.0000	1.0000	89.36
15.5	608,400	5,884	0.0097	0.9903	89.36
16.5	500,445	34,133	0.0682	0.9318	88.49
17.5	367,723	603	0.0016	0.9984	82.45
18.5	345,582	4,844	0.0140	0.9860	82.32
19.5	307,330	1,431	0.0047	0.9953	81.17
20.5	254,517	7,895	0.0310	0.9690	80.79
21.5	245,599	11,235	0.0457	0.9543	78.29
22.5	226,348	14,533	0.0642	0.9358	74.71
23.5	198,483	14,912	0.0751	0.9249	69.91
24.5	158,458	667	0.0042	0.9958	64.66
25.5	136,714	1,694	0.0124	0.9876	64.39
26.5	128,592	2,506	0.0195	0.9805	63.59
27.5	115,539		0.0000	1.0000	62.35
28.5	113,263	6,456	0.0570	0.9430	62.35
29.5	102,441	903	0.0088	0.9912	58.80
30.5	97,946	6,595	0.0673	0.9327	58.28
31.5	81,130		0.0000	1.0000	54.36
32.5	62,175		0.0000	1.0000	54.36
33.5	62,299		0.0000	1.0000	54.36
34.5	54,418		0.0000	1.0000	54.36
35.5	50,327	501	0.0100	0.9900	54.36
36.5	31,981	536	0.0168	0.9832	53.82
37.5	31,894		0.0000	1.0000	52.92
38.5	27,426		0.0000	1.0000	52.92

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFO SERVICES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1952-2005			EXPERIENCE BAND 1981-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	29,973		0.0000	1.0000	52.92
40.5	26,031		0.0000	1.0000	52.92
41.5	26,031		0.0000	1.0000	52.92
42.5	25,243		0.0000	1.0000	52.92
43.5	19,408		0.0000	1.0000	52.92
44.5	12,550	599	0.0477	0.9523	52.92
45.5	9,585		0.0000	1.0000	50.40
46.5	9,516		0.0000	1.0000	50.40
47.5	6,913		0.0000	1.0000	50.40
48.5	6,913		0.0000	1.0000	50.40
49.5	5,337		0.0000	1.0000	50.40
50.5	5,107		0.0000	1.0000	50.40
51.5	2,728		0.0000	1.0000	50.40
52.5	2,547		0.0000	1.0000	50.40
53.5					50.40

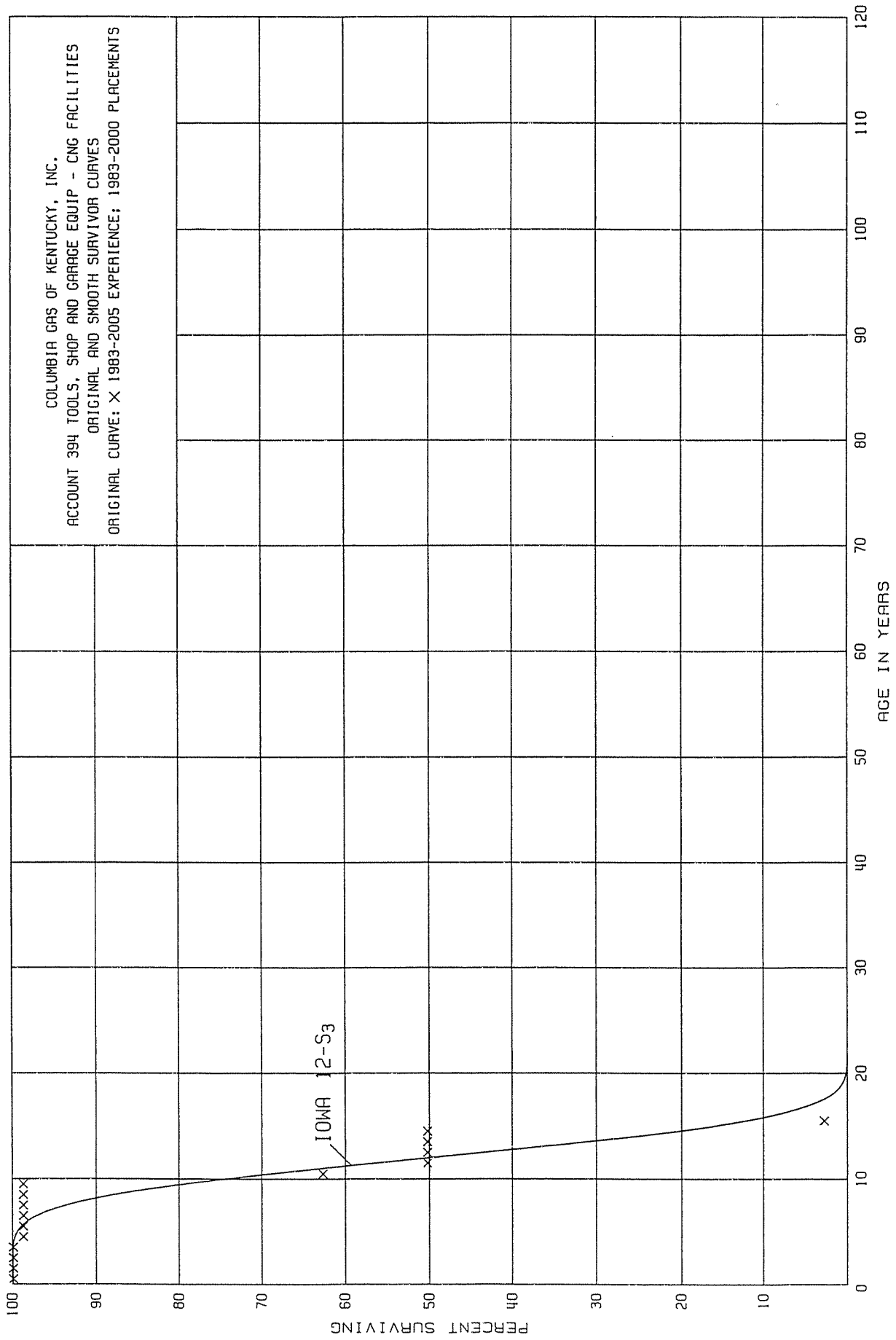


COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 392 TRANSPORTATION EQUIPMENT - TRAILERS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1938-2004			EXPERIENCE BAND 1939-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	REIMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	117,696		0.0000	1.0000	100.00
0.5	117,846		0.0000	1.0000	100.00
1.5	70,724		0.0000	1.0000	100.00
2.5	81,821		0.0000	1.0000	100.00
3.5	74,114		0.0000	1.0000	100.00
4.5	74,867		0.0000	1.0000	100.00
5.5	74,867		0.0000	1.0000	100.00
6.5	82,698		0.0000	1.0000	100.00
7.5	71,602		0.0000	1.0000	100.00
8.5	67,334		0.0000	1.0000	100.00
9.5	30,730	1,246	0.0405	0.9595	100.00
10.5	21,149		0.0000	1.0000	95.95
11.5	4,877		0.0000	1.0000	95.95
12.5	4,877		0.0000	1.0000	95.95
13.5	4,877		0.0000	1.0000	95.95
14.5	3,427	100	0.0292	0.9708	95.95
15.5	2,082	100	0.0480	0.9520	93.15
16.5	1,696		0.0000	1.0000	88.68
17.5	1,696		0.0000	1.0000	88.68
18.5	1,696		0.0000	1.0000	88.68
19.5	1,696		0.0000	1.0000	88.68
20.5	1,696	475	0.2801	0.7199	88.68
21.5	1,221		0.0000	1.0000	63.84
22.5	1,559		0.0000	1.0000	63.84
23.5	1,559		0.0000	1.0000	63.84
24.5	1,346		0.0000	1.0000	63.84
25.5	1,346		0.0000	1.0000	63.84
26.5	1,346		0.0000	1.0000	63.84
27.5	1,346		0.0000	1.0000	63.84
28.5	1,346		0.0000	1.0000	63.84
29.5	1,346	206	0.1530	0.8470	63.84
30.5	1,141	387	0.3392	0.6608	54.07
31.5	753		0.0000	1.0000	35.73
32.5	753		0.0000	1.0000	35.73
33.5	753		0.0000	1.0000	35.73
34.5	753		0.0000	1.0000	35.73
35.5	753		0.0000	1.0000	35.73
36.5	753		0.0000	1.0000	35.73
37.5	753	753	1.0000	0.0000	35.73
38.5					0.00



COLUMBIA GAS OF KENTUCKY, INC.

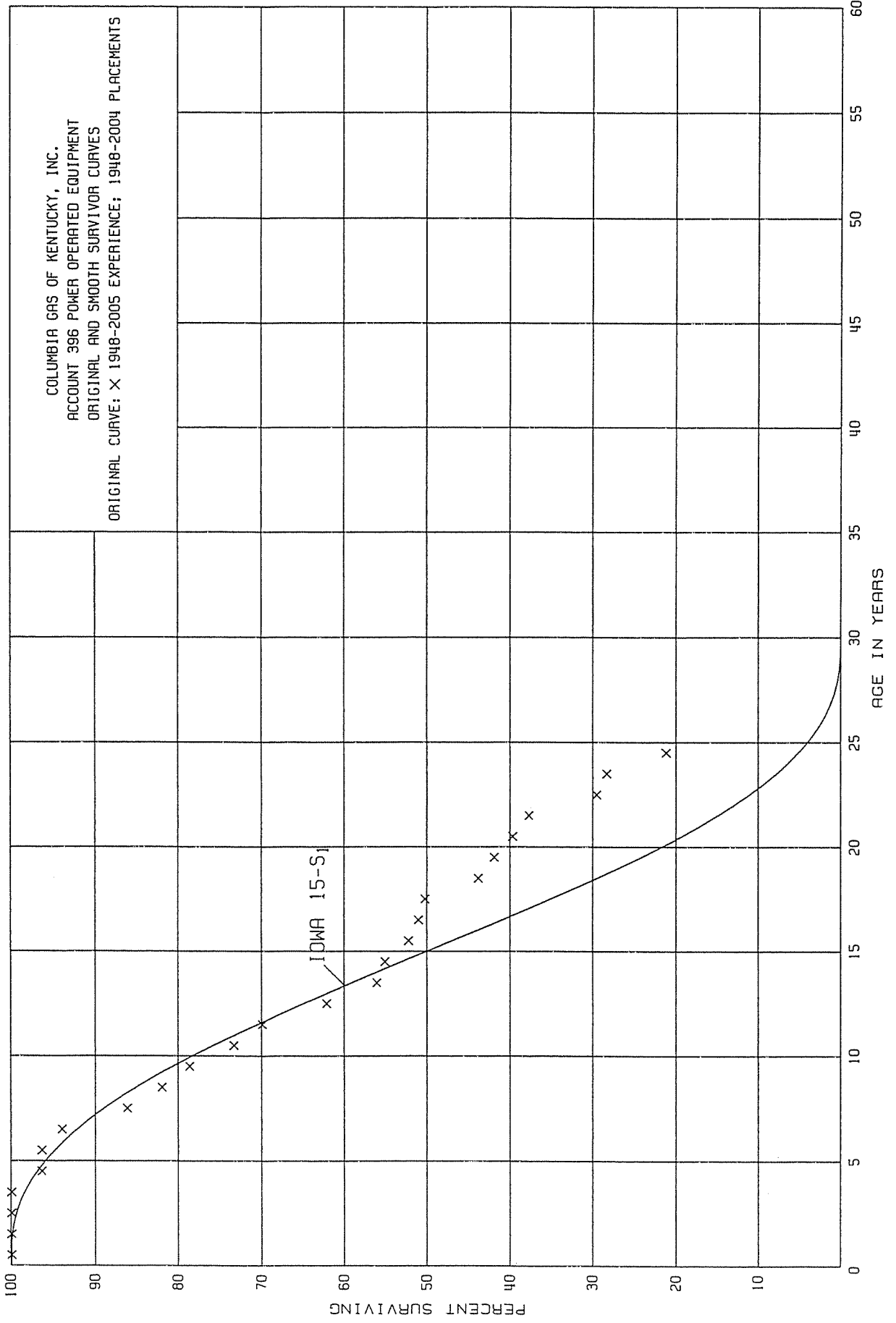
ACCOUNT 394 TOOLS, SHOP AND GARAGE EQUIP - CNG FACILITIES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1983-2000

EXPERIENCE BAND 1983-2005

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	823,973		0.0000	1.0000	100.00
0.5	823,973		0.0000	1.0000	100.00
1.5	823,973		0.0000	1.0000	100.00
2.5	823,973		0.0000	1.0000	100.00
3.5	823,973	10,660	0.0129	0.9871	100.00
4.5	811,369		0.0000	1.0000	98.71
5.5	934,148		0.0000	1.0000	98.71
6.5	934,148		0.0000	1.0000	98.71
7.5	934,148		0.0000	1.0000	98.71
8.5	812,687		0.0000	1.0000	98.71
9.5	812,687	297,031	0.3655	0.6345	98.71
10.5	316,863	63,001	0.1988	0.8012	62.63
11.5	137,834		0.0000	1.0000	50.18
12.5	127,779		0.0000	1.0000	50.18
13.5	127,779		0.0000	1.0000	50.18
14.5	127,779	120,834	0.9456	0.0544	50.18
15.5	6,945		0.0000	1.0000	2.73
16.5	6,945		0.0000	1.0000	2.73
17.5	6,945		0.0000	1.0000	2.73
18.5	6,945		0.0000	1.0000	2.73
19.5	6,945		0.0000	1.0000	2.73
20.5	6,945		0.0000	1.0000	2.73
21.5	6,945		0.0000	1.0000	2.73
22.5					2.73



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 396 POWER OPERATED EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1948-2004			EXPERIENCE BAND 1948-2005		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	819,375		0.0000	1.0000	100.00
0.5	844,946		0.0000	1.0000	100.00
1.5	751,156		0.0000	1.0000	100.00
2.5	751,156		0.0000	1.0000	100.00
3.5	692,700	25,062	0.0362	0.9638	100.00
4.5	764,959		0.0000	1.0000	96.38
5.5	776,739	19,298	0.0248	0.9752	96.38
6.5	775,129	65,338	0.0843	0.9157	93.99
7.5	737,102	35,779	0.0485	0.9515	86.07
8.5	709,800	28,488	0.0401	0.9599	81.90
9.5	515,684	34,709	0.0673	0.9327	78.62
10.5	534,686	24,996	0.0467	0.9533	73.33
11.5	460,718	51,772	0.1124	0.8876	69.91
12.5	389,416	38,178	0.0980	0.9020	62.05
13.5	358,428	6,242	0.0174	0.9826	55.97
14.5	337,601	17,408	0.0516	0.9484	55.00
15.5	278,524	6,265	0.0225	0.9775	52.16
16.5	267,640	4,310	0.0161	0.9839	50.99
17.5	243,977	31,054	0.1273	0.8727	50.17
18.5	212,923	9,136	0.0429	0.9571	43.78
19.5	203,788	10,730	0.0527	0.9473	41.90
20.5	169,822	8,485	0.0500	0.9500	39.69
21.5	140,204	30,658	0.2187	0.7813	37.71
22.5	83,704	3,187	0.0381	0.9619	29.46
23.5	79,210	20,024	0.2528	0.7472	28.34
24.5	44,057		0.0000	1.0000	21.18
25.5	38,043	1,622	0.0426	0.9574	21.18
26.5	30,196		0.0000	1.0000	20.28
27.5					20.28



III-84

## NET SALVAGE STATISTICS

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COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374 LAND AND LAND RIGHTS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1978	109		0	0		0	
1979							
1980							
1981							
1982	295		0	0		0	
1983		1				1-	
1984							
1985	376		0	0		0	
1986	2,662		0	0		0	
1987	518		0	0		0	
1988	114		0	0		0	
1989	3,071		0	0		0	
1990	147		0	0		0	
1991		9				9-	
1992							
1993	417	6	1	0		6-	1-
1994	112	9	8	0		9-	8-
1995							
1996				1		1	
1997							
1998							
1999							
2000	174	15	9	0		15-	9-
2001							
2002							
2003	8,195		0	0		0	
2004							
2005		919				919-	
TOTAL	16,190	959	6	1	0	958-	6-

THREE-YEAR MOVING AVERAGES

78-80	36		0	0		0	
79-81							
80-82	98		0	0		0	
81-83	98		0	0		0	
82-84	98		0	0		0	
83-85	125		0	0		0	
84-86	1,013		0	0		0	
85-87	1,185		0	0		0	

COLUMBIA GAS OF KENTUCKY, INC.  
ACCOUNT 374 LAND AND LAND RIGHTS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
86-88	1,098		0		0		0
87-89	1,235		0		0		0
88-90	1,111		0		0		0
89-91	1,073	3	0		0	3-	0
90-92	49	3	6		0	3-	6-
91-93	139	5	4		0	5-	4-
92-94	176	5	3		0	5-	3-
93-95	176	5	3		0	5-	3-
94-96	37	3	8		0	3-	8-
95-97							
96-98							
97-99							
98-00	58	5	9		0	5-	9-
99-01	58	5	9		0	5-	9-
00-02	58	5	9		0	5-	9-
01-03	2,732		0		0		0
02-04	2,732		0		0		0
03-05	2,732	306	11		0	306-	11-
FIVE-YEAR AVERAGE							
01-05	1,639	184	11		0	184-	11-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	730	119	16		0	119-	16-
1970	59	37	63		0	37-	63-
1971	1,813	495	27		0	495-	27-
1972	811	344	42		0	344-	42-
1973	2,691	343	13	2,448	91	2,105	78
1974							
1975							
1976							
1977	205		0		0		0
1978	374	104	28		0	104-	28-
1979							
1980							
1981	5,768	754	13		0	754-	13-
1982	8,962	988	11	1,661	19	673	8
1983	2,245	522	23		0	522-	23-
1984	6,670	291	4		0	291-	4-
1985	10,023	220	2		0	220-	2-
1986	1,933	695	36		0	695-	36-
1987	10,363	163	2		0	163-	2-
1988	2,963		0		0		0
1989	735	215	29		0	215-	29-
1990	12,306	1,032	8		0	1,032-	8-
1991	1,372	243	18		0	243-	18-
1992	734		0	1	0	1	0
1993	3,701	1,342	36		0	1,342-	36-
1994	5,460	778	14	550	10	228-	4-
1995	939	22,938-			0	22,938	
1996	7,801	3,332	43		0	3,332-	43-
1997	1,627	6,242	384		0	6,242-	384-
1998	8,351	2,536	30		0	2,536-	30-
1999	860	531	62		0	531-	62-
2000	21,343	1,811	8		0	1,811-	8-
2001	2,689	884	33		0	884-	33-
2002	936	68	7		0	68-	7-
2003	1,263	2,703	214		0	2,703-	214-
2004	14,257	3,167	22		0	3,167-	22-
2005	4,765	14,911	313		0	14,911-	313-
TOTAL	144,749	21,932	15	4,660	3	17,272-	12-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
69-71	867	217 25	0	217- 25-
70-72	894	292 33	0	292- 33-
71-73	1,772	394 22	816 46	422 24
72-74	1,167	229 20	816 70	587 50
73-75	897	114 13	816 91	702 78
74-76				
75-77	68	0	0	0
76-78	193	35 18	0	35- 18-
77-79	193	35 18	0	35- 18-
78-80	125	35 28	0	35- 28-
79-81	1,923	251 13	0	251- 13-
80-82	4,910	581 12	554 11	27- 1-
81-83	5,658	755 13	554 10	201- 4-
82-84	5,959	600 10	554 9	46- 1-
83-85	6,313	344 5	0	344- 5-
84-86	6,209	402 6	0	402- 6-
85-87	7,440	359 5	0	359- 5-
86-88	5,086	286 6	0	286- 6-
87-89	4,687	126 3	0	126- 3-
88-90	5,335	416 8	0	416- 8-
89-91	4,804	497 10	0	497- 10-
90-92	4,804	425 9	0	425- 9-
91-93	1,936	528 27	0	528- 27-
92-94	3,298	706 21	184 6	522- 16-
93-95	3,367	6,940-206-	183 5	7,123 212
94-96	4,733	6,276-133-	183 4	6,459 136
95-97	3,456	4,455-129-	0	4,455 129
96-98	5,926	4,037 68	0	4,037- 68-
97-99	3,613	3,103 86	0	3,103- 86-
98-00	10,185	1,626 16	0	1,626- 16-
99-01	8,298	1,075 13	0	1,075- 13-
00-02	8,323	921 11	0	921- 11-
01-03	1,629	1,218 75	0	1,218- 75-
02-04	5,485	1,979 36	0	1,979- 36-
03-05	6,762	6,927 102	0	6,927-102-

FIVE-YEAR AVERAGE

01-05	4,782	4,347 91	0	4,347- 91-
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COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCTS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	10		0		0		0
1970	8,034	439	5	33	0	406-	5-
1971	608		0		0		0
1972							
1973				55		55	
1974							
1975							
1976							
1977							
1978	1,940		0		0		0
1979							
1980	3,198		0		0		0
1981							
1982	4,676		0		0		0
1983	4,069		0		0		0
1984	1,847		0		0		0
1985	5,972	136	2		0	136-	2-
1986	2,718		0		0		0
1987	4,176	2,400	57		0	2,400-	57-
1988	1,101		0		0		0
1989	290		0		0		0
1990	182		0		0		0
1991							
1992	10,901	200	2		0	200-	2-
1993	6,187		0		0		0
1994	423	98	23		0	98-	23-
1995	15,166	2,600	17		0	2,600-	17-
1996	37,916	7,129	19	23,558	62	16,429	43
1997		30				30-	
1998	292,458	2,892	1	214,000	73	211,108	72
1999							
2000	114,701	380	0	105,301	92	104,921	91
2001							
2002							
2003							
2004							
2005							
TOTAL	516,573	16,304	3	342,947	66	326,643	63

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCTS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE		
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT	
THREE-YEAR MOVING AVERAGES								
69-71	2,884	146	5	11	0	135-	5-	
70-72	2,880	146	5	11	0	135-	5-	
71-73	203		0	18	9	18	9	
72-74				18		18		
73-75				18		18		
74-76								
75-77								
76-78	647		0		0		0	
77-79	647		0		0		0	
78-80	1,713		0		0		0	
79-81	1,066		0		0		0	
80-82	2,625		0		0		0	
81-83	2,915		0		0		0	
82-84	3,530		0		0		0	
83-85	3,963	45	1		0	45-	1-	
84-86	3,512	45	1		0	45-	1-	
85-87	4,289	845	20		0	845-	20-	
86-88	2,665	800	30		0	800-	30-	
87-89	1,856	800	43		0	800-	43-	
88-90	525		0		0		0	
89-91	157		0		0		0	
90-92	3,694	67	2		0	67-	2-	
91-93	5,696	67	1		0	67-	1-	
92-94	5,837	99	2		0	99-	2-	
93-95	7,259	899	12		0	899-	12-	
94-96	17,835	3,276	18	7,853	44	4,577	26	
95-97	17,694	3,253	18	7,853	44	4,600	26	
96-98	110,125	3,350	3	79,186	72	75,836	69	
97-99	97,486	974	1	71,333	73	70,359	72	
98-00	135,720	1,091	1	106,434	78	105,343	78	
99-01	38,234	127	0	35,100	92	34,973	91	
00-02	38,234	127	0	35,100	92	34,973	91	
01-03								
02-04								
03-05								

FIVE-YEAR AVERAGE

01-05



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.71 STRUCTURES AND IMPROVEMENTS - OTHER

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1995	25,671		0		0		0
1996							
1997							
1998	47,711		0		0		0
1999							
2000							
2001							
2002							
2003							
2004							
2005							
TOTAL	73,382		0		0		0

THREE-YEAR MOVING AVERAGES

95-97	8,557		0		0		0
96-98	15,904		0		0		0
97-99	15,904		0		0		0
98-00	15,904		0		0		0
99-01							
00-02							
01-03							
02-04							
03-05							

FIVE-YEAR AVERAGE

01-05

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	62,390	7,535	12	3,779	6	3,756-	6-
1970	78,867	12,711	16	1,714	2	10,997-	14-
1971	66,071	10,507	16	2,620	4	7,887-	12-
1972	156,266	13,540	9	75-	0	13,615-	9-
1973	123,505	11,351	9	1,180-	1-	12,531-	10-
1974	37,316	2,683	7	5,361	14	2,678	7
1975	58,110	2,751-	5-	415-	1-	2,336	4
1976	74,384	8,749	12	3,372	5	5,377-	7-
1977	78,698	8,355	11	882	1	7,473-	9-
1978	72,156	7,475	10	2,715-	4-	10,190-	14-
1979	99,728	9,551	10	4,606	5	4,945-	5-
1980	92,048	10,910	12	959	1	9,951-	11-
1981	91,288	12,759	14	658	1	12,101-	13-
1982	116,865	14,812	13	1,180	1	13,632-	12-
1983	106,092	19,234	18	2,479	2	16,755-	16-
1984	188,954	23,594	12	547	0	23,047-	12-
1985	171,466	21,909	13	4,010	2	17,899-	10-
1986	127,878	13,126	10	13,023-	10-	26,149-	20-
1987	185,129	21,791	12	7,048	4	14,743-	8-
1988	158,653	21,360	13	1,867-	1-	23,227-	15-
1989	164,717	15,103	9	1,967	1	13,136-	8-
1990	271,340	33,286	12	1,861	1	31,425-	12-
1991	290,524	29,232	10	4,542-	2-	33,774-	12-
1992	169,542	16,542	10	5,708-	3-	22,250-	13-
1993	242,200	26,742	11	6,940-	3-	33,682-	14-
1994	259,776	29,876	12	291	0	29,585-	11-
1995	169,669	29,182	17	3,189-	2-	32,371-	19-
1996	421,839	49,575	12	13,827-	3-	63,402-	15-
1997	375,842	55,823	15	997-	0	56,820-	15-
1998	652,014	63,122	10	3	0	63,119-	10-
1999	250,956	42,002	17		0	42,002-	17-
2000	466,046	54,335	12		0	54,335-	12-
2001	315,695	66,343	21	4,064-	1-	70,407-	22-
2002	260,394	32,872	13	6,276	2	26,596-	10-
2003	807,118	37,373	5		0	37,373-	5-
2004	2,023,544	218,273	11	3,000	0	215,273-	11-
2005	294,801	167,583	57		0	167,583-	57-
TOTAL	9,581,881	1,216,465	13	5,929-	0	1,222,394-	13-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
69-71	69,109	10,251	15	2,704	4	7,547-	11-
70-72	100,401	12,253	12	1,419	1	10,834-	11-
71-73	115,281	11,799	10	455	0	11,344-	10-
72-74	105,696	9,191	9	1,369	1	7,822-	7-
73-75	72,977	3,761	5	1,255	2	2,506-	3-
74-76	56,603	2,894	5	2,773	5	121-	0
75-77	70,397	4,784	7	1,280	2	3,504-	5-
76-78	75,079	8,193	11	513	1	7,680-	10-
77-79	83,527	8,461	10	924	1	7,537-	9-
78-80	87,977	9,312	11	950	1	8,362-	10-
79-81	94,355	11,073	12	2,074	2	8,999-	10-
80-82	100,067	12,827	13	932	1	11,895-	12-
81-83	104,749	15,602	15	1,439	1	14,163-	14-
82-84	137,304	19,213	14	1,402	1	17,811-	13-
83-85	155,504	21,579	14	2,345	2	19,234-	12-
84-86	162,766	19,543	12	2,822-	2-	22,365-	14-
85-87	161,491	18,942	12	655-	0	19,597-	12-
86-88	157,220	18,759	12	2,614-	2-	21,373-	14-
87-89	169,500	19,418	11	2,382	1	17,036-	10-
88-90	198,237	23,250	12	654	0	22,596-	11-
89-91	242,194	25,874	11	238-	0	26,112-	11-
90-92	243,802	26,353	11	2,796-	1-	29,149-	12-
91-93	234,089	24,172	10	5,730-	2-	29,902-	13-
92-94	223,839	24,387	11	4,119-	2-	28,506-	13-
93-95	223,882	28,600	13	3,279-	1-	31,879-	14-
94-96	283,761	36,211	13	5,575-	2-	41,786-	15-
95-97	322,450	44,860	14	6,004-	2-	50,864-	16-
96-98	483,232	56,173	12	4,940-	1-	61,113-	13-
97-99	426,271	53,649	13	331-	0	53,980-	13-
98-00	456,339	53,153	12	1	0	53,152-	12-
99-01	344,233	54,227	16	1,355-	0	55,582-	16-
00-02	347,378	51,183	15	737	0	50,446-	15-
01-03	461,069	45,529	10	737	0	44,792-	10-
02-04	1,030,352	96,173	9	3,092	0	93,081-	9-
03-05	1,041,821	141,076	14	1,000	0	140,076-	13-

FIVE-YEAR AVERAGE

01-05	740,310	104,489	14	1,042	0	103,447-	14-
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COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STA. EQUIP.- GENERAL

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	3,931	937	24	1,204	31	267	7
1970	4,600	1,496	33	411	9	1,085-	24-
1971	19,169	3,999	21	3,987	21	12-	0
1972	29,376	5,503	19	8,718	30	3,215	11
1973	21,265	4,367	21	7,090	33	2,723	13
1974	6,400	1,242	19	1,147	18	95-	1-
1975	12,592	1,064	8	725-	6-	1,789-	14-
1976	3,777	177	5	503	13	326	9
1977	2,254	644	29	301	13	343-	15-
1978	94		0		0		0
1979	27,307	657	2	1,553	6	896	3
1980	2,080	164	8	160	8	4-	0
1981	10,775	30	0	599	6	569	5
1982	21,965	3,959	18	2,077	9	1,882-	9-
1983	12,012	692	6	15	0	677-	6-
1984	17,755	2,715	15	456-	3-	3,171-	18-
1985	14,710	1,348	9	836-	6-	2,184-	15-
1986	16,504	1,632	10	257	2	1,375-	8-
1987	33,303	1,291	4	1,232	4	59-	0
1988	30,329	2,632	9	19,534	64	16,902	56
1989	12,217	2,315	19	1,014-	8-	3,329-	27-
1990	36,083	10,128	28	4,211	12	5,917-	16-
1991	51,285	3,952	8	4,182	8	230	0
1992	35,265	11,696	33	173	0	11,523-	33-
1993	32,473	5,451	17	944	3	4,507-	14-
1994	30,459	2,281	7	15	0	2,266-	7-
1995	4,979	1,224	25	34	1	1,190-	24-
1996	31,143	2,125	7	3	0	2,122-	7-
1997	2,254	286	13		0	286-	13-
1998	36,185	1,681	5	823	2	858-	2-
1999	105,463	4,373	4	40,872	39	36,499	35
2000	105,528	11,258	11	512	0	10,746-	10-
2001	7,899	411	5		0	411-	5-
2002	19,909	1,916	10		0	1,916-	10-
2003	6,450	1,427	22		0	1,427-	22-
2004	162,755	5,745	4	3,000	2	2,745-	2-
2005	2,926	17,430	596		0	17,430-	596-
TOTAL	973,471	118,248	12	100,526	10	17,722-	2-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STA. EQUIP.- GENERAL

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE		
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT	
THREE-YEAR MOVING AVERAGES								
69-71	9,233	2,144	23	1,867	20	277-	3-	
70-72	17,715	3,666	21	4,372	25	706	4	
71-73	23,270	4,623	20	6,598	28	1,975	8	
72-74	19,014	3,704	19	5,652	30	1,948	10	
73-75	13,419	2,224	17	2,504	19	280	2	
74-76	7,590	828	11	308	4	520-	7-	
75-77	6,208	628	10	26	0	602-	10-	
76-78	2,042	274	13	268	13	6-	0	
77-79	9,885	434	4	618	6	184	2	
78-80	9,827	274	3	571	6	297	3	
79-81	13,387	283	2	771	6	488	4	
80-82	11,607	1,384	12	945	8	439-	4-	
81-83	14,917	1,560	10	897	6	663-	4-	
82-84	17,244	2,455	14	545	3	1,910-	11-	
83-85	14,826	1,585	11	426-	3-	2,011-	14-	
84-86	16,323	1,898	12	345-	2-	2,243-	14-	
85-87	21,506	1,424	7	217	1	1,207-	6-	
86-88	26,712	1,852	7	7,008	26	5,156	19	
87-89	25,283	2,079	8	6,584	26	4,505	18	
88-90	26,209	5,025	19	7,577	29	2,552	10	
89-91	33,195	5,465	16	2,460	7	3,005-	9-	
90-92	40,877	8,592	21	2,855	7	5,737-	14-	
91-93	39,674	7,033	18	1,766	4	5,267-	13-	
92-94	32,732	6,476	20	377	1	6,099-	19-	
93-95	22,637	2,986	13	331	1	2,655-	12-	
94-96	22,194	1,877	8	17	0	1,860-	8-	
95-97	12,792	1,212	9	12	0	1,200-	9-	
96-98	23,194	1,364	6	275	1	1,089-	5-	
97-99	47,967	2,113	4	13,898	29	11,785	25	
98-00	82,392	5,771	7	14,069	17	8,298	10	
99-01	72,963	5,347	7	13,795	19	8,448	12	
00-02	44,445	4,529	10	171	0	4,358-	10-	
01-03	11,419	1,251	11		0	1,251-	11-	
02-04	63,038	3,029	5	1,000	2	2,029-	3-	
03-05	57,377	8,201	14	1,000	2	7,201-	13-	
FIVE-YEAR AVERAGE								
01-05	39,988	5,386	13	600	2	4,786-	12-	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 379.1 MEAS. AND REG. STATION EQUIPMENT - CITY GATE

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
1969	4,358	497 11	1,234 28	737 17
1970	4,816	747 16	2,645 55	1,898 39
1971			312-	312-
1972				
1973				
1974				
1975				
1976	377	176 47	2 1	174- 46-
1977				
1978				
1979				
1980				
1981	433		0	0
1982				
1983				
1984	360	77 21	0	77- 21-
1985	30	0	0	0
1986	7	0	0	0
1987				
1988				
1989				
1990				
1991		553		553-
1992				
1993				
1994				
1995				
1996				
1997				
1998				
1999				
2000	92	45 49	0	45- 49-
2001				
2002				
2003				
2004	1,481	128 9	0	128- 9-
2005				
TOTAL	11,954	2,223 19	3,569 30	1,346 11

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 379.1 MEAS. AND REG. STATION EQUIPMENT - CITY GATE

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT		GROSS SALVAGE AMOUNT PCT		NET SALVAGE AMOUNT PCT	
THREE-YEAR MOVING AVERAGES							
69-71	3,058	415	14	1,189	39	774	25
70-72	1,605	249	16	778	48	529	33
71-73				104-		104-	
72-74							
73-75							
74-76	126	59	47	1	1	58-	46-
75-77	126	59	47	1	1	58-	46-
76-78	126	59	47	1	1	58-	46-
77-79							
78-80							
79-81	144		0		0		0
80-82	144		0		0		0
81-83	144		0		0		0
82-84	120	26	22		0	26-	22-
83-85	130	26	20		0	26-	20-
84-86	132	26	20		0	26-	20-
85-87	12		0		0		0
86-88	2		0		0		0
87-89							
88-90							
89-91		184				184-	
90-92		184				184-	
91-93		184				184-	
92-94							
93-95							
94-96							
95-97							
96-98							
97-99							
98-00	31	15	48		0	15-	48-
99-01	31	15	48		0	15-	48-
00-02	31	15	48		0	15-	48-
01-03							
02-04	494	43	9		0	43-	9-
03-05	494	43	9		0	43-	9-
FIVE-YEAR AVERAGE							
01-05	296	26	9		0	26-	9-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	24,095	22,698	94	5,202	22	17,496-	73-
1970	31,599	14,438	46	8,510	27	5,928-	19-
1971	28,678	21,167	74	7,593	26	13,574-	47-
1972	35,178	23,523	67	4,027	11	19,496-	55-
1973	39,618	30,730	78	7,605	19	23,125-	58-
1974	19,530	31,786	163	7,291	37	24,495-	125-
1975	23,869	32,640	137	2,663	11	29,977-	126-
1976	27,900	39,419	141	5,841	21	33,578-	120-
1977	33,288	19,738	59	6,660	20	13,078-	39-
1978	40,500	20,358	50	379	1	19,979-	49-
1979	38,199	28,872	76	25-	0	28,897-	76-
1980	46,393	95,188	205	1,511-	3-	96,699-	208-
1981	45,798	109,023	238	153	0	108,870-	238-
1982	53,349	109,400	205	569	1	108,831-	204-
1983	35,692	91,355	256	1,166	3	90,189-	253-
1984	36,775	116,650	317	179	0	116,471-	317-
1985	39,852	121,120	304	15,030	38	106,090-	266-
1986	104,405	167,418	160	827-	1-	168,245-	161-
1987	35,726	162,863	456	589	2	162,274-	454-
1988	45,283	144,170	318	292-	1-	144,462-	319-
1989	81,605	154,861	190	2,106-	3-	156,967-	192-
1990	79,282	299,891	378	13,094-	17-	312,985-	395-
1991	121,327	329,214	271	24-	0	329,238-	271-
1992	43,696	80,303	184	222	1	80,081-	183-
1993	208,541	404,466	194		0	404,466-	194-
1994	492,973	241,788	49	1,321	0	240,467-	49-
1995	749,852	272,293	36	1	0	272,292-	36-
1996	474,713	237,272	50	1,607	0	235,665-	50-
1997	634,392	271,629	43	2,561	0	269,068-	42-
1998	604,594	251,589	42	2,235	0	249,354-	41-
1999	577,281	280,444	49	1,363	0	279,081-	48-
2000	769,118	360,891	47	2,695	0	358,196-	47-
2001	758,487	590,727	78	2,429	0	588,298-	78-
2002	761,027	690,300	91	1,322	0	688,978-	91-
2003	875,521	378,740	43	1,763	0	376,977-	43-
2004	995,384	721,384-	72-		0	721,384	72
2005	560,561	1,079,726	193		0	1,079,726-	193-
TOTAL	9,574,081	6,605,306	69	73,097	1	6,532,209-	68-



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
69-71	28,124	19,435	69	7,102	25	12,333-	44-
70-72	31,819	19,709	62	6,710	21	12,999-	41-
71-73	34,491	25,140	73	6,408	19	18,732-	54-
72-74	31,442	28,679	91	6,307	20	22,372-	71-
73-75	27,672	31,718	115	5,853	21	25,865-	93-
74-76	23,766	34,615	146	5,265	22	29,350-	123-
75-77	28,352	30,599	108	5,055	18	25,544-	90-
76-78	33,896	26,505	78	4,293	13	22,212-	66-
77-79	37,329	22,989	62	2,338	6	20,651-	55-
78-80	41,697	48,139	115	386-	1-	48,525-	116-
79-81	43,463	77,694	179	461-	1-	78,155-	180-
80-82	48,513	104,537	215	263-	1-	104,800-	216-
81-83	44,946	103,259	230	629	1	102,630-	228-
82-84	41,939	105,801	252	638	2	105,163-	251-
83-85	37,440	109,708	293	5,459	15	104,249-	278-
84-86	60,344	135,063	224	4,794	8	130,269-	216-
85-87	59,994	150,467	251	4,931	8	145,536-	243-
86-88	61,805	158,151	256	177-	0	158,328-	256-
87-89	54,205	153,965	284	603-	1-	154,568-	285-
88-90	68,724	199,641	290	5,164-	8-	204,805-	298-
89-91	94,071	261,322	278	5,075-	5-	266,397-	283-
90-92	81,435	236,469	290	4,298-	5-	240,767-	296-
91-93	124,521	271,328	218	66	0	271,262-	218-
92-94	248,403	242,186	97	514	0	241,672-	97-
93-95	483,789	306,182	63	441	0	305,741-	63-
94-96	572,513	250,451	44	976	0	249,475-	44-
95-97	619,653	260,398	42	1,390	0	259,008-	42-
96-98	571,233	253,497	44	2,135	0	251,362-	44-
97-99	605,422	267,887	44	2,053	0	265,834-	44-
98-00	650,331	297,641	46	2,098	0	295,543-	45-
99-01	701,629	410,687	59	2,162	0	408,525-	58-
00-02	762,877	547,306	72	2,148	0	545,158-	71-
01-03	798,345	553,256	69	1,838	0	551,418-	69-
02-04	877,311	115,885	13	1,028	0	114,857-	13-
03-05	810,489	245,694	30	588	0	245,106-	30-

FIVE-YEAR AVERAGE

01-05      790,196      403,622      51      1,103      0      402,519-      51-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	62,143	5,712	9	10,143	16	4,431	7
1970	57,467	4,901	9	6,048	11	1,147	2
1971	49,004	5,047	10	6,781	14	1,734	4
1972	32,254	4,435	14	525-	2-	4,960-	15-
1973	21,448	3,180	15	10,060	47	6,880	32
1974				405-		405-	
1975	19,011	2,308	12	4,613	24	2,305	12
1976	12,838	3,873	30	12,619	98	8,746	68
1977	77,400	4,069	5		0	4,069-	5-
1978	36,556	4,285	12	29	0	4,256-	12-
1979	47,730	9,819	21	26	0	9,793-	21-
1980	53,094	10,505	20		0	10,505-	20-
1981	35,140	7,767	22		0	7,767-	22-
1982	65,354	1,859	3	138	0	1,721-	3-
1983	53,304	1,056	2	1,814	3	758	1
1984	53,698	371-	1-		0	371	1
1985	63,264	1,850-	3-	899	1	2,749	4
1986	92,274	56	0	9,246	10	9,190	10
1987	73,194		0	9,932	14	9,932	14
1988	69,492		0	5,903	8	5,903	8
1989	52,234	781	1	6,493	12	5,712	11
1990	63,650	4,237	7	7,546	12	3,309	5
1991	80,921	4,292	5	10,005	12	5,713	7
1992	95,093	3,730	4	9,168	10	5,438	6
1993	80,301	3,298	4		0	3,298-	4-
1994	133,315	6,187	5	2,758	2	3,429-	3-
1995	103,961	5,828	6	4,017	4	1,811-	2-
1996	83,689	7,137	9	653	1	6,484-	8-
1997	91,624	523	1	254	0	269-	0
1998	103,204		0	433	0	433	0
1999	125,820		0	350	0	350	0
2000				157		157	
2001	211,021		0	966	0	966	0
2002	220,188		0	525	0	525	0
2003	335,975		0	192	0	192	0
2004	281,724		0	13,445	5	13,445	5
2005	44,057		0	920-	2-	920-	2-
TOTAL	3,081,442	102,664	3	133,363	4	30,699	1

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT		GROSS SALVAGE AMOUNT PCT		NET SALVAGE AMOUNT PCT	
THREE-YEAR MOVING AVERAGES							
69-71	56,205	5,220	9	7,657	14	2,437	4
70-72	46,242	4,794	10	4,101	9	693-	1-
71-73	34,236	4,221	12	5,438	16	1,217	4
72-74	17,901	2,538	14	3,043	17	505	3
73-75	13,487	1,829	14	4,756	35	2,927	22
74-76	10,617	2,060	19	5,609	53	3,549	33
75-77	36,416	3,417	9	5,744	16	2,327	6
76-78	42,265	4,076	10	4,216	10	140	0
77-79	53,895	6,058	11	18	0	6,040-	11-
78-80	45,794	8,203	18	18	0	8,185-	18-
79-81	45,321	9,364	21	9	0	9,355-	21-
80-82	51,196	6,711	13	46	0	6,665-	13-
81-83	51,266	3,561	7	651	1	2,910-	6-
82-84	57,452	848	1	651	1	197-	0
83-85	56,755	388-	1-	904	2	1,292	2
84-86	69,745	721-	1-	3,382	5	4,103	6
85-87	76,244	598-	1-	6,692	9	7,290	10
86-88	78,320	19	0	8,361	11	8,342	11
87-89	64,973	260	0	7,443	11	7,183	11
88-90	61,792	1,673	3	6,648	11	4,975	8
89-91	65,602	3,104	5	8,015	12	4,911	7
90-92	79,888	4,086	5	8,907	11	4,821	6
91-93	85,438	3,773	4	6,391	7	2,618	3
92-94	102,903	4,405	4	3,975	4	430-	0
93-95	105,859	5,104	5	2,258	2	2,846-	3-
94-96	106,988	6,384	6	2,476	2	3,908-	4-
95-97	93,091	4,496	5	1,642	2	2,854-	3-
96-98	92,839	2,553	3	447	0	2,106-	2-
97-99	106,882	174	0	346	0	172	0
98-00	76,341		0	313	0	313	0
99-01	112,280		0	491	0	491	0
00-02	143,736		0	549	0	549	0
01-03	255,728		0	561	0	561	0
02-04	279,295		0	4,721	2	4,721	2
03-05	220,585		0	4,239	2	4,239	2

FIVE-YEAR AVERAGE

01-05	218,593		0	2,842	1	2,842	1
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COLUMBIA GAS OF KENTUCKY, INC.  
ACCOUNT 382 METER INSTALLATIONS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	3,097	1,349	44	96	3	1,253-	40-
1970	7,525	1,287	17	501	7	786-	10-
1971	16,814	1,485	9	218	1	1,267-	8-
1972	11,241	820	7	144	1	676-	6-
1973	4,754	652	14	14	0	638-	13-
1974	5,802	330	6	16	0	314-	5-
1975	5,554	705	13	694	12	11-	0
1976	7,602	571	8	137	2	434-	6-
1977	5,467	259	5	21	0	238-	4-
1978	5,648	470	8	150	3	320-	6-
1979	1,764	1,937	110	802	45	1,135-	64-
1980	1,784	740	41		0	740-	41-
1981	2,082	1,601	77	1	0	1,600-	77-
1982	2,253	2,617	116	580	26	2,037-	90-
1983	4,631	2,373	51	172	4	2,201-	48-
1984	6,942	2,431	35	118	2	2,313-	33-
1985	6,237	2,094	34	600	10	1,494-	24-
1986	10,763	2,842	26	417	4	2,425-	23-
1987	7,427	1,877	25	273	4	1,604-	22-
1988	6,043	697	12	373	6	324-	5-
1989	6,886	865	13	603	9	262-	4-
1990	7,122	631	9	55	1	576-	8-
1991	12,358	562	5	62	1	500-	4-
1992	2,548		0	277	11	277	11
1993	16,750	739	4	58	0	681-	4-
1994	4,375	1,714	39	58	1	1,656-	38-
1995	16,762	195	1	3	0	192-	1-
1996	46,091	521	1	33	0	488-	1-
1997	54,364	328	1	266	0	62-	0
1998	76,370	1,324	2	27	0	1,297-	2-
1999	40,447	1,044	3	178	0	866-	2-
2000	30,913	379	1	52	0	327-	1-
2001	26,401	4	0	295	1	291	1
2002	21,759	1	0	93	0	92	0
2003	62,815	472	1	117	0	355-	1-
2004	48,981	181	0	170	0	11-	0
2005	29,225	25,516	87		0	25,516-	87-
TOTAL	627,597	61,613	10	7,674	1	53,939-	9-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
69-71	9,145	1,374	15	272	3	1,102	12-
70-72	11,860	1,197	10	288	2	909	8-
71-73	10,936	986	9	125	1	861	8-
72-74	7,266	601	8	58	1	543	7-
73-75	5,370	562	10	241	4	321	6-
74-76	6,320	535	8	282	4	253	4-
75-77	6,208	512	8	284	5	228	4-
76-78	6,239	433	7	103	2	330	5-
77-79	4,293	889	21	324	8	565	13-
78-80	3,066	1,049	34	317	10	732	24-
79-81	1,877	1,426	76	268	14	1,158	62-
80-82	2,040	1,653	81	194	10	1,459	72-
81-83	2,989	2,197	74	251	8	1,946	65-
82-84	4,608	2,474	54	290	6	2,184	47-
83-85	5,937	2,300	39	297	5	2,003	34-
84-86	7,981	2,456	31	378	5	2,078	26-
85-87	8,142	2,271	28	430	5	1,841	23-
86-88	8,078	1,805	22	354	4	1,451	18-
87-89	6,786	1,146	17	416	6	730	11-
88-90	6,684	731	11	343	5	388	6-
89-91	8,789	686	8	240	3	446	5-
90-92	7,342	397	5	131	2	266	4-
91-93	10,552	433	4	132	1	301	3-
92-94	7,891	817	10	131	2	686	9-
93-95	12,629	883	7	40	0	843	7-
94-96	22,409	810	4	32	0	778	3-
95-97	39,072	348	1	101	0	247	1-
96-98	58,941	724	1	109	0	615	1-
97-99	57,060	899	2	157	0	742	1-
98-00	49,243	916	2	86	0	830	2-
99-01	32,587	476	1	175	1	301	1-
00-02	26,358	128	0	147	1	19	0
01-03	36,992	159	0	168	0	9	0
02-04	44,518	218	0	127	0	91	0
03-05	47,007	8,723	19	96	0	8,627	18-

FIVE-YEAR AVERAGE

01-05	37,836	5,235	14	135	0	5,100	13-
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COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	2,388	55	2	1,151	48	1,096	46
1970	2,528	43	2	1,902	75	1,859	74
1971	1,499		0	718	48	718	48
1972	1,647		0	1,006	61	1,006	61
1973	1,223		0	304	25	304	25
1974	1,460	256	18	115	8	141-	10-
1975	1,161	232	20	83	7	149-	13-
1976	2,145	590	28	334	16	256-	12-
1977	1,724	372	22	446	26	74	4
1978	2,370	230	10	346-	15-	576-	24-
1979	2,712	308	11	147	5	161-	6-
1980	2,975	230	8	227	8	3-	0
1981	4,175	690	17	640	15	50-	1-
1982	9,307	3,928	42	1,309	14	2,619-	28-
1983	7,595	2,809	37	775	10	2,034-	27-
1984	9,540	4,037	42	1,005	11	3,032-	32-
1985	10,709	2,049	19	264	2	1,785-	17-
1986	20,809	2,135	10	324-	2-	2,459-	12-
1987	7,894	2,077	26	23	0	2,054-	26-
1988	7,942	1,640	21	1,160	15	480-	6-
1989	7,806	1,036	13	601	8	435-	6-
1990	6,760	377	6	822-	12-	1,199-	18-
1991	8,381	877	10	215	3	662-	8-
1992	2,313	74	3	78	3	4	0
1993	13,067	983	8	59	0	924-	7-
1994	4,484	624	14	794	18	170	4
1995	3,921	49	1	7	0	42-	1-
1996	8,733	198	2	310	4	112	1
1997	8,699	33	0		0	33-	0
1998	13,835	91	1	1-	0	92-	1-
1999	5,000	67	1	156	3	89	2
2000	3,975	208	5	13	0	195-	5-
2001	2,607	49	2	544	21	495	19
2002	5,363		0	18	0	18	0
2003	6,449		0	615	10	615	10
2004	3,346	81-	2-	26	1	107	3
2005	3,551	13	0		0	13-	0
TOTAL	210,093	26,279	13	13,552	6	12,727-	6-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
69-71	2,138	33	2	1,257	59	1,224	57
70-72	1,891	14	1	1,209	64	1,195	63
71-73	1,456		0	676	46	676	46
72-74	1,443	85	6	475	33	390	27
73-75	1,281	163	13	167	13	4	0
74-76	1,589	359	23	177	11	182-	11-
75-77	1,677	398	24	288	17	110-	7-
76-78	2,080	397	19	145	7	252-	12-
77-79	2,268	303	13	82	4	221-	10-
78-80	2,685	256	10	9	0	247-	9-
79-81	3,287	409	12	338	10	71-	2-
80-82	5,486	1,616	29	725	13	891-	16-
81-83	7,026	2,476	35	908	13	1,568-	22-
82-84	8,814	3,591	41	1,030	12	2,561-	29-
83-85	9,281	2,965	32	682	7	2,283-	25-
84-86	13,686	2,740	20	315	2	2,425-	18-
85-87	13,137	2,087	16	12-	0	2,099-	16-
86-88	12,215	1,951	16	287	2	1,664-	14-
87-89	7,880	1,584	20	595	8	989-	13-
88-90	7,502	1,018	14	313	4	705-	9-
89-91	7,649	764	10	2-	0	766-	10-
90-92	5,818	443	8	176-	3-	619-	11-
91-93	7,920	645	8	118	1	527-	7-
92-94	6,622	560	8	311	5	249-	4-
93-95	7,158	552	8	287	4	265-	4-
94-96	5,713	290	5	371	6	81	1
95-97	7,118	93	1	106	1	13	0
96-98	10,422	107	1	103	1	4-	0
97-99	9,178	63	1	52	1	11-	0
98-00	7,603	122	2	56	1	66-	1-
99-01	3,861	108	3	238	6	130	3
00-02	3,982	86	2	192	5	106	3
01-03	4,806	17	0	393	8	376	8
02-04	5,053	27-	1-	220	4	247	5
03-05	4,448	23-	1-	214	5	237	5

FIVE-YEAR AVERAGE

01-05	4,263	4-	0	241	6	245	6
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COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	1,178	292	25	415	35	123	10
1970	689	543	79	241	35	302-	44-
1971	2,226	230	10	652	29	422	19
1972	1,246	71	6	21-	2-	92-	7-
1973	806	673	83		0	673-	83-
1974	532	104	20	69	13	35-	7-
1975	530	100	19	40	8	60-	11-
1976	1,000		0		0		0
1977	1,302		0		0		0
1978	1,613		0		0		0
1979	1,897		0		0		0
1980	1,648	50	3		0	50-	3-
1981	2,502		0		0		0
1982	5,669		0		0		0
1983	2,649		0		0		0
1984	3,147		0		0		0
1985	4,208		0		0		0
1986	8,429		0		0		0
1987	5,345		0		0		0
1988	5,245		0	50-	1-	50-	1-
1989	4,891		0		0		0
1990	4,139		0		0		0
1991	4,555		0		0		0
1992	1,022		0		0		0
1993	8,983	46	1		0	46-	1-
1994	2,017		0		0		0
1995	5,501	97	2	8	0	89-	2-
1996	14,880	225	2		0	225-	2-
1997	18,337	71	0		0	71-	0
1998	29,430	250	1		0	250-	1-
1999	13,904	88	1		0	88-	1-
2000	7,778	800	10		0	800-	10-
2001	6,389	222	3		0	222-	3-
2002	7,251		0		0		0
2003	3,031		0		0		0
2004	65	70	108		0	70-108-	
2005	22,964		0		0		0
TOTAL	206,998	3,932	2	1,354	1	2,578-	1-



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
69-71	1,364	355	26	436	32	81	6
70-72	1,387	282	20	290	21	8	1
71-73	1,426	325	23	210	15	115-	8-
72-74	861	283	33	16	2	267-	31-
73-75	623	292	47	36	6	256-	41-
74-76	687	68	10	36	5	32-	5-
75-77	944	33	3	13	1	20-	2-
76-78	1,305		0		0		0
77-79	1,604		0		0		0
78-80	1,720	17	1		0	17-	1-
79-81	2,016	17	1		0	17-	1-
80-82	3,273	17	1		0	17-	1-
81-83	3,607		0		0		0
82-84	3,822		0		0		0
83-85	3,335		0		0		0
84-86	5,261		0		0		0
85-87	5,994		0		0		0
86-88	6,340		0	17-	0	17-	0
87-89	5,160		0	17-	0	17-	0
88-90	4,758		0	17-	0	17-	0
89-91	4,528		0		0		0
90-92	3,239		0		0		0
91-93	4,853	15	0		0	15-	0
92-94	4,007	15	0		0	15-	0
93-95	5,500	48	1	3	0	45-	1-
94-96	7,466	107	1	3	0	104-	1-
95-97	12,906	131	1	3	0	128-	1-
96-98	20,882	182	1		0	182-	1-
97-99	20,557	136	1		0	136-	1-
98-00	17,037	379	2		0	379-	2-
99-01	9,357	370	4		0	370-	4-
00-02	7,140	341	5		0	341-	5-
01-03	5,557	74	1		0	74-	1-
02-04	3,449	23	1		0	23-	1-
03-05	8,687	23	0		0	23-	0

FIVE-YEAR AVERAGE

01-05	7,940	58	1		0	58-	1-
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COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUST MEAS & REG STA EQUIP - OTHER THAN METERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	4,399	672	15	1,256	29	584	13
1970	22,773	4,342	19	9,780	43	5,438	24
1971	25,135	4,197	17	13,522	54	9,325	37
1972	9,083	968	11	3,856	42	2,888	32
1973	7,805	1,164	15	3,601	46	2,437	31
1974	6,409	48	1	1,998	31-	2,046-	32-
1975	8,153	705	9	2,035	25	1,330	16
1976	7,629	2,502	33	1,703	22	799-	10-
1977	2,651	159	6	2	0	157-	6-
1978	10,509	379	4	256	2	123-	1-
1979	5,697	485	9	114	2	371-	7-
1980	8,037	811-	10-	2,151	27	2,962	37
1981	10,187	551	5	481	5	70-	1-
1982	4,975	90-	2-	3,187	64	3,277	66
1983	11,659	2,508	22	2,786	24	278	2
1984	12,619	1,048	8	199	2	849-	7-
1985	6,964	671	10	155-	2-	826-	12-
1986	29,018	2,240	8	2,249	8	9	0
1987	17,825	1,749	10	691	4	1,058-	6-
1988	15,948	6,558	41	337	2	6,221-	39-
1989	5,159	1,737	34	10	0	1,727-	33-
1990	5,753	2,039	35	1,130	20	909-	16-
1991	4,856	948	20	5	0	943-	19-
1992	3,096	772	25	5	0	767-	25-
1993	39,438	231-	1-	10,477	27	10,708	27
1994	14,773	3,344	23	6	0	3,338-	23-
1995	37,665	2,521	7		0	2,521-	7-
1996	33,120	4,632	14		0	4,632-	14-
1997	23,607	1,083	5		0	1,083-	5-
1998	28,392	624	2	1,696	6	1,072	4
1999	23,983	2,516	10	1	0	2,515-	10-
2000	121,588	12,513	10		0	12,513-	10-
2001	27,180	2,012	7		0	2,012-	7-
2002	3,521	236	7		0	236-	7-
2003	57,867	2,202	4		0	2,202-	4-
2004	130,180	7,110	5		0	7,110-	5-
2005	107,077	4,407	4		0	4,407-	4-
TOTAL	894,730	78,510	9	59,383	7	19,127-	2-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUST MEAS & REG STA EQUIP - OTHER THAN METERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
69-71	17,436	3,070	18	8,186	47	5,116	29
70-72	18,997	3,169	17	9,052	48	5,883	31
71-73	14,008	2,110	15	6,993	50	4,883	35
72-74	7,766	727	9	1,819	23	1,092	14
73-75	7,456	639	9	1,212	16	573	8
74-76	7,397	1,085	15	580	8	505-	7-
75-77	6,145	1,122	18	1,247	20	125	2
76-78	6,930	1,013	15	654	9	359-	5-
77-79	6,286	341	5	124	2	217-	3-
78-80	8,081	18	0	840	10	822	10
79-81	7,974	75	1	915	11	840	11
80-82	7,733	117-	2-	1,940	25	2,057	27
81-83	8,941	990	11	2,151	24	1,161	13
82-84	9,751	1,155	12	2,057	21	902	9
83-85	10,414	1,409	14	943	9	466-	4-
84-86	16,200	1,319	8	764	5	555-	3-
85-87	17,936	1,553	9	928	5	625-	3-
86-88	20,930	3,516	17	1,092	5	2,424-	12-
87-89	12,977	3,348	26	346	3	3,002-	23-
88-90	8,953	3,445	38	492	5	2,953-	33-
89-91	5,256	1,575	30	382	7	1,193-	23-
90-92	4,568	1,253	27	380	8	873-	19-
91-93	15,797	496	3	3,496	22	3,000	19
92-94	19,102	1,295	7	3,496	18	2,201	12
93-95	30,626	1,878	6	3,494	11	1,616	5
94-96	28,520	3,499	12	2	0	3,497-	12-
95-97	31,464	2,746	9		0	2,746-	9-
96-98	28,373	2,113	7	565	2	1,548-	5-
97-99	25,328	1,408	6	566	2	842-	3-
98-00	57,988	5,218	9	566	1	4,652-	8-
99-01	57,584	5,680	10		0	5,680-	10-
00-02	50,763	4,920	10		0	4,920-	10-
01-03	29,523	1,483	5		0	1,483-	5-
02-04	63,856	3,183	5		0	3,183-	5-
03-05	98,375	4,573	5		0	4,573-	5-

FIVE-YEAR AVERAGE

01-05	65,165	3,193	5		0	3,193-	5-
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COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387 OTHER EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	281	166	59	30	11	136-	48-
1970	5,418	665	12	950	18	285	5
1971	152-		0		0		0
1972							
1973							
1974							
1975							
1976							
1977	7,132		0	538	8	538	8
1978							
1979							
1980							
1981	4,839	436	9		0	436-	9-
1982							
1983	6,824	978	14	7,072	104	6,094	89
1984							
1985	2,144	624	29		0	624-	29-
1986	942	42	4	1	0	41-	4-
1987							
1988							
1989	2,428		0	15	1	15	1
1990							
1991							
1992	35	92	263	5	14	87-249-	
1993	35-		0		0		0
1994							
1995							
1996							
1997							
1998							
1999							
2000							
2001	8,053	26,798	333		0	26,798-333-	
2002							
2003							
2004	28,979		0		0		0
2005		7,590				7,590-	
TOTAL	66,888	37,391	56	8,611	13	28,780-	43-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387 OTHER EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT		GROSS SALVAGE AMOUNT PCT		NET SALVAGE AMOUNT PCT		
THREE-YEAR MOVING AVERAGES								
69-71	1,849	277	15	327	18	50	3	
70-72	1,755	222	13	317	18	95	5	
71-73	51-		0		0		0	
72-74								
73-75								
74-76								
75-77	2,377		0	179	8	179	8	
76-78	2,377		0	179	8	179	8	
77-79	2,377		0	179	8	179	8	
78-80								
79-81	1,613	145	9		0	145-	9-	
80-82	1,613	145	9		0	145-	9-	
81-83	3,887	471	12	2,357	61	1,886	49	
82-84	2,275	326	14	2,357	104	2,031	89	
83-85	2,989	534	18	2,357	79	1,823	61	
84-86	1,029	222	22		0	222-	22-	
85-87	1,029	222	22		0	222-	22-	
86-88	314	14	4		0	14-	4-	
87-89	809		0	5	1	5	1	
88-90	809		0	5	1	5	1	
89-91	809		0	5	1	5	1	
90-92	12	31	258	2	17	29-242-		
91-93		31		2		29-		
92-94		31		2		29-		
93-95	12-		0		0		0	
94-96								
95-97								
96-98								
97-99								
98-00								
99-01	2,684	8,933	333		0	8,933-333-		
00-02	2,684	8,933	333		0	8,933-333-		
01-03	2,684	8,933	333		0	8,933-333-		
02-04	9,660		0		0		0	
03-05	9,660	2,530	26		0	2,530-	26-	
FIVE-YEAR AVERAGE								
01-05	7,406	6,878	93		0	6,878-	93-	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFO SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	2,119	54	3		0	54-	3-
1970	1,567	30	2	300	19	270	17
1971	2,710	32	1	498	18	466	17
1972							
1973	519	17	3	372	72	355	68
1974	1,444	88	6	90	6	2	0
1975	12,219	687	6	33	0	654-	5-
1976							
1977	4,258	339	8	200	5	139-	3-
1978	3,169	97	3	320	10	223	7
1979							
1980	13,211	1,239	9	75	1	1,164-	9-
1981	4,438	71	2		0	71-	2-
1982	760	154	20		0	154-	20-
1983							
1984	840	371	44		0	371-	44-
1985	333		0		0		0
1986	601	130	22		0	130-	22-
1987	45,879	79	0		0	79-	0
1988	136		0		0		0
1989	9,676	624	6		0	624-	6-
1990	2,368	337	14		0	337-	14-
1991	49,708	628	1	4,040	8	3,412	7
1992	23,997	669	3		0	669-	3-
1993	730	844	116		0	844-	116-
1994							
1995							
1996	1,185		0		0		0
1997							
1998	12,557	2,992	24	123,716	985	120,724	961
1999	5,650	127	2		0	127-	2-
2000	9,936	1,230	12	31,044	312	29,814	300
2001							
2002							
2003							
2004	30,370	7,026	23		0	7,026-	23-
2005	49,606	2,722	5		0	2,722-	5-
TOTAL	289,986	20,587	7	160,688	55	140,101	48

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFO SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT		GROSS SALVAGE AMOUNT PCT		NET SALVAGE AMOUNT PCT	
THREE-YEAR MOVING AVERAGES							
69-71	2,132	39	2	266	12	227	11
70-72	1,426	21	1	266	19	245	17
71-73	1,076	17	2	290	27	273	25
72-74	654	35	5	154	24	119	18
73-75	4,727	264	6	165	3	99-	2-
74-76	4,554	258	6	41	1	217-	5-
75-77	5,492	342	6	78	1	264-	5-
76-78	2,476	145	6	173	7	28	1
77-79	2,476	145	6	173	7	28	1
78-80	5,460	445	8	131	2	314-	6-
79-81	5,883	437	7	25	0	412-	7-
80-82	6,136	488	8	25	0	463-	8-
81-83	1,733	75	4	0	0	75-	4-
82-84	533	175	33	0	0	175-	33-
83-85	391	124	32	0	0	124-	32-
84-86	591	167	28	0	0	167-	28-
85-87	15,604	70	0	0	0	70-	0
86-88	15,539	70	0	0	0	70-	0
87-89	18,564	234	1	0	0	234-	1-
88-90	4,060	320	8	0	0	320-	8-
89-91	20,584	530	3	1,347	7	817	4
90-92	25,358	545	2	1,347	5	802	3
91-93	24,812	714	3	1,347	5	633	3
92-94	8,242	504	6	0	0	504-	6-
93-95	243	281	116	0	0	281-116-	
94-96	395	0	0	0	0	0	0
95-97	395	0	0	0	0	0	0
96-98	4,580	997	22	41,239	900	40,242	879
97-99	6,069	1,040	17	41,239	680	40,199	662
98-00	9,381	1,450	15	51,587	550	50,137	534
99-01	5,195	453	9	10,348	199	9,895	190
00-02	3,312	410	12	10,348	312	9,938	300
01-03							
02-04	10,123	2,342	23	0	0	2,342-	23-
03-05	26,659	3,249	12	0	0	3,249-	12-
FIVE-YEAR AVERAGE							
01-05	15,995	1,950	12	0	0	1,950-	12-

COLUMBIA GAS OF KENTUCKY, INC.  
ACCOUNT 396 POWER OPERATED EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	4,120		0	1,031	25	1,031	25
1970	15,876		0	2,400	15	2,400	15
1971	21,697		0	5,734	26	5,734	26
1972	10,427		0	1,635	16	1,635	16
1973	26,260		0	1,428	5	1,428	5
1974							
1975	27,454		0	9,131	33	9,131	33
1976	4,600		0	850	18	850	18
1977	2,603		0	400	15	400	15
1978							
1979	4,692		0	900	19	900	19
1980							
1981							
1982							
1983	2,825		0	1,050	37	1,050	37
1984							
1985							
1986							
1987							
1988							
1989							
1990	44,237		0	24,845	56	24,845	56
1991							
1992	6,606		0	2,002	30	2,002	30
1993	6-		0		0		0
1994	18,150		0	2,028	11	2,028	11
1995	2,013		0		0		0
1996	115,296		0	36,333	32	36,333	32
1997	40,065		0		0		0
1998							
1999							
2000	7,831		0		0		0
2001							
2002	74,143		0	33,178	45	33,178	45
2003	16,476		0	3,730	23	3,730	23
2004	28,900		0	45,941	159	45,941	159
2005				5,465		5,465	
TOTAL	474,265		0	178,081	38	178,081	38



COLUMBIA GAS OF KENTUCKY, INC.

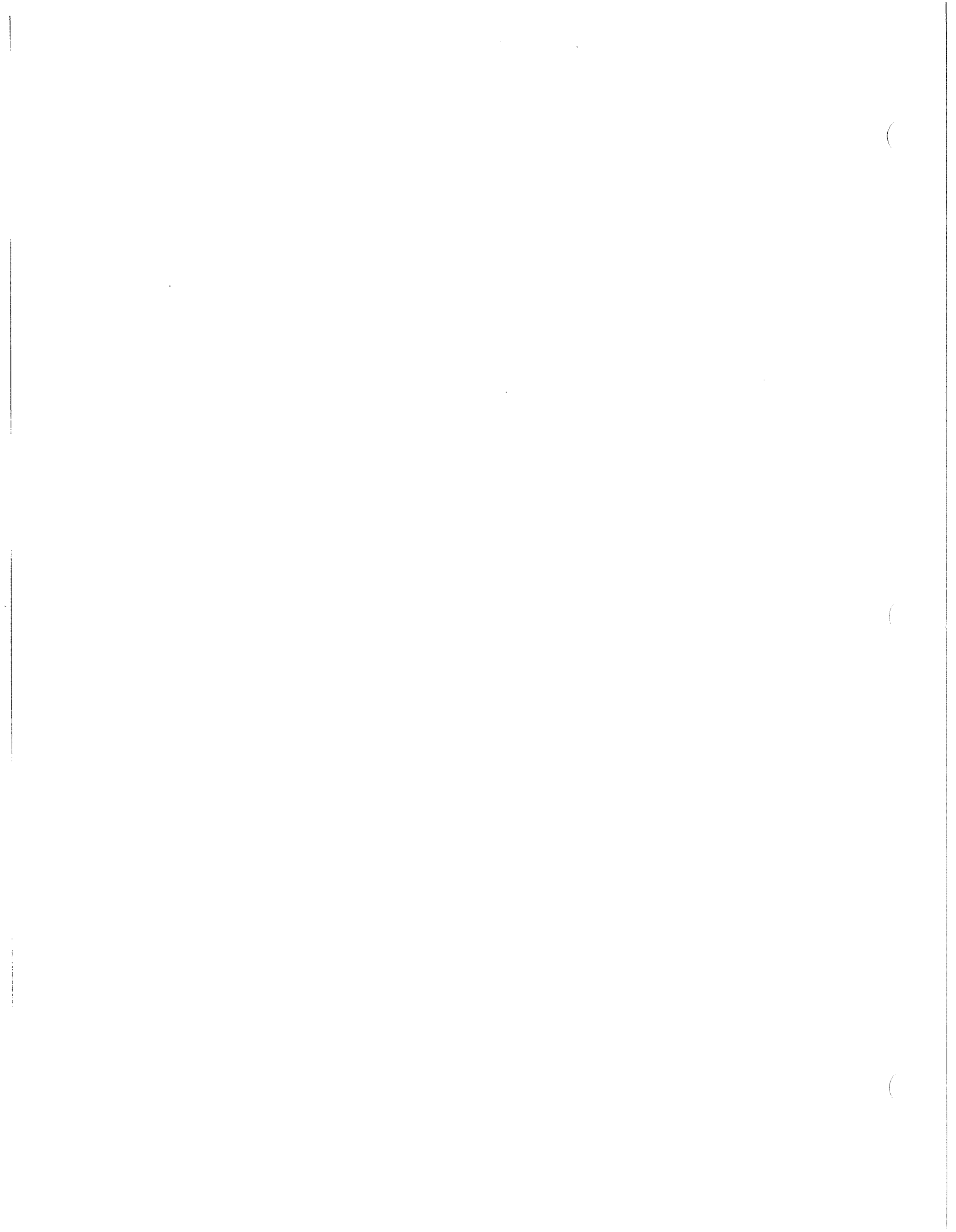
ACCOUNT 396 POWER OPERATED EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
69-71	13,898	0	3,055 22	3,055 22
70-72	16,000	0	3,256 20	3,256 20
71-73	19,461	0	2,932 15	2,932 15
72-74	12,229	0	1,021 8	1,021 8
73-75	17,905	0	3,520 20	3,520 20
74-76	10,685	0	3,327 31	3,327 31
75-77	11,553	0	3,460 30	3,460 30
76-78	2,401	0	417 17	417 17
77-79	2,432	0	433 18	433 18
78-80	1,564	0	300 19	300 19
79-81	1,564	0	300 19	300 19
80-82				
81-83	942	0	350 37	350 37
82-84	942	0	350 37	350 37
83-85	942	0	350 37	350 37
84-86				
85-87				
86-88				
87-89				
88-90	14,746	0	8,282 56	8,282 56
89-91	14,746	0	8,282 56	8,282 56
90-92	16,948	0	8,949 53	8,949 53
91-93	2,200	0	667 30	667 30
92-94	8,250	0	1,343 16	1,343 16
93-95	6,719	0	676 10	676 10
94-96	45,153	0	12,787 28	12,787 28
95-97	52,458	0	12,111 23	12,111 23
96-98	51,787	0	12,111 23	12,111 23
97-99	13,355	0	0	0
98-00	2,610	0	0	0
99-01	2,610	0	0	0
00-02	27,325	0	11,059 40	11,059 40
01-03	30,206	0	12,303 41	12,303 41
02-04	39,840	0	27,616 69	27,616 69
03-05	15,125	0	18,379 122	18,379 122

FIVE-YEAR AVERAGE

01-05	23,904	0	17,663 74	17,663 74
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III-116

## DEPRECIATION CALCULATIONS

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COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374 LAND AND LAND RIGHTS - LAND RIGHTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 65-R2.5						
NET SALVAGE PERCENT.. 0						
1940	631.74	521	407	225	13.87	16
1946	27.50	21	16	12	16.83	1
1948	58.63	45	35	24	17.68	1
1949	318.25	241	188	130	18.13	7
1954	1,417.34	1,015	792	625	20.44	31
1955	645.29	456	356	289	20.93	14
1956	802.91	560	437	366	21.42	17
1957	307.00	211	165	142	21.92	6
1958	1,494.06	1,008	786	708	22.92	31
1959	1,468.93	977	762	707	23.43	30
1960	262.71	172	134	129	23.94	5
1961	636.06	410	320	316	24.46	13
1962	1,753.87	1,114	869	885	24.99	35
1963	3,502.13	2,188	1,707	1,795	25.52	70
1964	3,424.35	2,103	1,641	1,783	26.07	68
1965	706.66	426	332	375	26.61	14
1966	848.01	502	392	456	27.17	17
1967	488.18	282	220	268	28.17	10
1968	530.52	300	234	297	28.72	10
1969	525.72	292	228	298	29.29	10
1970	1,612.58	876	683	930	29.86	31
1971	964.42	512	399	565	30.44	19
1972	4,729.85	2,456	1,916	2,814	31.01	91
1974	2,820.09	1,395	1,088	1,732	32.19	54
1976	334.72	156	122	213	33.79	6
1977	558.79	253	197	362	34.39	11
1978	2,922.50	1,286	1,003	1,920	35.00	55
1980	3,039.01	1,255	979	2,060	36.23	57
1981	6,212.73	2,481	1,936	4,277	36.85	116
1982	9,762.89	3,763	2,936	6,827	37.48	182
1983	19,109.45	7,095	5,536	13,573	38.10	356
1984	33,629.96	12,003	9,365	24,265	38.74	626
1985	20,976.82	7,182	5,604	15,373	39.38	390
1986	24,833.25	8,135	6,347	18,486	40.02	462
1987	63,558.92	19,875	15,508	48,051	40.67	1,181
1988	23,203.80	6,903	5,386	17,818	41.32	431
1989	38,118.77	10,757	8,393	29,726	41.98	708
1990	15,601.41	4,159	3,245	12,356	42.64	290

COLUMBIA GAS OF KENTUCKY, INC.

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

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 70-S4						
NET SALVAGE PERCENT.. 0						
1950	3,189.10	2,478	2,768	421	15.93	26
1951	7,892.84	6,066	6,776	1,117	16.42	68
1952	1,366.64	1,031	1,152	215	17.42	12
1953	4,099.22	3,056	3,414	685	17.92	38
1954	5,721.14	4,214	4,707	1,014	18.43	55
1955	314.60	227	254	61	19.43	3
1956	1,907.97	1,360	1,519	389	19.94	20
1957	1,176.95	822	918	259	20.94	12
1958	21,005.37	14,468	16,161	4,844	21.46	226
1959	5,254.98	3,543	3,958	1,297	22.46	58
1960	6,002.69	3,988	4,455	1,548	22.99	67
1961	11,709.76	7,608	8,498	3,212	23.99	134
1962	3,663.44	2,327	2,599	1,064	24.99	43
1963	5,765.71	3,578	3,997	1,769	25.99	68
1964	3,606.15	2,200	2,457	1,149	26.52	43
1965	2,918.74	1,738	1,941	978	27.52	36
1966	27,810.21	16,149	18,039	9,771	28.52	343
1967	4,679.09	2,648	2,958	1,721	29.52	58
1968	5,001.45	2,757	3,080	1,921	30.52	63
1969	42,871.21	23,005	25,697	17,174	31.52	545
1970	28,515.31	14,882	16,624	11,891	32.52	366
1971	16,220.35	8,227	9,190	7,030	33.52	210
1972	27,985.97	13,783	15,396	12,590	34.52	365
1973	5,481.78	2,637	2,946	2,536	35.07	72
1974	1,658.65	773	863	796	36.07	22
1975	9,583.32	4,326	4,832	4,751	37.07	128
1976	5,163.94	2,255	2,519	2,645	38.07	69
1977	4,195.28	1,770	1,977	2,218	39.07	57
1978	2,876.24	1,171	1,308	1,568	40.07	39
1979	13,433.07	5,268	5,884	7,549	41.07	184
1980	12,768.07	4,819	5,383	7,385	42.07	176
1981	10,564.93	3,831	4,279	6,286	43.07	146
1982	1,162.68	404	451	712	44.07	16
1983	9,009.79	3,000	3,351	5,659	45.07	126
1984	68,733.35	21,871	24,430	44,303	46.07	962
1985	12,854.49	3,900	4,356	8,498	47.07	181
1986	32,815.46	9,471	10,579	22,236	48.07	463
1987	21,779.43	5,963	6,661	15,118	49.07	308

COLUMBIA GAS OF KENTUCKY, INC.

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

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 70-S4						
NET SALVAGE PERCENT.. 0						
1988	97,331.04	25,209	28,159	69,172	50.07	1,382
1989	76,248.28	18,620	20,799	55,449	51.07	1,086
1990	86,469.37	19,836	22,157	64,312	52.07	1,235
1991	52,429.05	11,251	12,568	39,861	53.07	751
1992	60,042.13	11,996	13,400	46,642	54.07	863
1993	50,935.46	9,423	10,526	40,409	55.07	734
1994	214,025.02	36,427	40,690	173,335	56.07	3,091
1995	177,926.39	27,650	30,886	147,040	57.07	2,576
1996	30,598.73	4,302	4,805	25,794	58.07	444
1998	8,061.70	895	1,000	7,062	60.07	118
2000	11,902.50	969	1,082	10,821	62.07	174
2001	145,613.01	9,698	10,833	134,780	63.07	2,137
2002	1,125,585.22	58,305	65,128	1,060,457	64.07	16,552
2005	2,009.13	15	17	1,992	67.07	30
	2,668,333.61	519,371	576,052	2,092,278		37,035
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					56.5	1.39

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 43-S0.5						
NET SALVAGE PERCENT.. -10						
1911	893.77	983	983			
1915	197.21	217	217			
1928	898.88	950	830	159	3.15	50
1929	397.89	419	366	72	3.50	21
1930	176.23	186	162	32	3.24	10
1932	64.48	67	59	12	4.02	3
1936	248.19	252	220	53	5.68	9
1937	24.89	25	22	5	5.57	1
1939	318.36	319	279	71	6.49	11
1940	539.34	540	472	121	6.44	19
1941	1,395.54	1,386	1,210	325	6.93	47
1943	39.52	39	34	9	7.43	1
1946	151.91	146	127	40	8.52	5
1947	675.25	647	565	178	8.61	21
1948	459.09	436	381	124	9.17	14
1949	802.94	759	663	220	9.29	24
1950	3,257.17	3,043	2,657	926	9.86	94
1951	5,497.33	5,109	4,461	1,586	10.01	158
1952	3,543.52	3,274	2,859	1,039	10.19	102
1953	2,951.41	2,693	2,351	896	10.79	83
1954	6,256.73	5,671	4,952	1,930	11.00	175
1955	3,459.47	3,113	2,718	1,087	11.23	97
1956	9,118.25	8,142	7,110	2,920	11.48	254
1957	7,296.41	6,423	5,608	2,418	12.10	200
1958	6,160.93	5,376	4,694	2,083	12.38	168
1959	7,876.94	6,810	5,946	2,719	12.67	215
1960	11,253.05	9,632	8,411	3,967	12.98	306
1961	4,185.29	3,544	3,095	1,509	13.30	113
1962	2,304.83	1,930	1,685	850	13.64	62
1963	4,177.23	3,457	3,019	1,576	13.99	113
1964	11,554.75	9,442	8,245	4,465	14.36	311
1965	7,064.31	5,728	5,002	2,769	14.45	192
1966	6,431.85	5,142	4,490	2,585	14.85	174
1967	2,588.14	2,039	1,780	1,067	15.26	70
1968	3,986.61	3,108	2,714	1,671	15.41	108
1970	13,799.07	10,401	9,082	6,097	16.31	374
1971	17,229.21	12,815	11,190	7,762	16.52	470
1972	7,169.41	5,231	4,568	3,318	17.01	195



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 43-S0.5						
NET SALVAGE PERCENT.. -10						
1973	7,037.63	5,057	4,416	3,325	17.25	193
1974	1,964.24	1,388	1,212	949	17.52	54
1976	71.18	48	42	36	18.34	2
1977	3,520.86	2,340	2,043	1,830	18.67	98
1978	3,260.89	2,121	1,852	1,735	19.01	91
1980	22,925.65	14,213	12,411	12,807	19.75	648
1981	7,370.71	4,450	3,886	4,222	20.14	210
1982	48,726.19	28,718	25,076	28,523	20.36	1,401
1983	14,081.23	8,051	7,030	8,459	20.79	407
1984	42,076.21	23,285	20,332	25,952	21.24	1,222
1985	60,910.87	32,690	28,544	38,458	21.52	1,787
1986	30,412.96	15,724	13,730	19,724	21.99	897
1987	93,861.55	46,802	40,867	62,381	22.31	2,796
1988	23,273.23	11,157	9,742	15,859	22.66	700
1989	6,531.81	3,000	2,620	4,565	23.02	198
1990	20,674.58	9,060	7,911	14,831	23.41	634
1995	2,142.14	688	601	1,755	25.47	69
1996	17,283.31	5,112	4,463	14,549	25.83	563
1997	580.71	156	136	503	26.34	19
1998	10,422.20	2,511	2,193	9,271	26.75	347
1999	6,771.06	1,438	1,256	6,192	27.17	228
2000	7,008.25	1,285	1,122	6,587	27.50	240
2001	22,146.35	3,376	2,948	21,413	27.97	766
2002	25,436.08	3,075	2,684	25,296	28.35	892
2003	4,822.92	424	370	4,935	28.75	172
2004	8,646.19	467	408	9,103	29.08	313
2005	5,198.99	96	84	5,635	29.26	193
	651,603.39	356,226	311,206	405,556		19,410
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					20.9	2.98

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
PARIS AREA OFFICE						
INTERIM SURVIVOR CURVE.. SQUARE						
PROBABLE RETIREMENT YEAR.. 6-2028						
NET SALVAGE PERCENT.. 0						
1978	25,109.67	13,810	14,319	10,791	22.50	480
1979	9,507.42	5,142	5,331	4,176	22.50	186
1985	4,036.33	1,924	1,995	2,041	22.50	91
1988	1,825.39	799	828	997	22.50	44
1991	2,583.69	1,013	1,050	1,534	22.50	68
1994	10,619.52	3,592	3,725	6,895	22.50	306
2001	23,425.95	3,905	4,049	19,377	22.50	861
	77,107.97	30,185	31,297	45,811		2,036
WINCHESTER SERVICE CENTER & OFFICE						
INTERIM SURVIVOR CURVE.. SQUARE						
PROBABLE RETIREMENT YEAR.. 6-2042						
NET SALVAGE PERCENT.. 0						
1992	567,413.50	153,202	158,846	408,568	36.50	11,194
2002	5,936.62	519	538	5,399	36.50	148
	573,350.12	153,721	159,384	413,967		11,342
LEXINGTON HEADQUARTERS						
INTERIM SURVIVOR CURVE.. SQUARE						
PROBABLE RETIREMENT YEAR.. 6-2044						
NET SALVAGE PERCENT.. 0						
1994	6,179,394.33	1,421,261	1,473,622	4,705,772	38.50	122,228
1996	30,096.82	5,956	6,175	23,922	38.50	621
1998	18,085.14	2,948	3,057	15,028	38.50	390
2000	8,591.08	1,074	1,114	7,477	38.50	194
2001	126,272.90	13,221	13,708	112,565	38.50	2,924
2003	8,108.29	495	513	7,595	38.50	197
	6,370,548.56	1,444,955	1,498,189	4,872,359		126,554

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
OTHER SMALL STRUCTURES						
SURVIVOR CURVE.. IOWA 33-S0.5						
NET SALVAGE PERCENT.. 0						
1924	240.00	240	240			
1936	430.55	431	431			
1949	748.22	710	736	12	3.02	4
1950	3,575.48	3,373	3,499	76	3.32	23
1951	1,184.61	1,110	1,151	34	3.64	9
1952	1,274.67	1,187	1,231	44	3.97	11
1953	627.88	580	602	26	4.32	6
1954	802.91	736	763	40	4.68	9
1955	908.64	826	857	52	5.06	10
1957	5,163.12	4,633	4,805	358	5.55	65
1958	3,138.49	2,788	2,892	246	5.97	41
1959	3,585.31	3,151	3,268	317	6.41	49
1961	3,791.07	3,290	3,412	379	6.78	56
1965	2,612.53	2,180	2,261	352	8.04	44
1967	962.53	786	815	148	8.67	17
1968	5,311.35	4,283	4,442	869	9.01	96
1970	237.56	186	193	45	9.75	5
1972	478.16	365	379	99	10.36	10
1974	502.19	372	386	116	11.05	10
1975	469.01	342	355	114	11.34	10
1977	2,458.15	1,731	1,795	663	11.98	55
1985	1,957.14	1,136	1,178	779	14.83	53
1987	46,696.49	25,398	26,344	20,352	15.51	1,312
1998	8,584.79	2,357	2,445	6,140	19.82	310
2000	9,603.96	2,024	2,099	7,505	20.61	364
2001	1,820.23	321	333	1,487	21.01	71
2002	4,316.75	606	629	3,688	21.44	172
2003	36,965.90	3,800	3,941	33,025	21.83	1,513
	148,447.69	68,942	71,482	76,966		4,325
	7,169,454.34	1,697,803	1,760,352	5,409,103		144,257
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					37.5	2.01

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTS AND IMPROVEMENTS - OTHER

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
ASHLAND OFFICE						
INTERIM SURVIVOR CURVE.. SQUARE						
PROBABLE RETIREMENT YEAR.. 6-2007						
NET SALVAGE PERCENT.. 0						
1995	2,692.00	2,356	2,117	575	1.50	383
1997	6,195.05	5,266	4,732	1,463	1.50	975
1998	44,902.13	37,417	33,621	11,281	1.50	7,521
1999	9,706.19	7,886	7,086	2,620	1.50	1,747
2001	10,812.94	8,110	7,287	3,526	1.50	2,351
	74,308.31	61,035	54,843	19,465		12,977
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					1.5	17.46

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - COMMUNICATION

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R3						
NET SALVAGE PERCENT.. 0						
1952	667.68	668	668			
1960	2,487.10	2,422	2,140	347	1.23	282
1962	120.00	115	102	18	1.75	10
1963	318.95	305	269	50	1.94	26
1970	2,821.28	2,554	2,257	564	3.71	152
1973	3,195.06	2,793	2,468	727	4.67	156
1987	18,970.52	11,511	10,171	8,800	11.99	734
1988	4,679.99	2,719	2,402	2,278	12.62	181
	33,260.58	23,087	20,477	12,784		1,541
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					8.3	4.63

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
CAST IRON						
INTERIM SURVIVOR CURVE.. IOWA 65-R1.5						
PROBABLE RETIREMENT YEAR.. 12-2025						
NET SALVAGE PERCENT.. -15						
1940	21,571.44	20,473	17,937	6,870	13.87	495
1941	10,205.93	9,615	8,424	3,313	14.24	233
1942	1,157.41	1,082	948	383	14.63	26
1944	919.11	852	746	311	14.83	21
1945	1,646.98	1,524	1,335	559	14.68	38
1946	1,346.93	1,235	1,082	467	15.13	31
1947	142.66	131	115	49	15.03	3
1949	1,016.24	918	804	365	15.44	24
1950	3,015.87	2,714	2,378	1,090	15.42	71
1951	19,031.85	17,058	14,945	6,942	15.43	450
1952	772.12	684	599	289	15.94	18
1953	26,017.44	22,934	20,094	9,826	15.99	615
1954	34,359.71	30,117	26,387	13,127	16.07	817
1955	4,085.47	3,559	3,118	1,580	16.17	98
1956	24,380.31	21,095	18,482	9,555	16.29	587
1957	14,751.73	12,671	11,102	5,862	16.44	357
1958	15,042.84	12,819	11,231	6,068	16.60	366
1959	12,550.68	10,672	9,350	5,083	16.39	310
1960	11,555.64	9,736	8,530	4,759	16.61	287
1961	6,916.52	5,770	5,055	2,899	16.85	172
1962	16,502.16	13,704	12,007	6,970	16.74	416
1963	10,833.08	8,895	7,794	4,664	17.02	274
1964	16,879.28	13,776	12,070	7,341	16.98	432
1965	16,292.85	13,204	11,569	7,168	16.97	422
1966	5,115.25	4,090	3,584	2,299	17.32	133
1967	828.87	657	576	377	17.36	22
1968	3,908.24	3,067	2,687	1,807	17.45	104
1969	50.18	39	34	24	17.26	1
1970	8,051.96	6,213	5,443	3,817	17.41	219
1972	206.93	156	137	101	17.52	6
	289,155.68	249,460	218,563	113,965		7,048

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
BARE STEEL						
INTERIM SURVIVOR CURVE.. IOWA 65-R1.5						
PROBABLE RETIREMENT YEAR.. 12-2025						
NET SALVAGE PERCENT.. -15						
1901	1,537.97	1,663	1,414	355	6.61	54
1905	9,217.93	9,801	8,336	2,265	8.20	276
1906	12,246.06	13,032	11,083	3,000	8.02	374
1908	78.13	82	70	20	8.88	2
1910	22.93	24	20	6	8.67	1
1913	2,744.71	2,861	2,433	723	9.54	76
1914	206.46	215	183	54	9.51	6
1915	8,264.88	8,602	7,316	2,189	9.50	230
1916	53.77	55	47	15	10.50	1
1918	128.18	132	112	35	10.54	3
1920	1,975.29	2,020	1,718	554	10.65	52
1921	132.84	136	116	37	10.73	3
1922	434.47	442	376	124	10.84	11
1923	1,168.10	1,186	1,009	334	10.95	31
1924	3,069.86	3,107	2,642	888	11.09	80
1925	9,834.10	9,924	8,440	2,869	11.24	255
1926	12,847.46	12,920	10,988	3,787	11.41	332
1927	10,165.34	10,187	8,664	3,026	11.59	261
1928	216,044.30	215,655	183,410	65,041	11.79	5,517
1929	89,326.83	88,807	75,529	27,197	11.99	2,268
1930	21,822.92	21,600	18,370	6,726	12.22	550
1931	16,690.73	16,446	13,987	5,207	12.45	418
1932	10,760.80	10,551	8,973	3,402	12.71	268
1933	501,885.13	489,612	416,406	160,762	12.97	12,395
1934	2,090.55	2,028	1,725	679	13.25	51
1935	31,698.82	30,585	26,012	10,442	13.53	772
1936	10,108.57	9,777	8,315	3,310	13.14	252
1937	33,938.90	32,617	27,740	11,290	13.47	838
1938	14,771.39	14,104	11,995	4,992	13.80	362
1939	23,173.93	21,976	18,690	7,960	14.15	563
1940	212,286.30	201,480	171,355	72,774	13.87	5,247
1941	57,373.56	54,050	45,968	20,012	14.24	1,405
1942	19,454.46	18,184	15,465	6,908	14.63	472
1943	4,479.16	4,185	3,559	1,592	14.42	110
1944	2,634.78	2,441	2,076	954	14.83	64
1945	14,053.14	13,005	11,061	5,100	14.68	347

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
BARE STEEL						
INTERIM SURVIVOR CURVE.. IOWA 65-R1.5						
PROBABLE RETIREMENT YEAR.. 12-2025						
NET SALVAGE PERCENT.. -15						
1946	37,728.43	34,593	29,421	13,967	15.13	923
1947	37,129.66	33,971	28,892	13,807	15.03	919
1948	74,565.33	68,043	57,869	27,881	14.96	1,864
1949	99,455.65	89,829	76,398	37,976	15.44	2,460
1950	289,234.98	260,309	221,388	111,232	15.42	7,213
1951	444,625.23	398,522	338,935	172,384	15.43	11,172
1952	245,751.16	217,726	185,172	97,442	15.94	6,113
1953	384,750.45	339,148	288,439	154,024	15.99	9,633
1954	354,378.40	310,623	264,179	143,356	16.07	8,921
1955	478,081.95	416,469	354,199	195,595	16.17	12,096
1956	663,880.25	574,429	488,541	274,921	16.29	16,877
1957	1,157,955.27	994,608	845,895	485,754	16.44	29,547
1958	1,070,091.54	911,879	775,536	455,069	16.60	27,414
1959	825,281.34	701,745	596,821	352,253	16.39	21,492
1960	774,206.70	652,261	554,735	335,603	16.61	20,205
1961	790,104.70	659,113	560,563	348,057	16.85	20,656
1962	659,716.43	547,838	465,926	292,748	16.74	17,488
1963	847,624.54	695,985	591,922	382,846	17.02	22,494
1964	981,772.06	801,278	681,471	447,567	16.98	26,358
1965	858,415.84	695,664	591,649	395,529	16.97	23,308
1966	1,318,911.80	1,054,444	896,784	619,965	17.32	35,795
1967	573,533.23	454,571	386,604	272,959	17.36	15,723
1968	829,953.15	651,409	554,011	400,435	17.45	22,948
1969	1,041,625.04	813,233	691,639	506,230	17.26	29,330
1970	501,287.87	386,819	328,982	247,499	17.41	14,216
1971	582,348.31	443,610	377,282	292,419	17.58	16,634
1972	570,733.80	430,955	366,519	289,825	17.52	16,543
1973	188,290.01	140,054	119,113	97,421	17.75	5,489
1974	94,001.02	69,131	58,794	49,307	17.76	2,776
1975	124.93	91	77	67	17.81	4
1976	615.79	441	375	333	17.89	19
1977	1,014.20	718	611	555	17.80	31
1978	202,204.41	140,684	119,649	112,886	17.95	6,289
1979	110.84	76	65	62	17.94	3
	18,336,227.06	15,313,761	13,024,059	8,062,603		486,900



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
COATED STEEL						
SURVIVOR CURVE.. IOWA 65-R1.5						
NET SALVAGE PERCENT.. -15						
1940	1.96	2	2			
1950	7.31	6	6	2	22.63	
1951	4,910.38	3,970	3,970	1,677	23.02	73
1952	741.23	593	593	259	23.42	11
1953	1,187.59	939	939	427	23.83	18
1954	1,262.57	987	987	465	24.26	19
1955	7,040.85	5,439	5,439	2,658	24.68	108
1956	9,408.11	7,176	7,175	3,644	25.13	145
1957	11,345.74	8,544	8,543	4,505	25.57	176
1958	12,222.84	9,080	9,079	4,977	26.03	191
1959	40,550.67	29,491	29,489	17,144	27.03	634
1960	38,179.80	27,371	27,369	16,538	27.49	602
1961	37,811.74	26,703	26,701	16,783	27.96	600
1962	22,866.16	15,901	15,900	10,396	28.44	366
1963	14,929.30	10,289	10,288	6,881	28.42	242
1964	33,662.92	22,813	22,811	15,901	28.92	550
1965	51,065.83	34,014	34,011	24,715	29.43	840
1966	60,841.29	39,798	39,795	30,172	29.94	1,008
1967	29,354.95	18,847	18,846	14,912	30.46	490
1968	33,697.24	21,217	21,215	17,537	30.99	566
1969	50,781.06	31,336	31,334	27,064	31.52	859
1970	175,542.51	106,065	106,057	95,817	32.07	2,988
1971	200,298.32	118,419	118,410	111,933	32.61	3,432
1972	464,979.03	268,700	268,679	266,047	33.17	8,021
1973	313,863.16	177,151	177,137	183,806	33.72	5,451
1974	415,569.44	230,350	230,332	247,573	33.86	7,312
1975	307,791.85	166,255	166,242	187,719	34.44	5,451
1976	489,967.42	257,671	257,651	305,812	35.01	8,735
1977	402,201.08	205,641	205,625	256,906	35.60	7,216
1978	361,542.22	180,654	180,640	235,134	35.79	6,570
1979	663,950.36	321,757	321,733	441,810	36.39	12,141
1980	579,918.61	272,098	272,077	394,829	37.00	10,671
1981	1,345,259.89	614,024	613,977	933,072	37.23	25,062
1982	774,990.88	341,434	341,408	549,832	37.85	14,527
1983	892,673.22	381,167	381,138	645,436	38.10	16,941
1984	1,480,255.38	607,549	607,503	1,094,791	38.74	28,260
1985	433,268.21	171,600	171,587	326,671	39.02	8,372

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
COATED STEEL						
SURVIVOR CURVE.. IOWA 65-R1.5						
NET SALVAGE PERCENT.. -15						
1986	1,311,066.71	496,947	496,909	1,010,818	39.67	25,481
1987	6,677,233.49	2,429,578	2,429,393	5,249,426	39.98	131,301
1988	838,999.23	292,156	292,134	672,715	40.30	16,693
1989	626,128.17	207,950	207,934	512,113	40.64	12,601
1990	763,717.86	240,999	240,981	637,295	40.99	15,548
1991	715,557.60	213,623	213,607	609,284	41.36	14,731
1992	1,014,710.10	285,194	285,172	881,745	41.75	21,120
1993	832,581.32	220,218	220,201	737,268	41.85	17,617
1994	889,494.70	218,802	218,785	804,134	42.26	19,028
1995	338,883.47	77,359	77,353	312,363	42.41	7,365
1996	759,768.94	159,369	159,357	714,377	42.58	16,777
1997	617,424.94	117,724	117,715	592,324	42.78	13,846
1998	792,512.52	136,070	136,060	775,329	42.75	18,136
1999	3,690,202.93	560,173	560,130	3,683,603	42.76	86,146
2000	570,419.37	75,044	75,038	580,944	42.58	13,644
2001	267,630.33	29,639	29,637	278,138	42.23	6,586
2002	1,601,875.47	142,583	142,572	1,699,585	41.75	40,709
2003	35,817.74	2,368	2,368	38,822	40.98	947
	32,107,966.01	10,640,847	10,640,034	26,284,128		656,924

PLASTIC

SURVIVOR CURVE.. IOWA 65-R1.5

NET SALVAGE PERCENT.. -15

1967	53,557.13	34,386	34,407	27,184	30.46	892
1968	185,343.25	116,697	116,769	96,376	30.99	3,110
1969	549,893.87	339,334	339,545	292,833	31.52	9,290
1970	317,255.64	191,689	191,808	173,036	32.07	5,396
1971	530,435.03	313,601	313,796	296,204	32.61	9,083
1972	431,705.16	249,472	249,627	246,834	33.17	7,441
1973	183,857.30	103,773	103,837	107,599	33.72	3,191
1974	183,915.49	101,944	102,007	109,496	33.86	3,234
1975	165,552.47	89,424	89,480	100,905	34.44	2,930
1976	269,849.27	141,912	142,000	168,327	35.01	4,808
1977	404,057.44	206,591	206,719	257,947	35.60	7,246
1978	789,030.63	394,259	394,504	512,881	35.79	14,330

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
PLASTIC						
SURVIVOR CURVE.. IOWA 65-R1.5						
NET SALVAGE PERCENT.. -15						
1979	1,160,124.52	562,208	562,557	771,586	36.39	21,203
1980	1,461,051.04	685,525	685,950	994,259	37.00	26,872
1981	1,097,611.06	500,988	501,299	760,954	37.23	20,439
1982	1,752,474.04	772,079	772,558	1,242,787	37.85	32,835
1983	963,031.27	411,210	411,465	696,021	38.10	18,268
1984	1,668,394.69	684,768	685,193	1,233,461	38.74	31,839
1985	1,313,488.57	520,220	520,543	989,969	39.02	25,371
1986	2,251,944.86	853,577	854,107	1,735,630	39.67	43,752
1987	4,427,785.67	1,611,094	1,612,094	3,479,860	39.98	87,040
1988	3,529,944.69	1,229,197	1,229,960	2,829,476	40.30	70,210
1989	2,820,814.94	936,849	937,430	2,306,507	40.64	56,755
1990	2,503,736.56	790,079	790,569	2,088,728	40.99	50,957
1991	1,648,860.09	492,251	492,557	1,403,632	41.36	33,937
1992	1,863,064.84	523,633	523,958	1,618,567	41.75	38,768
1993	1,723,167.57	455,778	456,061	1,525,582	41.85	36,454
1994	2,048,477.31	503,895	504,208	1,851,541	42.26	43,813
1995	2,378,679.93	542,993	543,330	2,192,152	42.41	51,690
1996	1,990,244.72	417,474	417,733	1,871,048	42.58	43,942
1997	4,247,838.05	809,935	810,438	4,074,576	42.78	95,245
1998	3,548,547.27	609,268	609,646	3,471,183	42.75	81,197
1999	2,714,009.84	411,987	412,243	2,708,868	42.76	63,351
2000	3,549,575.63	466,982	467,272	3,614,740	42.58	84,893
2001	3,333,758.81	369,197	369,426	3,464,397	42.23	82,036
2002	4,147,764.79	369,193	369,422	4,400,508	41.75	105,401
2003	1,932,333.78	127,776	127,855	2,094,329	40.98	51,106
2004	2,143,382.10	90,708	90,764	2,374,125	39.31	60,395
2005	2,325,753.79	37,712	37,735	2,636,882	35.09	75,146
2006	320,324.01	84,373	84,426	283,947		7,015
	68,930,637.12	18,154,031	18,165,298	61,104,937		1,510,881
	119,663,985.87	44,358,099	42,047,954	95,565,633		2,661,753
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					35.9	2.22

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 35-S0						
NET SALVAGE PERCENT.. -10						
1923	309.61	341	341			
1928	767.52	844	844			
1929	362.87	399	399			
1933	632.79	696	696			
1937	37.55	41	41			
1938	200.20	217	220			
1939	255.44	277	281			
1940	479.64	515	528			
1941	1,260.20	1,341	1,386			
1944	28.44	30	31			
1946	416.51	431	456	2	3.79	1
1947	35.00	36	38	1	4.00	
1948	36.11	37	39	1	4.61	
1949	926.82	939	993	27	4.85	6
1950	4,607.25	4,641	4,910	158	5.10	31
1951	1,993.58	1,984	2,099	94	5.74	16
1952	2,413.28	2,386	2,524	131	6.02	22
1953	2,304.45	2,262	2,393	142	6.32	22
1954	6,646.19	6,476	6,852	459	6.64	69
1955	11,667.71	11,278	11,932	902	6.97	129
1956	8,525.10	8,170	8,644	734	7.32	100
1957	4,302.67	4,086	4,323	410	7.68	53
1958	3,148.35	2,961	3,133	330	8.06	41
1959	6,433.06	5,989	6,336	740	8.45	88
1960	7,172.33	6,605	6,988	902	8.85	102
1961	8,424.74	7,712	8,159	1,108	8.97	124
1962	8,022.73	7,256	7,677	1,148	9.41	122
1963	6,100.43	5,448	5,764	946	9.85	96
1964	9,491.78	8,406	8,894	1,547	10.05	154
1965	8,667.57	7,568	8,007	1,527	10.52	145
1966	7,493.33	6,480	6,856	1,387	10.75	129
1967	5,884.34	5,009	5,300	1,173	11.25	104
1968	13,904.97	11,701	12,380	2,915	11.52	253
1969	14,419.77	11,985	12,680	3,182	11.81	269
1970	13,698.66	11,234	11,886	3,183	12.12	263
1971	66,737.07	53,950	57,079	16,332	12.45	1,312
1972	181,964.28	144,836	153,238	46,923	12.80	3,666
1973	50,338.44	39,414	41,700	13,672	13.16	1,039

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 35-S0						
NET SALVAGE PERCENT.. -10						
1974	15,909.76	12,238	12,948	4,553	13.55	336
1975	14,339.24	10,872	11,503	4,270	13.75	311
1976	2,878.50	2,139	2,263	903	14.17	64
1977	2,981.35	2,178	2,304	975	14.42	68
1978	7,413.49	5,292	5,599	2,556	14.87	172
1979	16,904.79	11,827	12,513	6,082	15.17	401
1980	19,195.54	13,138	13,900	7,215	15.48	466
1981	68,882.52	46,038	48,709	27,062	15.82	1,711
1982	84,553.39	55,303	58,511	34,498	16.02	2,153
1983	55,538.28	35,330	37,379	23,713	16.41	1,445
1984	114,399.43	70,885	74,997	50,842	16.67	3,050
1985	169,723.38	101,805	107,710	78,986	17.09	4,622
1986	153,060.71	88,982	94,144	74,223	17.40	4,266
1987	483,437.45	272,538	288,347	243,434	17.60	13,831
1988	287,717.35	156,187	165,247	151,242	17.96	8,421
1989	231,911.26	121,225	128,257	126,845	18.22	6,962
1990	102,313.26	51,287	54,262	58,283	18.51	3,149
1991	110,631.18	52,937	56,008	65,686	18.83	3,488
1992	142,724.85	65,075	68,850	88,147	19.07	4,622
1993	287,404.40	124,087	131,285	184,860	19.35	9,553
1994	196,697.22	79,883	84,517	131,850	19.65	6,710
1995	286,197.61	108,769	115,078	199,739	19.89	10,042
1996	186,227.55	65,777	69,593	135,257	20.09	6,733
1997	178,330.32	57,692	61,038	135,125	20.40	6,624
1998	87,753.29	25,773	27,268	69,261	20.59	3,364
1999	72,950.49	19,090	20,197	60,049	20.82	2,884
2000	64,896.04	14,805	15,664	55,722	21.02	2,651
2001	272,474.09	52,601	55,652	244,069	21.14	11,545
2002	269,909.26	41,893	44,324	252,576	21.31	11,852
2004	66,231.88	4,765	5,041	67,814	21.44	3,163
2005	48,337.93	1,223	1,294	51,878	21.29	2,437
	4,562,036.59	2,155,615	2,280,449	2,737,791		145,452

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 18.8 3.19

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 379.1 MEASURING AND REGULATING EQUIPMENT - CITY GATE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2.5						
NET SALVAGE PERCENT.. -10						
1929	20.64	23	23			
1935	168.99	186	186			
1936	95.41	105	105			
1965	522.68	554	575			
1982	6,291.95	5,497	6,910	11	6.09	2
1983	1,594.90	1,358	1,707	47	6.57	7
1987	246,581.04	185,175	232,782	38,457	8.60	4,472
1992	2,633.13	1,560	1,961	935	11.56	81
	257,908.74	194,458	244,249	39,450		4,562
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					8.6	1.77

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
BARE STEEL						
INTERIM SURVIVOR CURVE.. IOWA 38-R1.5						
PROBABLE RETIREMENT YEAR.. 12-2025						
NET SALVAGE PERCENT.. -50						
1939	172.15	247	247	11	2.94	4
1940	27.00	39	39	2	2.99	1
1946	183.47	255	255	20	4.60	4
1947	1,194.67	1,656	1,656	136	4.79	28
1948	4,726.47	6,523	6,523	567	5.00	113
1949	18,327.53	25,163	25,163	2,328	5.23	445
1950	28,007.19	38,238	38,238	3,773	5.48	689
1951	25,624.71	34,774	34,774	3,663	5.74	638
1952	30,305.79	40,858	40,858	4,601	6.02	764
1953	32,309.77	43,255	43,255	5,210	6.32	824
1954	44,252.37	58,798	58,798	7,581	6.64	1,142
1955	58,356.33	76,917	76,917	10,617	6.97	1,523
1956	55,959.56	73,548	73,548	10,391	6.99	1,487
1957	71,421.95	93,013	93,013	14,120	7.36	1,918
1958	79,541.50	102,585	102,585	16,727	7.75	2,158
1959	110,149.29	141,366	141,366	23,858	7.85	3,039
1960	106,538.18	135,245	135,245	24,562	8.26	2,974
1961	115,586.68	145,830	145,830	27,550	8.41	3,276
1962	118,481.27	147,669	147,669	30,053	8.85	3,396
1963	119,556.40	147,861	147,861	31,474	9.05	3,478
1964	133,939.19	164,263	164,263	36,646	9.26	3,957
1965	181,320.22	219,216	219,216	52,764	9.75	5,412
1966	130,611.06	156,322	156,322	39,595	10.00	3,960
1967	255,212.83	302,159	302,159	80,660	10.28	7,846
1968	325,289.17	380,588	380,588	107,346	10.58	10,146
1969	158,762.66	183,419	183,419	54,725	10.89	5,025
1970	119,047.10	136,303	136,303	42,268	11.01	3,839
1971	104,418.25	117,799	117,799	38,828	11.37	3,415
1972	116,708.66	129,617	129,617	45,446	11.75	3,868
	2,546,031.42	3,103,526	3,103,526	715,522		75,369

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
COATED STEEL						
SURVIVOR CURVE.. IOWA 38-R1.5						
NET SALVAGE PERCENT.. -50						
1973	46,198.05	49,326	69,297			
1974	54,125.65	56,523	80,911	277	13.75	20
1975	13,010.18	13,333	19,086	429	14.14	30
1976	16,908.09	16,985	24,314	1,048	14.55	72
1977	10,110.66	9,941	14,230	936	14.98	62
1978	6,640.18	6,383	9,137	823	15.42	53
1979	26,749.37	24,989	35,771	4,353	16.05	271
1980	11,119.73	10,123	14,491	2,189	16.52	133
1981	14,301.57	12,668	18,134	3,318	16.99	195
1982	25,732.12	22,132	31,682	6,916	17.48	396
1983	16,678.04	13,960	19,983	5,034	17.82	282
1984	12,802.92	10,365	14,837	4,367	18.34	238
1985	18,120.56	14,153	20,260	6,921	18.87	367
1986	28,053.23	21,090	30,190	11,890	19.41	613
1987	29,687.15	21,504	30,783	13,748	19.81	694
1988	12,408.83	8,599	12,309	6,304	20.38	309
1989	20,133.16	13,354	19,116	11,084	20.81	533
1990	10,292.35	6,509	9,317	6,122	21.26	288
1991	17,203.15	10,327	14,783	11,022	21.73	507
1992	32,956.39	18,686	26,749	22,686	22.21	1,021
1993	25,527.98	13,643	19,530	18,762	22.59	831
1994	49,697.21	24,779	35,471	39,075	23.10	1,692
1995	40,342.81	18,747	26,836	33,678	23.40	1,439
1996	54,224.56	23,181	33,183	48,154	23.83	2,021
1997	80,389.16	31,364	44,897	75,687	24.18	3,130
1998	52,658.85	18,546	26,548	52,440	24.45	2,145
1999	69,545.74	21,698	31,060	73,259	24.75	2,960
2000	68,239.06	18,527	26,521	75,838	24.89	3,047
2001	44,073.71	10,088	14,441	51,670	25.00	2,067
2002	47,518.80	8,781	12,570	58,708	24.91	2,357
2003	58,548.57	8,080	11,566	76,257	24.67	3,091
2004	159,431.11	14,110	20,198	218,949	23.94	9,146
2005	63,929.01	2,186	3,129	92,765	21.48	4,319
	1,237,357.95	574,680	821,330	1,034,709		44,329



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
PLASTIC						
SURVIVOR CURVE.. IOWA 38-R1.5						
NET SALVAGE PERCENT.. -50						
1969	42,141.58	47,991	63,212			
1970	64,156.53	72,089	96,235			
1971	161,615.72	178,157	242,424			
1972	263,023.67	285,486	394,536			
1973	97,066.60	103,638	145,600			
1974	80,639.12	84,211	120,466	493	13.75	36
1975	87,819.04	89,997	128,744	2,985	14.14	211
1976	158,699.75	159,422	228,058	9,992	14.55	687
1977	363,771.87	357,679	511,671	33,987	14.98	2,269
1978	474,274.31	455,872	652,139	59,272	15.42	3,844
1979	750,322.04	700,951	1,002,732	122,751	16.05	7,648
1980	709,659.19	646,038	924,178	140,311	16.52	8,493
1981	811,034.45	718,374	1,027,656	188,896	16.99	11,118
1982	799,826.34	687,931	984,107	215,633	17.48	12,336
1983	691,108.80	578,458	827,502	209,161	17.82	11,737
1984	898,147.68	727,095	1,040,132	307,090	18.34	16,744
1985	1,152,221.80	899,943	1,287,397	440,936	18.87	23,367
1986	1,178,223.08	885,788	1,267,147	500,188	19.41	25,770
1987	1,432,826.68	1,037,868	1,484,703	664,537	19.81	33,546
1988	1,458,856.37	1,010,987	1,446,249	742,036	20.38	36,410
1989	2,573,153.39	1,706,773	2,441,592	1,418,138	20.81	68,147
1990	2,741,296.15	1,733,596	2,479,963	1,631,981	21.26	76,763
1991	2,658,924.96	1,596,153	2,283,347	1,705,040	21.73	78,465
1992	3,072,653.23	1,742,194	2,492,263	2,116,717	22.21	95,305
1993	3,474,974.32	1,857,200	2,656,783	2,555,678	22.59	113,133
1994	3,889,867.74	1,939,488	2,774,498	3,060,304	23.10	132,481
1995	3,952,380.11	1,836,671	2,627,415	3,301,155	23.40	141,075
1996	4,048,555.92	1,730,758	2,475,903	3,596,931	23.83	150,941
1997	3,969,131.10	1,548,556	2,215,258	3,738,439	24.18	154,609
1998	3,817,523.56	1,344,532	1,923,395	3,802,890	24.45	155,537
1999	3,329,136.19	1,038,690	1,485,879	3,507,825	24.75	141,730
2000	3,697,011.68	1,003,739	1,435,880	4,109,638	24.89	165,112
2001	3,073,521.50	703,529	1,006,420	3,603,862	25.00	144,154
2002	2,953,788.92	545,860	780,870	3,649,813	24.91	146,520
2003	3,183,391.09	439,308	628,444	4,146,643	24.67	168,084
2004	3,338,052.04	295,418	422,604	4,584,474	23.94	191,498
2005	3,254,350.08	111,299	159,217	4,722,308	21.48	219,847
	68,703,146.60	30,901,739	44,164,619	58,890,104		2,537,617
	72,486,535.97	34,579,945	48,089,475	60,640,335		2,657,315

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 22.8 3.67

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 38-R2.5						
NET SALVAGE PERCENT.. 0						
1930	21.50	22	22			
1939	164.50	162	128	37	1.07	35
1940	13.34	13	13			
1941	1,069.50	1,042	821	249	1.72	145
1942	263.60	256	202	62	1.86	33
1943	69.29	67	53	16	2.01	8
1944	34.55	33	26	9	2.19	4
1945	404.48	389	306	98	2.39	41
1946	737.08	706	556	181	2.61	69
1947	4,280.44	4,082	3,216	1,064	2.85	373
1948	4,561.15	4,328	3,409	1,152	3.10	372
1949	3,388.22	3,197	2,519	869	3.38	257
1950	8,400.89	7,880	6,208	2,193	3.67	598
1951	5,632.46	5,280	4,159	1,473	3.64	405
1952	3,517.84	3,275	2,580	938	3.97	236
1953	4,841.74	4,474	3,525	1,317	4.32	305
1954	15,729.07	14,501	11,424	4,305	4.36	987
1955	4,680.54	4,278	3,370	1,311	4.75	276
1956	14,126.07	12,866	10,136	3,990	4.85	823
1957	25,289.23	22,937	18,069	7,220	4.97	1,453
1958	50,747.75	45,561	35,892	14,856	5.41	2,746
1959	108,869.58	97,199	76,571	32,299	5.58	5,788
1960	65,717.87	58,311	45,936	19,782	5.78	3,422
1961	28,811.05	25,385	19,998	8,813	6.01	1,466
1962	44,961.11	39,116	30,815	14,146	6.50	2,176
1963	64,358.50	55,529	43,744	20,615	6.76	3,050
1964	90,968.84	77,769	61,265	29,704	7.04	4,219
1965	132,403.80	112,080	88,294	44,110	7.34	6,010
1966	100,161.75	83,875	66,075	34,087	7.67	4,444
1967	122,813.39	101,665	80,089	42,724	8.01	5,334
1968	99,871.35	81,275	64,026	35,845	8.58	4,178
1969	68,729.31	55,190	43,477	25,252	8.95	2,821
1970	228,560.50	180,951	142,549	86,012	9.34	9,209
1971	151,372.24	118,025	92,977	58,395	9.75	5,989
1972	151,227.74	115,508	90,994	60,234	10.36	5,814
1973	54,126.28	40,638	32,014	22,112	10.79	2,049
1974	40,229.14	29,653	23,360	16,869	11.24	1,501
1975	43,837.38	31,554	24,857	18,980	11.87	1,599

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 38-R2.5						
NET SALVAGE PERCENT.. 0						
1976	17,314.45	12,208	9,617	7,697	12.34	624
1977	29,568.99	20,394	16,066	13,503	12.82	1,053
1978	63,564.26	42,652	33,600	29,964	13.48	2,223
1979	232,531.45	152,215	119,911	112,620	13.98	8,056
1980	320,097.39	204,062	160,755	159,342	14.50	10,989
1981	257,189.08	158,789	125,090	132,099	15.18	8,702
1982	287,324.86	172,194	135,650	151,675	15.71	9,655
1983	165,093.08	95,473	75,211	89,882	16.41	5,477
1984	166,548.14	93,100	73,342	93,206	16.96	5,496
1985	320,058.36	171,903	135,421	184,637	17.67	10,449
1986	347,490.75	179,583	141,471	206,020	18.23	11,301
1987	295,864.50	146,690	115,559	180,306	18.81	9,586
1988	374,933.75	177,156	139,559	235,375	19.54	12,046
1989	356,106.55	160,426	126,380	229,727	20.13	11,412
1990	390,946.35	166,660	131,291	259,655	20.86	12,448
1991	378,174.80	152,442	120,090	258,085	21.47	12,021
1992	293,145.13	111,219	87,616	205,529	22.09	9,304
1993	276,274.18	98,077	77,263	199,011	22.71	8,763
1994	484,061.92	159,208	125,420	358,642	23.47	15,281
1995	41,626.18	12,634	9,953	31,673	24.10	1,314
1996	620,911.01	172,241	135,688	485,223	24.75	19,605
1997	30,598.48	7,674	6,045	24,553	25.40	967
1998	672,470.52	150,297	118,401	554,070	26.06	21,261
1999	306,181.20	60,103	47,348	258,833	26.61	9,727
2000	34,930.05	5,879	4,631	30,299	27.18	1,115
2001	252,256.59	35,190	27,722	224,535	27.76	8,088
2002	175,837.59	19,395	15,279	160,559	28.24	5,686
2003	449,733.85	36,114	28,450	421,284	28.65	14,705
2004	839,383.78	41,466	32,665	806,719	28.89	27,924
2005	663,570.02	11,612	9,148	654,422	28.07	23,314
	10,888,780.33	4,466,128	3,518,317	7,370,464		376,827

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 19.6 3.46

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 39-S1.5						
NET SALVAGE PERCENT.. -10						
1952	6.13	6	6	1	6.02	
1955	13.93	14	14	1	6.64	
1956	80.17	77	78	10	6.99	1
1957	66.05	63	64	9	7.36	1
1958	134.09	128	130	17	7.45	2
1959	5,044.34	4,748	4,821	728	7.85	93
1960	12,693.50	11,881	12,064	1,899	7.97	238
1961	9,958.64	9,214	9,356	1,599	8.41	190
1962	11,012.78	10,118	10,274	1,840	8.58	214
1963	12,796.57	11,606	11,785	2,291	9.05	253
1964	21,795.05	19,602	19,904	4,071	9.26	440
1965	30,773.38	27,419	27,842	6,009	9.50	633
1966	25,959.60	22,784	23,135	5,421	10.00	542
1967	30,556.73	26,530	26,939	6,673	10.28	649
1968	54,182.12	46,488	47,204	12,396	10.58	1,172
1969	64,729.17	54,840	55,685	15,517	10.89	1,425
1970	60,368.00	50,448	51,226	15,179	11.23	1,352
1971	69,080.85	56,893	57,770	18,219	11.58	1,573
1972	99,225.96	80,442	81,682	27,467	11.95	2,298
1973	42,139.56	33,597	34,115	12,239	12.34	992
1974	5,069.21	3,970	4,031	1,545	12.75	121
1975	9,834.94	7,589	7,706	3,112	12.98	240
1976	15,608.26	11,802	11,984	5,185	13.42	386
1977	21,203.11	15,687	15,929	7,394	13.87	533
1978	22,786.45	16,475	16,729	8,336	14.34	581
1979	39,654.83	28,091	28,524	15,096	14.65	1,030
1980	51,729.24	35,695	36,245	20,657	15.15	1,363
1981	85,884.70	57,638	58,526	35,947	15.66	2,295
1982	118,496.06	77,504	78,698	51,648	16.02	3,224
1983	108,138.12	68,516	69,572	49,380	16.56	2,982
1984	131,106.15	80,314	81,552	62,665	17.11	3,662
1985	159,588.30	94,655	96,114	79,433	17.52	4,534
1986	191,811.37	109,442	111,129	99,864	18.09	5,520
1987	254,746.74	139,466	141,615	138,606	18.67	7,424
1988	251,306.25	131,584	133,612	142,825	19.26	7,416
1989	328,097.06	163,779	166,303	194,604	19.86	9,799
1990	356,703.18	169,702	172,317	220,056	20.34	10,819
1991	331,428.03	149,073	151,371	213,200	20.96	10,172

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 39-S1.5						
NET SALVAGE PERCENT.. -10						
1992	372,311.40	157,019	159,439	250,104	21.71	11,520
1993	357,075.96	140,931	143,103	249,681	22.34	11,176
1994	399,558.91	146,578	148,837	290,678	22.98	12,649
1995	384,127.80	130,016	132,020	290,521	23.63	12,295
1996	452,422.98	139,496	141,646	356,019	24.40	14,591
1997	235,546.96	65,423	66,431	192,671	25.17	7,655
1998	382,221.64	94,600	96,058	324,386	25.83	12,558
1999	271,980.83	58,729	59,634	239,545	26.61	9,002
2000	320,879.97	58,840	59,747	293,221	27.50	10,663
2001	234,199.36	35,371	35,916	221,703	28.29	7,837
2002	229,479.92	27,035	27,452	224,976	29.18	7,710
2003	270,062.84	22,815	23,167	273,902	30.07	9,109
2004	250,025.01	12,706	12,902	262,126	30.97	8,464
2005	126,960.84	2,165	2,198	137,459	31.86	4,314
	7,320,663.04	2,919,604	2,964,601	5,088,131		223,712
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					22.7	3.06

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 34-S1.5						
NET SALVAGE PERCENT.. -5						
1950	235.47	235	247			
1955	115.70	112	121			
1960	65.64	61	69			
1961	186.45	173	196			
1962	447.73	413	470			
1963	317.30	290	333			
1964	298.06	270	313			
1965	589.91	529	619			
1966	1,146.05	1,022	1,203			
1967	16,264.45	14,333	17,078			
1968	17,130.82	14,908	17,987			
1969	22,622.83	19,509	23,754			
1970	23,580.25	20,040	24,759			
1971	23,320.38	19,599	24,486			
1972	31,417.01	26,080	32,988			
1973	7,754.24	6,351	8,142			
1974	3,269.15	2,628	3,433			
1975	1,734.65	1,372	1,821			
1976	8,905.71	6,924	9,351			
1977	7,922.30	6,046	8,316	2	10.71	
1978	9,887.56	7,423	10,210	172	10.96	16
1979	15,247.62	11,201	15,406	604	11.38	53
1980	12,984.40	9,317	12,815	819	11.81	69
1981	23,493.96	16,439	22,611	2,058	12.26	168
1982	41,670.35	28,484	39,178	4,576	12.60	363
1983	36,308.06	24,105	33,155	4,968	13.09	380
1984	38,546.76	24,803	34,115	6,359	13.59	468
1985	60,231.58	37,598	51,714	11,529	13.98	825
1986	59,956.73	36,092	49,642	13,313	14.51	918
1987	61,137.49	35,390	48,677	15,517	15.06	1,030
1988	46,172.32	25,709	35,361	13,120	15.50	846
1989	53,498.72	28,458	39,142	17,032	16.07	1,060
1990	52,226.20	26,437	36,362	18,476	16.65	1,110
1991	47,039.72	22,562	31,033	18,359	17.24	1,065
1992	61,391.57	27,847	38,302	26,159	17.75	1,474
1993	56,786.25	24,148	33,214	26,412	18.36	1,439
1994	44,952.42	17,752	24,417	22,783	19.08	1,194
1995	38,142.15	13,921	19,147	20,902	19.71	1,060

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 34-S1.5						
NET SALVAGE PERCENT.. -5						
1996	73,929.79	24,708	33,984	43,642	20.35	2,145
1997	15,578.13	4,699	6,463	9,894	21.09	469
1998	7,307.49	1,963	2,700	4,973	21.82	228
1999	20,842.78	4,893	6,730	15,155	22.57	671
2000	14,561.20	2,910	4,003	11,286	23.40	482
2001	16,926.69	2,792	3,840	13,933	24.15	577
2002	37,688.68	4,864	6,690	32,883	24.99	1,316
2003	322,453.79	29,795	40,981	297,595	25.91	11,486
2004	702,316.91	39,084	53,758	683,675	26.83	25,482
2005	363,882.60	6,763	9,302	372,775	27.75	13,433
	2,502,486.02	681,052	918,638	1,708,971		69,827
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					24.5	2.79

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 35-S2.5						
NET SALVAGE PERCENT.. 0						
1957	11.37	11	11			
1958	130.58	120	131			
1961	307.68	278	308			
1962	263.76	238	264			
1963	514.41	459	514			
1964	95.26	84	95			
1966	1,056.33	918	1,056			
1967	11,356.16	9,794	11,356			
1968	25,835.28	22,089	25,835			
1969	28,711.81	24,210	28,712			
1970	30,457.74	25,411	30,458			
1971	26,161.94	21,573	26,162			
1972	30,859.63	25,123	30,860			
1973	16,730.61	13,431	16,731			
1974	2,182.30	1,726	2,182			
1975	5,871.85	4,567	5,872			
1976	25,727.54	19,581	25,728			
1977	39,719.80	29,659	39,720			
1978	38,151.44	27,908	38,151			
1979	45,852.59	32,808	45,853			
1980	42,614.37	29,775	42,614			
1981	94,064.66	63,842	94,065			
1982	102,025.57	67,378	102,026			
1983	68,059.74	43,490	68,060			
1984	71,658.47	44,371	69,553	2,105	13.22	159
1985	99,139.75	59,147	92,714	6,426	13.86	464
1986	72,675.57	41,665	65,311	7,365	14.51	508
1987	85,052.04	46,736	73,260	11,792	15.17	777
1988	70,272.28	36,773	57,642	12,630	15.94	792
1989	65,257.55	32,518	50,973	14,285	16.61	860
1990	64,783.61	30,526	47,850	16,934	17.39	974
1991	62,736.75	27,836	43,634	19,103	18.18	1,051
1992	88,653.22	36,862	57,782	30,871	18.97	1,627
1993	80,338.40	31,035	48,648	31,690	19.86	1,596
1994	122,269.98	43,736	68,557	53,713	20.65	2,601
1995	95,771.93	31,375	49,181	46,591	21.55	2,162
1996	145,654.87	43,318	67,902	77,753	22.45	3,463
1997	122,097.88	32,588	51,082	71,016	23.35	3,041



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 35-S2.5						
NET SALVAGE PERCENT.. 0						
1998	129,614.44	30,524	47,847	81,767	24.35	3,358
1999	109,553.26	22,437	35,171	74,382	25.24	2,947
2000	40,904.07	7,089	11,112	29,792	26.24	1,135
2001	20,583.15	2,919	4,576	16,007	27.24	588
2002	92,769.19	10,232	16,038	76,731	28.24	2,717
2003	92,619.49	7,298	11,440	81,179	29.24	2,776
	2,369,168.32	1,083,458	1,607,037	762,132		33,596
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					22.7	1.42

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUST MEAS & REG STA EQUIP - OTHER THAN METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-01						
NET SALVAGE PERCENT.. -5						
1949	325.52	332	327	15	1.64	9
1950	238.80	241	237	14	2.30	6
1951	218.33	219	215	14	2.64	5
1952	116.07	115	113	9	3.32	3
1953	120.89	119	117	10	3.68	3
1955	582.41	559	550	62	4.75	13
1956	229.03	218	214	26	5.14	5
1957	3,115.70	2,936	2,889	382	5.55	69
1958	838.21	782	769	111	5.97	19
1959	5,231.39	4,828	4,750	743	6.41	116
1960	1,526.37	1,393	1,371	232	6.85	34
1961	4,369.78	3,941	3,878	710	7.31	97
1962	5,253.18	4,679	4,604	912	7.78	117
1963	5,176.65	4,551	4,478	957	8.26	116
1964	8,296.31	7,195	7,079	1,632	8.75	187
1965	10,730.79	9,218	9,070	2,197	9.00	244
1966	15,408.52	13,037	12,827	3,352	9.52	352
1967	12,887.77	10,732	10,559	2,973	10.04	296
1968	23,271.95	19,153	18,845	5,591	10.34	541
1969	21,479.80	17,452	17,171	5,383	10.67	504
1970	43,805.91	34,943	34,381	11,615	11.23	1,034
1971	71,721.89	56,383	55,476	19,832	11.58	1,713
1972	9,348.44	7,234	7,118	2,698	11.95	226
1973	21,206.49	16,139	15,879	6,388	12.34	518
1974	8,777.22	6,561	6,455	2,761	12.75	217
1975	5,719.09	4,195	4,128	1,877	13.17	143
1976	1,606.56	1,160	1,141	546	13.42	41
1977	6,894.21	4,869	4,791	2,448	13.87	176
1978	9,734.22	6,746	6,637	3,584	14.17	253
1980	20,397.51	13,544	13,326	8,091	14.82	546
1981	62,572.41	40,564	39,911	25,790	15.18	1,699
1982	18,758.20	11,896	11,705	7,991	15.41	519
1983	26,385.49	16,332	16,069	11,636	15.67	743
1984	80,028.71	48,242	47,466	36,564	15.95	2,292
1985	20,145.97	11,795	11,605	9,548	16.26	587
1986	33,227.82	18,913	18,609	16,280	16.47	988
1987	225,899.18	124,622	122,617	114,577	16.71	6,857
1988	8,762.56	4,669	4,594	4,607	16.98	271

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUST MEAS & REG STA EQUIP - OTHER THAN METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-01						
NET SALVAGE PERCENT.. -5						
1989	72,058.15	37,081	36,484	39,177	17.17	2,282
1990	28,849.30	14,273	14,043	16,249	17.39	934
1991	35,014.64	16,633	16,365	20,400	17.55	1,162
1992	45,451.25	20,684	20,351	27,373	17.65	1,551
1993	40,119.83	17,377	17,097	25,029	17.80	1,406
1994	87,535.16	36,048	35,468	56,444	17.82	3,167
1995	73,991.57	28,715	28,253	49,438	17.91	2,760
1996	183,534.46	66,832	65,757	126,954	17.90	7,092
1997	130,850.56	44,378	43,664	93,729	17.82	5,260
1998	29,991.15	9,353	9,203	22,288	17.75	1,256
1999	56,720.49	16,104	15,845	43,712	17.54	2,492
2000	57,398.46	14,555	14,321	45,947	17.28	2,659
2001	70,442.38	15,547	15,297	58,667	16.91	3,469
2002	125,646.86	23,272	22,898	109,031	16.34	6,673
2003	53,642.21	7,818	7,692	48,632	15.52	3,134
2004	13,331.23	1,338	1,316	12,682	14.20	893
2005	640,889.88	28,600	28,140	644,794	11.26	57,264
	2,539,876.93	929,115	914,165	1,752,704		125,013
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					14.0	4.92

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387 OTHER EQUIPMENT - ODORIZATION

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2.5						
NET SALVAGE PERCENT.. 0						
1968	823.13	778	543	280	2.18	128
1969	5,441.34	5,124	3,578	1,863	2.26	824
1970	9,724.53	9,080	6,341	3,384	2.52	1,343
1971	1,906.94	1,763	1,231	676	2.81	241
1987	165,127.24	112,732	78,724	86,403	8.60	10,047
1995	28,979.19	12,690	8,862	20,117	13.48	1,492
	212,002.37	142,167	99,279	112,723		14,075
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					8.0	6.64

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFO SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 27-R2						
NET SALVAGE PERCENT.. 0						
1952	2,546.98	2,547	2,547			
1953	180.96	181	181			
1954	2,379.47	2,379	2,379			
1955	229.11	229	229			
1956	1,576.78	1,577	1,577			
1958	2,603.11	2,572	2,603			
1959	69.00	68	69			
1960	2,366.02	2,304	2,366			
1961	6,857.83	6,653	6,858			
1962	5,834.48	5,609	5,834			
1963	788.57	754	789			
1965	3,941.50	3,703	3,942			
1967	4,649.08	4,296	4,649			
1968	1,930.26	1,774	1,930			
1969	17,844.31	16,219	17,844			
1970	5,667.91	5,111	5,637	31	3.87	8
1971	7,880.69	7,015	7,736	145	4.26	34
1972	2,479.14	2,184	2,409	70	4.52	15
1973	18,955.35	16,510	18,208	747	4.81	155
1974	10,221.05	8,790	9,694	527	5.13	103
1975	3,592.54	3,046	3,359	234	5.47	43
1976	4,877.14	4,072	4,491	386	5.83	66
1977	2,275.08	1,867	2,059	216	6.22	35
1978	10,546.65	8,498	9,372	1,175	6.63	177
1979	6,429.09	5,094	5,618	811	6.94	117
1980	21,305.14	16,516	18,214	3,091	7.39	418
1981	25,113.08	19,013	20,968	4,145	7.86	527
1982	13,331.68	9,837	10,849	2,483	8.35	297
1983	8,015.93	5,771	6,364	1,652	8.75	189
1984	4,716.43	3,296	3,635	1,081	9.27	117
1985	58,185.04	39,484	43,544	14,641	9.71	1,508
1986	40,325.42	26,421	29,138	11,187	10.26	1,090
1987	46,822.78	29,625	32,671	14,152	10.74	1,318
1988	100,099.14	60,790	67,041	33,058	11.32	2,920
1989	103,392.04	60,226	66,419	36,973	11.83	3,125
1990	86,849.38	48,332	53,302	33,547	12.35	2,716
1991	52,805.10	27,950	30,824	21,981	12.90	1,704
1992	129,101.06	64,667	71,317	57,784	13.45	4,296

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFO SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 27-R2						
NET SALVAGE PERCENT.. 0						
1993	69,120.15	32,576	35,926	33,194	14.02	2,368
1994	275,427.00	121,326	133,802	141,625	14.61	9,694
1996	105,564.92	39,819	43,913	61,652	15.69	3,929
1998	146,116.94	45,150	49,793	96,324	16.77	5,744
1999	302,652.36	82,624	91,120	211,532	17.31	12,220
2000	116,515.09	27,498	30,326	86,189	17.81	4,839
2002	602,076.98	95,068	104,843	497,234	18.67	26,633
2003	167,162.93	19,441	21,440	145,723	19.00	7,670
2004	319,462.01	23,353	25,754	293,708	19.03	15,434
2005	14,755.08	395	436	14,319	18.16	788
	2,935,637.78	1,012,230	1,114,019	1,821,617		110,297
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					16.5	3.76

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1986	10,950.98	10,677	6,594	4,357	0.50	4,357
1987	22,058.34	20,404	12,601	9,457	1.50	6,305
1988	12,308.28	10,770	6,651	5,657	2.50	2,263
1989	21,896.13	18,064	11,155	10,741	3.50	3,069
1990	23,043.47	17,859	11,029	12,014	4.50	2,670
1991	16,870.54	12,231	7,553	9,318	5.50	1,694
1992	27,716.75	18,709	11,554	16,163	6.50	2,487
1993	34,703.71	21,690	13,395	21,309	7.50	2,841
1994	899,302.74	517,099	319,335	579,968	8.50	68,232
1996	107,768.25	51,190	31,612	76,156	10.50	7,253
1997	4,658.70	1,980	1,223	3,436	11.50	299
1998	23,170.37	8,689	5,366	17,804	12.50	1,424
1999	19,222.76	6,247	3,858	15,365	13.50	1,138
2000	11,837.49	3,255	2,010	9,827	14.50	678
2001	1,551.84	349	216	1,336	15.50	86
2002	21,787.36	3,813	2,354	19,433	16.50	1,178
	1,258,847.71	723,026	446,506	812,341		105,974
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					7.7	8.42

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 391 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
1991	2,342.98	2,265	1,036-	3,379	0.50	3,379
1992	8,611.60	7,750	3,543-	12,155	1.50	8,103
1993	3,737.80	3,115	1,424-	5,162	2.50	2,065
1994	241.04	185	85-	326	3.50	93
2005	23,574.97	785	359-	23,934	14.50	1,651
	38,508.39	14,100	6,447-	44,956		15,291
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					2.9	39.71



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 391 OFFICE FURNITURE AND EQUIP. - INFO. SYSTEMS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 5-SQUARE						
NET SALVAGE PERCENT.. 0						
1999	15,668.23	15,668	15,668			
2001	151,676.53	136,509	124,199	27,478	0.50	27,478
2002	47,170.40	33,019	30,042	17,128	1.50	11,419
2003	11,122.20	5,561	5,060	6,062	2.50	2,425
2004	175,475.55	52,643	47,896	127,580	3.50	36,451
2005	264,735.32	26,474	24,086	240,649	4.50	53,478
	665,848.23	269,874	246,951	418,897		131,251
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					3.2	19.71

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 392 TRANSPORTATION EQUIPMENT - TRAILERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 22-S3						
NET SALVAGE PERCENT.. 0						
1989	498.75	360	418	81	6.33	13
1990	1,450.00	1,005	1,166	284	6.87	41
1991	1,450.00	957	1,110	340	7.48	45
1994	16,271.69	8,870	10,289	5,983	9.60	623
1995	8,336.24	4,193	4,864	3,472	10.38	334
1996	36,604.00	16,761	19,442	17,162	11.25	1,526
1998	11,096.60	4,045	4,692	6,405	13.08	490
2002	11,392.00	1,946	2,257	9,135	16.99	538
2004	45,359.00	3,320	3,851	41,508	18.99	2,186
	132,458.28	41,457	48,089	84,370		5,796
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					14.6	4.38

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 394 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 25-SQUARE						
NET SALVAGE PERCENT.. 0						
1977	1,163.93	1,164	1,164			
1981	42,725.41	41,871	42,725			
1982	38,172.19	35,882	38,172			
1983	32,300.31	29,070	31,823	477	2.50	191
1984	54,221.40	46,630	51,046	3,175	3.50	907
1985	26,754.42	21,939	24,017	2,737	4.50	608
1986	85,834.70	66,951	73,292	12,543	5.50	2,281
1987	32,470.00	24,028	26,304	6,166	6.50	949
1988	60,621.62	42,435	46,454	14,168	7.50	1,889
1989	76,216.72	50,303	55,067	21,150	8.50	2,488
1990	57,878.76	35,885	39,283	18,596	9.50	1,957
1991	36,672.60	21,270	23,284	13,389	10.50	1,275
1992	52,486.66	28,343	31,027	21,460	11.50	1,866
1993	148,848.49	74,424	81,473	67,375	12.50	5,390
1994	208,710.04	96,007	105,099	103,611	13.50	7,675
1995	36,384.84	15,282	16,729	19,656	14.50	1,356
1996	187,442.53	71,228	77,974	109,469	15.50	7,063
1997	74,023.87	25,168	27,552	46,472	16.50	2,816
1998	142,623.01	42,787	46,839	95,784	17.50	5,473
1999	26,525.45	6,897	7,550	18,975	18.50	1,026
2000	55,442.14	12,197	13,352	42,090	19.50	2,158
2001	57,333.67	10,320	11,298	46,036	20.50	2,246
2002	213,892.58	29,945	32,781	181,112	21.50	8,424
2003	19,351.62	1,935	2,118	17,234	22.50	766
2004	64,367.83	3,862	4,228	60,140	23.50	2,559
	1,832,464.79	835,823	910,651	921,815		61,363
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					15.0	3.35

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 394 TOOLS, SHOP AND GARAGE EQUIP - CNG FACILITIES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 12-S3						
NET SALVAGE PERCENT.. 0						
1983	6,944.56	6,906	2,926	4,019	0.12	4,019
1993	10,054.56	8,672	3,674	6,381	1.99	3,207
1994	116,028.78	96,478	40,880	75,149	2.33	32,253
1995	198,792.44	157,801	66,863	131,929	2.73	48,326
1997	121,461.07	84,452	35,784	85,677	3.72	23,031
2000	5,000.00	2,420	1,025	3,975	5.86	678
	458,281.41	356,729	151,152	307,130		111,514
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					2.8	24.33

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 395 LABORATORY EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 25-SQUARE						
NET SALVAGE PERCENT.. 0						
1990	526.18	326	399	127	9.50	13
1993	524.03	262	321	203	12.50	16
1997	5,095.72	1,733	2,123	2,973	16.50	180
2004	4,162.05	250	306	3,856	23.50	164
	10,307.98	2,571	3,149	7,159		373
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					19.2	3.62

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 396 POWER OPERATED EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 15-S1						
NET SALVAGE PERCENT.. +25						
1978	30,195.74	22,171	42,602	19,955-		
1979	6,225.00	4,528	8,701	4,032-		
1980	4,259.37	3,055	5,870	2,675-		
1981	15,128.27	10,730	20,618	9,272-		
1982	1,307.70	915	1,758	777-		
1983	25,842.03	17,792	34,188	14,806-		
1984	21,132.71	14,312	27,501	11,651-		
1985	23,235.94	15,470	29,726	12,299-		
1988	19,352.82	12,091	23,233	8,718-		
1989	4,619.03	2,812	5,403	1,939-		
1990	43,290.95	25,617	49,224	16,756-		
1991	14,584.95	8,359	16,062	5,123-		
1993	19,603.35	10,421	20,024	5,321-		
1994	65,067.37	32,999	63,409	14,608-		
1995	3,073.01	1,476	2,836	531-		
1996	198,963.57	89,877	172,702	23,479-		
2002	83,056.36	17,224	33,097	29,195		
2004	102,490.64	9,616	18,477	58,391		
	681,428.81	299,465	575,431	64,356-		

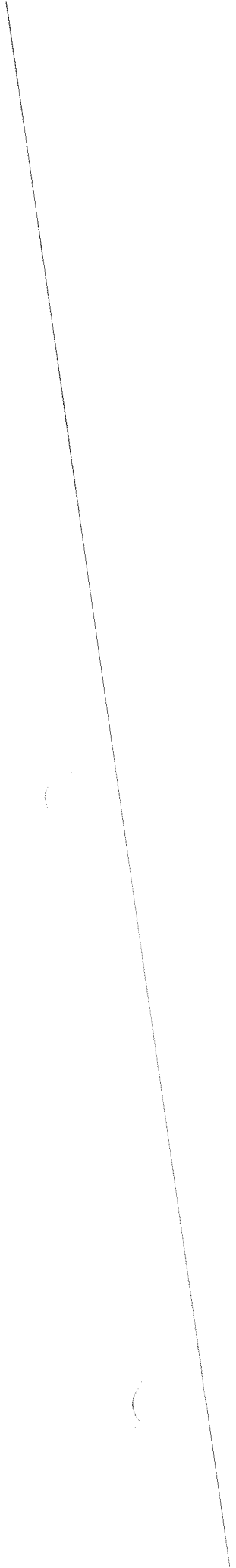
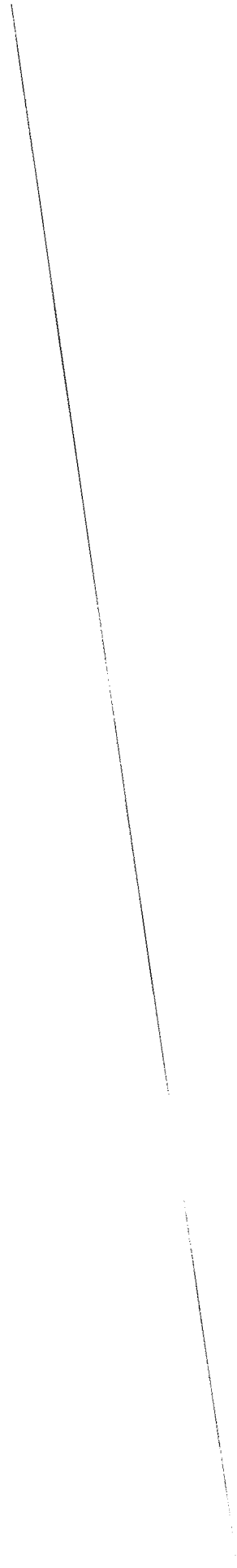
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 0.0 0.00

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 398 MISCELLANEOUS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2005

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
1991	3,674.40	3,552	2,649	1,025	0.50	1,025
1992	8,655.96	7,790	5,809	2,847	1.50	1,898
1993	17,341.33	14,451	10,776	6,565	2.50	2,626
1994	9,984.76	7,655	5,709	4,276	3.50	1,222
1996	16,655.95	10,548	7,866	8,790	5.50	1,598
1997	5,543.77	3,142	2,343	3,201	6.50	492
1999	17,422.15	7,549	5,629	11,793	8.50	1,387
2000	18,730.48	6,868	5,122	13,608	9.50	1,432
2001	1,845.51	554	413	1,433	10.50	136
	99,854.31	62,109	46,316	53,538		11,816
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					4.5	11.83



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**Columbia Gas of Kentucky  
Case No. 2007-00008  
Historical Test Period Filing Requirements  
Filing Requirement #6-o**

**Description of Filing Requirement:**

A list of all commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of the utility's application. The list shall include each software, program or model; what the software, program or model was used for; a brief description of the software, program or model; the specifications for the computer hardware and the operating system required running the program.

**Response:**

Microsoft Office Word Professional Edition 2003 was the word processing package used to prepare this filing. Specifications are personal or multimedia computer with a 486 or higher processor and Microsoft Windows XP Professional or higher operating system.

Microsoft Office Excel Professional Edition 2003 was used to prepare the majority of spreadsheet documents. Specifications are a personal or multimedia computer with a 486 or higher processor and Microsoft Windows XP Professional or higher operating system.

**Responsible Witness:**

Judy M. Cooper

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**Columbia Gas of Kentucky  
Case No. 2007-00008  
Historical Test Period Filing Requirements  
Filing Requirement #6-p**

**Description of Filing Requirement:**

Prospectuses of the most recent stock or bond offerings.

**Response:**

See attached.

**Responsible Witness:**

Kelly L. Humrichouse

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**\$1,000,000,000**



**NiSource Finance Corp.**

**\$450,000,000 5.25% Notes due 2017**

**\$550,000,000 5.45% Notes due 2020**

**Unconditionally Guaranteed by NiSource Inc.**

*Interest payable March 15 and September 15*

Issue price of Notes due 2017: 99.636%

Issue price of Notes due 2020: 99.581%

The Notes due 2017 will mature on September 15, 2017. The Notes due 2020 will mature on September 15, 2020. We may redeem the Notes in whole or in part at any time at the redemption prices for that series described on page S-11.

We will pay interest on the Notes on March 15 and September 15 of each year, beginning on March 15, 2006.

**Investing in the Notes involves risks. See "Risk Factors" on page S-6.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

	<u>Price to Public(1)</u>	<u>Underwriting Discount</u>	<u>Proceeds to Us (before expenses)</u>
Per Note due 2017 .....	99.636%	0.675%	98.961%
Total for Notes due 2017 .....	\$448,362,000	\$3,037,500	\$445,324,500
Per Note due 2020 .....	99.581%	0.750%	98.831%
Total for Notes due 2020 .....	\$547,695,500	\$4,125,000	\$543,570,500
Total .....	\$996,057,500	\$7,162,500	\$988,895,000

(1) Plus accrued interest, if any, from September 16, 2005.

The Notes will not be listed on any securities exchange. Currently, there is no public market for the Notes.

We expect that delivery of the Notes will be made to investors through the book-entry delivery system of The Depository Trust Company on or about September 16, 2005.

*Joint Bookrunning Managers*

**Barclays Capital**

**Citigroup**

**Credit Suisse First Boston**

*Co-Managers*

**Commerzbank Corporates & Markets**

**Dresdner Kleinwort Wasserstein Securities LLC**

**Harris Nesbitt**

**RBS Greenwich Capital**

## ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

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

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## SUMMARY

*This summary highlights certain information appearing elsewhere in this document. This summary is not complete and does not contain all of the information that you should consider before purchasing the Notes. You should carefully read the "Risk Factors" section beginning on page S-6 of this prospectus supplement to determine whether an investment in our Notes is appropriate for you. Unless the context requires otherwise, references to "we," "us" or "our" refer collectively to NiSource and its subsidiaries.*

### NiSource Inc.

*Overview.* NiSource is a super-regional energy holding company that provides natural gas, electricity and other products and services to over 3.7 million customers located within the energy corridor that runs from the Gulf Coast through the Midwest to New England.

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

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

*Strategy.* We have focused our business strategy on our core, rate-regulated asset-based businesses, with virtually 100% of our operating income generated from the rate-regulated businesses. With the nation's fourth largest natural gas pipeline, the largest natural gas distribution network east of the Rocky Mountains and one of the nation's largest natural gas storage networks, we operate throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in the Midwest, Mid-Atlantic, New England and Northeast. This corridor includes 30% of the nation's population and 40% of its energy consumption. We continue to position our assets to meet the corridor's growing energy needs.

*Gas Distribution.* We are the nation's third largest regulated gas distribution company based on volume of gas sales, with an average volume of over 2.3 billion cubic feet per day. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas under the Columbia Gas name to approximately 2.2 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 784,000 customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, our subsidiaries Bay State Gas Company and Northern Utilities, Inc. distribute natural gas to more than 335,000 customers in the areas of Brockton, Lawrence and Springfield, Massachusetts, Lewiston and Portland, Maine, and Portsmouth, New Hampshire.

*Gas Transmission and Storage.* Our gas transmission and storage subsidiaries own and operate an interstate pipeline network of approximately 16,000 miles extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, the companies serve customers in 19 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, Columbia Gas Transmission Corporation operates one of the nation's largest underground natural gas storage systems, capable of storing approximately 646 billion cubic feet of natural gas.

*Electric Operations.* We generate and distribute electricity through our subsidiary Northern Indiana Public Service Company. Northern Indiana provides electric service to approximately 446,000 customers in 21

counties in the northern part of Indiana. Northern Indiana owns and operates three coal-fired electric generating stations with a net capacity of 2,574 megawatts, five gas-fired combustion turbine generating units with a net capacity of 306 megawatts and two hydroelectric generating plants with a net capacity of 10 megawatts, for a total system net capacity of 2,890 megawatts. Northern Indiana is interconnected with five neighboring electric utilities. During the year ended December 31, 2004, Northern Indiana generated 84.1% and purchased 15.9% of its electric requirements.

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

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

NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the Notes will be fully and unconditionally guaranteed by NiSource. NiSource Finance was incorporated in March 2000 under the laws of the State of Indiana.

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

### The Offering

Issuer .....	NiSource Finance Corp.
Securities Offered .....	<p>\$450,000,000 aggregate principal amount of 5.25% Notes due 2017.</p> <p>\$550,000,000 aggregate principal amount of 5.45% Notes due 2020.</p>
Guarantee .....	NiSource Inc. will fully and unconditionally guarantee all the obligations of NiSource Finance under the Notes.
Maturity Date .....	<p>The Notes due 2017 will mature on September 15, 2017.</p> <p>The Notes due 2020 will mature on September 15, 2020.</p>
Interest Rate .....	<p>The interest rate on the Notes due 2017 will be 5.25% per annum.</p> <p>The interest rate on the Notes due 2020 will be 5.45% per annum.</p>
Interest Payment Dates .....	Each March 15 and September 15, commencing March 15, 2006.
Optional Redemption .....	We may redeem all or part of the Notes at any time at our option at a redemption price equal to the greater of (1) the principal amount of the notes being redeemed plus accrued interest to the redemption date and (2) a “make-whole” amount based on the yield of a comparable U.S. Treasury security plus 0.25% in the case of the Notes due 2017 and 0.30% in the case of the Notes due 2020.
Ranking .....	<p>The Notes will be senior, unsecured obligations of NiSource Finance ranking equally in right of payment with other senior indebtedness of NiSource Finance.</p> <p>The guarantee will be a senior, unsecured obligation of NiSource, ranking equally in right of payment with other senior indebtedness of NiSource. Because NiSource is a holding company that derives substantially all of its income from operating subsidiaries, the guarantee will effectively be subordinated to debt and preferred stock at the subsidiary level.</p> <p>The Indenture does not limit the amount of debt that NiSource Finance, NiSource or any of its subsidiaries may incur.</p>
Limitation on Liens .....	Subject to certain exceptions, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any secured debt, except intercompany indebtedness, without also securing the Notes, unless the total amount of all of the secured debt would not exceed 10% of our consolidated net tangible assets.
Use of Proceeds .....	The net proceeds, after estimated expenses, to us from the sale of the Notes offered hereby will be approximately \$988,745,000, which we will use to pay off \$900,000,000 aggregate principal amount of our 7 <sup>3</sup> / <sub>8</sub> % notes due November 15, 2005 at maturity, and for general corporate purposes. Pending such application, the proceeds will be invested in cash equivalents.

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

## RISK FACTORS

*In deciding whether to invest in the Notes, you should consider carefully the following factors that could materially adversely affect our operating results and financial condition. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our financial performance. You should also consider the information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and our subsequent reports on Form 10-Q and Form 8-K. Each of the risks described below could result in a decrease in the value of the Notes and your investment therein.*

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

We have a significant amount of indebtedness outstanding as a result of our acquisition of Columbia Energy Group. We had total consolidated indebtedness of approximately \$6,067 million outstanding as of June 30, 2005.

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

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

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

### **Our costs of compliance with environmental laws are significant. The costs of compliance with future environmental laws and the incurrence of environmental liabilities could harm our cash flow and profitability.**

NiSource's subsidiaries are subject to extensive federal, state and local environmental requirements that, among other things, regulate air emissions, water usage and discharges, remediation and the management of chemicals, hazardous and solid waste. Compliance with these legal requirements requires us to commit significant expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees and permits at all of our facilities. These expenditures are significant, and we expect that they will continue to be significant in the future.

If we fail to comply with environmental laws and regulations, even if caused by factors beyond our control, that failure may result in the assessment of civil or criminal penalties and fines against NiSource and its subsidiaries. In September 2004, the Environmental Protection Agency issued a notice of violation to Northern Indiana Public Service Company alleging violations of the new source review provisions of the Clean Air Act. An adverse outcome in this matter could require capital expenditures beyond Environmental Protection Agency requirements that cannot be determined at this time and could require payment of substantial penalties.

Existing environmental laws and regulations may be revised, and new laws and regulations seeking to protect the environment may be adopted or become applicable to us. Revised or additional laws and

regulations could result in significant additional expense and operating restrictions on our facilities or increased compliance costs, which may not be fully recoverable from our customers and would therefore reduce our net income. The cost impact of any new or amended legislation would depend upon the specific requirements enacted and cannot be determined at this time.

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

Our energy sales are sensitive to variations in weather conditions. We forecast energy sales on the basis of normal weather, which represents a long-term historical average. Significant variations from normal weather could have, and have had, a material impact on energy sales.

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

Our electric operations in northern Indiana have been and may continue to be adversely affected by events in the steel and steel related industries. In particular, sales to large industrial customers in these industries have been impacted by economic downturns generally, and may be affected by consolidation and globalization within such industries.

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

As a result of the energy crisis in California during the summer of 2001, the recent volatility of natural gas prices in North America, the bankruptcy filing by Enron Corporation, the blackout in the Northeast in 2003, accounting irregularities at public companies in general and energy companies in particular, and investigations by governmental authorities into energy trading activities, companies in the regulated and unregulated utility business have been under a generally increased amount of public and regulatory scrutiny and suspicion. Accounting irregularities have caused regulators and legislators to review current accounting practices, financial disclosures and companies' relationships with their independent auditors. The capital markets and ratings agencies also have increased their level of scrutiny. We believe that we are complying with all applicable laws and accounting standards, but it is difficult or impossible to predict or control what effect these types of events may have on our business, financial condition or access to the capital markets.

**Our Whiting merchant energy project is operating at a loss.**

We own and operate a merchant energy facility at BP's Whiting, Indiana refinery. This facility uses natural gas to generate electricity for sale in the wholesale markets and to generate steam for industrial use by BP's refinery. Recent developments in the wholesale power market have resulted in depressed wholesale power prices, which have substantially reduced revenues for participants in the market. We expect that the facility will operate at a loss in the near term based on the current market view of forward pricing for gas and electricity. The after-tax loss for 2004 was approximately \$32.8 million. For the first half of 2005, the after tax loss was approximately \$17.9 million.

Results in future periods will be dependent on a number of factors, including approval by the Indiana Utility Regulatory Commission, or IURC, of an electric sales agreement permitting our Whiting project to sell power to our subsidiary Northern Indiana Public Service Company in order to meet system reliability standards. The IURC has yet to approve this electric sales agreement. We have reached a settlement agreement with the Indiana Office of Utility Consumer Counselor. The settlement agreement outlines parameters surrounding the amount of power Northern Indiana purchases from our Whiting project, including how the costs for that purchased power are to be recovered by Northern Indiana from residential, commercial and industrial customer segments and provides for conditions when the purchases could be made. Northern Indiana will make purchases from our Whiting project through November 30, 2005 and will continue to evaluate other reliability options. Under the settlement agreement, Northern Indiana also agreed to file a rate case with the IURC on or before July 1, 2008. Future results of our Whiting project are also dependent on

prevailing prices in the energy markets, regional load dispatch patterns and the steam requirements of BP's refinery.

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

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

Our operating subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due on the Notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our operating subsidiaries will also be contingent upon such subsidiaries' earnings and business considerations. As of June 30, 2005, our operating subsidiaries had approximately \$2.3 billion of indebtedness.

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

## INCORPORATION BY REFERENCE

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

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2004;
- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2005 and June 30, 2005;
- our Current Reports on Form 8-K filed on January 3, 2005, February 3, 2005, February 9, 2005, March 17, 2005, March 17, 2005, April 5, 2005, May 16, 2005, June 24, 2005, August 26, 2005 and August 26, 2005; and
- any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities offered by the prospectus supplement.

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

## USE OF PROCEEDS

The net proceeds, after estimated expenses, to us from the sale of the Notes offered hereby will be approximately \$988,745,000. We will use the funds to pay off \$900,000,000 aggregate principal amount of our 7<sup>5</sup>/<sub>8</sub>% notes due November 15, 2005 at maturity, and for general corporate purposes. Pending such application, the proceeds will be invested in cash equivalents.

## CAPITALIZATION

The following table shows our capitalization and short-term indebtedness at June 30, 2005 (1) on an actual consolidated basis and (2) on a consolidated basis as adjusted to reflect the issuance and sale of the Notes and the use of the net proceeds as set forth under "Use of Proceeds." This table should be read in conjunction with our consolidated financial statements and related notes for the six months ended June 30, 2005, incorporated by reference in this prospectus supplement and accompanying prospectus. See "Incorporation by Reference."

	<u>June 30, 2005</u>	
	<u>Actual</u>	<u>As Adjusted</u>
	<u>(in millions)</u>	
Long-term debt (excluding amounts due within one year) . . . . .	\$4,807.3	\$ 5,796.2
Cumulative preferred stock (without mandatory redemption provisions) . . . . .	81.1	81.1
Common stockholders' equity . . . . .	<u>4,894.9</u>	<u>4,894.9</u>
Total capitalization . . . . .	<u>\$9,783.3</u>	<u>\$10,772.2</u>
Short-term borrowings (including current portion of long-term debt) . . . . .	<u>\$1,260.1</u>	<u>\$ 360.1</u>
Cash and cash equivalents . . . . .	<u>\$ 258.2</u>	<u>\$ 346.9</u>

## RATIOS OF EARNINGS TO FIXED CHARGES

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

<u>Six Months Ended</u> <u>June 30, 2005</u>	<u>Fiscal Year Ended December 31</u>				
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
2.61	2.56	2.33	2.06	1.51	1.66

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



## SUPPLEMENTAL DESCRIPTION OF THE NOTES

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

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

The Notes due 2017 will mature on September 15, 2017 and the Notes due 2020 will mature on September 15, 2020. The Notes will bear interest from and including September 16, 2005, payable semi annually in arrears on March 15 and September 15 of each year, commencing March 15, 2006. Interest payable on each interest payment date will be paid to the persons in whose names the Notes are registered at the close of business on each March 1 and September 1. If an interest payment date falls on a day that is not a business day, interest will be payable on the next succeeding business day with the same force and effect as if made on such interest payment date. Interest on the Notes will be calculated on the basis of a 360-day year, consisting of twelve 30-day months, and will accrue from September 16, 2005 or from the most recent interest payment date to which interest has been paid.

### **Optional Redemption**

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

The following definitions apply to the Notes:

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

“Adjusted Treasury Rate” means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15 (519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) assuming a price for the Comparable Treasury Issue equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third business day preceding the redemption date, plus 0.25% in the case of the Notes due 2017 and 0.30% in the case of the Notes due 2020.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the redemption date to the maturity date

of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

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

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

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

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

### **Selection and Notice of Redemption**

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

We will redeem Notes in increments of \$1,000. We will cause notices of redemption to be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address.

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

### **Forms and Denominations**

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

### **Additional Notes**

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

## **CERTAIN ERISA CONSIDERATIONS**

The following is a summary of certain considerations associated with the purchase of Notes by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), or provisions under any federal, state, local non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code, and entities whose underlying assets are considered to include “plan assets” of such plans, accounts and arrangements (each, a “Plan”).

### **General Fiduciary Matters**

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

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

### **Prohibited Transaction Issues**

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

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

### **Representation**

By acceptance of a Note, each purchaser and subsequent transferee of a Note will be deemed to have represented and warranted that (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Note constitutes assets of any Plan, (ii) the Plan is a governmental plan as defined in Section 3 of

ERISA which is not subject to the provisions of Title I of ERISA or Section 401 of the Code or (iii) the purchase and holding of the Note by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violation under any applicable similar laws because such purchase and holding satisfies the conditions of a class exemption, including PTCE 91-38, 90-1, 84-14, 95-60 or 96-23.

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

## UNDERWRITING

Under the terms and subject to the conditions contained in the underwriting agreement, we have agreed to sell to the underwriters named below, for whom Barclays Capital Inc., Citigroup Global Markets Inc. and Credit Suisse First Boston LLC are acting as representatives, the following respective principal amounts of the Notes:

<u>Underwriter</u>	<u>Principal Amount of Notes due 2017</u>	<u>Principal Amount of Notes due 2020</u>
Barclays Capital Inc. ....	\$120,000,000	\$146,668,000
Citigroup Global Markets Inc. ....	120,000,000	146,666,000
Credit Suisse First Boston LLC ....	120,000,000	146,666,000
Commerzbank Capital Markets Corp. ....	22,500,000	27,500,000
Dresdner Kleinwort Wasserstein Securities LLC ....	22,500,000	27,500,000
Harris Nesbitt Corp. ....	22,500,000	27,500,000
Greenwich Capital Markets, Inc. ....	<u>22,500,000</u>	<u>27,500,000</u>
Total .....	<u>\$450,000,000</u>	<u>\$550,000,000</u>

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

The underwriters propose to offer the Notes due 2017 initially at the public offering price on the cover page of this prospectus supplement and to selling group members at that price less a selling concession of 0.40% of the principal amount per Note due 2017. The underwriters and selling group members may allow a discount of 0.25% of the principal amount per Note due 2017 on sales to other broker/dealers. After the initial public offering, the underwriters may change the public offering price, selling concession and discount to broker/dealers.

The underwriters propose to offer the Notes due 2020 initially at the public offering price on the cover page of this prospectus supplement and to selling group members at that price less a selling concession of 0.45% of the principal amount per Note due 2020. The underwriters and selling group members may allow a discount of 0.25% of the principal amount per Note due 2020 on sales to other broker/dealers. After the initial public offering, the underwriters may change the public offering price, selling concession and discount to broker/dealers.

We estimate that our out of pocket expenses for this offering will be approximately \$150,000.

It is expected that delivery of the Notes will be made on or about the date specified on the cover page of this prospectus supplement, which will be the seventh business day following the date of this prospectus supplement. Under Rule 15c6-1 of the SEC under the Securities Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, the purchasers who wish to trade the Notes on the date of this prospectus supplement or the three succeeding business days will be required to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of this prospectus supplement or the three succeeding business days should consult their own advisors.

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

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

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

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specific maximum.
- Over-allotment involves sales by the underwriters of Notes in excess of the principal amount of Notes the underwriters are obligated to purchase, which creates a syndicate short position.
- Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover syndicate short positions. A short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the Notes originally sold by the syndicate member are purchased in a stabilizing transaction or a syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result the price of the Notes may be higher than the price that might otherwise exist in the open market. These transactions, if commenced, may be discontinued at any time.

The underwriters and their affiliates have provided certain investment banking, commercial banking and other financial services to us and our affiliates, for which they have received customary fees. Under our five-year revolving credit agreement, Barclays Capital Inc. serves as lead arranger and sole book runner, and Credit Suisse First Boston LLC serves as syndication agent, lead arranger and a lender. In addition, Barclays Bank PLC, an affiliate of Barclays Capital Inc., serves as administrative agent, LC bank, a lender and swingline lender, Citicorp USA, Inc., an affiliate of Citigroup Global Markets Inc., serves as co-documentation agent and a lender, and Commerzbank AG, an affiliate of Commerzbank Capital Markets Corp., Dresdner Bank AG, an affiliate of Dresdner Kleinwort Wasserstein Securities LLC, Harris Nesbitt Financing, Inc., an affiliate of Harris Nesbitt Corp., and The Royal Bank of Scotland plc, an affiliate of Greenwich Capital Markets, Inc., each serves as a lender. The underwriters and their affiliates may from time to time engage in future transactions with us and our affiliates and provide services to us and our affiliates in the ordinary course of their business.

Certain of the underwriters will make the securities available for distribution on the Internet through a proprietary Web site and/or a third-party system operated by MarketAxess Corporation, an Internet-based communications technology provider. MarketAxess Corporation is providing the system as a conduit for communications between certain of the underwriters and their customers and is not a party to any transactions. MarketAxess Corporation, a registered broker-dealer, will receive compensation from certain of the underwriters based on transactions such underwriters conduct through the system. Certain of the underwriters will make the securities available to their customers through the Internet distributions, whether made through a proprietary or third-party system, on the same terms as distributions made through other channels.

## LEGAL MATTERS

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

## EXPERTS

The consolidated financial statements, the related financial statement schedules and management's report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference from NiSource's Annual Report on Form 10-K for the year ended December 31, 2004 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference (which report (1) expresses an unqualified opinion on the financial statements and financial statement schedules and includes an explanatory paragraph related to the adoption of FASB Statement No. 143, "Accounting for Retirement Obligations", (2) expresses an unqualified opinion on management's assessment regarding the effectiveness of internal control over financial reporting and (3) expresses an unqualified opinion on the effectiveness of internal control over financial reporting), and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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# PROSPECTUS

\$2,807,005,000



## **NiSource Inc.**

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

## **NiSource Finance Corp.**

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

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

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

NiSource Finance Corp., a wholly owned subsidiary of NiSource, may offer from time to time in amounts, at prices and on terms to be determined at the time of the offering:

- one or more series of its debt securities; and
- warrants to purchase debt securities.

NiSource will fully and unconditionally guarantee the obligations of NiSource Finance under any debt securities issued under this prospectus or any prospectus supplement.

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

We may offer these securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. You can find additional information about our plan of distribution for the securities under the heading "Plan of Distribution" beginning on page 20 of this prospectus. We will also describe the plan of distribution for any particular offering of these securities in the applicable prospectus supplement. This prospectus may not be used to sell our securities unless it is accompanied by a prospectus supplement.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved 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 August 7, 2003.

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## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, utilizing a “shelf” registration or continuous offering process. Under this process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$2,807,005,000.

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

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

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

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

## WHERE YOU CAN FIND MORE INFORMATION

NiSource files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document NiSource files at the SEC’s public reference room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. You may obtain additional information about the public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a site on the Internet (<http://www.sec.gov>) that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC, including NiSource.

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

- our Annual Report on Form 10-K, as amended by our Annual Report on Form 10-K/A, for the fiscal year ended December 31, 2002;
- our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2003;

- our Current Reports on Form 8-K dated May 13, 2003 and July 15, 2003; and
- the description of our common stock contained in our definitive joint proxy statement/prospectus dated April 24, 2000.

We also incorporate by reference any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities.

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

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

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

#### FORWARD-LOOKING STATEMENTS

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

- increased competition in deregulated energy markets;
- the weather;
- fluctuations in supply and demand for energy commodities;
- successful consummation of proposed dispositions;
- growth opportunities for NiSource's businesses;
- dealings with third parties over whom NiSource has no control;
- actual operating experience of acquired assets;
- NiSource's ability to integrate acquired operations into its operations;
- the regulatory process;
- regulatory and legislative changes;
- changes in general economic, capital and commodity market conditions;
- counter-party credit risk, many of which risks are beyond the control of NiSource; and

- other uncertainties, all of which are difficult to predict, and many of which are beyond our control, including factors we discuss in this prospectus and any prospectus supplement and our filings with the SEC.

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

## NISOURCE INC.

*Overview.* NiSource is a super-regional energy holding company that provides natural gas, electricity and other products and services to approximately 3.7 million customers located within the energy corridor that runs from the Gulf Coast through the Midwest to New England.

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

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

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

*Gas Distribution.* We are the nation's third largest regulated gas distribution company based on volume of gas sales, with an average volume of over 2.3 billion cubic feet per day. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas under the Columbia Gas name to approximately 2.1 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 770,000 customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, our subsidiaries Bay State Gas Company and Northern Utilities, Inc. distribute natural gas to more than 329,000 customers in the areas of Brockton, Lawrence and Springfield, Massachusetts, Lewiston and Portland, Maine, and Portsmouth, New Hampshire.

*Gas Transmission and Storage.* Our gas transmission and storage subsidiaries own and operate an interstate pipeline network of approximately 16,062 miles extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, the companies serve customers in 19 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, Columbia Gas Transmission Corporation operates one of the nation's largest underground natural gas storage systems, capable of storing approximately 670 billion cubic feet of natural gas.

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

*Other Operations.* We provide energy-related services, including gas marketing and power trading. Through our subsidiary EnergyUSA-TPC Corp., we provide natural gas sales to industrial and commercial customers and engage in natural gas marketing activities. We operate the Whiting Clean Energy project, located at BP's Whiting, Indiana refinery. We participate in real estate and other businesses.

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

On July 3, 2003, we agreed to sell our exploration and production subsidiary, Columbia Energy Resources, for \$330 million to Triana Energy Holdings, Inc., an affiliate of Morgan Stanley Capital Partners. The sale will result in approximately \$220 million in after-tax cash proceeds, which we will use to pay down debt. We will recognize an after-tax book loss of approximately \$335 million on the sale, largely reflecting the taxes incurred from the sale and the difference between the current carrying value of Columbia Energy Resources' stock and the purchase price. Our exploration and production business will be accounted for as discontinued operations as of June 30, 2003. We expect to complete the sale in the third quarter of 2003. NiSource and Columbia Energy Group will remain guarantors of certain obligations of Columbia Natural Resources with respect to gas deliveries through February 2006 under forward sale contracts. Columbia Energy Group will also remain an indemnitor with respect to certain surety bonds supporting those obligations. Triana Energy Holdings has agreed to indemnify us for any payments made as a result of Columbia Natural Resources' failure to make deliveries.

Also on July 3, 2003, we agreed to sell six of Primary Energy's operating subsidiaries and the Primary Energy name for approximately \$335 million to Private Power, LLC, a privately held power development firm backed by American Securities Capital Partners, LLC, a New York private equity investment firm. Proceeds from the sale will be used to reduce our debt by approximately \$296 million, of which approximately \$71 million is off balance sheet. The assets of Primary Energy that are being sold in the transaction will be accounted for as discontinued operations as of June 30, 2003. We expect to complete the sale in the third quarter of 2003. We will recognize an after-tax book loss of approximately \$29 million on the sale. NiSource will remain a guarantor with respect to certain obligations of the operating subsidiaries being sold. Private Power has agreed to indemnify NiSource for any payments made under its guarantees.

#### **NISOURCE FINANCE CORP.**

NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the debt securities will be fully and unconditionally guaranteed by NiSource. NiSource Finance was incorporated in February 2000 under the laws of the State of Indiana.

#### **USE OF PROCEEDS**

Unless otherwise described in the applicable prospectus supplement, we will use the net proceeds from the sale of securities offered by this prospectus and any applicable prospectus supplement for general corporate purposes, including additions to working capital and repayment of existing indebtedness.

## RATIOS OF EARNINGS TO FIXED CHARGES

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

Three Months Ended March 31, 2003	Fiscal Year Ended December 31				
	2002	2001	2000	1999	1998
3.75	2.16	1.64	1.84	2.14	2.87

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

## DESCRIPTION OF CAPITAL STOCK

### General

The authorized capital stock of NiSource consists of 420,000,000 shares, \$0.01 par value, of which 400,000,000 are common stock and 20,000,000 are preferred stock. The board of directors has designated 4,000,000 shares of the preferred stock as Series A Junior Participating Preferred Shares. These shares are reserved for issuance under NiSource's Shareholder Rights Plan.

### Shareholder Rights Plan

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

### Anti-Takeover Provisions

The certificate of incorporation of NiSource includes provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of management of NiSource. NiSource's board of directors is classified into three classes of directors with staggered three-year terms. The directors may be removed only for cause by the affirmative vote of 80% of the combined voting power of all of the then-



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

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

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

### **Common Stock**

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

### **Preferred Stock**

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

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

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

- the title and stated value;
- the number of shares NiSource is offering;
- the liquidation preference per share;
- the purchase price;
- the dividend rate, period and payment date, and method of calculation of dividends;
- whether dividends will be cumulative or non-cumulative and, if cumulative, the date from which dividends will accumulate;
- the procedures for any auction and remarketing, if any;
- the provisions for a sinking fund, if any;
- the provisions for redemption or repurchase, if applicable, and any restrictions on NiSource's ability to exercise those redemption and repurchase rights;
- any listing of the preferred stock on any securities exchange or market;
- voting rights, if any;
- preemptive rights, if any;
- restrictions on transfer, sale or other assignment, if any;
- whether interests in the preferred stock will be represented by depositary shares;
- a discussion of any material or special United States federal income tax considerations applicable to the preferred stock;
- the relative ranking and preferences of the preferred stock as to dividend or liquidation rights;
- any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the series of preferred stock as to dividend or liquidation rights; and
- any other material specific terms, preferences, rights or limitations of, or restrictions on, the preferred stock.

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

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

Each global certificate will:

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

## DESCRIPTION OF THE DEBT SECURITIES

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

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

### General

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

The debt securities:

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

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

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

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

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

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

#### **Guarantee of NiSource**

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

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

retained earnings, adequate future earnings and the absence of adverse developments. In addition, NiSource is registered as a holding company under the Public Utility Holding Company Act of 1935. As a result, the corporate and financial activities of NiSource and each of its subsidiaries (including their ability to pay dividends to NiSource) are subject to regulation by the SEC.

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

### **Conversion Rights**

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

### **Denomination, Registration and Transfer**

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

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

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

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

### **Payment and Paying Agents**

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

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

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

(See Section 307.)

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

### **Redemption**

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

- the redemption date;
- the redemption price;
- if less than all of the debt securities of the series are being redeemed, the particular debt securities to be redeemed (and the principal amounts, in the case of a partial redemption);
- that on the redemption date, the redemption price will become due and payable and any applicable interest will cease to accrue on and after that date;
- the place or places of payment; and
- whether the redemption is for a sinking fund.

(See Section 1104.)

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

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

### **Consolidation, Merger, Conveyance, Transfer or Lease**

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

- that corporation or entity is organized under the laws of the United States or any state thereof;
- that corporation or entity assumes NiSource Finance's or NiSource's obligations, as applicable, under the Indenture;
- after giving effect to the transaction, NiSource Finance and NiSource are not in default under the Indenture; and
- NiSource Finance or NiSource, as applicable, delivers to the indenture trustee an officer's certificate and an opinion of counsel to the effect that the transaction complies with the Indenture.

(See Section 801.)

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

### **Limitation on Liens**

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

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

- create mortgages on any property and on certain improvements and accessions on such property acquired, constructed or improved after the date of the Indenture;
- assume existing mortgages on any property or indebtedness of an entity which is merged with or into, or consolidated with NiSource Finance, NiSource and any subsidiary;
- assume existing mortgages on any property or indebtedness of an entity existing at the time it becomes a subsidiary;
- create mortgages to secure debt of a subsidiary to NiSource or to another subsidiary;
- create mortgages in favor of governmental entities to secure payment under a contract or statute or mortgages to secure the financing of constructing or improving property, including mortgages for pollution control or industrial revenue bonds;
- create mortgages to secure debt of NiSource or its subsidiaries maturing within 12 months and created in the ordinary course of business;
- create mortgages to secure the cost of exploration, drilling or development of natural gas, oil or other mineral property;
- to continue mortgages existing on the date of the Indenture; and
- create mortgages to extend, renew or replace indebtedness secured by any mortgage referred to above provided that the principal amount of indebtedness and the property securing the indebtedness shall not exceed the amount secured by the mortgage being extended, renewed or replaced.

(See Section 1008.)

### **Events of Default**

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

- NiSource Finance defaults in the payment of any interest upon any debt security of that series that becomes due and payable and the default continues for 60 days;
- NiSource Finance defaults in the payment of principal of or any premium on any debt security of that series when due at its maturity, on redemption, by declaration or otherwise and the default continues for three business days;
- NiSource Finance defaults in the deposit of any sinking fund payment when due and the default continues for three business days;

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

(See Section 501.)

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

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

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

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

(See Section 513.)

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

- all overdue interest on the debt securities of that series;
- the principal of, and premium, if any, or interest on any debt securities of that series which are due other than by the declaration;



- interest on overdue interest (if lawful); and
- sums paid or advanced by and amounts due to the indenture trustee under the Indenture.

(See Section 502.)

#### **Modification of Indenture**

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

- to evidence the succession of another person as obligor under the Indenture;
- to add to NiSource Finance's or NiSource's covenants or to surrender any right or power conferred on NiSource Finance or NiSource under the Indenture;
- to add events of default;
- to add or change any provisions of the Indenture to provide that bearer securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal or premium on registered securities or of principal or premium or any interest on bearer securities, to permit registered securities to be exchanged for bearer securities or to permit the issuance of securities in uncertificated form (so long as the modification or amendment does not materially adversely affect the interest of the holders of debt securities of any series);
- to change or eliminate any provisions of the Indenture (so long as there are no outstanding debt securities entitled to the benefit of the provision);
- to secure the debt securities;
- to establish the form or terms of debt securities of any series;
- to evidence or provide for the acceptance or appointment by a successor indenture trustee or facilitate the administration of the trusts under the Indenture by more than one indenture trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture (so long as the cure or modification does not materially adversely affect the interest of the holders of debt securities of any series);
- to effect assumption by NiSource or one of its subsidiaries of NiSource Finance's obligations under the Indenture; or
- to conform the Indenture to any amendment of the Trust Indenture Act.

(See Section 901.)

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

- change the stated maturity of the principal or interest on any debt security;
- reduce the principal amount of, rate of interest on, or premium payable upon the redemption of, any debt security;
- change the method of calculating the rate of interest on any debt security;
- change any obligation of NiSource Finance to pay additional amounts in respect of any debt security;
- reduce the principal amount of a discount security that would be payable upon acceleration of its maturity;

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

(See Section 902.)

### **Satisfaction and Discharge**

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

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

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

### **Book-Entry Issuance**

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

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under the provisions of Section 17A of the Securities Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry

changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC's direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to DTC's book-entry system is also available to others, such as securities brokers and dealers, banks and trust companies, that clear through or maintain a custodial relationship with a direct participant. The rules applicable to DTC and its participants are on file with the SEC.

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

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

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

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

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

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

A beneficial owner electing to have its interest in a global security repaid by NiSource Finance will give any required notice through its participant and will effect delivery of its interest by causing the direct participant to transfer the participant's interest in the global securities on DTC's records to the appropriate

party. The requirement for physical delivery in connection with a demand for repayment will be deemed satisfied when the ownership rights in the global securities are transferred on DTC's records.

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

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

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

### **Governing Law**

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

### **Information Concerning the Indenture Trustee**

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

The indenture trustee, JPMorgan Chase Bank, is also the indenture trustee for NiSource Capital Markets' senior and subordinated debt indentures and the indenture governing the debenture portion of NiSource's Stock Appreciation Income Linked Securities ("SAILS"). JPMorgan Chase Bank is the purchase contract agent and collateral agent for the SAILS.

## **DESCRIPTION OF WARRANTS**

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

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

- the title of the warrants;
- the designation, amount and terms of the securities for which the warrants are exercisable;
- the designation and terms of the other securities, if any, with which the warrants are to be issued and the number of warrants issued with each other security;
- the price or prices at which the warrants will be issued;

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

#### **Exercise of Warrants**

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

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

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

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

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

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

stock purchase units and the stock purchase contracts will also be discussed in the applicable prospectus supplement.

## PLAN OF DISTRIBUTION

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

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

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

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

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

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

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

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

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

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

#### LEGAL OPINIONS

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

#### EXPERTS

The consolidated financial statements and the related consolidated financial statement schedules incorporated in this prospectus by reference from NiSource's Current Report on Form 8-K dated July 15, 2003 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report which is incorporated herein by reference (which report expresses an unqualified opinion and includes an explanatory paragraph related to the adoption of Financial Accounting Standards No. 133, "Accounting for Derivatives Instruments and Hedging Activities," as amended, on January 1, 2001 and Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," on January 1, 2002 and the adoption of the October 2002 consensus of EITF Issue No. 02-03, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities"), and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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***NI*Source**

**Columbia Gas of Kentucky  
Case No. 2007-00008  
Historical Test Period Filing Requirements  
Filing Requirement #6-q**

**Description of Filing Requirement:**

Annual report to shareholders, or members, and statistical supplements covering the two (2) most recent years from the utility's application filing date.

**Response:**

Please see attached.

**Responsible Witness:**

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resolution of these challenges. We pledge to leave no stone unturned in our review of these issues, and to communicate with you when decisions are made.

# Real Progress in 05

Dear Fellow Stockholder:

I begin my first letter to you as CEO of your company with three main thoughts: We're listening to you. We're taking action to unlock the value of your investment. And we're committed to clearly communicating our progress and our results to you throughout the year.

In 2005, we continued to transform NiSource; a transformation that is necessary, given our financial realities, a challenging economy and the evolving energy industry. Key first steps in our transformation were establishing a new base earnings level for NiSource and launching our Four-Point Platform for Growth. One year ago we predicted that 2005 would be both rewarding and challenging. Our outlook proved to be accurate.

Looking forward to the remainder of 2006 and beyond, we are building momentum toward our aspiration of becoming the Premier Regulated Energy Company in North America. Our business plan, which has now been in place for more than a year, is based on our solid portfolio of low-risk, regulated assets capable of producing steady, consistent growth. Already, our plan is on target for delivering long-term, sustainable growth, with notable successes being realized from each of our four key components:

- Expansion and commercial growth in the pipeline and storage business;
- Regulatory and commercial initiatives;
- Financial management; and
- Process and expense management.

Yet we recognize that we have lingering issues to address. As of this writing, our stock is trading at a discount to our peers due to the overhang of several challenges, including limited financial flexibility, high gas prices that have caused reduced customer gas usage and may impact the timing of regulatory initiatives, and ongoing losses at Whiting Clean Energy. We have charged small, high-level working groups within our senior leadership team to define plans for the fast-track

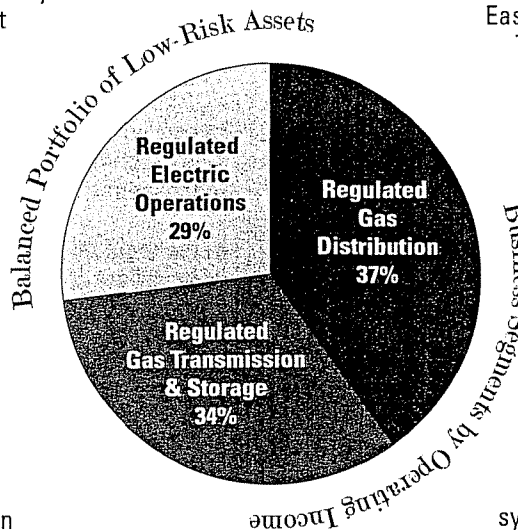
Despite the impact of the most active hurricane season on record, which contributed to record high natural gas prices, and an uneven economy, NiSource made significant progress during 2005 on each of the four key components of our platform for growth.

## Expansion and Commercial Growth in the Pipeline and Storage Business

We are poised to strengthen our position as a key player in meeting the growing need for increased pipeline and storage capacity in the Mid-Atlantic and Eastern United States. The NiSource Gas Transmission and Storage group has unparalleled strategic reach: access to North America's key supply basins and supply corridors, and access to the nation's largest energy consuming markets. This valuable footprint is strategically enhanced by a substantial market area storage position, which provides unique operating flexibility and commercial optimization opportunities.

Our strategy for this segment is two-pronged: constant optimization of our system and aggressive expansion of our physical network. Several important projects hit milestones in 2005, with others making announcements in early 2006:

- A newly restructured management team with an enhanced focus on market development and commercial optimization is now leading the NiSource Gas Transmission and Storage group. The Houston-based commercial team is responsible for market development, utilization and pricing of service offerings to maximize the value of NiSource's pipeline assets. With the addition of well-known industry veterans to our already highly talented leadership team, we are positioned to grow earnings by unlocking the full value of our current assets and by making disciplined capital decisions.
- The Hardy Storage Project in West Virginia received its Federal Energy Regulatory Commission (FERC) certificate in November, has begun construction, and is on track to initiate customer storage injections in the spring of 2007. This project, a joint effort between



Columbia Gas Transmission and a subsidiary of Piedmont Natural Gas, will convert an existing natural gas production field in Hardy and Hampshire counties in West Virginia into a new underground gas storage field. When complete, Hardy Storage will have the capacity to store about 12 billion cubic feet of natural gas and the capability to deliver up to about 176 million dekatherms (Dth) of firm storage service per day. The storage customers include Washington Gas Light, Piedmont Natural Gas, Baltimore Gas and Electric and the city of Charlottesville, Va.

- The Millennium Pipeline has signed Consolidated Edison and KeySpan as anchor customers, and is moving forward in the FERC approval process. Columbia Gas Transmission remains a major sponsor of Millennium Pipeline, along with units of KeySpan and DTE Energy. The pipeline's first phase will be a 182-mile section from Corning, N.Y., to Ramapo, N.Y., offering access to new sources of natural gas supply including local production, enhanced storage options and added delivery capacity for Northeast utilities and, ultimately, their customers. Pending receipt of necessary approvals, Millennium is targeting a November 2007 in-service date.
- Columbia Gas Transmission's Eastern Market Expansion is moving toward a 2009 in-service date, based on definitive agreements with four East Coast customers. The Eastern Market Expansion is a development project to expand existing NiSource storage and transmission assets to provide nearly 100,000 Dth/day of storage to Eastern growth markets.
- Beyond these specific projects, the Gas Transmission

and Storage group is in active discussions with a variety of market participants concerning the continued expansion and extension of its network of transmission and storage assets.

### Regulatory and Commercial Initiatives

NiSource's gas and electric utilities continue to be recognized for their steady growth and innovative regulatory and commercial programs. Our core strategy is to cultivate win-win strategies that benefit all our stakeholders, including our distribution customers and our stockholders, by supporting profitable customer growth and infrastructure investments. We also seek to develop pricing structures and mechanisms that are better aligned with contemporary market conditions, provide value-added tariffs and services and constantly optimize our asset portfolio, which is among the most extensive in the industry.

We added 32,000 net gas and electric customers to our system last year, and despite choppy economic conditions, our large industrial and commercial margins were on par with the previous year. Our gas supply management team had another strong year of optimizing our capacity positions for the benefit of our customers as well as the company. Our electric generation and transmission team also performed well in bulk power sales and wheeling services in the developing Midwest Independent System Operator (MISO) market.

In the regulatory arena, our utilities continue to pursue a wide variety of initiatives ranging from traditional rate cases, to programs to assist low-income customers, to margin expansion efforts. We benefited from several of these initiatives during 2005:

### Executive Team

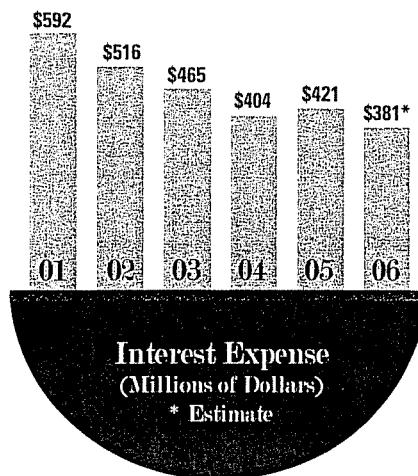
**Robert C. Skaggs, Jr.**, President & Chief Executive Officer  
**Robert D. Campbell**, Senior VP, Human Resources  
**Peter V. Fazio, Jr.**, Executive VP & General Counsel  
**Larry J. Francisco**, VP, Audit  
**Jerry L. Godwin**, Senior VP, Electric Generation and Transmission  
**Christopher A. Helms**, Pipeline Group President  
**Glen L. Kettering**, Senior VP, Corporate Affairs  
**Harris H. Marple**, Senior VP, Distribution Operations  
**Michael W. O'Donnell**, Executive VP & Chief Financial Officer  
**Kathleen O'Leary**, Senior VP, Energy Distribution Regulated Revenue  
**Violet G. Sistovaris**, Senior VP, Administrative Services



- NiSource has established several state-of-the-art trackers, which are rate mechanisms that allow for the recovery of certain costs without extensive regulatory process. Trackers increase net revenues by allowing timely recovery of rising operating expenses. Other trackers allow for return on required investments. For example, our environmental cost tracker in Indiana will allow us to recover up to \$306 million in capital and operation and maintenance expenses associated with the installation and operation of NOx pollution control equipment on our electric generating stations. In our Ohio jurisdiction, a tracker allows for the recovery of current bad debt expense, as well as for previously deferred uncollected accounts receivable.
- Last November, our Bay State Gas Company team secured regulatory approval of an \$11.1 million annual revenue increase in Massachusetts. The newly approved rate structure includes an attractive performance-based rate plan that will be in place for 10 years and contains earnings-sharing provisions as well as a pension adjustment mechanism.
- Northern Indiana Public Service Company (NIPSCO) worked with regulators and consumer representatives to extend its natural gas alternative regulatory plan through April 2010. The plan, initially approved in 1997, allows the utility's natural gas customers to participate

in optional gas purchasing and billing programs. NIPSCO is the only utility in Indiana that offers these competitive products and services. More than 16 percent of its natural gas customers participate in the programs.

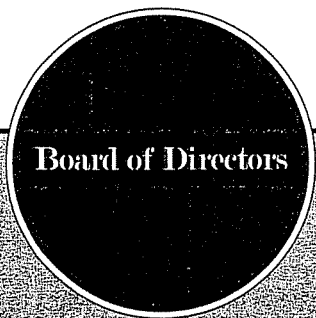
- NIPSCO received regulatory approval of an extension of its Winter Warmth plan to assist low-income customers. The program will direct up to \$7.8 million in bill and deposit assistance to customers with low incomes or those experiencing a hardship.



- Columbia Gas of Kentucky renewed its Customer Choice Program through March 2009. The program, which began in 2000 as a pilot, provides residential and small commercial customers with the ability to choose their natural gas supplier.

### Financial Management

After much work to stabilize our credit ratings in 2002, 2003 and 2004, we had a unique opportunity to continue to improve NiSource's financial profile during 2005. The NiSource team refinanced \$2.4 billion in long-term debt in 2005, which is expected to result in approximately \$43 million in annual interest expense savings beginning in 2006. In addition, we put in place short-term credit facilities that will significantly bolster our liquidity and at the same time further reduce our borrowing costs. We will require no major refinancings until 2010.



<p><b>Gary L. Neale</b>, Chairman NiSource Inc.</p> <p><b>Dr. Steven C. Beering</b>, President Emeritus Purdue University</p> <p><b>Dennis E. Foster</b>, Retired Vice Chairman ALLETEL Corp.</p> <p><b>Peter McCausland</b>, Chairman &amp; CEO Airgas, Inc.</p> <p><b>Steven R. McCracken</b> Chairman, President &amp; CEO Owens-Illinois, Inc.</p> <p><b>Ian M. Rolland</b>, Lead Director Retired Chairman &amp; CEO Lincoln National Corp.</p>	<p><b>Robert C. Skaggs, Jr.</b>, President &amp; CEO NiSource Inc.</p> <p><b>Richard L. Thompson</b> Retired Group President Caterpillar Inc.</p> <p><b>Robert J. Welsh</b>, Chairman &amp; CEO Welsh Holdings, LLC</p> <p><b>Dr. Carolyn Y. Woo</b> Martin J. Gillen Dean &amp; Ray &amp; Milann Siegfried Professor of Entrepreneurial Studies Mendoza College of Business University of Notre Dame</p> <p><b>Roger A. Young</b>, Retired Chairman Bay State Gas Co.</p>
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Looking forward, our strategy is to optimize and enhance our long-term credit and equity capacity. In December 2005, our credit ratings were affirmed, with a stable outlook, by both Moody's and Standard & Poor's. To ensure that we borrow at the lowest possible rates and maintain a strong balance sheet, we will continually seek new means to fund our business needs and reduce our cost of capital. In addition, we will aggressively manage our costs to meet working capital requirements, which have increased in recent months due to high commodity prices.

### Process and Expense Management

Building on our tradition of cost and process discipline, employees throughout the organization continue to hold the line on expenses, as we continue to implement business process changes to further enhance productivity. Our strategy is premised on operational excellence, and is driven by a focus on continuous improvement, employee development, state-of-the-art technology and selective outsourcing.

As a means to re-deploy capital toward growth opportunities, transform our administrative infrastructure, infuse new technologies and reduce operating costs, NiSource in 2005 moved forward with a landmark contract to outsource many back-office processes to IBM. I am pleased to report that we are on track to save \$395 million in operating expenses and capital costs over 10 years, net of costs to achieve. Since July 2005, we have been transitioning to IBM the operation of support functions including human resources, finance and accounting, supply chain (procurement), customer contact centers, meter-to-cash and information technology. Over the next 18 months, we will be replacing a variety of poorly interconnected legacy systems with a suite of fully integrated financial, transactional, planning, commercial and operating systems that will literally transform the way our employees perform their jobs every day. This transformation will allow the NiSource team to focus our resources on the core competencies necessary to provide safe, reliable utility and pipeline services, and support execution of our Four-Point Platform for Growth.

In late 2005, we began implementing additional cost reduction measures as a means of further improving our earnings outlook for 2006. This set of actions includes streamlining our executive ranks, realigning executive compensation, rationalizing corporate budgets, consolidating facilities and reducing the amount we spend on employee travel.

## Opportunities for the Future

As you can see, we have accomplished much. Our team is executing on our Four-Point Platform for Growth. We have resolved many of the significant issues that faced

us over the last several years, and we are now addressing the remaining concerns. As we continue to make progress on all these fronts, we believe that we will grow earnings and that, in turn, will enable us to eventually increase the dividend.

For 2006, we have high expectations for the further success of our business plan, with employees at all levels and functions of the organization contributing to the execution of the plan. Each function and subsidiary of NiSource has a specific operating plan and financial plan for 2006, linked to the corporation's overall objectives. Each employee's personal goals are tied to those operating and financial plans, and achievement of those goals will be evaluated regularly, with incentives aligned with results.

## OUR Commitment

I would like to take this opportunity to thank our Chairman, Gary Neale, for his outstanding contributions to NiSource during his 16-year tenure with the company. Gary, who was the architect of NiSource's growth from a single-state utility to a Fortune 500, integrated energy holding company operating from the Gulf Coast through the Midwest to New England, retired from the company at the end of June 2005 and remains Chairman of the Board. His commitment to growth and innovation continues to inspire our efforts.

I also would like to thank our employees for their ongoing commitment and contributions to serving our customers safely and reliably. Furthermore, I thank you, our stockholders, for your continued support. As I stated at the outset, I believe we are fundamentally undervalued compared to our industry peers. We're looking intensely at how to remedy that situation. We are committed to enhancing the value of your investment and to transparency in communicating to you our progress in making that happen.

In closing, let me assure you that NiSource continues to be on the right track. We are addressing our financial realities. We are focused on achieving realistic business plans and targets. We are doing what it takes to deliver results. We are committed to becoming the Premier Regulated Energy Company in North America.

Sincerely,



Robert C. Skaggs, Jr.  
President and Chief Executive Officer

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-16189

**NiSource Inc.**

(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation or organization)	<u>35-2108964</u> (I.R.S. Employer Identification No.)
<u>801 East 86th Avenue</u> <u>Merrillville, Indiana</u> (Address of principal executive offices)	<u>46410</u> (Zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock	New York
Preferred Share Purchase Rights	New York

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of Common Stock (based upon the June 30, 2005, closing price of \$24.73 on the New York Stock Exchange) held by non-affiliates was approximately \$6,653,656,819.

There were 272,642,948 shares of Common Stock, \$0.01 Par Value outstanding as of February 28, 2006.

Documents Incorporated by Reference

Part III of this report incorporates by reference specific portions of the Registrant's Notice of Annual Meeting and Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 10, 2006.

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## DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

### NiSource Subsidiaries and Affiliates

Bay State .....	Bay State Gas Company
Capital Markets .....	NiSource Capital Markets, Inc.
CER .....	Columbia Energy Resources, Inc.
CNR .....	Columbia Natural Resources, Inc.
Columbia .....	Columbia Energy Group
Columbia Atlantic Trading .....	Columbia Atlantic Trading Corporation
Columbia Energy Services .....	Columbia Energy Services Corporation
Columbia Gulf .....	Columbia Gulf Transmission Company
Columbia of Kentucky .....	Columbia Gas of Kentucky, Inc.
Columbia of Maryland .....	Columbia Gas of Maryland, Inc.
Columbia of Ohio .....	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania .....	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia .....	Columbia Gas of Virginia, Inc.
Columbia Service Partners .....	Columbia Service Partners, Inc.
Columbia Transmission .....	Columbia Gas Transmission Corporation
CORC .....	Columbia of Ohio Receivables Corporation
Crossroads Pipeline .....	Crossroads Pipeline Company
Granite State Gas .....	Granite State Gas Transmission, Inc.
Hardy Storage .....	Hardy Storage Company, L.L.C.
IWC .....	Indianapolis Water Company
Kokomo Gas .....	Kokomo Gas and Fuel Company
Lake Erie Land .....	Lake Erie Land Company
Millennium .....	Millennium Pipeline Company, L.P.
NiSource .....	NiSource Inc.
NiSource Corporate Services .....	NiSource Corporate Services Company
NiSource Finance .....	NiSource Finance Corp.
Northern Indiana .....	Northern Indiana Public Service Company
Northern Indiana Fuel and Light .....	Northern Indiana Fuel and Light Company
Northern Utilities .....	Northern Utilities, Inc.
NRC .....	NIPSCO Receivables Corporation
PEI .....	PEI Holdings, Inc.
Primary Energy .....	Primary Energy, Inc.
TPC .....	EnergyUSA-TPC Corp.
Transcom .....	Columbia Transmission Communications Corporation
Whiting Clean Energy .....	Whiting Clean Energy, Inc.
Whiting Leasing .....	Whiting Leasing LLC

### Abbreviations

AFUDC .....	Allowance for funds used during construction
APB No. 25 .....	Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees"
ARP .....	Alternative Regulatory Plan
BBA .....	British Banker Association
Bcf .....	Billion cubic feet
Board .....	Board of Directors
BP .....	BP Amoco p.l.c.
CAIR .....	Clean Air Interstate Rule
CAMR .....	Clean Air Mercury Rule
CERCLA .....	Comprehensive Environmental Response Compensation and Liability Act (Also known as Superfund)

**DEFINED TERMS (continued)**

Corporate PIES .....	Corporate Premium Income Equity Securities
DOT .....	United States Department of Transportation
Dth .....	Dekatherm
ECRM .....	Environmental Cost Recovery Mechanism
ECT .....	Environmental cost tracker
EERM .....	Environmental Expense Recovery Mechanism
EITF .....	Emerging Issues Task Force
EITF No. 00-19 .....	Emerging Issues Task Force Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock"
EITF No. 02-03 .....	Emerging Issues Task Force Issue No. 02-03, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities"
EITF No. 96-16 .....	Emerging Issues Task Force Issue No. 96-16, "Investor's Accounting for an Investee when the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights"
EITF No. 98-10 .....	Emerging Issues Task Force Issue No. 98-10, "Accounting for Energy Trading and Risk Management Activities"
Empire .....	Empire State Pipeline
EPA .....	United States Environmental Protection Agency
EPCA .....	Electric Power Cost Adjustment
EPS .....	Earnings per share
FAC .....	Fuel adjustment clause
FASB .....	Financial Accounting Standards Board
FERC .....	Federal Energy Regulatory Commission
FIN 45 .....	FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others"
FIN 47 .....	FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations"
FTRs .....	Financial Transmission Rights
GCA .....	Gas cost adjustment
GCIM .....	Gas Cost Incentive Mechanism
gwh .....	Gigawatt hours
hp .....	Horsepower
IBM .....	International Business Machines Corp.
IDEM .....	Indiana Department of Environmental Management
IRS .....	Internal Revenue Service
IURC .....	Indiana Utility Regulatory Commission
Jupiter .....	Jupiter Aluminum Corporation
LDCs .....	Local distribution companies
LIBOR .....	London InterBank Offered Rate
LIFO .....	Last-in, first-out
Mahonia .....	Mahonia II Limited
Massachusetts DTE .....	Massachusetts Department of Telecommunications and Energy
Mcf .....	Thousand cubic feet
MGP .....	Manufactured gas plant
MISO .....	Midwest Independent System Operator
Mitchell Station .....	Dean H. Mitchell Coal Fired Generating Station
MMDth .....	Million dekatherms
MMI .....	Midwest Market Initiative
MOU .....	Memorandum of Understanding
MSCP .....	Morgan Stanley Dean Witter Capital Partners IV, L.P.
mw .....	Megawatts
NAAQS .....	National Ambient Air Quality Standards

**DEFINED TERMS (continued)**

NOV .....	Notice of Violation
NOx .....	Nitrogen oxide
NYDOS .....	New York's Department of State
NYMEX .....	New York Mercantile Exchange
OPSB .....	Ohio Power Siting Board
OUCC .....	Indiana Office of Utility Consumer Counselor
Piedmont.....	Piedmont Natural Gas Company, Inc.
PIP .....	Percentage of Income Payment Plan
PPS .....	Price Protection Service
PRB .....	Powder River Basin
Private Power.....	Private Power, LLC
PSC .....	Kentucky Public Service Commission
PUC .....	Public Utilities Commission
PUCO .....	Public Utilities Commission of Ohio
QPAI.....	Qualified production activities income
RAM.....	Retainage Adjustment Mechanism
RCRA .....	Resource Conservation and Recovery Act
SAB No. 92 .....	Staff Accounting Bulletin No. 92, "Accounting and Disclosures Relating to Loss Contingencies"
SAILS <sup>sm</sup> .....	Stock Appreciation Income Linked Securities <sup>sm</sup>
SEC.....	Securities and Exchange Commission
SFAS .....	Statement of Financial Accounting Standards
SFAS No. 5.....	Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies"
SFAS No. 71.....	Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation"
SFAS No. 87 .....	Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions"
SFAS No. 101 .....	Statement of Financial Accounting Standards 101, "Regulated Enterprises – Accounting for the Discontinuation of Application of Financial Accounting Standards Board Statement No. 71"
SFAS No. 106 .....	Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions"
SFAS No. 109.....	Statement of Financial Accounting Standards No. 109, "Accounting for Uncertain Tax Positions"
SFAS No. 123.....	Statement of Financial Accounting Standards No. 123, "Share-Based Payment"
SFAS No. 123R.....	Statement of Financial Accounting Standards No. 123R, "Share-Based Payment"
SFAS No. 133.....	Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended
SFAS No. 140.....	Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Asset and Extinguishments of Liabilities"
SFAS No. 142.....	Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets"
SFAS No. 143.....	Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations"
SFAS No. 144.....	Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"
SIP .....	State Implementation Plan
SO2.....	Sulfur dioxide
SOP.....	Statement of Position
SOP 96-1 .....	Statement of Position 96-1, "Environmental Remediation Liabilities"

**DEFINED TERMS (continued)**

SOP 98-1 .....	Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use"
Tcf .....	Trillion cubic feet
Triana.....	Triana Energy Holdings
VaR.....	Value-at-risk and instrument sensitivity to market factors
VNG .....	Virginia Natural Gas, Inc.
VSCC.....	Commonwealth of Virginia State Corporate Commission



## PART I

### ITEM 1. BUSINESS

#### **NiSOURCE INC.**

NiSource is an energy holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. NiSource is the successor to an Indiana corporation organized in 1987 under the name of NIPSCO Industries, Inc., which changed its name to NiSource Inc. on April 14, 1999. In connection with the acquisition of Columbia on November 1, 2000, NiSource became a Delaware corporation registered under the Public Utility Holding Company Act of 1935. Effective February 8, 2006, the Public Utility Holding Company Act of 1935 was repealed. NiSource is now a holding company under the Public Utility Holding Company Act of 2005.

NiSource is the largest natural gas distribution company operating east of the Rocky Mountains, as measured by number of customers. NiSource's principal subsidiaries include Columbia, a vertically-integrated natural gas distribution, transmission and storage holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana, a vertically-integrated gas and electric company providing service to customers in northern Indiana; and Bay State, a natural gas distribution company serving customers in New England. NiSource derives substantially all of its revenues and earnings from the operating results of its 16 direct subsidiaries.

NiSource's business segments are: Gas Distribution Operations; Gas Transmission and Storage Operations; Electric Operations; and Other Operations. During the third quarter of 2003, NiSource sold its exploration and production operations. Previous to this sale, NiSource reported these operations in an Exploration and Production Operations segment. In addition, during the fourth quarter of 2003, NiSource sold certain subsidiaries of PEI (formerly Primary Energy). Previously, the operations of the PEI subsidiaries were reported in the Other Operations segment. All periods have been adjusted to reflect the PEI subsidiaries and the Exploration and Production Operations segment as discontinued operations.

#### Gas Distribution Operations

NiSource's natural gas distribution operations serve more than 3.3 million customers in 9 states and operate approximately 57 thousand miles of pipeline. Through its wholly owned subsidiary, Columbia, NiSource owns five distribution subsidiaries that provide natural gas to approximately 2.2 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. NiSource also distributes natural gas to approximately 789 thousand customers in northern Indiana through three subsidiaries: Northern Indiana, Kokomo Gas and Northern Indiana Fuel and Light. Additionally, NiSource's subsidiaries Bay State and Northern Utilities distribute natural gas to approximately 338 thousand customers in Massachusetts, Maine and New Hampshire.

#### Gas Transmission and Storage Operations

NiSource's Gas Transmission and Storage Operations subsidiaries own and operate approximately 16 thousand miles of interstate pipelines and operate one of the nation's largest underground natural gas storage systems capable of storing approximately 646 Bcf of natural gas. Through its subsidiaries, Columbia Transmission, Columbia Gulf, Crossroads Pipeline and Granite State Gas, NiSource owns and operates an interstate pipeline network extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, these companies serve customers in 19 northeastern, mid-Atlantic, midwestern and southern states and the District of Columbia. The Gas Transmission and Storage Operations subsidiaries are engaged in several projects that will expand their facilities and throughput. The largest such project is the proposed Millennium Pipeline. The Millennium Pipeline is a project proposed by a partnership of energy companies including Columbia Transmission, which would replace parts of an existing Columbia Transmission pipeline. Another project is Hardy Storage, a Columbia Transmission partnership to develop a storage field in West Virginia to provide additional natural gas storage for the eastern United States. Columbia Transmission recently held open seasons for two additional projects, the central and southern Virginia expansion and the Eastern Market expansion. Market interest for both projects was encouraging and Columbia Transmission has signed precedent agreements with four East Coast customers for the Eastern Market expansion. Customer negotiations are ongoing for the central and southern Virginia expansion. Columbia Transmission currently anticipates filing appropriate regulatory applications during 2006.

## ITEM 1. BUSINESS (continued)

### **NI SOURCE INC.**

#### Electric Operations

NiSource generates and distributes electricity through its subsidiary Northern Indiana to approximately 450 thousand customers in 21 counties in the northern part of Indiana and engages in wholesale and transmission transactions. Northern Indiana owns and has the ability to operate four coal-fired electric generating stations with a net capability of 3,059 mw, six gas-fired generating units with a net capability of 323 mw and two hydroelectric generating plants with a net capability of 10 mw. These facilities provide for a total system net capability of 3,392 mw. Northern Indiana's transmission system, with voltages from 34,500 to 345,000 volts, consists of 3,184 circuit miles. Northern Indiana is interconnected with five neighboring electric utilities.

Northern Indiana now operates three coal-fired generation stations with a net capacity of 2,574 mw, six gas-fired generating units with a net capacity of 323 mw and two hydroelectric plants with a net capability of 10 mw, totaling a net capability of 2,907 mw. During the year ended December 31, 2005, Northern Indiana generated 87.1% and purchased 12.9% of its electric requirements. Northern Indiana's Mitchell Station, indefinitely shut down in 2002, is not included in the net capacity above. Northern Indiana's generating requirements are currently under review. Northern Indiana's Integrated Resource Plan, filed with the IURC in November 2005, indicated a gap between customer demand projections and company owned generating capability, primarily in peak hours during the summer. Northern Indiana is also considering capacity requirements associated with its varying load.

#### Other Operations

The Other Operations segment participates in energy-related services including gas marketing, power trading and ventures focused on distributed power generation technologies, including a cogeneration facility, fuel cells and storage systems. PEI operates the Whiting Clean Energy project at BP's Whiting, Indiana refinery, which is a 525 mw cogeneration facility that uses natural gas to produce electricity for sale in the wholesale markets and also provides steam for industrial use. Additionally, the Other Operations segment is involved in real estate and other businesses.

#### Divestiture of Non-Core Assets

In recent years, NiSource sold certain businesses judged to be non-core to NiSource's strategy. In 2003, NiSource sold CER, Transcom, Columbia Service Partners, and all of the steel-related, inside-the-fence assets of PEI. Refer to "Discontinued Operations" included in Item 7, and Note 4, "Discontinued Operations and Assets Held for Sale," in the Notes to Consolidated Financial Statements for additional information.

#### Business Strategy

NiSource focuses its business strategy on its core, rate-regulated asset-based businesses with virtually 100% of its operating income generated from the rate-regulated businesses. With the nation's fourth largest natural gas pipeline, the largest natural gas distribution network east of the Rocky Mountains and one of the nation's largest natural gas storage networks, NiSource operates throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in the Midwest, Mid-Atlantic, New England and Northeast. This corridor includes 30% of the nation's population and 40% of its energy consumption. NiSource continues to position its assets to meet the corridor's growing energy needs.

#### Competition and Changes in the Regulatory Environment

The regulatory frameworks applicable to NiSource's operations, at both the state and federal levels, continue to evolve. These changes have had and will continue to have an impact on NiSource's operations, structure and profitability. Management continually seeks new ways to be more competitive and profitable in this changing environment, including providing gas customers with increased choices for products and services, and developing new energy-related products and services for residential, commercial and industrial customers.

## ITEM 1. BUSINESS (continued)

### NI SOURCE INC.

**Natural Gas Competition.** Open access to natural gas supplies over interstate pipelines and the deregulation of the commodity price of gas has led to tremendous change in the energy markets. LDC customers and marketers began to purchase gas directly from producers and marketers and an open, competitive market for gas supplies has emerged. This separation or “unbundling” of the transportation and other services offered by pipelines and LDC’s allows customers to purchase the commodity independent of services provided by the pipelines and LDC’s. The LDC’s continue to purchase gas and recover the associated costs from their customers. NiSource’s Gas Distribution Operations’ subsidiaries are involved in programs that provide customers the opportunity to purchase their natural gas requirements from third parties and use the NiSource Gas Distribution Operations’ subsidiaries for transportation services.

**Electric Competition.** In 1996, the FERC ordered that all public utilities owning, controlling or operating electric transmission lines file non-discriminatory, open-access tariffs and offer wholesale electricity suppliers and marketers the same transmission service they provide to themselves. In 1997, the FERC accepted for filing Northern Indiana’s open-access transmission tariff and issued an opinion on December 31, 2002. In December 1999, the FERC issued Order 2000, a final rule addressing the formation and operation of Regional Transmission Organizations. The rule was intended to eliminate pricing inequities in the provisioning of wholesale transmission service. In compliance with the rule, Northern Indiana transferred functional control of its electric transmission assets to MISO on October 1, 2003. Transmission service for Northern Indiana occurs under the MISO Open Access Transmission Tariff, as the Northern Indiana Open Access Transmission Tariff was retired. (See “Electric Operations – Regulatory Matters” included in Item 7.)

NiSource’s Other Operations subsidiaries also experience competition for energy sales and related services from third party providers. NiSource meets these challenges through innovative programs aimed at providing energy products and services at competitive prices while also providing new services that are responsive to the evolving energy market and customer requirements.

#### Financing Subsidiary

NiSource Finance is a wholly-owned, consolidated finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance was incorporated in February 2000 under the laws of the state of Indiana. NiSource Finance’s obligations are fully and unconditionally guaranteed by NiSource.

#### Other Relevant Business Information

NiSource’s customer base is broadly diversified, with no single customer accounting for a significant portion of revenues.

As of December 31, 2005, NiSource had 7,822 employees of whom 3,405 were subject to collective bargaining agreements.

For a listing of certain subsidiaries of NiSource refer to Exhibit 21.

NiSource files various reports with the SEC. The reports include the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. NiSource makes all SEC filings available without charge to the public on its web site at <http://www.nisource.com>.

## ITEM 1A. RISK FACTORS

### **NiSOURCE INC.**

There are many factors that could have a material adverse effect on NiSource's operating results and financial condition. New risks may emerge at any time, and NiSource cannot predict those risks or estimate the extent to which they may affect financial performance. Each of the risks described below could adversely impact the value of NiSource's securities.

#### **NiSource has substantial indebtedness, which could adversely affect its financial condition.**

NiSource has a significant amount of indebtedness outstanding as a result of the acquisition of Columbia. NiSource had total consolidated indebtedness of approximately \$6,610 million outstanding as of December 31, 2005. The substantial indebtedness could have important consequences to investors. For example, it could:

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

Some of NiSource's debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. NiSource's failure to comply with any of these covenants could result in an event of default, which if not cured or waived, could result in the acceleration of outstanding debt obligations.

#### **NiSource's costs of compliance with environmental laws are significant. The costs of compliance with future environmental laws and the incurrence of environmental liabilities could impact cash flow and profitability.**

NiSource's subsidiaries are subject to extensive federal, state and local environmental requirements that, among other things, regulate air emissions, water usage and discharges, remediation and the management of chemicals, hazardous waste and solid waste. Compliance with these legal requirements requires NiSource to commit significant expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees and permits at many of NiSource's facilities. These expenditures are significant, and NiSource expects that they will continue to be significant in the future.

If NiSource's subsidiaries fail to comply with environmental laws and regulations or causes harm to the environment or persons, even if caused by factors beyond NiSource's control, that failure or harm may result in the assessment of civil or criminal penalties and damages against NiSource and its subsidiaries. In September 2004, the EPA issued an NOV to Northern Indiana alleging violations of the new source review provisions of the Clean Air Act. An adverse outcome in this matter could require capital expenditures beyond the EPA requirements that cannot be determined at this time and could require payment of substantial penalties.

Existing environmental laws and regulations may be revised, and new laws and regulations seeking to protect the environment may be adopted or become applicable to NiSource's subsidiaries. Revised or additional laws and regulations could result in significant additional expense and operating restrictions on NiSource's facilities or increased compliance costs, which may not be fully recoverable from customers and would therefore reduce net income. The cost impact of any new or amended legislation would depend upon the specific requirements enacted and cannot be determined at this time.

## ITEM 1A. RISK FACTORS (continued)

### **NI SOURCE INC.**

**A significant portion of the gas and electricity NiSource sells is used by residential and commercial customers for heating and air conditioning. Accordingly, the operating results fluctuate depending on the weather and, to a certain extent, the price of gas or electricity.**

Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on normal weather, which represents a long-term historical average. Significant variations from normal weather could have, and have had, a material impact on energy sales. Additionally, residential usage, and to some degree commercial usage, have shown to be sensitive to fluctuations in commodity costs for gas and electricity, whereby usage declines with increased energy costs, thus affecting NiSource's financial results.

**NiSource's electric operations are subject to economic conditions in certain industries.**

Electric operations in northern Indiana have been and may continue to be adversely affected by events in the steel and steel related industries. In particular, sales to large industrial customers in these industries have been impacted by economic downturns generally, and may be affected by consolidation and globalization within such industries.

**The majority of NiSource's net revenues are subject to economic regulation and are exposed to the impact of regulatory rate reviews and proceedings.**

Virtually all of NiSource's net revenues are subject to economic regulation at either the federal or state level. As such, the net revenues generated by those regulated companies are subject to regulatory review by the applicable federal or state authority. Two NiSource companies are currently obligated to participate in rate reviews, which determine the energy rates charged to customers, and directly impacts revenues. As part of a settlement reached in other regulatory proceedings, Northern Indiana has agreed to file an electric base rate case with the IURC on or before July 1, 2008. The outcome for the rate case could have a material effect on NiSource's financial results. Also, Columbia of Virginia has been directed to file schedules normally associated with a rate case by May 1, 2006, as part of the VSCC's investigation into the justness and reasonableness of Columbia of Virginia's rates.

**Certain events that are beyond NiSource's control have increased the level of public and regulatory scrutiny of the industry. Regulatory authorities', governmental and market reactions to these events may have negative impacts on NiSource's business, financial condition and access to capital.**

As a result of the energy crisis in California during the summer of 2001, the recent volatility of natural gas prices in North America, the bankruptcy filing by Enron Corporation, the blackout in the Northeast in 2003, accounting irregularities at public companies in general and energy companies in particular, and investigations by governmental authorities into energy trading activities, companies in the regulated and unregulated utility business have been under a generally increased amount of public and regulatory scrutiny and suspicion. All of the above-mentioned factors have caused regulators and legislators to review current regulatory practices, operating practices and accounting practices. The capital markets and ratings agencies also have increased their level of scrutiny. NiSource believes that it is complying with all applicable laws and accounting standards, but it is difficult or impossible to predict or control what effect these types of events may have on the business, financial condition or access to the capital markets.

**NiSource's recent outsourcing initiative and service agreement with IBM may not achieve the level of savings that was originally anticipated. Additionally, many associated changes in systems and personnel are being made, increasing operational and control risk during transition, which may have an impact on the business and its financial condition.**

NiSource expects the 10-year agreement with IBM to deliver upwards of \$530 million in gross savings in operating and capital costs. This cost savings is dependent upon many factors, and unanticipated changes in operations may cause actual cost savings to be substantially less than expected. Many functions are being transitioned to IBM and many new personnel are assuming responsibilities across these functions, increasing the risk of operational delays, potential errors and control failures which may have an impact on NiSource and its financial condition. Additionally, new information technology systems and process changes are also being put into place increasing the risk of operational delays, potential errors and control failures which may have an impact on NiSource and its financial condition.

ITEM 1A. RISK FACTORS (continued)

**NISOURCE INC.**

**NiSource's Whiting merchant energy project is operating at a loss.**

NiSource owns and operates a merchant energy facility, Whiting Clean Energy, at BP's Whiting, Indiana refinery. This facility uses natural gas to generate electricity for sale in the wholesale markets and to generate steam for industrial use by BP's refinery and as such, the profitability of this facility is dependant upon the market prices for electricity and natural gas, regional load dispatch patterns and the steam requirements of BP's refinery. It is anticipated that the facility will operate at a loss in the near term based on the current market view of forward pricing for gas and electricity. The after-tax loss for Whiting Clean Energy was approximately \$21.5 million for 2005 and \$29.6 million for 2004.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

### **NISOURCE INC.**

Discussed below are the principal properties held by NiSource and its subsidiaries as of December 31, 2005.

**Gas Distribution Operations.** NiSource's Gas Distribution Operations subsidiaries own and operate a total of 56,642 miles of pipelines and certain related facilities. This includes: (i) for the five distribution subsidiaries of its Columbia system, 34,444 miles of pipelines, 1,350 reservoir acres of underground storage, eight storage wells and one compressor station with 800 hp of installed capacity, (ii) for its Northern Indiana system, 14,690 miles of pipelines, 27,129 reservoir acres of underground storage, 82 storage wells and two compressor stations with a total of 6,000 hp of installed capacity, (iii) for its Bay State system, 5,774 miles of pipelines, (iv) for its Northern Indiana Fuel and Light system, 935 miles of pipelines, and (v) for its Kokomo Gas system, 799 miles of pipelines. The physical properties of the NiSource gas utilities are located throughout Ohio, Indiana, Pennsylvania, Virginia, Kentucky, Maryland, Massachusetts, Maine and New Hampshire.

**Gas Transmission and Storage Operations.** Columbia Transmission has 870,058 reservoir acres of underground storage, 3,549 storage wells, 11,480 miles of interstate pipelines and 87 compressor stations with 592,904 hp of installed capacity. These operations are located in Delaware, Kentucky, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia and West Virginia. Columbia Gulf has 4,130 miles of transmission pipelines and 13 compressor stations with 465,884 hp of installed capacity. Columbia Gulf's operations are located in Kentucky, Louisiana, Mississippi, Tennessee, Texas, Wyoming, and the offshore Gulf of Mexico. Granite State Gas has 82 miles of transmission pipeline with operations located in Maine, Massachusetts and New Hampshire. Crossroads Pipeline has 202 miles of transmission pipeline and one compressor station with 3,000 hp of installed capacity. Crossroads Pipeline's operations are located in Indiana and Ohio.

**Electric Operations.** Northern Indiana owns and has the ability to operate four coal-fired electric generating stations with a net capability of 3,059 mw, six gas-fired generating units with a net capability of 323 mw and two hydroelectric generating plants with a net capability of 10 mw. These facilities provide for a total system net capability of 3,392 mw. It has 291 substations with an aggregate transformer capacity of 23,182,800 kilovolt-amperes. Its transmission system, with voltages from 34,500 to 345,000 volts, consists of 3,184 circuit miles of line. The electric distribution system extends into 21 counties and consists of 7,739 circuit miles of overhead and 1,940 cable miles of underground primary distribution lines operating at various voltages from 2,400 to 12,500 volts. Northern Indiana has distribution transformers having an aggregate capacity of 12,426,163 kilovolt-amperes and 471,936 electric watt-hour meters.

Northern Indiana now operates three coal-fired generation stations with a net capacity of 2,574 mw, six gas-fired generating units with a net capacity of 323 mw and two hydroelectric plants with a net capability of 10 mw, totaling a net capacity of 2,907 mw. Northern Indiana's Mitchell Station, indefinitely shut down in 2002, is not included in the net capacity above. Northern Indiana's generating requirements are currently under review. Northern Indiana's Integrated Resource Plan, filed with the IURC in November 2005, indicated a gap between customer demand projections and company owned generating capability, primarily in peak hours during the summer. Northern Indiana is also considering capacity requirements associated with its varying load.

**Other Operations.** PEI owns and operates the Whiting Clean Energy project at BP's Whiting, Indiana refinery, which is a 525 mw cogeneration facility that uses natural gas to produce electricity for sale in the wholesale markets and also provides steam for industrial use. Through other subsidiaries, NiSource owns the Southlake Complex, its 325,000 square foot headquarters building located in Merrillville, Indiana and other residential and development property that it holds for resale in Indiana.

ITEM 2. PROPERTIES (continued)

**NISOURCE INC.**

**Character of Ownership.** The principal offices and properties of NiSource and its subsidiaries are held in fee and are free from encumbrances, subject to minor exceptions, none of which are of such a nature as to impair substantially the usefulness of such properties. Many of the offices in various communities served are occupied by subsidiaries of NiSource under leases. All properties are subject to liens for taxes, assessments and undetermined charges (if any) incidental to construction. It is NiSource's practice regularly to pay such amounts, as and when due, unless contested in good faith. In general, the electric lines, gas pipelines and related facilities are located on land not owned in fee but are covered by necessary consents of various governmental authorities or by appropriate rights obtained from owners of private property. NiSource does not, however, generally have specific easements from the owners of the property adjacent to public highways over, upon or under which its electric lines and gas distribution pipelines are located. At the time each of the principal properties was purchased a title search was made. In general, no examination of titles as to rights-of-way for electric lines, gas pipelines or related facilities was made, other than examination, in certain cases, to verify the grantors' ownership and the lien status thereof.



### ITEM 3. LEGAL PROCEEDINGS

#### **NiSOURCE INC.**

##### **1. Virginia Natural Gas, Inc. v. Columbia Gas Transmission Corporation, Federal Energy Regulatory Commission**

On January 13, 2004, VNG filed with the FERC a "Complaint Seeking Compliance with the Natural Gas Act and with Regulations and Certificate Orders of the Federal Energy Regulatory Commission and Seeking Remedies" in Docket No. RP04-139. VNG alleged various violations during the winter of 2002-2003 by Columbia Transmission of its firm service obligations to VNG. VNG sought monetary damages and remedies (exceeding \$37 million), and also sought certain prospective remedies. On July 29, 2004, the FERC issued an order in which it refused to grant VNG any monetary damages and said such claims are best determined by a court of law. The FERC also agreed with Columbia Transmission that Columbia Transmission had not abandoned its obligation to provide service and that it had not inappropriately continued interruptible service to the detriment of firm service. However, the FERC did find that Columbia Transmission had failed to exercise sufficient due diligence in its modifications to or its operation of vaporization equipment at its Chesapeake LNG facility and that Columbia Transmission had failed to deliver gas to VNG at 250 pounds per square inch gauge (psig) as called for by the agreement between VNG and Columbia Transmission. The FERC declined VNG's request to award damages in this case and, as noted above, stated that any claim for damages could best be determined by a court of law. Both VNG and Columbia Transmission sought rehearing of the FERC order, but the FERC denied the requests for rehearing. Both Columbia Transmission and VNG have appealed the FERC's decision to the United States Court of Appeals for the D.C. Circuit, where the appeals are currently pending.

##### **2. Stand Energy Corporation, et al. v. Columbia Gas Transmission Corporation, et al., Kanawha County Court, West Virginia**

On July 14, 2004, Stand Energy Corporation filed a complaint in Kanawha County Court in West Virginia. The complaint contains allegations against various NiSource companies, including Columbia Transmission and Columbia Gulf, and asserts that those companies and certain "select shippers" engaged in an "illegal gas scheme" that constituted a breach of contract and violated state law. The "illegal gas scheme" complained of by the plaintiffs relates to the Columbia Transmission and Columbia Gulf gas imbalance transactions that were the subject of the FERC enforcement staff investigation and subsequent settlement approved in October 2000. Columbia Transmission and Columbia Gulf filed a Notice of Removal with the Federal Court in West Virginia on August 13, 2004 and a Motion to Dismiss on September 10, 2004. In October 2004, however, the plaintiffs filed their Second Amended Complaint, which clarified the identity of some of the "select shipper" defendants and added a federal antitrust cause of action. On January 6, 2005, the Court denied the Columbia companies' motion to strike the Second Amended Complaint and granted the plaintiffs leave to amend. To address the issues raised in the Second Amended Complaint, the Columbia companies revised their briefs in support of the previously filed motions to dismiss. In June 2005, the Court granted in part and denied in part the Columbia companies' motion to dismiss the Second Amended Complaint. The Columbia companies have filed an answer to the Second Amended Complaint. One of the plaintiffs, Atlantigas Corporation, has been dismissed from the case, and has appealed the dismissal to the Court of Appeals. On December 1, 2005, Plaintiffs filed a motion to certify this case as a class action. The Court has ordered that discovery will proceed on the issue of class certification as well as the merits.

##### **3. Vivian K. Kershaw et al. v. Columbia Natural Resources, Inc., et al., Chautauqua County Court, New York**

Plaintiffs filed a complaint in 2000 against CNR a former subsidiary, Columbia Transmission, Columbia and CER. The complaint alleges that plaintiffs own an interest in oil and gas leases in New York and that the defendants have underpaid royalties on those leases by, among other things, failing to base royalties on the price at which natural gas is sold to the end-user and by improperly deducting post-production costs. Plaintiffs seek the alleged royalty underpayment and punitive damages. The complaint also seeks class action status on behalf of all royalty owners in oil and gas leases owned by the defendants. Discovery is proceeding regarding class certification issues.

### ITEM 3. LEGAL PROCEEDINGS (continued)

#### **NISOURCE INC.**

#### **4. United States of America ex rel. Jack J. Grynberg v. Columbia Gas Transmission Corporation, et al., U.S. District Court, E.D. Louisiana**

The plaintiff filed a complaint in 1997, under the False Claims Act, on behalf of the United States of America, against approximately seventy pipelines, including Columbia Gulf and Columbia Transmission. The plaintiff claimed that the defendants had submitted false royalty reports to the government (or caused others to do so) by mis-measuring the volume and heating content of natural gas produced on Federal land and Indian lands. The Plaintiff's original complaint was dismissed without prejudice for misjoinder of parties and for failing to plead fraud with specificity. The plaintiff then filed over sixty-five new False Claims Act complaints against over 330 defendants in numerous Federal courts. One of those complaints was filed in the Federal District Court for the Eastern District of Louisiana against Columbia and thirteen affiliated entities (collectively, the "Columbia defendants").

Plaintiff's second complaint, filed in 1997, repeats the mis-measurement claims previously made and adds valuation claims alleging that the defendants have undervalued natural gas for royalty purposes in various ways, including sales to affiliated entities at artificially low prices. Most of the Grynberg cases were transferred to Federal court in Wyoming in 1999.

The defendants, including the Columbia defendants, have filed motions to dismiss for lack of subject matter jurisdiction in this case. Oral argument on the motions to dismiss was held on March 17 and 18, 2005 before a Special Master. On May 13, 2005, the Special Master issued his report and recommendations and recommended dismissal of the action against the Columbia defendants. The decision of the Special Master has been briefed and argued by the parties and presented to the Federal District Court Judge for a final ruling, which is expected in the first quarter of 2006.

#### **5. Tawney, et al. v. Columbia Natural Resources, Inc., Roane County, WV Circuit Court**

The Plaintiffs, who are royalty owners, filed a lawsuit in early 2003 against CNR alleging that CNR underpaid royalties by improperly deducting post-production costs and not paying a fair value for the gas produced from their leases. Plaintiffs seek the alleged royalty underpayment and punitive damages claiming that CNR fraudulently concealed the deduction of post-production charges. The court has certified the case as a class action that includes any person who, after July 31, 1990, received or is due royalties from CNR (and its predecessors or successors) on lands lying within the boundary of the state of West Virginia. All claims by the government of the United States are excluded from the class. CNR appealed the decision certifying the class and the West Virginia Supreme Court of Appeals denied the appeal. Although NiSource sold CNR in 2003, NiSource remains obligated to manage this litigation and also remains at least partly liable for any damages awarded to the plaintiffs. In December 2004, the court granted plaintiffs' motion to add NiSource and Columbia as defendants. The trial was originally scheduled for the first quarter of 2006, but has been continued indefinitely, pending review by the West Virginia Supreme Court of Appeals on one of the material issues in the case.

#### **6. Environmental Protection Agency Notice of Violation**

On September 29, 2004, the EPA issued an NOV to Northern Indiana for alleged violations of the Clean Air Act and the Indiana SIP. The NOV alleges that modifications were made to certain boiler units at three of Northern Indiana's generating stations between the years of 1985 and 1995 without obtaining appropriate air permits for the modifications. Northern Indiana is currently in discussions with the EPA regarding possible resolutions to this NOV.

Refer to Note 17-D, "Other Legal Proceedings," in the Notes to Consolidated Financial Statements for additional information regarding legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

**NI SOURCE INC.**

None.

SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT

**NI SOURCE INC.**

The following is a list of the Executive Officers of the Registrant, including their names, ages, years with NiSource and offices held, as of February 1, 2006.

<u>Name</u>	<u>Age</u>	<u>Years with NiSource</u>	<u>Office(s) Held in Past 5 Years</u>
Robert C. Skaggs, Jr. ....	51	5	Chief Executive Officer of NiSource since July 2005. President of NiSource since October 2004. Executive Vice President, Regulated Revenue of NiSource from October 2003 to October 2004. President of Columbia of Ohio from February 1997 to October 2003 and Columbia of Kentucky from January 1997 to October 2003. President of Bay State and Northern Utilities from November 2000 to October 2003. President of Columbia of Virginia, Columbia of Maryland, and Columbia of Pennsylvania from December 2001 to October 2003.
Michael W. O'Donnell.....	61	5	Executive Vice President and Chief Financial Officer of NiSource since November 2000.
Peter V. Fazio, Jr. ....	66	5	Executive Vice President and General Counsel of NiSource since November 2000. Partner in the law firm of Schiff Hardin LLP since 1984.
Christopher A. Helms.....	51	-	Pipeline Group President of NiSource since April 2005. Principal of Helms & Company LP from December 2003 to March 2005. President of CMS Panhandle Companies from March 1999 to June 2003. Executive Vice President of CMS Gas Transmission Corp. from March 1999 to June 2003.
Jeffrey W. Grossman.....	54	5	Vice President and Controller of NiSource since November 2000.
David J. Vajda .....	50	29	Vice President and Treasurer of NiSource since January 2003. Vice President, Finance, Indiana Energy Group of NiSource Corporate Services from August 2002 to December 2002. Vice President, Finance and Administration, Merchant Energy of NiSource Corporate Services from October 2000 to August 2002.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### **NiSOURCE INC.**

NiSource's common stock is listed and traded on the New York Stock Exchange. The table below indicates the high and low sales prices of NiSource's common stock, on the composite tape, during the periods indicated.

	2005		2004	
	High	Low	High	Low
First Quarter	<b>23.18</b>	<b>21.81</b>	22.53	20.80
Second Quarter	<b>25.00</b>	<b>22.28</b>	21.72	19.65
Third Quarter	<b>25.50</b>	<b>22.78</b>	21.70	20.42
Fourth Quarter	<b>24.66</b>	<b>20.44</b>	22.82	20.76

As of December 31, 2005, NiSource had 46,451 common stockholders of record and 272,622,905 shares outstanding.

On November 1, 2004, NiSource issued approximately 6.8 million shares of common stock upon the settlement of the forward stock purchase contracts comprising a component of NiSource's SAILS<sup>sm</sup>. NiSource received approximately \$144.4 million in satisfaction of the SAILS<sup>sm</sup> holders' obligation under the stock purchase contracts, which was used to pay down short-term borrowings. Effective November 1, 2004, the interest rate on the \$144.4 million of debentures that comprised the debt component of the SAILS<sup>sm</sup> was reset to 3.628% per annum. The debentures mature November 1, 2006.

In February 2003, NiSource issued approximately 13.1 million shares of common stock associated with the settlement of forward equity agreements comprising a component of the Corporate PIES. Concurrently with the settlement of the forward agreements, NiSource remarketed the underlying debentures, due February 19, 2005, and reset the interest rate to 4.25%. NiSource received net proceeds of \$344.1 million from the remarketing in satisfaction of the Corporate PIES holders' obligation under the forward equity agreements. The sole purchaser of the remarketed debentures purchased newly-offered 6.15% notes of NiSource Finance due March 1, 2013, using the remarketed debentures as consideration.

Holders of shares of NiSource's common stock are entitled to receive dividends when, as and if declared by NiSource's Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. Beginning with the November 2003 dividend, NiSource reduced its annual dividend to \$0.92 per share from \$1.16 per share in line with the company's objectives of ongoing debt reduction, cash flow and core business reinvestment for the future. This decision was also influenced by the fact that its dividend yield and payout ratio prior to the dividend reduction were higher than industry averages. NiSource paid quarterly common dividends totaling \$0.92 per share for the year ended December 31, 2005 and 2004. At its January 6, 2006 meeting, the Board declared a quarterly common dividend of \$0.23 per share, payable on February 20, 2006 to holders of record on January 31, 2006.

Although the Board currently intends to continue the payment of regular quarterly cash dividends on common shares, the timing and amount of future dividends will depend on the earnings of NiSource's subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the Board.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES (continued)

**NiSOURCE INC.**

As a holding company, NiSource depends on dividends received from its operating subsidiaries. Dividends from those subsidiaries may be subject to regulatory limitations. Northern Indiana's charter provides that so long as any shares of Northern Indiana's cumulative preferred stock are outstanding, no cash dividends shall be paid or declared on its common stock in excess of 75% of the net income available for the preceding calendar year, unless the aggregate of the capital applicable to stocks subordinate as to assets and dividends to the cumulative preferred stock plus the surplus, after giving effect to such common stock dividends, would equal or exceed 25% of the sum of all obligations evidenced by bonds, notes, debentures or other securities, plus the total capital and surplus. At December 31, 2005, the sum of the capital applicable to stocks subordinate to the cumulative preferred stock plus the surplus was equal to 55% of the total capitalization including surplus.

ITEM 6. SELECTED FINANCIAL DATA

NiSOURCE INC.

**Selected Supplemental Information**

Year Ended December 31, (\$ in millions except per share data)	2005	2004	2003	2002	2001
Gross Revenues					
Gas Distribution	4,600.4	3,801.8	3,554.5	2,890.4	3,849.9
Gas Transportation and Storage	1,000.0	1,013.4	1,033.5	1,014.1	997.1
Electric	1,248.6	1,121.0	1,115.9	1,103.6	1,060.2
Other	1,050.1	725.3	538.1	307.1	358.7
<b>Total Gross Revenues</b>	<b>7,899.1</b>	<b>6,661.5</b>	<b>6,242.0</b>	<b>5,315.2</b>	<b>6,265.9</b>
Net Revenues (Gross Revenues less Cost of Sales)	3,149.8	3,051.8	3,056.4	3,066.4	3,122.1
Operating Income	952.8	1,077.5	1,122.3	1,154.0	969.8
Net Income	306.5	436.3	85.2	372.5	216.2
Shares outstanding at the end of the year (000's)	272,623	270,625	262,630	248,860	207,492
Number of common shareholders	46,451	50,020	42,034	47,472	49,589
Basic Earnings (Loss) Per Share (\$)					
Continuing operations	1.05	1.63	1.64	1.89	0.93
Discontinued operations	0.08	0.02	(1.28)	(0.12)	0.10
Change in accounting principles	-	-	(0.03)	-	0.02
<b>Basic Earnings Per Share</b>	<b>1.13</b>	<b>1.65</b>	<b>0.33</b>	<b>1.77</b>	<b>1.05</b>
Diluted Earnings (Loss) Per Share (\$)					
Continuing operations	1.04	1.62	1.63	1.88	0.91
Discontinued operations	0.08	0.02	(1.27)	(0.13)	0.10
Change in accounting principles	-	-	(0.03)	-	0.02
<b>Diluted Earnings Per Share</b>	<b>1.12</b>	<b>1.64</b>	<b>0.33</b>	<b>1.75</b>	<b>1.03</b>
Return on average common equity	6.3%	9.5%	2.0%	9.7%	6.3%
Times interest earned (pre-tax)	2.16	2.51	2.31	2.04	1.47
Dividends paid per share	0.92	0.92	1.10	1.16	1.16
Dividend payout ratio	81.4%	55.8%	333.3%	65.5%	110.5%
Market values during the year:					
High	25.50	22.82	21.97	24.99	32.55
Low	20.44	19.65	16.39	14.51	18.25
Close	20.86	22.78	21.94	20.00	23.06
Book value of common stock	18.09	17.69	16.81	16.78	16.72
Market-to-book ratio at year end	115.3%	128.8%	130.5%	119.2%	137.9%
Total Assets	17,958.5	16,987.8	16,623.5	17,941.8	17,893.7
Capital expenditures	590.4	517.0	574.2	531.9	525.3
Capitalization					
Common stockholders' equity	4,933.0	4,787.1	4,415.9	4,174.2	3,469.4
Preferred stock	81.1	81.1	81.1	84.9	88.6
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely Company debentures	-	-	-	345.0	345.0
Long-term debt, excluding amounts due within 1-year	5,271.2	4,835.9	5,993.4	4,849.5	6,065.1
<b>Total Capitalization</b>	<b>10,285.3</b>	<b>9,704.1</b>	<b>10,490.4</b>	<b>9,453.6</b>	<b>9,968.1</b>
<b>Number of employees</b>	<b>7,822</b>	<b>8,628</b>	<b>8,614</b>	<b>9,307</b>	<b>12,501</b>

In 2002, NiSource discontinued the amortization of goodwill consistent with SFAS No. 142.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NiSOURCE INC.

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***Note regarding forward-looking statements***

The Management's Discussion and Analysis, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures and recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Realization of NiSource's objectives and expected performance is subject to a wide range of risks and can be adversely affected by, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, the effectiveness of NiSource's outsourcing initiative, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, changes in general economic, capital and commodity market conditions, and counter-party credit risk, many of which risks are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

**CONSOLIDATED REVIEW**

**Executive Summary**

NiSource is an energy holding company whose subsidiaries are engaged in the transmission, storage and distribution of natural gas and the generation, transmission and distribution of electricity in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. NiSource generates virtually 100 percent of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant than in other months.

NiSource had been registered as a holding company under the Public Utility Holding company Act of 1935, as amended. On August 8, President Bush signed the "Energy Policy Act of 2005" into law which, among other things, effectively repealed the Public Utility Holding company Act of 1935. NiSource is now a holding company under the Public Utility Holding Company Act of 2005, which was issued as part of the Energy Policy Act of 2005.



ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NISOURCE INC.**

The effective date for this change was February 8, 2006. Through this new law, the FERC was granted many of the oversight provisions previously held by the SEC.

For the year ended December 31, 2005, NiSource reported income from continuing operations before the cumulative effect of a change in accounting principle of \$283.6 million, or \$1.05 per basic share, compared with income from continuing operations before the cumulative effect of a change in accounting principle of \$431.0 million, or \$1.63 per basic share, for 2004. The decrease in earnings was primarily the result of \$82.8 million of pre-tax restructuring and transition costs incurred in connection with an outsourcing agreement with IBM initiated during 2005, a \$108.6 million pre-tax loss on early extinguishment of long-term debt, asset impairment charges of \$21.8 million and other factors discussed below.

Operating results for 2005 were also adversely impacted by higher depreciation expense, primarily from the 2004 expiration of the prior regulatory stipulation for Columbia of Ohio; decreased usage of natural gas by utility customers, driven in part by higher gas prices; incremental costs associated with the MISO in NiSource's Indiana electric market; and lower net revenues in the gas transmission and storage business due primarily to the 2004 renegotiation of contracts with NiSource pipelines' major customers, net of remarketing activities. These impacts were partially offset by increases in net revenues from Gas Distribution and Electric Operations, primarily driven by favorable weather versus a year ago, regulatory initiatives including trackers and increased electric sales to residential and commercial customers, and improved results from Whiting Clean Energy. These factors are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

Natural gas prices on the wholesale market hit all-time highs in late 2005 due to a national imbalance between supply and demand that was complicated by the unusually active hurricane season. The higher natural gas prices contributed to lower natural gas usage by customers, which in turn affected NiSource's results, particularly in Gas Distribution Operations.

While Hurricanes Katrina and Rita were disruptive, they did not cause severe damage to NiSource's pipelines, and the costs of repairing damage to pipeline facilities did not have a material impact on NiSource's 2005 results.

Contributing to the decline in EPS was an increase in the average number of shares outstanding at December 31, 2005, compared to the year earlier, due primarily to the issuance of approximately 6.8 million shares of common stock upon the settlement of the forward stock purchase contracts associated with the SAILS<sup>SM</sup> on November 1, 2004.

Four-Point Platform for Growth

NiSource made significant progress during 2005 on each of its four key initiatives to build a platform for long-term, sustainable growth: expansion and commercial growth in the pipeline and storage business; regulatory and commercial initiatives; financial management; and process and expense management.

***Expansion and Commercial Growth in the Pipeline and Storage Business.*** NiSource's Columbia Transmission launched an open season for a proposed expansion of its natural gas transmission system in the growing Mid-Atlantic markets. This Eastern Market expansion is moving forward to a 2009 in-service date, based on definitive agreements with four East Coast customers. The Eastern Market expansion is a development project to expand existing Mid-Atlantic storage and transmission assets to provide almost 100,000 Dth/day of storage for eastern growth markets. Millennium, which is targeting a fourth quarter of 2007, in-service date, filed an amended certificate application with the FERC in August 2005. Also in August, Millennium signed Consolidated Edison and KeySpan as anchor customers. The Hardy Storage project is on track to develop a natural gas storage field from a depleted natural gas production field in Hardy and Hampshire Counties, West Virginia. Hardy Storage, which is being jointly developed by Columbia Transmission and a subsidiary of Piedmont, filed its formal project application with the FERC in April 2005, and received a favorable order on November 1, 2005. Construction should begin as scheduled early in 2006 and storage injections by project customers are scheduled as early as the spring of 2007.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSOURCE INC.

**Regulatory and Commercial Initiatives.** As a regulated company, NiSource is exposed to regulatory risk and manages this risk by monitoring its operations and working with various regulatory bodies to maintain a business that continues to provide value for its customers and stockholders in this changing environment. During 2005, NiSource continued to make progress with regulatory and commercial initiatives.

On March 29, 2005, the PSC approved a renewed pilot program for Columbia of Kentucky authorizing the continuation of the Customer Choice<sup>sm</sup> Program. The renewed program provides residential and small commercial customers the option to choose their natural gas supplier while avoiding the stranded costs to Columbia of Kentucky that would have resulted under the previous pilot. In addition, Columbia of Kentucky received approval from the PSC to implement programs that provide Columbia of Kentucky with the opportunity to stabilize wholesale costs for gas during the winter heating season and share certain cost savings with customers.

On November 30, 2005, Bay State received approval from the Massachusetts DTE to increase its rates by \$11.1 million. The Massachusetts DTE also approved Bay State's request for a performance based rate plan but denied the request for cost recovery of a steel infrastructure replacement program.

Refer to the "Results and Discussion of Segment Operations" for a complete discussion of Regulatory matters.

**Financial Management.** During 2005, NiSource refinanced \$2.4 billion in long-term debt that will yield approximately \$43 million in annual interest savings beginning in 2006. In September 2005, NiSource Finance issued \$450 million of 5.25% 12-year unsecured notes that mature September 15, 2017 and \$550 million of 5.45% 15-year unsecured notes that mature September 15, 2020. The proceeds were used in part to redeem \$900 million of NiSource Finance notes on November 15, 2005. Additionally, on November 28, 2005, NiSource Finance issued \$900 million in senior notes, the proceeds of which, along with other funding sources, were used to refinance \$1.1 billion of Columbia senior unsecured notes that became callable on November 28, 2005.

In March 2005, NiSource entered into a \$1.25 billion revolving credit agreement to fund future working capital requirements and other corporate needs. The new five-year agreement replaced previous agreements and reduced interest expense by approximately \$0.5 million during 2005. It is expected to reduce interest expense by approximately \$1.2 million annually beginning in 2006.

In addition, NiSource put in place a new \$300 million short-term credit facility during November 2005. This new facility has significantly bolstered the company's liquidity position. NiSource ended the year with \$626.5 million of unused credit facilities.

**Process and Expense Management.** In June 2005, NiSource Corporate Services and IBM signed a definitive agreement to provide a broad range of business process and support services to NiSource. The 10-year agreement is expected to deliver approximately \$395 million in net savings, after costs to achieve this transition and transformation of systems, in operating and capital costs across NiSource's 15 primary operating subsidiaries over the course of the contract, as well as provide new tools and technology advances and enhanced service capabilities. Included in the transformation process during 2005 and 2006 are major projects in Human Resources, Finance and Accounting, Supply Chain, Gas Management, Operations and Meter to Cash. The identified net savings do not include efficiencies and other benefits from a three-year project to implement common work management solutions (WMS) and geographical information systems (GIS) across operations.

During December 2005 and extending into 2006, NiSource initiated a corporate streamlining effort that will include reducing office locations, realigning executive compensation and reducing executive positions.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

### **NiSOURCE INC.**

#### 2006 Outlook

Consistent with the 2006 guidance included within the press release issued on January 31, 2006, NiSource's 2006 projection for income from continuing operations is in the range of \$1.42 to \$1.52 basic earnings per share. This projection is based on typical assumptions such as normal weather, customer growth offsetting usage declines, and customary increases in costs such as depreciation, taxes and employee and administrative expenses. Other factors built into NiSource's business plan include: the successful completion of key regulatory and commercial initiatives; achieving expected savings from the outsourcing to IBM; deferral of MISO costs beginning August 1, 2006, and modest deterioration of results from Whiting Clean Energy, which benefited from a strong market during the summer 2005 period.

NiSource expects additional transition costs associated with the outsourcing initiative with IBM of approximately \$14 - \$15 million, or 3 cents per basic share. This expectation is included in the earnings projection above.

Higher natural gas prices that contributed to the natural gas usage decline during 2005 may continue to impact 2006 results.

NiSource also intends to increase the level of capital expenditures and other investing activities during 2006. For 2006, the projected capital program is expected to be \$638.2 million, which is \$39.2 million higher than the 2005 level. This higher spending is mainly due to an increase in expenditures for integrity-management improvements in the pipeline segment and expenditures to replace key components within electric generation in addition to new business projects. The program is expected to be funded primarily via cash from operations.

#### Ethics and Controls

NiSource has always been committed to providing accurate and complete financial reporting as well as requiring a strong commitment to ethical behavior by its employees. During 2005, NiSource tested all significant controls across its financial processes and NiSource's management has concluded that the company's internal control over financial reporting was effective as of the end of the period covered by this Form 10-K. Refer to "Management's Report on Internal Controls Over Financial Reporting" included in Item 9A. NiSource's senior management takes an active role in the development of this Form 10-K and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue the mandatory ethics-training program in which employees at every level and in every function of the organization participate.

### **Results of Operations**

The Consolidated Review information should be read taking into account the critical accounting policies applied by NiSource and discussed in "Other Information" of this Item 7.

#### Income from Continuing Operations and Net Income

For the twelve months ended December 31, 2005, NiSource reported income from continuing operations before cumulative effect of change in accounting principle of \$283.6 million, or \$1.05 per basic share, compared to \$431.0 million, or \$1.63 per basic share in 2004. Income from continuing operations before the cumulative change in accounting principle for the twelve months ended December 31, 2003 was \$426.9 million, or \$1.64 per basic share.

Including results from discontinued operations and the change in accounting principle, NiSource reported 2005 net income of \$306.5 million, or \$1.13 per basic share, 2004 net income of \$436.3 million, or \$1.65 per basic share, and 2003 net income of \$85.2 million, or \$0.33 per basic share.

#### Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the twelve months ended December 31, 2005 were \$3,149.8 million, a \$98.0 million increase compared with 2004. The change was driven by \$64.3 million increase in Gas Distribution Operations net revenues, \$34.9 million increase in Electric Operations net revenues and \$20.4 million in increased net revenues from Other Operations, partially offset by decreased revenues of \$21.9 million from Gas Transmission and Storage Operations. Favorable weather during 2005 as compared to 2004 drove approximately \$24 million and \$27 million of the increases for Gas Distribution Operations and Electric Operations, respectively. Net revenues also improved due to overall increased regulatory and non-regulatory tracker revenues of \$33.6 million which are offset in operating expenses, increased residential and commercial customers and increased

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NI SOURCE INC.**

overall customer usage within Electric Operations contributing approximately \$24.4 million, improved results from Whiting Clean Energy of \$17.6 million, increased residential customers for Gas Distribution Operations contributing approximately \$8 million, and \$12.1 million recognized on the buyout of a large customer gas contract. These increases in revenues were partially offset by a decline in customer usage within gas operations of approximately \$33.1 million, lower Gas Transmission and Storage Operations revenues of \$20.3 million attributable to the 2004 renegotiation of firm service contracts with major pipeline customers, net of remarketing activities, and increases in the cost of service for Electric Operations associated with MISO amounting to \$15.7 million.

Total consolidated net revenues for the twelve months ended December 31, 2004 were \$3,051.8 million, a \$4.6 million decrease compared with 2003. Gas Distribution Operations net revenues decreased \$36.0 million, primarily as a result of reduced residential and commercial natural gas deliveries due to warmer weather of approximately \$33 million compared to the previous year and lower revenues from contract cost reduction programs, reduced sales of retail products, releases of capacity and gas cost incentives that amounted to \$33.1 million partially offset by increased revenues from regulatory strategies of approximately \$25.8 million from the stipulation agreement granted for Columbia of Ohio and the recovery for conservation measures granted to Bay State. The reduction in Gas Distribution Operations net revenue was partially offset by a \$31.6 million increase in electric net revenue for 2004 as compared to 2003. This was the result of higher net revenues from environmental trackers, increased customer usage and the effect of reserves recorded for regulatory refunds in the comparable 2003 period.

Expenses

Operating expenses were \$2,197.0 million in 2005, a \$222.7 million increase from 2004 due to higher operation and maintenance expenses of \$124.7 million, higher depreciation and amortization of \$36.6 million, higher other taxes of \$36.1 million and an impairment and loss on sale of assets of \$22.2 million during 2005 compared to a gain on sale of assets of \$3.1 million in 2004. The increase in operation and maintenance expenses was primarily due to restructuring charges, including a pension and other postretirement benefit charge, transition costs and consulting fees related to the outsourcing initiative and service agreement with IBM which totaled \$82.8 million, increased expense for uncollectible accounts of \$4.6 which are partly offset in revenues, increased tracked expenses of \$33.6 million which are offset in revenues, and higher electric generation expenses of \$7.2 million. Depreciation expense increased approximately \$30 million as a result of the expiration in November 2004 of the prior Columbia of Ohio regulatory stipulation that allowed for deferral of certain depreciation amounts. The 2004 period benefited from a reduction in estimated property tax accruals amounting to \$33.0 million, while gross receipts tax increased \$16.0 million in 2005, which is offset in revenue. In addition, goodwill associated with Kokomo Gas was impaired by \$10.9 million and certain software systems were impaired totaling \$10.9 million due to the outsourcing initiative and service agreement with IBM.

Operating expenses of \$1,974.3 million for 2004 increased \$40.2 million over 2003 due primarily to the comparable 2003 period being favorably impacted by insurance recoveries, recovery of previously uncollected accounts receivable under the Columbia of Ohio bad debt tracker, and the reversal of legal, environmental, and other accrued expenses of approximately \$40.5 million and a \$16.6 million gain on the sale of Columbia Service Partners. Operating expenses for 2004 were favorably impacted by a reduction in estimated property taxes of \$29.3 million partially offset by an increase in depreciation expense of approximately \$13 million.

Other Income (Deductions)

Other Income (Deductions) in 2005 reduced income \$519.8 million compared to a reduction of \$405.1 million in 2004. A loss on early extinguishment of long-term debt of \$108.6 million during 2005 compared to a \$4.1 million loss on early extinguishment of long-term debt during 2004 was the primary reason for the increase in other deductions. Interest expense, net increased \$17.1 million from 2004 primarily due to the impact of higher short-term interest rates on variable rate debt and higher average long-term debt balances due to the prefunding of November 2005 debt maturities. Other, net increased \$6.7 million primarily as the result of higher interest income.

Other Income (Deductions) in 2004 reduced income \$405.1 million compared to a reduction of \$460.5 million in 2003. Interest expense, net decreased \$60.8 million from 2003 primarily due to lower long-term interest rates and a decrease in total debt of \$354 million from December 31, 2003.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NiSOURCE INC.**

Income Taxes

Income taxes decreased \$92.0 million in 2005 as compared with 2004 primarily due to lower pre-tax income from the prior year. Income taxes increased \$6.5 million in 2004 over 2003 primarily as a result of higher pre-tax income. The effective income tax rates were 34.5%, 35.9%, and 35.5 % in 2005, 2004 and 2003, respectively. Contributing to the reduction in the effective tax rate for 2005 versus 2004 is the impact of the tax benefit associated with the electric production deduction (discussed below), an adjustment to deferred taxes at Northern Indiana related to a reduction in deferred income tax requirements and a reduction in deferred state income tax liabilities resulting from a revised estimate of consolidated state income tax apportionment factors. Offsetting these reductions is an increase in the effective tax rate associated with the non-deductible goodwill impairment charge recorded at Kokomo Gas and increased taxes related to Ohio income tax law changes enacted on June 30, 2005.

The American Jobs Creation Act of 2004, signed into law on October 22, 2004, created new Internal Revenue Code Section 199 which, beginning in 2005, permits taxpayers to claim a deduction from taxable income attributable to certain domestic production activities. Northern Indiana and Whiting Clean Energy's electric production activities qualify for this deduction. The deduction is equal to 3% of QPAI for the taxable year, with certain limitations. This deduction increases to 6% of QPAI beginning in 2007 and 9% of QPAI beginning in 2010 and thereafter. The 2005 tax benefit associated with the Section 199 domestic production deduction is estimated to be \$1.9 million and will be finalized prior to inclusion in NiSource's 2005 consolidated federal income tax return to be filed in 2006.

Discontinued Operations

Discontinued operations reflected income of \$23.2 million, or \$0.08 per basic share, in 2005, \$5.3 million, or \$0.02 per basic share, in 2004 and a loss of \$332.9 million, or loss of \$1.28 per basic share, in 2003. Current year's income from discontinued operations, net-of-taxes, is due to a gain on discontinued operations of \$43.5 million offset by a loss of \$20.3 million. The gain on disposition of discontinued operations, net-of-taxes, resulted from changes to reserves for contingencies related primarily to the previous sales of IWC, former Primary Energy subsidiaries and other dispositions. The loss from discontinued operations included changes to reserves for contingencies primarily related to CER and an impairment of assets related to Transcom. In 2004, income from discontinued operations, net-of-taxes, is primarily from a reduction in estimated income taxes associated with NiSource's former exploration and production subsidiary, CER. In 2003, an after-tax loss of \$301.2 million was related to the sale of CER, while a loss of \$29.1 million was recognized on the sale of six PEI subsidiaries and a loss of \$1.3 million on the sale of Transcom.

Cumulative Effect of Change in Accounting Principle

The cumulative effect of change in accounting principle in 2005 of \$0.3 million, net-of-taxes, resulted from the cumulative effect of adopting FIN 47. The cumulative effect of change in accounting principle in 2003 of \$8.8 million, net-of-taxes, resulted from the cumulative effect of adopting SFAS No. 143. Refer to Note 10, "Asset Retirement Obligations," in the Notes to Consolidated Financial Statement for additional information regarding the cumulative effect of adopting FIN 47.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NI SOURCE INC.**

**Liquidity and Capital Resources**

Generally, cash flow from operations has provided sufficient liquidity to meet operating requirements. A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and electric distribution businesses, is subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries, perform necessary maintenance of facilities, make capital improvements in plant and expand service into new areas.

Operating Activities

Net cash from operating activities for the twelve months ended December 31, 2005 was \$712.3 million, a decrease of \$343.6 million from a year ago. This decrease was due primarily to the impact of accounts receivable balances which were \$267 million higher due mainly to the impact of higher gas prices, and the additional \$114 million of cash required for deferred tax payments mostly due to the expiration in 2004 of "bonus" tax depreciation enacted under the Job Creation and Worker Assistance Act of 2002.

Investing Activities

On October 20, 2003, NiSource sold all of the steel-related, "inside-the-fence" assets of its subsidiary, PEI, to Private Power. The sale included six PEI operating subsidiaries and the name "Primary Energy". Private Power paid approximately \$325.4 million, comprised of \$113.1 million in cash and the assumption of debt-related liabilities and other obligations. The assumption of such liabilities and the after-tax cash proceeds from the sale reduced NiSource's debt by \$273.6 million, of which \$67.3 million was off balance sheet. NiSource has accounted for the assets sold as discontinued operations and has adjusted all periods presented accordingly.

On August 29, 2003, NiSource sold its exploration and production subsidiary, CER, to a subsidiary of Triana for \$330 million, plus Triana's assumption of obligations to deliver approximately 94.0 Bcf of natural gas pursuant to existing forward sales contracts. On January 28, 2003, NiSource's former subsidiary, CNR, sold its interest in certain natural gas exploration and production assets in New York for approximately \$95 million. NiSource has accounted for CER as discontinued operations and has adjusted all periods presented accordingly. During 2003, NiSource recognized an after-tax loss of \$301.2 million related to the sales.

**Capital Expenditures and Other Investing Activities.** The table below reflects actual capital expenditures and other investing activities by segment for 2005, 2004 and 2003 and an estimate for year 2006:

<i>(in millions)</i>	2006E	2005	2004	2003
Gas Distribution Operations	\$ 252.9	\$ 278.5	\$ 225.2	\$ 195.1
Transmission and Storage Operations	230.7	167.9	133.3	120.5
Electric Operations	140.1	135.6	154.0	225.1
Other Operations	14.5	17.0	10.9	31.8
Total	\$ 638.2	\$ 599.0	\$ 523.4	\$ 572.5

For 2005, capital expenditures and certain other investing activities were \$599.0 million, an increase of \$75.6 million over 2004. This increase was primarily due to construction of the Columbus Northern Loop Pipeline project at the Gas Distribution Operations segment and incremental pipeline expenditures at the Gas Transmission and Storage Operations segment in compliance with the DOT's Integrity Management Rule.

The Gas Distribution Operations segment's capital program in 2005 included new business initiatives to extend service to new areas and develop future markets through new services that may be added to the existing business and to create a potential new pool of customers, as well as expenditures to ensure safe, reliable and improved service to customers and modernize and upgrade facilities. The Gas Transmission and Storage Operations segment invested primarily on modernizing and upgrading facilities and new business initiatives to maintain and expand market share in storage and transportation interstate commerce by meeting the demands of consumers who will use gas for electric power generation and meeting the needs of existing, new or growing customers through the construction of

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NiSOURCE INC.**

significant new facilities, either wholly-owned by NiSource or in partnership with other qualified project participants. The Electric Operations segment capital program included improvements related to the operational integrity of generation, transmission and distribution assets, expenditures related to environmental compliance regarding NOx reduction, and additions to electric distribution systems related to new business. Capital expenditures in the Other Operations segment mainly comprise partnership investments and enterprise-wide information technology infrastructure improvement.

For 2006, the projected capital program is expected to be \$638.2 million, which is \$39.2 million higher than the 2005 level. This higher spending is mainly due to an increase in expenditures for integrity-management improvements in the pipeline segment and expenditures to replace key components within electric generation in addition to new business projects. The program is expected to be funded primarily via cash from operations.

Financing Activities

On July 29, 2003, NiSource filed a shelf registration statement with the SEC to periodically sell up to \$2.5 billion in debt securities, common and preferred stock, and other securities. The registration statement became effective on August 7, 2003, which when combined with NiSource's pre-existing shelf capacity, provided an aggregate \$2.8 billion of total issuance capacity. As of December 31, 2005, NiSource's shelf capacity is currently \$850 million.

**Long-term Debt.** On November 29, 2005, Columbia redeemed \$1.1 billion of its senior unsecured notes that became callable on November 28, 2005, having an average interest rate of 7.34%. On November 28, 2005, Columbia redeemed \$281.5 million of its senior unsecured notes with an average interest rate of 6.80%. The associated charges included an \$86 million non-cash charge relating to the write-off of the unamortized portion of a fair market value adjustment made at the time of the NiSource Columbia merger, an \$8 million non-cash charge associated with the unamortized portion of swap termination charges, and a \$14 million cash charge for call premiums, all of which were charged to loss on early extinguishment of long-term debt.

On November 28, 2005, NiSource Finance issued, in the private placement market, \$900 million in unregistered senior unsecured notes in four tranches: \$315 million of 7-year notes at a coupon rate of 5.21%; \$230 million of 10-year notes at a coupon rate of 5.36%; \$90 million of 11-year notes at a coupon rate of 5.41%; and \$265 million of 20-year notes at a coupon rate of 5.89%. The proceeds, along with other funding sources, were used to refinance the above mentioned Columbia senior unsecured notes.

On November 15, 2005, NiSource Finance redeemed \$900 million of its senior unsecured notes having an average interest of 7.625%.

On September 16, 2005, NiSource Finance issued \$450 million of 5.25% 12-year unsecured notes that mature September 15, 2017 and \$550 million of 5.45% 15-year unsecured notes that mature September 15, 2020. The proceeds were used in part to redeem \$900 million of NiSource Finance notes due November 15, 2005. Contemporaneously with the pricing of the 5.25% and 5.45% notes, NiSource Finance settled \$900 million of forward starting swaps resulting in a \$35.5 million payment to NiSource's swap counterparties. The swap termination payments are being amortized over the life of the new debt issues, resulting in an effective interest rate of 5.67% and 5.88% respectively.

During July 2005, Northern Indiana redeemed \$34 million of its medium-term notes with an average interest rate of 6.62%.

During June 2005, Northern Indiana redeemed \$39.3 million of its medium-term notes and Bay State redeemed \$10 million of its medium-term notes with an average interest rate of 6.79% and 6.58%, respectively.

During April 2005, Capital Markets redeemed \$30 million of its medium-term notes, with an average interest rate of 7.67%.

On November 23, 2004, NiSource Finance issued \$450 million of five-year floating rate unsecured notes that mature November 23, 2009. The notes are callable, at par, on or after November 23, 2006. Subsequently, on December 10, 2004, NiSource Finance used \$250 million of the proceeds from the \$450 million floating rate note offering to

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NISOURCE INC.**

redeem \$250 million of existing floating rate notes that were due May 2005. The remaining proceeds were used to repay a portion of NiSource Finance short-term borrowings.

On November 1, 2004, NiSource issued approximately 6.8 million shares of common stock upon the settlement of the forward stock purchase contracts comprising a component of NiSource's SAILS<sup>sm</sup>. NiSource received approximately \$144.4 million in satisfaction of the SAILS<sup>sm</sup> holders' obligation under the stock purchase contracts, which was used to pay down short-term borrowings. Effective November 1, 2004, the interest rate on the \$144.4 million of debentures that comprised the debt component of the SAILS<sup>sm</sup> was reset to 3.628% per annum. The debentures mature November 1, 2006.

During July 2004, Northern Indiana redeemed \$32 million of its medium-term notes, with an average interest rate of 6.53%.

During April 2004, Capital Markets redeemed \$80 million of its medium-term notes, with an average interest rate of 7.39%.

During February 2004, Northern Indiana redeemed \$111.1 million of its medium-term notes and Bay State redeemed \$10 million of its medium-term notes, with an average interest rate of 7.49% and 7.63%, respectively. The associated redemption premium was \$4.5 million, of which \$4.1 million was charged to loss on early extinguishment of long-term debt and \$0.4 million was recorded as a regulatory asset.

**Credit Facilities.** On November 30, 2005, NiSource Finance entered into a new \$300 million 9-month revolving credit agreement with Dresdner Kleinwort Wasserstein LLC. The new facility will further improve NiSource's available liquidity in the current environment of volatile natural gas prices.

During March 2005, NiSource Finance obtained a new \$1.25 billion five-year revolving credit facility with a syndicate of banks led by Barclays Capital. The new facility replaced an expiring \$500 million 364-day credit facility, as well as a \$750 million three-year credit facility that would have expired in March 2007.

As of February 28, 2006, there were \$717.5 million of borrowings under the existing facilities. NiSource had short-term cash investments of \$7.1 million as of that date.

NiSource had outstanding credit facility advances of \$898.0 million at December 31, 2005, at a weighted average interest rate of 4.95%, and advances of \$307.6 million at December 31, 2004, at a weighted average interest rate of 3.04%. As of December 31, 2005 and December 31, 2004, NiSource had \$101.6 million and \$111.6 million of stand-by letters of credit outstanding, respectively. At December 31, 2005, \$72.7 million of the \$101.6 million total outstanding letters of credit resided within a separate bi-lateral letter of credit arrangement with Barclays Bank that NiSource obtained during February 2004. Of the remaining \$28.9 million of stand-by letters of credit outstanding at December 31, 2005, \$25.5 million resided under NiSource's five-year credit facility and \$3.4 million resided under an uncommitted arrangement with another financial institution. As of December 31, 2005, \$626.5 million of credit was available under both credit facilities.

**Debt Covenants.** NiSource is subject to one financial covenant under both its five-year revolving credit facility and its nine-month revolving credit agreement. NiSource must maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2005, NiSource was in compliance with this financial covenant in both of its credit agreements.

NiSource is also subject to certain negative covenants under the revolving credit facilities. Such covenants include a limitation on the creation or existence of new liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional asset basket equal to 5% of NiSource's consolidated net tangible assets. An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets. The revolving credit facilities also include a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of NiSource or any of its subsidiaries in a principal amount of \$50 million or more.



ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NI SOURCE INC.**

NiSource's bond indentures generally do not contain any financial maintenance covenants. However, NiSource's bond indentures are generally subject to cross default provisions ranging from uncured payment defaults of \$5 million to \$50 million, and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional asset basket capped at either 5% or 10% of NiSource's consolidated net tangible assets.

***Sale of Trade Accounts Receivables.*** On May 14, 2004, Columbia of Ohio entered into an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CORC, a wholly owned subsidiary of Columbia of Ohio. CORC, in turn, is party to an agreement, also dated May 14, 2004, in which it sells an undivided percentage ownership interest in the accounts receivable to a commercial paper conduit. The conduit can purchase up to \$300 million of accounts receivable under the agreement. The agreement has a scheduled expiration date of May 12, 2006, and can be renewed if mutually agreed to by both parties. As of December 31, 2005, \$175 million of accounts receivable had been sold by CORC.

Under the agreement, Columbia of Ohio acts as administrative agent, by performing record keeping and cash collection functions for the accounts receivable sold by CORC. Columbia of Ohio receives a fee, which provides adequate compensation, for such services.

On December 30, 2003, Northern Indiana entered into an agreement to sell, without recourse, all of its trade receivables, as they originate, to NRC, a wholly-owned subsidiary of Northern Indiana. NRC, in turn, is party to an agreement in which it sells an undivided percentage ownership interest in the accounts receivable to a commercial paper conduit. The conduit can purchase up to \$200 million of accounts receivable under the agreement. NRC's agreement with the commercial paper conduit has a scheduled expiration date of December 22, 2006, and can be renewed if mutually agreed to by both parties. As of December 31, 2005, NRC had sold \$200 million of accounts receivable. Under the arrangement, Northern Indiana may not sell any new receivables if Northern Indiana's debt rating falls below BBB- or Baa3 at Standard and Poor's and Moody's, respectively.

Under the agreement, Northern Indiana acts as administrative agent, performing record keeping and cash collection functions for the accounts receivable sold. Northern Indiana receives a fee, which provides adequate compensation, for such services.

***Credit Ratings.*** NiSource's credit ratings continue to be affirmed by the major rating agencies. Both Moody's Investors Services and Standard and Poor's affirmed their ratings in December of 2005. Moody's Investors Service affirmed the senior unsecured ratings of NiSource at Baa3, and the existing ratings of all other subsidiaries. Moody's ratings outlook for NiSource and its subsidiaries is stable. Standard and Poor's affirmed its senior unsecured ratings of NiSource at BBB, and the existing ratings of all other subsidiaries. Standard and Poor's outlook for NiSource and all of its subsidiaries is stable. Fitch Ratings affirmed their BBB senior unsecured rating for NiSource and the BBB+ ratings for Columbia and Northern Indiana. Fitch's outlook for NiSource and all of its subsidiaries is stable.

Certain TPC gas trading agreements contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard and Poor's or Baa3 by Moody's. The collateral requirement from a downgrade below the ratings trigger levels would amount to approximately \$20 million to \$25 million. In addition to agreements with ratings triggers, there are other gas trading agreements that contain "adequate assurance" or "material adverse change" provisions. The collateral requirement for those agreements would amount to approximately \$170 million to \$175 million.

Columbia Energy Services is the principal for two surety bonds issued to guarantee performance in two separate long-term gas supply agreements. The surety, in accordance with the terms of its indemnity agreements, required NiSource to post a letter of credit in the face amount of approximately \$131 million, declining over time, to support the bonds. At December 31, 2005, the total amount of letters of credit required with respect to this transaction was \$72.7 million. The agreement will expire on December 31, 2008.

Columbia was the principal for surety bonds issued to guarantee performance under forward gas sales agreements. The surety bonds related to forward gas sales under agreements with Mahonia and had indemnity values, which

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NiSOURCE INC.**

declined over time and had ratings triggers based on Columbia's credit rating. In the third quarter of 2005, these bonds expired. In February 2006, the forward sales agreements guaranteed by Columbia were completed.

**Contractual Obligations and Commercial Commitments.** NiSource has certain contractual obligations that extend beyond 2006. The obligations include long-term debt, lease obligations, and purchase obligations for various services including pipeline capacity and IBM outsourcing. The total contractual obligations in existence at December 31, 2005 and their maturities were:

<i>(in millions)</i>	Total	2006	2007	2008	2009	2010	After
Long-term debt	\$ 5,692.3	\$ 438.0	\$ 89.2	\$ 33.4	\$ 465.8	\$ 1,015.2	\$ 3,650.7
Capital leases	10.2	2.0	2.0	2.6	2.7	0.1	0.8
Operating leases	248.1	48.4	43.5	38.2	29.1	23.1	65.8
Purchase obligations:							
Pipeline service obligations	1,137.1	222.7	204.9	173.8	113.0	100.7	322.0
IBM service obligations	1,484.4	142.1	164.3	165.2	165.1	167.3	680.4
Pure Air service obligations	107.9	15.2	15.8	16.3	16.8	17.2	26.6
Total contractual obligations	\$ 8,680.0	\$ 868.4	\$ 519.7	\$ 429.5	\$ 792.5	\$ 1,323.6	\$ 4,746.3

The long-term debt amounts shown above represent payment of principal and do not include associated interest costs. For 2006, NiSource projects that it will be required to make interest payments of approximately \$381 million, which includes \$338 million of interest payments related to its long-term debt. NiSource also has obligations associated with various taxes and expects to make tax payments of approximately \$638 million in 2006.

NiSource has pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2006 to 2019, require NiSource to pay fixed monthly charges.

In June 2005, NiSource Corporate Services and IBM signed a definitive agreement to provide a broad range of business process and support services to NiSource. As part of this agreement, IBM will operate a broad range of business support functions for NiSource, including processes within the Human Resources, Finance and Accounting, Supply Chain (procurement), Customer Contact, Meter to Cash (billing and collections) and Information Technology areas. The agreement also includes a broad array of transformational consulting services and emerging technology expertise. The contract has a 10-year term and NiSource has the right to renew it for up to three additional years. NiSource will pay for the services under a combination of fixed and variable charges. The variable charge component can fluctuate to reflect NiSource's actual usage of service and service levels. Fees may be adjusted to reflect economic changes such as inflation or business changes that both parties agree to.

Upon any termination of the agreement by NiSource for any reason (other than material breach by IBM), NiSource must pay IBM a termination charge that will include a breakage fee, repayment of IBM's un-recovered capital investments, and IBM wind-down expense. This termination fee can be a material amount depending on the events giving rise to termination and the timing of the termination.

Northern Indiana has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. Services under this contract commenced on June 15, 1992, and Northern Indiana pays for the services under a combination of fixed and variable charges. The agreement provides that, assuming various performance standards are met by Pure Air, a termination payment would be due if Northern Indiana terminated the agreement prior to the end of the twenty-year contract period.

Due to strong equity markets, the fair value of NiSource's pension fund assets as of September 30, 2005, have increased for the third year in a row. Additionally, \$9.1 million in employer contributions were made during 2005 to certain of NiSource's qualified and non-qualified pension plans. NiSource expects market returns to revert to normal levels as demonstrated in historical periods and expects to contribute approximately \$7.1 million in 2006 to certain pension plans. However, NiSource may provide additional funding for the pension plans. As a result of the increase in the fair value of the plan assets and certain changes to the pension plans and benefits provided, NiSource expects pension expense for 2006 to decrease approximately \$15.7 million from the amount recognized in 2005. Also, NiSource expects to make contributions of \$54.2 million to its postretirement medical and life plans in 2006.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NiSOURCE INC.**

See Note 9, "Pension and Other Postretirement Benefits," in the Notes to Consolidated Financial Statements for more information.

NiSource has made certain commercial commitments that extend beyond 2006. The commitments include lines of credit, letters of credit and guarantees, which support commercial activities. The total commercial commitments in existence at December 31, 2005, including commercial commitments for discontinued operations, and the years in which they expire were:

<i>(in millions)</i>	Total	2006	2007	2008	2009	2010	After
Lines of credit	\$ 898.0	\$ 898.0	\$ -	\$ -	\$ -	\$ -	\$ -
Letters of credit	101.6	27.0	1.0	73.6	-	-	-
Guarantees	6,219.5	1,101.2	53.4	60.1	513.6	1,004.3	3,486.9
Total commercial commitments	\$ 7,219.1	\$ 2,026.2	\$ 54.4	\$ 133.7	\$ 513.6	\$ 1,004.3	\$ 3,486.9

Of the commercial commitments outstanding shown above, NiSource had approximately \$5.3 billion of debt and capital lease obligations recorded on its Consolidated Balance Sheets at December 31, 2005.

**Market Risk Disclosures**

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal trading and non-trading risks that are involved in NiSource's energy businesses: commodity market risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with committee oversight that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management policies and procedures continue to evolve and are subject to ongoing review and modification.

Various analytical techniques are employed to measure and monitor NiSource's market and credit risks, including VaR. VaR represents the potential loss or gain for an instrument or portfolio from changes in market factors, for a specified time period and at a specified confidence level.

Non-Trading Risks

Commodity price risk resulting from non-trading activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the rate-making process. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional rate-making process and may be more exposed to commodity price risk.

As a result of the fixed-to-variable interest rate swap transactions referenced below, \$1,160 million of NiSource Finance's existing long-term debt is now subject to fluctuations in interest rates.

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under revolving credit agreements, variable rate pollution control bonds and floating rate notes, which have interest rates that are indexed to short-term market interest rates. NiSource is also exposed to interest rate risk due to changes in interest rates on fixed-to-variable interest rate swaps that hedge the fair value of long-term debt. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates during 2005 and 2004, an increase in short-term interest rates of 100 basis points (1%) would have increased interest expense by \$20.1 million and \$20.5 million for the years 2005 and 2004, respectively.

Between October 27, 2004 and November 1, 2004, NiSource Finance entered into \$900 million of forward starting interest rate swaps, hedging the future interest payments of long-term debt. The \$900 million of forward starting swaps included \$450 million notional value of 12-year forward starting swaps entered into with three counterparties and \$450 million notional value of 15-year forward starting swaps entered into with three additional counterparties.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NiSOURCE INC.**

During September 2005, NiSource Finance settled these forward starting swaps resulting in a \$35.5 million payment to NiSource's swap counterparties. The swap termination payments are being amortized over the life of the new debt issues, resulting in an effective interest rate of 5.67% and 5.88% respectively.

On May 12, 2004, NiSource Finance entered into fixed-to-variable interest rate swap agreements in a notional amount of \$660 million with six counterparties having a 6 1/2-year term. NiSource Finance will receive payments based upon a fixed 7.875% interest rate and pay a floating interest amount based on U.S. 6-month BBA LIBOR plus an average of 3.08% per annum. There was no exchange of premium at the initial date of the swaps. In addition, each party has the right to cancel the swaps on May 15, 2009 at mid-market.

On July 22, 2003, NiSource Finance entered into fixed-to-variable interest rate swap agreements in a notional amount of \$500 million with four counterparties with an 11-year term. NiSource Finance will receive payments based upon a fixed 5.40% interest rate and pay a floating interest amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum. There was no exchange of premium at the initial date of the swaps. In addition, each party has the right to cancel the swaps on either July 15, 2008 or July 15, 2013 at mid-market.

On April 11, 2003, Columbia entered into fixed-to-variable interest rate swap agreements in a notional amount of \$100 million with two counterparties. Columbia received payments based upon a fixed 7.42% interest rate and paid a floating interest amount based on U.S. 6-month BBA LIBOR plus an average of 2.39% per annum. There was no exchange of premium at the initial date of the swaps. These interest rate swap agreements were terminated on May 12, 2004.

On April 4, 2003, Columbia terminated a fixed-to-variable interest rate swap agreement in a notional amount of \$100 million. Columbia received a settlement payment from the counterparty amounting to \$8.2 million, which is being amortized as a reduction to interest expense over the remaining term of the underlying debt.

Due to the nature of the industry, credit risk is a factor in many of NiSource's business activities. Credit risk arises because of the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative contracts such as interest rate swaps, credit risk arises when counterparties are obligated to pay NiSource the positive fair value or receivable resulting from the execution of contract terms. Exposure to credit risk is measured in terms of both current and potential exposure. Current credit exposure is generally measured by the notional or principal value of financial instruments and direct credit substitutes, such as commitments, stand-by letters of credit and guarantees. Because many of NiSource's exposures vary with changes in market prices, NiSource also estimates the potential credit exposure over the remaining term of transactions through statistical analysis of market prices. In determining exposure, NiSource considers collateral that it holds to reduce individual counterparty credit risk.

Trading Risks

The transactions associated with NiSource's power trading operations give rise to various risks, including market risks resulting from the potential loss from adverse changes in the market prices of electricity. The power trading operations market and trade over-the-counter contracts for the purchase and sale of electricity. Those contracts within the power trading portfolio that require settlement by physical delivery are often net settled in accordance with industry standards. As of December 31, 2005, all power trading contracts were settled. TPC may enter into power derivative contracts in the future to manage price risk associated with operating Whiting Clean Energy, which may not qualify for hedge treatment as determined by SFAS No. 133.

Fair value represents the amount at which willing parties would transact an arms-length transaction. Fair value is determined by applying a current price to the associated contract volume for a commodity. The current price is derived from one of three sources including actively quoted markets such as the NYMEX, other external sources including electronic exchanges and over-the-counter broker-dealer markets, as well as financial models such as the Black-Scholes option pricing model.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NISOURCE INC.**

The fair values of the contracts related to NiSource's trading operations and the activity affecting the changes in the fair values during 2005 are:

<i>(in millions at December 31)</i>		<b>2005</b>
Fair value of trading contracts outstanding at the beginning of the period	\$	(3.0)
Contracts realized or otherwise settled during the period (including net option premiums received)		(0.4)
Fair value of new contracts entered into during the period		(1.3)
Other changes in fair values during the period		4.7
Fair value of contracts outstanding at the end of the period	\$	-

Market Risk Measurement

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, volatilities, correlations or other market factors, such as liquidity, will result in losses for a specified position or portfolio. NiSource calculates a one-day VaR at a 95% confidence level for the power trading group and the gas marketing group that utilize a variance/covariance methodology. Based on the results of the VaR analysis, the daily market exposure for power trading on an average, high and low basis was less than \$0.1 million, \$0.4 million and zero, during 2005, respectively. The daily market exposure for the gas marketing and trading portfolios on an average, high and low basis was \$0.2 million, \$0.8 million and \$0.1 million during 2005, respectively. Prospectively, management has set the VaR limit at \$0.5 million for gas marketing. Exceeding this limit would result in management actions to reduce portfolio risk. The VaR limit for power trading was \$2.5 million, however, this limit was reduced to zero in the third quarter of 2005 with the settlement of all power trading contracts. Should TPC enter into power derivative contracts in the future to manage price risk associated with Whiting Clean Energy, those contracts would be limited to the physical generation capacity of Whiting Clean Energy.

Refer to "Critical Accounting Policies" included in this Item 7 and Note 1-S, "Accounting for Risk Management and Energy Trading Activities," and Note 6, "Risk Management and Energy Trading Activities," in the Notes to Consolidated Financial Statements for further discussion of NiSource's risk management.

**Off Balance Sheet Items**

NiSource has issued guarantees that support up to approximately \$1.1 billion of commodity-related payments for its current subsidiaries involved in energy marketing and to satisfy requirements under forward gas sales agreements of a former subsidiary. These guarantees were provided to counterparties in order to facilitate physical and financial transactions involving natural gas. To the extent liabilities exist under the commodity-related contracts subject to these guarantees, such liabilities are included in the Consolidated Balance Sheets. In addition, NiSource has other guarantees, purchase commitments, operating leases, lines of credit and letters of credit outstanding. Refer to Note 6, "Risk Management and Energy Trading Activities," and Note 17, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements for additional information about NiSource's off balance sheet arrangements.

Northern Indiana has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. Services under this contract commenced on June 15, 1992, and Northern Indiana pays for the services under a combination of fixed and variable charges. The agreement provides that, assuming various performance standards are met by Pure Air, a termination payment would be due if Northern Indiana terminated the agreement prior to the end of the twenty-year contract period.

In addition, NiSource has sold certain accounts receivable. NiSource's accounts receivable programs qualify for sale accounting because they meet the conditions specified in SFAS No. 140. In the agreements, all transferred assets have been isolated from the transferor and put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership. NiSource does not retain any interest in the receivables under these programs. Refer to Note 16, "Fair Value of Financial Instruments," in the Notes to Consolidated Financial Statements for additional information on these agreements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NI SOURCE INC.

**Other Information**

Critical Accounting Policies

NiSource applies certain accounting policies based on the accounting requirements discussed below that have had, and may continue to have, significant impacts on NiSource's results of operations and Consolidated Balance Sheets.

***Basis of Accounting for Rate-Regulated Subsidiaries.*** SFAS No. 71, provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be charged and collected. NiSource's rate-regulated subsidiaries follow the accounting and reporting requirements of SFAS No. 71. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. The total amounts of regulatory assets and liabilities reflected on the Consolidated Balance Sheets were \$1,203.1 million and \$1,386.1 million at December 31, 2005, and \$998.4 million and \$1,222.3 million at December 31, 2004, respectively. For additional information, refer to Note 1-F, "Basis of Accounting for Rate-Regulated Subsidiaries," in the Notes to Consolidated Financial Statements.

In the event that regulation significantly changes the opportunity for NiSource to recover its costs in the future, all or a portion of NiSource's regulated operations may no longer meet the criteria for the application of SFAS No. 71. In such event, a write-down of all or a portion of NiSource's existing regulatory assets and liabilities could result. If transition cost recovery is approved by the appropriate regulatory bodies that would meet the requirements under generally accepted accounting principles for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If unable to continue to apply the provisions of SFAS No. 71, NiSource would be required to apply the provisions of SFAS No. 101. In management's opinion, NiSource's regulated subsidiaries will be subject to SFAS No. 71 for the foreseeable future.

Certain of the regulatory assets reflected on NiSource's Consolidated Balance Sheets require specific regulatory action in order to be included in future service rates. Although recovery of these amounts is not guaranteed, NiSource believes that these costs meet the requirements for deferral as regulatory assets under SFAS No. 71. Regulatory assets requiring specific regulatory action amounted to \$49.8 million at December 31, 2005. If NiSource determined that the amounts included as regulatory assets were not recoverable, a charge to income would immediately be required to the extent of the unrecoverable amounts.

***Accounting for Risk Management Activities.*** Under SFAS No. 133 the accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation. Unrealized and realized gains and losses are recognized each period as components of other comprehensive income, earnings, or regulatory assets and liabilities depending on the nature of such derivatives. For subsidiaries that utilize derivatives for cash flow hedges, the effective portions of the gains and losses are recorded to other comprehensive income and are recognized in earnings concurrent with the disposition of the hedged risks. For fair value hedges, the gains and losses are recorded in earnings each period along with the change in the fair value of the hedged item. As a result of the rate making process, the rate-regulated subsidiaries generally record gains and losses as regulatory liabilities or assets and recognize such gains or losses in earnings when both the contracts settle and the physical commodity flows. These gains and losses recognized in earnings are then subsequently recovered in revenues through rates.

In order for a derivative contract to be designated as a hedge, the relationship between the hedging instrument and the hedged item or transaction must be highly effective. The effectiveness test is performed at the inception of the hedge and each reporting period thereafter, throughout the period that the hedge is designated. Any amounts determined to be ineffective are recorded currently in earnings.

Although NiSource applies some judgment in the assessment of hedge effectiveness to designate certain derivatives as hedges, the nature of the contracts used to hedge the underlying risks is such that there is a high risk correlation of the changes in fair values of the derivatives and the underlying risks. NiSource generally uses NYMEX exchange-traded natural gas futures and options contracts and over-the-counter swaps based on published indices to hedge the risks underlying its natural-gas-related businesses. NiSource had \$376.0 million and \$209.4 million of price risk