COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 01 2009

PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN ADJUSTMENT OF GAS RATES OF COLUMBIA GAS OF KENTUCKY, INC.	)))	CASE NO. 2009-00141

VOLUME 2

FILING REQUIREMENTS

Columbia Gas of Kentucky
Case No. 2009-00141
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Volume 2

Columbia Gas of Kentucky
CASE NO. 2009-00141
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:

Please see the independent auditor's report for NiSource Inc. on pages 80 and 81 of the Company's 2008 Annual Report.

Responsible Witness:

James F. Racher

NISOURCE INC.

ƐPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of NiSource Inc.:

We have audited the accompanying consolidated balance sheets and statements of consolidated long-term debt of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of income, of common stockholders' equity and comprehensive income (loss), and of cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedules listed in the Index at Item 8. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, 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.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2008, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2009 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
lumbus, Ohio
oruary 27, 2009

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of NiSource Inc.:

We have audited the internal control over financial reporting of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2008, based on 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 maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting at Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedules as of and for the year ended December 31, 2008, of the Company and our report dated February 27, 2009 expressed an unqualified opinion on those financial statements and financial statement schedules.

/s/ DELOITTE & TOUCHE LLP
Columbus, Ohio
February 27, 2009

Columbia Gas of Kentucky
CASE NO. 2009-00141
Historical Test Period Filing Requirements
Filing Requirement #6-l

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:

James F. Racher

Columbia Gas of Kentucky
CASE NO. 2009-00141
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:

James F. Racher

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

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

Year of Report

December 31, 2005

I. Purpose

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

II. Who Must Submit

Each Major natural gas company which meets the filing requirements of 18 CFR 260.1 must submit this form.
NOTE: Major means having combined gas transported or stored for a fee exceeding 50 million Dth in each of the 3 previous calendar years.

III. What and Where to Submit

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

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

Retain one copy of this report for your files.

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

Chief Accountant
Federal Energy Regulatory Commission
Washington, DC 20426

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

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

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

Schedules	Reference Pages
Comparative Balance Sheet	110-113

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

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

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

IV. When to Submit

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

V. Where to Send Comments on Public Reporting Burden

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

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

GENERAL INSTRUCTIONS

I. Prepare this report in conformity with the Uniform Systems of Accounts (18 CFR 201)(U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.

II. Enter in whole numbers (dollars or Dth) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use the current year amounts for statement of income accounts.

III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.

IV. For any page(s) that is not applicable to the respondent, either

(a) Enter the words "Not Applicable" on the particular page(s), or
(b) Omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.

V. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" at the top of each page is applicable only to resubmissions (see VII. below).

VI. Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ( ).

VII. When making revisions, resubmit the electronic medium and only those pages that have been changed fr the original submission. Submit the same number of copies as required for filing the form. Include with the

Chief Accountant
Federal Energy Regulatory Commission
Washington, DC 20426

VIII. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 by 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and the page number supplemented.

IX. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.

X. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.

XI. Report all gas volumes in MMBtu and Dth.

XII. Respondents may submit computer printed schedules (reduced to 8 1/2 x 11) instead of the schedules in the FERC Form 2 if they are in substantially the same format.

XIII. Report footnotes on pages 551 and 552. Sort data on page 551 by page number. Sort data on page 552 by footnote number. The page number component of the footnote reference is the first page of a schedule whether it is a single page schedule or a multi-page schedule. Even if a footnote appears on a later page of a multi-page schedule the footnote will only reference the first page of the schedule. The first page of a multi-page schedule now becomes a proxy for the entire schedule. For example, Gas Plant in Service ranges across pages 204 through 209. A footnote on page 207 would contain a page reference of 204.

DEFINITIONS

I. Btu per cubic foot—The total heating value, expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60°F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32°F, and under standard gravitational force (980.665 cm. per sec.) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state (called gross heating value or total heating value).

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

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

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

EXCERPTS FROM THE LAW

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

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

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

GENERAL PENALTIES

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

ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

IDENTIFICATION

01 Exact Legal Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	02 Year of Report December 31, 2008
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	09 This report is [X] An Original [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* March 31, 2009

ATTESTATION

The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.

11 Name Robert Kriner	12 Title Controller-Distribution Segment
13 Signature Robert W Kriner	14 Date Signed 3/20/09

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.

Notary Sharon L. Booth Date: 3/20/09

NOTARIAL SEAL STATE OF OHIO

SHARON L. BOOTH
Notary Public, State of Ohio
My Commission Expires 11-09-2012

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) [X] An Original (2) [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

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".

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 Changes During Year	262-263		
40	Miscellaneous Current and Accrued Liabilities	268		
41	Other Deferred Credits	269		
42	Accumulated Deferrred Income Taxes-Other Property	274-275		
43	Accumulated Deferrred Income Taxes-Other	276-277		
44	Other Regulatory Liabilities	278		
	INCOME ACCOUNT SUPPORTING SCHEDULES			
45	Gas Operating Revenues	300-301		
46	Revenues from Transportation of Gas of Others Through Gathering Facilities	302-303		
47	Revenues from Transportation of Gas of Others Through Transmission Facilitie	304-305		
48	Revenues from Storage Gas of Others	306-307		
49	Other Gas Revenues	308		
50	Gas Operation and Maintenance Expenses	317-325		
51	Exchange of Imbalance Transactions	328		
52	Gas used in Utility Operations	331		
53	Transmission and Compression of Gas by Others	332		
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 Deductions and Interest Charges Accou	340		
	COMMON SECTION			
58	Regulatory Commission Expenses	350-351		
59	Distribution of Salaries and Wages	354-355		
60	Charges for Outside Professional amd Other Consultative Services	357		
	GAS PLANT STATISTICAL DATA			
61	Compressor Stations	508-509		
62	Gas Storage Projects	512-513		
63	Transmission Lines	514		
64	Transmission System Peak Deliveries	518		
65	Auxiliary Peaking Facilities	519		
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)			

☐ Four copies will be submitted

☐ No annual report fo stockholders is prepared

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

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, OH 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
Name 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 distribution, at retail and wholesale, natural gas within the Commonwealth of Kentucky, and off-system sales in the states of Louisiana, Ohio, Tennessee, Virginia, 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) [X] No

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo,Da,Yr) March 31, 2009	Year of Report Dec. 31, 2008

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%

<u>Detail of Columbia Energy Group Companies</u>

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
NiSource Insurance Company, Ltd.
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.

 Next page is 107

COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo,Da,Yr) March 31, 2009	Dec 31, 2008

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:	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	3. Give the date and place of such meeting:
June 19, 2008 Election of Directors	Total: 952,248 By proxy: —	June 19, 2008 Unanimous Written Cor

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	This Report Is:	Date of Report (Mo,Da,Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

IMPORTANT CHANGES DURING THE YEAR

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

1. Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the 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 due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.

1. None
2. None
3. None
4. None
5. None
6. On December 23, 2008, respondent entered into a $14 million 5 year, 5.53% promissory note with NiSource Finance Corp. Per PSC Case No. 2008-00403, Columbia Gas of Kentucy, Inc. was authorized to issue long-term debt for the purpose of acquiring property and for the construction, completion, extension and improvement of its facilities during the years 2008 through 2010. These expenditures were required primarly to maintain the integrity of the Columbia Gas of Kentucky, Inc. distribution system.
7. None
8. None

Name of Respondent	This Report Is:	Date of Report (Mo,Da,Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

IMPORTANT CHANGES DURING THE YEAR (Continued)

9. None

10. None

11. None

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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (In Dollars) (d)	Balance at End of Previous Year (In Dollars) (c)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	271,692,716	260,641,732
3	Construction Work in Progress (107)	200-201	2,912,805	2,209,658
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	274,605,521	262,851,390
5	*(Less)* Accum Provision for Depr, Amort, Depl (108,111,115)		118,596,626	115,468,034
6	Net Utility Plant (Total of line 4 less 5)		156,008,895	147,383,356
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)		156,008,895	147,383,356
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	**OTHER PROPERTY AND INVESTMENTS**			
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	283,301	236,140
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)			
22	Noncurrent Portion of Allowances		0	0
23	Other Investments (124)	222-223	0	0
24	Sinking Funds (125)		0	0
25	Depreciation Fund (126)		0	0
26	Amortization Fund - Federal (127)		0	0
27	Other Special Funds (128)		290,516	2,940,570
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)		573,817	3,176,710
31	**CURRENT AND ACCRUED ASSETS**			
32	Cash (131)		1,157,806	1,456,022
33	Special Deposits (132-134)		0	0
34	Working Funds (135)		0	0
35	Temporary Cash Investments (136)	222-223	3,177,779	849,032
36	Notes Receivable (141)		0	0
37	*Customer Accounts Receivable (142)*		17,554,021	13,057,263
38	Other Accounts Receivable (143)		2,802,831	3,109,610
39	*(Less)* Accum Provision for Uncollectible Accounts - Credit (144)		694,665	325,179
40	Notes Receivable from Associated Companies (145)		0	0
41	Accounts Receivable from Associated Companies (146)		637,166	3,604,277
42	Fuel Stock (151)		0	0
43	Fuel Stock Expenses Undistributed (152)		0	0

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: [x] An Original [ ] A Resubmission	Date of Report (Mo, Da, Yr) 3/31/2009	Year of Report End of 2008/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (In Dollars) (c)	Balance at End of Previous Year (In Dollars) (d)
44	Residuals (Elec) and Extracted Products (Gas) (153)		0	0
45	Plant Materials and Operating Supplies (154)		49,738	63,731
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	61,163,253	49,637,942
53	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	0	0
54	Prepayments (165)	230	506,407	549,049
55	Advances for Gas (166 thru 167)		0	0
56	Interest and Dividends Receivable (171)		0	10
57	Rents Receivable (172)		0	0
58	Accrued Utility Revenues (173)		18,585,200	14,607,382
59	Miscellaneous Current and Accrued Assets (174)		2,402,416	2,102,977
60	Derivative Instrument Assets (175)		0	66,600
61	(Less) Long-Term Portion of Derivative Insturment Assets - (175)		0	0
62	Derivative Insturment Assets - Hedges (176)		0	0
63	(Less) Long-Term Portion of Derivative Insturment Assets - Hedges (176)		0	0
64	Total Current and Accrued Assets (Enter total of lines 32 thru 63)		107,341,952	88,778,716
65	**DEFERRED DEBITS**			
66	Unamortized Debt Expense (181)		0	0
67	Extraordinary Property Losses (182.1)	230	0	0
68	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
69	Other Regulatory Assets (182.3)	232	17,606,334	6,084,969
70	Preliminary Survey and Investigation Charges (Electric) (183)		0	0
71	Prelim. Survey and Investigation Charges (Gas) (183.1 and 183.2)		296,980	252,989
72	Clearing Accounts (184)		0	0
73	Temporary Facilities (185)		0	0
74	Miscellaneous Deferred Debits (186)	233	1,906,525	1,916,818
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	6,814,438	6,509,614
79	Unrecovered Purchased Gas Costs (191)		6,699,337	1,517,640
80	TOTAL Deferred Debits (Total of lines 66 thru 79)		33,323,614	16,282,030
81	*TOTAL Assets and Other Debits (Total of lines 10-15, 30,64 and 80)*		297,248,278	255,620,812

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[x] An Original [ ] A Resubmission	3/31/2009	End of 2008/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (In Dollars) (c)	Balance at End of Previous Year (In Dollars) (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250-251	23,806,200	23,806,200
3	Preferred Stock issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	5,267,492	5,182,744
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	66,345,647	72,881,770
12	Unappropriated Undistributed Subsidiary Earnings (216 1)	118-119	0	0
13	*(Less)* Reacquired Capital Stock (217)	250-251	0	0
	Accumulated Other Comprehensive Income (219)	117	0	0
15	TOTAL Proprietary Capital (Total of lines 2 thru 14)		95,419,339	101,870,714
16	**LONG TERM DEBT**			
17	Bonds (221)	256-257	0	0
18	*(Less)* Reacquired Bonds (222)	256-257	0	0
19	Advances from Associated Companies (223)	256-257	72,055,000	58,055,000
20	Other Long-Term Debt (224)	256-257	0	0
21	Unamortized Premium on Long-Term Debt (225)	258-259	0	0
22	*(Less)* Unamortized Discount on Long-Term Debt- Dr (226)	258-259	0	0
23	*(Less)* Current Portion of Long-Term Debt		0	0
24	TOTAL Long-Term Debt (Total of lines 17 thru 23)		72,055,000	58,055,000
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228 1)		0	0
28	Accumulated Provision for Injuries and Damages (228 2)		53,547	38,408
29	Accumulated Provision for Pensions and Benefits (228 3)		14,125,077	5,802,399
30	Accumulated Miscellaneous Operating Provisions (228 4)		0	0
	Accumulated Provision for Rate Refunds (229)		0	0

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
COLUMBIA GAS of KENTUCKY , Inc.	[X] An Original [ ] A Resubmission	3/31/2009	End of 2008/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (CONTINUED)

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (In Dollars) (c)	Balance at End of Previous Year (In Dollars) (d)
32	Long-Term Portion of Derivative Insturment Liabilites		0	0
33	Long-Term Portion of Derivative Insturment Liabilites - Hedges		0	0
34	Asset Retirement Obligations (230)		0	0
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)		14,178,624	5,840,807
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Current Portion of Long-term Debt		0	0
38	Notes Payable (231)		0	0
39	Accounts Payable (232)		14,374,533	11,507,100
40	Notes Payable to Associated Companies (233)		0	0
41	Accounts Payable to Associated Companies (234)		19,888,697	3,634,323
42	Customer Deposits (235)		2,982,273	3,245,129
43	Taxes Accrued (236)	262-263	7,108,563	2,006,467
44	Interest Accrued (237)		31,829	39,215
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)		2,476,425	1,662,891
49	Miscellaneous Current and Accrued Liabilities (242)	268	26,383,958	31,840,076
50	Obligations Under Capital Leases - Current (243)		0	0
51	Derivative Instrument Liabilites (244)		2,317,900	664,448
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)		75,564,178	54,599,649
56	**DEFERRED CREDITS**			
57	Customer Advances for Construction (252)		1,675,287	1,530,253
58	Accumulated Deferred Investment Tax Credits (255)		767,435	854,123
59	Deferred Gains from Disposition of Utility Plant (256)		0	0
60	Other Deferred Credits (253)	269	1,919,188	2,227,572
61	Other Regulatory Credits (254)	278	3,839,944	5,025,999
62	Unamortized Gain on Reacquired Debt (257)	260	0	0
63	Accumulated Deferred Income Taxes - Accelerated Amortization (28		0	0
64	Accumulated Deferred Income Taxes - Other Property (282)		26,932,043	23,590,949
65	Accumulated Deferred Income Taxes - Other (283)		4,897,240	2,025,746
66	TOTAL Deferred Credits (Total of lines 57 thru 65)		40,031,137	35,254,642
67	TOTAL Liabilities and Other Credits (Total of lines 15,24,35,55 and 64)		297,248,278	255,620,812

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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2009	Year of Report End of 2008/Q4

STATEMENT OF INCOME FOR THE YEAR

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

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Gas Operating Revenues (400)	300-301	208,428,881	160,750,780
3	Operating Expenses			
4	Operation Expenses (401)	317-325	180,374,455	133,222,372
5	Maintenance Expenses (402)	317-325	2,603,910	2,466,465
6	Depreciation Expense (403)	336-338	5,156,904	4,991,914
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338		
8	Amort. & Depl. of Utility Plant (404-405)	336-338	444,054	424,583
9	Amort. of Utility Plant Acq. Adj. (406)	336-338	0	0
10	Amort of Property Losses, Unrecovered Plant and		0	0
	Regulatory Study Costs (407.1)		0	0
11	Amort. of Conversion Expenses (407.2)		0	0
12	Regulatory Debits (407.3)		0	0
13	(Less) Regulatory Credits (407.4)		0	0
14	Taxes Other Than Income Taxes (408.1)	262-263	2,569,468	2,363,453
15	Income Taxes - Federal (409.1)	262-263	(701,289)	896,432
16	Income Taxes - Other (409.1)	262-263	229,621	(395,250)
17	Provision for Deferred Income Taxes (410.1)	234-235	7,887,567	6,690,133
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234-235	2,123,863	2,103,763
19	Investment Tax Credit Adj. - Net (411.4)		(86,688)	(87,187)
20	(Less) Gains from Disp. of Utility Plant (411.6)		0	0
21	Losses from Disposition of Utility Plant (411.7)		0	0
22	(Less) Gains from Disposition of Allowances (411.8)		0	0
23	Losses from Disposition of Allowances (411.9)		0	0
24	Accretion Expense (411.10)			
25	TOTAL Utility Operating Expenses		196,354,139	148,469,152
	(Enter Total of lines 4 thru 24)			
26	Net Utility Operating Income (Enter Total of		12,074,742	12,281,628
	line 2 less 25) (Carry forward to page 116, line 27)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) X An Original (2) A Resubmission	03/31/2009	End of 2008/Q4

STATEMENT OF INCOME FOR THE YEAR (Continued)

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

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

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	Line No.
						1
		208,428,881	160,750,780		-	2
						3
		180,374,455	133,222,372	-	-	4
		2,603,910	2,466,465	-	-	5
		5,156,904	4,991,914	-	-	6
						7
		444,054	424,583	-	-	8
		0	0	-	-	9
		0	0	-	-	10
		0	0	-	-	
		0	0	-	-	11
		0	0	-	-	12
		0	0	-	-	13
		2,569,468	2,363,453	-	-	14
		(701,289)	896,432	-	-	15
		229,621	(395,250)	-	-	16
		7,887,567	6,690,133	-	-	17
		2,123,863	2,103,763	-	-	18
		(86,688)	(87,187)	-	-	19
		0	0	-	-	20
		0	0	-	-	21
		0	0	-	-	22
		0	0	-	-	23
						24
		196,354,139	148,469,152	-	-	25
		12,074,742	12,281,628	-	-	26

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: [X] An Original [ ] A Resubmission	Date of Report (*Mo, Da, Yr*) 03/31/2009	Year of Report End of 2008/Q4

STATEMENT OF INCOME FOR THE YEAR (CONTINUED)

Line No	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (In Dollars) (c)	Balance at ' of Previou (In Doll...) (d)
27	Net Utility Operating Income (Carried Forward from page 114)		12,074,742	12,281,62
28	OTHER INCOME AND DEDUCTIONS			
29	Other Income			
30	Nonutility Operating Income			
31	Revenues From Merchandising, Jobbing and Contract Work (415)		0	
32	(Less) Costs and Exp. Of Merchandising, Job & Contract Work (416)		0	
33	Revenues From Nonutility Operations (417)		766,023	846,86
34	(Less) Expenses of Nonutility Operations (417.1)		0	
35	Nonoperating Rental Income (418)		46,309	46,35
36	Equity in Earnings of Subisidiary Companies (418.1)	119	0	
37	Interest and Dividend Income (419)		871,903	1,640,19
38	Allowance for Other Funds Used During Construction (419.1)		0	
39	Miscellaneous Nonoperations Income (421)		2,059,942	2,273,01
40	Gain on Disposition of Property (421.1)		0	
41	TOTAL Other Income (Total of Lines 31 Thru 40)		3,744,177	4,806,41
42	OTHER INCOME DEDUCTIONS			
43	Loss on Disposition of Property (421.2)		0	
44	Miscellaneous Amortization (425)		0	
45	Donations (426.1)	340	128,553	135,55
46	Life Insurance (426.2)		0	
47	Penalties (426.3)		168	10
48	Expenditures for Certain Civic, Political and Related Activities (426.4)		(53,204)	53,20
49	Other Deductions (426.5)		210,509	192,33
50	TOTAL Other Income Deductions (Total of Lines 43 Thru 49)	340	286,026	381,19
51	TAXES APPLIC TO OTHER INCOME AND DEDUCTIONS			
52	Taxes Other Than Income Taxes (408.2)	262-263	0	[illegible]
53	Income Taxes - Federal (409.2)	262-263	1,110,714	1,488,59
54	Income Taxes - Other (409.2)	262-263	205,868	263,34
55	Provision for Deferred Income Taxes (410.2)	234-235,274-277	20,123	[illegible]
56	(Less) Provision for Deferred Income Taxes - Credit (411.2)	234-235,274-277	0	49,96
57	Investment Tax Credit Adj. - Net (411.5)		0	[illegible]
58	(Less) Investment Tax Credits (420)		0	[illegible]
59	TOTAL Taxes on Other Income and Deductions (Total of Lines 52-58)		1,336,705	1,701,97
60	NET Other Income and Deductions (Total of Lines 41, 50, 59)		2,121,446	2,723,24
61	INTEREST CHARGES			
62	Interest on Long Term Debt (427)		0	[illegible]
63	Amort. Of Debt Disc. and Expense (428)	258-259	0	[illegible]
64	Amortization of Loss on Reaquired Debt (428.1)		0	[illegible]
65	(Less) Amort. of Premium on Debt-Credit (429)	258-259	0	[illegible]
66	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)		0	[illegible]
67	Interest on Debt to Associated Companies (430)	340	3,586,183	3,288,99
68	Other Interest Expense (431)	340	176,675	211,37
69	(Less) Allowance for Borrowed Funds Used During Const. - Cr. (432)		30,530	62,907
70	NET Interest Charges (Total of Lines 62 Thru 69)		3,732,328	3,437,46
71	Income Before Extraordinary Items (Total of Lines 27, 60, 70)		10,463,860	11,567,40
72	EXTRAORDINARY ITEMS			
73	Extraordinary Items (434)		0	0
74	(Less) Extraordinary Deductions (435)		0	0
75	NET Extraordinary Items (Total of Line 73 Less Line 74)		0	0
76	Income Taxes - Federal and Other (409.3)	262-263	0	0
77	Extraordinary Items After Taxes (Total of Line 75 Less Line 76)		0	0
78	NET INCOME (Total of Lines 71 and 77)		10,463,860	7,405

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

Statement of Accumulated Comprehensive Income and Hedging Activities

1 Report in columns (b) (c) and (e) the amounts of accumulated other coimprehensive income items , on a net-of-tax basis, where appropriate.

2 Report in columns (f) and (g) the amounts of other categories of other cash flow hedges

3 For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Unrealized Gains and Losses on available for sale securities (b)	Minimum Pension liability Adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				
2	Preceding Year Reclassification from Account 219 to Net Income				
3	Preceding Year Changes in Fair Value				
4	Total (lines 2 and 3)				
5	Balance of Account 219 at End of Preceding Year/Beginning of Current Year				
6	Current Year Reclassifications from Account 219 to Net Income				
7	Current Year Changes in Fair Value				
8	Total (lines 6 and 7)				
9	Balance of Account 219 at End of Current Year				

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

Statement of Accumulated Comprehensive Income and Hedging Activities

Line No	Other Cash Flow Hedges (Specify) (f)	Other Cash Flow Hedges (Specify) (g)	Totals for each Category of Items recorded in Account 219 (h)	Net Income (Carried Forward from Page 116, Line 72) (I)	Total Comprehensive Income (j)
1					
2					
3					
4					
5					
6					
7					
8					

STATEMENT OF CASH FLOWS

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

Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 72(c) on page 116)	10,463,860	11,567,405
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	5,600,958	5,416,497
5	Amortization of (Specify) Other Gas Plant & Acquisition Adjustments		
6	Deferred Income Taxes (Net)	6,297,336	5,598,717
7	Investment Tax Credit Adjustments (Net)	(86,688)	(87,187)
8	Net (Increase) Decrease in Receivables	(853,382)	13,721,952
9	Net (Increase) Decrease in Inventory	13,993	(23,238)
10	Net (Increase) Decrease in Allowances Inventory		
11	Net Increase (Decrease) in Payables and Accrued Expenses	13,665,706	(4,875,562)
12	Net (Increase) Decrease in Other Regulatory Assets	(11,521,365)	(2,216,476)
13	Net Increase (Decrease) in Other Regulatory Liabilities	(1,186,055)	1,577,055
14	(Less) Allowance for Other Funds Used During Construction		
15	(Less) Undistributed Earnings from Subsidiary Companies		
16	Other: (See Notes on Page 122)	(3,137,335)	(20,906,747)
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of lines 2 thru 16)	19,257,028	9,772,416
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	(14,226,497)	(9,955,893)
25	Gross Additions to Nonutility Plant		
26	(Less) Allowance for Other Funds Used During Construction		
27	Other: Changes in Accrued Plant in Service		
28	Cash Outflows for Plant (Total of lines 22 thru 27)	(14,226,497)	(9,955,893)
29			
30	Acquisition of Other Noncurrent Assets (d)		
31	Proceeds from Disposal of Noncurrent Assets (d)		
32			
33	Investments in and Advances to Assoc. and Subsidiary Companies		
34	Contributions and Advances from Assoc. and Subsidiary Companies		
35	Disposition of Investments in (and Advances to)		
36	Associated and Subsidiary Companies		
37			
38	Purchase of Investment Securities (a)		
39	Proceeds from Sales of Investment Securities (a)		

Name of Respondent	This Report is:	Date of Report (Mo. Da. Yr)		Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[x] An Original [ ] A Resubmission	March 31, 2009		Dec. 31, 2008

STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities: Include at Other (Line 27) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per U S of A General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.

5. Codes used:
(a) Net proceeds or payments.
(b) Bonds, debentures and other long-term debt.
(c) Include commercial paper.
(d) Identify separately such items as investments, fixed assets, intangibles, etc.

6. Enter on page 122 clarifications and explanations.

7. At lines 5,16,27,47,56,58, and 65, add rows as necessary to report all data. Number the extra rows in sequence, 5 01, 5 02, etc.

Line No.	DESCRIPTION (See Instruction No. 5 for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)
40	Loans Made or Purchased		
41	Collections on Loans		
42			
43	Net (Increase) Decrease in Receivables		
44	Net (Increase) Decrease in Inventory		
45	Net (Increase) Decrease in Allowances Held for Speculation		
46	Net Increase (Decrease) in Payables and Accrued Expenses		
47	Other:		
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47)	(14,226,497)	(9,955,893)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)	14,000,000	0
54	Preferred Stock		
55	Common Stock		
56	Other:		
57	Net Increase in Short-Term Debt (c)		
58	Other:		
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	14,000,000	0
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)		
63	Preferred Stock		
64	Common Stock		
65	Other:		
66	Net Decrease in Short-Term Debt (c)		
67			
68	Dividends on Preferred Stock		
69	Dividends on Common Stock	(17,000,000)	0
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	(3,000,000)	0
72			
73	Net Increase (Decrease) in Cash and Cash Equivalents		
74	(Total of lines 18, 49 and 71)	2,030,531	(183,477)
75			
76	Cash and Cash Equivalents at Beginning of Year	2,305,054	2,488,531
77			
78	Cash and Cash Equivalents at End of Year	4,335,585	2,305,054

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 Reacquired Debt*, and 257, *Unamortized Gain on Reacquired Debt*, are not used, give an explanation, providing the rate treatement 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 respndent 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 pruchases, 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 120-121

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

Unrecovered Purchased Gas Costs		(5,181,697)
Gas Stored Underground - Current		(11,525,311)
Prepayments		42,642
Accrued Utility Revenues		(3,977,818)
Miscellaneous Current and Accrued Assets		(299,439)
Miscellaneous Deferred Debits		(36,858)
Preliminary Surveying and Investigation Charges		(43,991)
Accumulated Deferred Income Taxes - Asset		(304,824)
Accumulated Provision for Injuries and Damages		15,139
Obligations for Capital Leases		-
Obligations Under Capital Leases - Noncurrent		-
Customer Deposits		(262,856)
Accrued Taxes		5,102,096
Customer Advances for Construction		145,034
Other Deferred Credits		497,764
Derivitive Instrument Assets - Credit		1,653,452
Derivitive Instrument Assets - Debit		66,600
Accumulated Other Comprehensive Income		-
Accumulated Provision for Pension and Benefits		8,322,678
Other Special Funds		2,650,054
FAS 158 Measurement		-
	$	(3,137,335)
Cash Paid for Interest During 2008	$	3,724,942
Cash Paid for Income Taxes (net of refunds) During 2008	$	4,110,048

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

Cash and Cash Equivalents at End of Year: Line 78

Cash (Account 131)	$1,157,806
Working Funds (Account 135)	-
Temporary Cash Investments (Account 136)	3,177,779
	$4,335,585

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. No cash contributions for pension plans were made in 2008. 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 $432,000 and $406,000, respectively, for 2007 and 2008. 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 2008. 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).

Next page is 200.

Name of Respondent	This Report Is:	Date of Report	Year Ending
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(*Mo.Da.Yr.*) March 31, 2009	Dec. 31, 2008

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Line No.	Item (a)	Total (b)
1	UTILITY PLANT	
2	In Service	
3	Plant in Service (Classified)	266,243,326
4	Property Under Capital Leases	*
5	Plant Purchased or Sold	-
6	Completed Construction not Classified	5,449,390
7	Experimental Plant Unclassified	-
8	TOTAL Utility Plant (Total of lines 3 thru 7)	271,692,716
9	Leased to Others	-
10	Held for Future Use	
11	Construction Work in Progress	** 2,912,805
12	Acquisition Adjustments	
13	TOTAL Utility Plant (Total of lines 8 thru 12)	274,605,521
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	118,596,626
15	Net Utility Plant (Total of lines 13 and 14)	156,008,895
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION	
17	In Service:	
18	Depreciation	115,874,205
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	2,722,421
22	TOTAL In Service (Total of lines 18 thru 21)	118,596,626
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)	-
32	Amortization of Plant Acquisition Adjustment	-
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22,26,30,31,	118,596,626

* Net of Accumulated Amortization

Name of Respondent	This Report Is:	Date of Report	Year Ending
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(*Mo.Da.Yr.*) March 31, 2009	Dec. 31, 2008

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS

FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)

Electric (c)	Gas (d)	Other (Specify) (e)	Common (f)
	266,243,326		
	*		
	-		
	5,449,390		
	-		
	271,692,716		
	-		
	2,912,805		
	274,605,521		
	118,596,626		
	156,008,895		
	115,874,205		
	-		
	-		
	2,722,421		
	118,596,626		
	-		
	-		
	-		
	-		
	-		
	-		
	-		
	-		
	118,596,626		

* Net of Accumulated Amortization

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) [X] An Original (2) [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

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

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. 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*.
3. Include in column (c) and (d), as appropriate, corrections of additions or retirements for the current or preceding year.
4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. 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 distribution of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d),

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	1,559,957	163,851
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	1,560,478	163,851
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Land		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way		
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures		
15	328 Field Meas. and Reg. Sta. Structures		
16	329 Other Structures		
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment		
19	332 Field Lines		
20	333 Field Compressor Station Equipment		
21	334 Field Meas. and Reg. Sta. Equipment		
22	335 Drilling and Cleaning Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration & Devel. Costs		
26	TOTAL Production and Gathering Plant (Enter Total of lines 8 thru 25)	-	-
27	PRODUCTION EXTRACTION PLANT		

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

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

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

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
-	-	-	521	
-	-	-	-	
273,810	-	-	1,449,998	
273,810	-	-	1,450,519	
				1
				1
				1
				1
				1
				1
				1
				1
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COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

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

Line No.		Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	346	Gas Measuring and Regulating Equipment		
35	347	Other Equipment		
36		TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)	-	-
37		TOTAL Natural gas Production Plant (Enter Total of lines 26 thru 36)	-	-
38		Manufactured Gas Production Plant (*Submit Supplemental Statement*)	7,678	-
39		TOTAL Production Plant (Enter Total of lines 37 thru 38)	7,678	-
40		NATURAL GAS STORAGE AND PROCESSING PLANT		
41		Underground Storage Plant		
42	350.1	Land		
43	350.2	Rights-of-Way		
44	351	Structures and Improvements		
45	352	Wells		
46	352.1	Storage Leaseholds and Rights		
47	352.2	Reservoirs		
48	352.3	Non-recoverable Natural Gas		
49	353	Lines		
40	354	Compressor Station Equipment		
51	355	Measuring and Reg. Equipment		
52	356	Purification Equipment		
53	357	Other Equipment		
54		TOTAL Underground Storage Plant	-	-
55		*Other Storage Plant*		
56	360	Land and Land Rights		
57	361	Structures and Improvements		
58	362	Gas Holders		
59	363	Purification Equipment		
60	363.1	Liquefaction Equipment		
61	363.2	Vaporizing Equipment		
62	363.3	Compressor Equipment		
63	363.4	Meas. and Reg. Equipment		
64	363.5	Other Equipment		
65		TOTAL Other Storage Plant	-	-
66		Base Load Liquefied Natural Gas Terminating and Processing Plant		
67	364.1	Land and Land Rights		
68	364.2	Structures and Improvements		
69	364.3	LNG Processing Terminal Equipment		
70	364.4	LNG Transportation Equipment		
71	364.5	Measuring and Regulating Equipment		
72	364.6	Compressor Station Equipment		
73	364.7	Communications Equipment		
74	364.8	Other Equipment		
75		TOTAL Base Load Liquefied Natural Gas, Terminaling and Processing		
76		TOTAL Natural Gas Storage and Processing Plant	-	-
77		TRANSMISSION PLANT		
78	365.1	Land and Land Rights		
79	365.2	Rights-of-Way		
80	366	Structures and Improvements		

Name of Respondent COUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				34
				35
				36
				37
-	-	-	7,678	38
-	-	-	7,678	39
				40
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				44
				45
				46
				47
				48
				49
				50
				51
				52
				53
-	-	-	-	54
				55
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				58
				59
				60
				61
				62
				63
				64
-	-	-	-	65
				66
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				69
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				80

COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

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			
50			
51			
52			
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55			
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Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
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GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
-	-	-	7,678
-	-	-	-
-	-	-	-
-	-	-	7,678

COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

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

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	367 Mains		
82	368 Compressor Station Equipment		
83	369 Measuring and Regulation Station Equipment		
84	370 Communications Equipment		
85	371 Other Equipment		
86	TOTAL Transmission Plant (Enter Totals of lines 78-85)	-	-
87	DISTRIBUTION PLANT		
88	374 Land and Land Rights	4,016,742	80,369
89	375 Structures and Improvements	7,928,610	92,432
90	376 Mains	129,998,430	7,487,962
91	377 Compressor Station Equipment	-	-
92	378 Meas. and Reg. Sta. Equip.-General	4,678,739	198,488
93	379 Meas. and Reg. Sta. Equip.-City Gate	257,909	-
94	380 Services	77,171,213	3,707,806
95	381 Meters	11,484,378	454,986
96	382 Meter Installations	7,745,126	148,595
97	383 House Regulators	3,220,777	362,516
98	384 House Reg. Installations	2,204,788	-
99	385 Industrial Meas. and Reg. Sta. Equipment	2,646,296	142,263
100	386 Other Prop. on Customers' Premises	-	-
101	387 Other Equipment	3,408,389	(1,608)
102	TOTAL Distribution Plant (Enter Totals of lines 88-101)	254,761,395	12,673,808
103	GENERAL PLANT		
104	389 Land and Land Rights	-	-
105	390 Structures and Improvements	-	-
106	391 Office Furniture and Equipment	1,621,426	40,272
107	392 Transportation Equipment	3,399	-
108	393 Stores Equipment	-	-
109	394 Tools, Shop, and Garage Equipment	1,931,808	211,737
110	395 Laboratory Equipment	10,308	-
111	396 Power Operated Equipment	653,814	-
112	397 Communication Equipment	-	-
113	398 Miscellaneous Equipment	91,475	1,508
114	Subtotal (Enter total of lines 104 thru 113)	4,312,230	253,517
115	399 Other Tangible Property	-	-
116	TOTAL General Plant	4,312,230	253,517
117	TOTAL (Accounts 101 and 106)	260,641,732	13,091,176
118	Gas Plant Purchased (See Instr. 8)	-	-
119	(Less) Gas Plant Sold (see Instr. 8)	-	
120	Experimental Gas Plant Unclassified	-	-
121	**TOTAL Gas Plant In Service**	**260,641,732**	**13,091,176**

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

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
				81
				82
				83
				84
				85
-	-	-	-	86
				87
-	-	-	4,097,110	88
75,742		-	7,945,300	89
896,714		-	136,589,632	90
-	-	-	-	91
36,738	(2,189)	-	4,838,299	92
-	-	-	257,909	93
515,199	-	-	80,363,820	94
156,470	-	-	11,782,893	95
75,055	-	-	7,818,665	96
7,981	-	-	3,575,312	97
(123,201)	-	-	2,327,988	98
73,551	2,189	-	2,717,197	99
-	-	-	-	100
153,113	-	-	3,253,668	101
1,867,362	-	-	265,567,793	102
				103
-	-	-	-	104
-	-	-	-	105
51,418	-	-	1,610,280	106
-	-	-	3,399	107
-	-	-	-	108
(166,450)	-	-	2,309,995	109
-	-	-	10,308	110
-	-	-	653,815	111
-	-	-	-	112
14,051	-	-	78,931	113
(100,981)	-	-	4,666,728	114
	-	-	-	115
(100,981)	-	-	4,666,728	116
2,040,192		-	271,692,668	117
-	-	-	-	118
	-	-	-	119
-	-	-	-	120
2,040,192	0	-	**271,692,716**	121

* Does not include Capitalized Leases

COLUMBIA GAS OF KENTUCKY, INC.						YEAR ENDED DECEMBER 31, 2008
		GAS PLANT IN SERVICE				
		DEVELOPMENT OF ADDITIONS FOR YEAR 2008 - COLUMN (c)				
Line No.	Account (a)	Completed Construction Not Classified - Account 106 Year 2007 (b)	Year 2008 (c)	(c)-(b) (d)	Transferred from Account 107 (e)	2008 Additions Column (c) (f)
1	1. Intangible Plant					
2	301 Organization					
3	302 Franchises and Consents					
4	303 Miscellaneous Intangible Plant	191,270	139,513	(51,757)	(216,693)	216,693
5	TOTAL Intangible Plant	191,270	139,513	(51,757)	(216,693)	216,693
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					

COLUMBIA GAS OF KENTUCKY, INC.						YEAR ENDED DECEMBER 31, 2008

GAS PLANT IN SERVICE
DEVELOPMENT OF ADDITIONS FOR YEAR 2008 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106 Year 2007 (b)	Year 2008 (c)	(c)-(b) (d)	Transferred from Account 107 (e)	2008 Additions Column (c) (f)
	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 2008 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106 Year 2007 (b)	Year 2008 (c)	(c)-(b) (d)	Transferred from Account 107 (e)	2008 Additions Column (c) (f)
66	Base Load Liquefied Natural Gas Terminating and Processing Plant					
67	364.1 Land and Land Rights					
68	364.2 Structures and Improvements					
69	364.3 LNG Processing Terminal Equipment					
70	364.4 LNG Transportation Equipment					
71	364.5 Measuring and Regulating Equipment					
72	364.6 Compressor Station Equipment					
73	364.7 Communication Equipment					
74	364.8 Other Equipment					
75	TOTAL Base Load Liquefied Natural					
76	Gas Terminating and Processing Plant	-	-	-	-	-
77	TOTAL Nat. Gas Storage and Proc. Plant	-	-	-	-	-
78	4. Transmission Plant					
79	365.1 Land and Land Rights					
80	365.2 Rights of Way					
81	366 Structures and Improvements					
82	367 Mains					
83	368 Compressor Station Equipment					
84	369 Measuring and Reg. Sta. Equipment					
85	370 Communication Equipment					
86	371 Other Equipment					
87	TOTAL Transmission Plant	-	-	-	-	-
88	5. Distribution Plant					
89	374 Land and Land Rights	1,389	91,360	89,971	(80,410)	80,4
90	375 Structures and Improvements	16,441	12,657	(3,783)	(91,567)	91,5
91	376 Mains	4,641,910	4,905,178	263,268	(8,019,879)	8,019,8
92	377 Compressor Station Equipment		-	-	-	
93	378 Meas. and Reg. Sta. Equip.-General	19,950	131,844	111,894	(186,613)	186,6
94	379 Meas. and Reg. Sta. Equip.-City Gate		-	-	-	
95	380 Services	19,542	(4,193)	(23,735)	(19,109)	19,1
96	381 Meters	1,848,291	74,859	(1,773,432)	(87,197)	87,1
97	382 Meter Installations		-	-	-	
98	383 House Regulators		-	-	-	
99	384 House Reg. Installations		-	-	-	
100	385 Industrial Meas. and Reg. Sta. Equipment	82,301	41,935	(40,366)	(53,342)	53,3
	386 Other Prop. on Customers' Premises		-	-	-	
	387 Other Equipment	80,080	2,527	(77,553)	(1)	
103	TOTAL Distribution Plant	6,709,904	5,256,167	(1,453,737)	(8,538,119)	8,538,1

COLUMBIA GAS OF KENTUCKY, INC.						YEAR ENDED DECEMBER 31, 2008
GAS PLANT IN SERVICE						
DEVELOPMENT OF ADDITIONS FOR YEAR 2008 - COLUMN (c)						
		Completed Construction Not Classified - Account 106			Transferred from	2008 Additions
Line No	Account (a)	Year 2007 (b)	Year 2008 (c)	(c)-(b) (d)	Account 107 (e)	Column (c) (f)
104	6. General Plant					
105	389 Land and Land Rights	-	-	-	-	-
106	390 Structures and Improvements	-	-	-	-	-
107	391 Office Furniture and Equipment	25,606	25,606	(0)	(40,272)	40,272
108	392 Transportation Equipment	-	-	-	-	-
109	393 Stores Equipment	-	-	-	-	-
110	394 Tools, Shop, and Garage Equipment	90,916	28,092	(62,824)	(213,913)	213,913
111	395 Laboratory Equipment	-	-	-	-	-
112	396 Power Operated Equipment	-	-	-	-	-
113	397 Communication Equipment	-	-	-	-	-
114	398 Miscellaneous Equipment	-	-	-	-	-
115	Subtotal	116,522	53,697	(62,825)	0	-
116	399 Other Tangible Property	-	-	-	-	-
117	TOTAL General Plant	116,522	53,697	(62,825)	0	0
118	TOTAL	7,017,696	5,449,377	(1,477,842)	(8,754,812)	8,754,812

COLUMBIA GAS OF KENTUCKY, INC. YEAR ENDED DECEMBER 31, 2008

GAS PLANT IN SERVICE

DEVELOPMENT OF ADDITIONS FOR YEAR 2008 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106 Year 2007 (b)	Year 2008 (c)	(c)-(b) (d)	Transferred from Account 107 (e)	2008 Additions Column (c) (f)
	(1) Forward from page 209-B Line 38					
118	2. PRODUCTION PLANT					
119	Manufactured Gas Production Plant					
120	Liquefied Petroleum Gas					
121	304 Land and Land Rights	-	-	-	-	-
122	305 Structures and Improvements	-	-	-	-	-
123	311 Liquefied Petroleum Gas Equipment	-	-	-	-	-
124						
125	Total Manufactured Gas Production					
126	Plant	-	-	-	-	-

Next Page Is 214

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Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

Gas Property and Capacity Leased from Others

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

Line No.	Description and Location of Property (a)	Date Originally Included in This Account (b)	Date Expected to be Used in Utility Service (c)	Balance End of Year (d)
1	Not Applicable			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
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37				
38				
39				
40				
41				
42				
43				
44				
45	TOTAL			

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

Gas Property and Capacity Leased to Others

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

Line No.	Description and Location of Property (a)	Date Originally Included in This Account (b)	Date Expected to be Used in Utility Service (c)	Balance End of Year (d)
1	Not Applicable			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
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31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	TOTAL			

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

GAS PLANT HELD FOR FUTURE USE (Account 105)

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

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

Line No.	Description and Location of Property (a)	Date Originally Included in This Account (b)	Date Expected to be Used in Utility Service (c)	Balance End of Year (d)
1	Not Applicable			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
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23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	TOTAL			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

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 Acco 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	Liquefied Petroleum Gas-Air		
3			
4	305 Structures and Improvements	-	-
5	311 Liquefied Petroleum Gas Equipment	-	-
6	Total L. P. G. Production Plant	-	-
7			
8			
9	Distribution Plant		
10			
11	374 Land and Land Rights	6,273	
12	375 Structures and Improvements	14,782	1,62
13	376 Mains	1,435,735	157,93
14	378 Measuring and Regulating Equipment-General	155,277	17,08
15	380 Service Lines	51,343	
16	381 Meters	501	
17	382 Meter Installations	24,095	
18	383 House Regulators	217,281	
19	384 House Regulator Installations	0	
20	385 Industrial Measuring and Regulating Equipment	24,644	2,71
21	387 Communications	15,573	1,71
22	Total Distribution Plant	1,945,504	181,06
23			
24			
25	General Plant		
26			
27	391 Office Furniture and Equipment	299	-
28	394 Tools and Equipment	0	-
29	396 Power Operated Equipment	0	-
30	398 Miscellaneous Equipment	4,750	-
31			
32	Total General Plant	5,049	-
33			
34			
35	Intangible Plant		
36			
37	303 Miscellaneous Intangible Plant	962,252	105,84
38	Total Intangible Plant	962,252	105,84
39			
40			
41			
42	TOTAL	2,912,805	286,90

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	774,050,273			
(2) Short-Term Interest				s	3.72%
(3) Long-Term Debt	D	5,605,967,934	52.48%	d	6.49%
(4) Preferred Stock	P	0	0.00%	p	0.00%
(5) Common Equity	C	5,076,598,986	47.52%	c	12.27%
(6) Total Capitalization		10,682,566,920	100.00%		
(7) Average Construction Work In Progress Balance	W	357,278,271			

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 - 3.79

   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.

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:

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.

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.

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

Allowance for Funds Used During Construction

On February 2, 1977, the Federal Energy Regulatory Commission issued Order No. 561 establishing a "uniform formulary" method for determining the maximum rate to be used in computing the Allowance for Funds Used During Construction. In 2008, Allowance for Funds Used During Construction was capitalized at a cost rate of 0.00% on all classes of property except organization, autos, office equipment, tools and other property purchases.

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

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year Ending
Columbia Gas of Kentucky, Inc.	x An Original A Resubmission	March 31, 2009	Dec. 31, 2008

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

1 Explain in a footnote any important adjustments during year
2 Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, pages 204-209, column(d), excluding retirements of nondepreciable property
3 The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications
4 Show separately interest credits under a sinking fund or similar method of depreciation accounting
5 At lines 7 and 14, add rows as necessary to report all data Additional rows should be numbered in sequence, e g , 7 01, 7 02, etc.

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
	Section A. Balances and Changes During Year				
1	Balance Beginning of Year	112,774,742	112,774,742		
2	Depreciation Provision for Year, Charged to				
3	(403) Depreciation Expense	5,156,904	5,156,904		
4	(413) Expense of Gas Plant Leased to Others				
5	*Transportation Expenses - Clearing*				
6	Other Clearing Accounts				
7	Other Clearing (Specify):				
7.01					
8	TOTAL Deprec. Prov. for Year (total of lines 3 thru 7.01)	5,156,904	5,156,904	0	0
9	Net Charges for Plant Retired:				
10	Book Cost of Plant Retired	(1,610,102)	(1,610,102)		
11	Cost of Removal	(477,745)	(477,745)		
12	Salvage (Credit)	21,063	21,063		
13	TOTAL Net Chrgs. for Plant Ret. (Total of lines 10 thru 12)	(2,066,784)	(2,066,784)	0	0
14	Other Debit or Credit Items (Describe):		0		
14.01	*Retirement of Amortization*	0	0		
14.02	Miscellaneous Revenues - Damages	9,343	9,343		
14.03	Transfers between 108 and 111	0	0		
15	Balance End of Year (Total of lines 1, 8, 13, 14 to 14.03)	115,874,205	115,874,205	0	0
	Section B. Balances at End of Year Accounting to Functional Classifications				
16	Production - Manufactured Gas				
17	Production and Gathering - Natural Gas				
18	Products Extraction - Natural Gas				
19	Underground Gas Storage				
20	Other Storage Plant				
21	Base Load LNG Terminaling and Processing Plant				
22	Transmission				
23	Distribution	115,069,857	115,069,857		
24	General	804,348	804,348		
25	TOTAL (Total of lines 16 thru 24)	115,874,205	115,874,205	0	0

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

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 segration 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					49,637,942	0		49,637,942
2	Gas Delivered to Storage (contra Account)					119,877,407	0		119,877,407
3	Gas Withdrawn from Storage (contra Account)					108,352,096	0		108,352,096
4	Other Debits or Credits (Net)					0			0
5	Balance at End of Year					61,163,253	0		61,163,253
6	Mcf					9,238,444	0		9,238,444
6a	Dth					9,607,982	0		9,607,982
7	Amount per Mcf					6.62	-		6.62
7a	Amount per Dth					6.37	-		6.37

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

Name of Respondent	This Report Is:	Date of Report (Mo,Da,Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

INVESTMENTS (ACCOUNT 123, 124, AND 136)

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

Line No	Description of Investment (a)	* (b)	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 Year (d)
1				
2	**Investments in Associated Companies**			
3	(Commercial Paper, Acct 123-1XXX)		236,140	47,161
4				
5	**Liquid Money Market Instruments**		5,430	338,722
6	(Commercial Paper, Acct 136-0012)			
7				
8	**Temporaray Cash Investment**		843,602	22,032,395
9	(Hedging Account, Acct 136-1000)			
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Name of Respondent	This Report Is:	Date of Report (Mo,Da,Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

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

Sales or Other Dispositions During Year (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)	Line No.
					1
		283,301			2
					3
					4
344,152		0	40,191		5
					6
					7
19,698,218		3,177,779	6,577		8
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Name of Respondent	This Report Is:	Date of Report (Mo,Da,Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

Investments in Subsidiary Companies (Account 123.1)

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

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	Common Stock - Central Kentucky	7/31/2006		
2	Transmission			
3				
4				
5				
6				
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39				
40	**Total Cost of Account 123.1**			

Name of Respondent	This Report Is:	Date of Report (Mo,Da,Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

Investments in Subsidiaries Companies (Account 123.1) (Continued)

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

Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	L I
236,140	47,161	283,301		
236,140	47,161	283,301		

PREPAYMENTS (ACCOUNT 165)

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

Line No.	Nature of Prepayment (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Insurance	388,976
2	Prepaid Rents	0
3	Prepaid Taxes	0
4	Prepaid Interest	0
5	Miscellaneous Prepayments	117,431
6	TOTAL	506,407

Name of Respondent	This Report is:	Date of Report	Year Ending
Columbia Gas of Kentucky, Inc.	(x) An Original ( ) A Resubmission	March 31, 2009	December 31, 2008

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

EXTRAORDINARY PROPERTY LOSSES (ACCOUNT 182.1)

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

Name of Respondent Columbia Gas of Kentucky, Inc.	This Report is: (x) An Original ( ) A Resubmission	Date of Report March 31, 2009	Year Ending December 31, 2008

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

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (ACCOUNT 182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs (include in the description of costs, the date of Commission authoization to use Account 182 2 and period of amortization (mo, yr to mo, yr). Add rows as necessary to report all data. Number rows in sequence beginning with the next row number after the last row number used for extraordinary property losses. (a)	Balance at the Beginning of Year (b)	Total Amount of Charges (c)	Costs Recognized During Year (d)	WRITTEN OFF DURING YEAR Account Charged (e)	WRITTEN OFF DURING YEAR Amount (f)	Balance at End of Year (g)
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	TOTAL						

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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 seperately any "Deferred Regulatory Commission Expenses " that are also reported on pages 350-351, Regulatory Commission Expenses.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Year (b)	Debits (c)	WRITTEN OFF DURING YEAR Account Charged (d)	WRITTEN OFF DURING YEAR Amount (e)	Balance at End of Year (f)
1						
2						
3	Other Postretirement Employee Benefits					
4	(amortized over 18 years - began 11/94)	1,849,379	3,068,170	107/926	1,455,232	3,462,317
5						
6	Postemployment Benefits					
7	(amortized over 19 years - began 11/94)	200,440	0	926	34,361	166,079
8						
9	Hedging Program	325,540	6,032,910	244	4,040,550	2,317,900
10						
11	Gas Cost Incentive Program	337,776	1,084,807	480/481	465,565	957,018
12				489		
13						
14	Rate Case Expense	187,338	17,311	928	52,580	152,069
15	(amortized over 3 years - began 9/07)					
16						
17	IBM Related Costs	3,061,363	0	923	416,558	2,644,805
18	(amortized over 8 years - began 9/07)					
19						
20	RIP Expense - OCI	2,002	7,813,059	Various	4,208	7,810,853
21						
22	Minor Regulatory Assets					
23	Less than $250,000 (2 items)	121,131	657,520	Various	683,358	95,293
24						
25						
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39						
40	Total	6,084,969	18,673,777		7,152,412	17,606,334

Name of Respondent	This Report Is:	Date of Report (*Mo.Da.Yr.*)	Year Ending
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

MISCELLANEOUS DEFERRED DEBITS (Account 186)

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

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS Account Charged (d)	CREDITS Amount (e)	Balance at End of Year (f)
1						
2	Civic Center Building Lease	394,018	-	253	56,967	337,051
3						
4	Mutual Materials	69,429		Various	69,429	0
5						
6	Customer Advances	1,347,589	195,990	107		1,543,579
7						
8						
9	Other Miscellaneous					
10	Deferred Items - Less					
11	Than $250,000 (1 Item)	105,000		Various	90,000	15,000
12						
13						
14						
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39	Miscellaneous Work In Progress	782	10,113	Various	0	10,895
40	**Total**	1,916,818	206,103		216,396	1,906,525

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)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric			
3	Gas (See Other)			
4	Other (Define)			
4.01	OPEB Federal Medicare Subsidy	98,232	0	0
4.02	Future FIT Benefits	7,761	7,761	0
4.03	Regulatory Asset - Gas Cost Audit	0	0	0
4.04	Delayed Deposits	8,873	0	0
4.05	Interest on Fed. Income Tax Liability	5,363	0	0
4.06	Section 461 (H) - Rate Refunds	(88,658)	2,908	129,054
4.07	TCO Penalty Credits	156,644	0	0
4.08	Vacation Accrual	207,110	0	64,492
4.09	Injuries and Damages	14,941	0	5,889
4.10	Builder Incentives	0	0	0
4.11	Off System Sales	174,760	156,826	0
4.12	Customer Advances	584,033	0	55,055
4.13	Restricted Stock	1,957	0	18,167
4.14	Capitalized Inventory Costs	160,204	0	14,155
4.15	Capitalized Interest - Section 263(A)	0	0	0
4.16	Deferred Directors' Costs	0	0	0
4.17	SFAS 96 Adjustments	522,602	0	0
4.18	Salary Continuation/Deferred Compensation	1	0	0
4.19	CMEP	28,595	3,956	3,922
4.20	LIFO Tax Adjustment	3,255,504	5,096	75,723
4.21	Retention Agreements	1,167	0	0
4.22	Rate Base 1% Increment	14,383	0	1,363
4.23	Environmental Costs	3,023	3,023	0
4.24	Net Operating Loss Carryforward	0	0	0
4.25	SFAS 112	538,685	119,300	0
4.26	SFAS 106 - OPEB	481,139	0	606,648
4.27	Deferred Compensation	45,475	1,277	1,277
4.28	Deferred OPEB Contribution Deduction	288,753	288,753	0
4.29	Pension Restoration	(422)	0	1,787
4.30	Company Interest Rate Refunds	(511)	0	236
4.31	Consolidated Rate Effect of Net Operating Loss	0	0	0
5	Total (Total of lines 2 thru 4)	6,509,614	588,900	977,768
6	Other (Rounding)	0	0	0
7	Total Account 190 (Total of lines 5 thru 6)	6,509,614	588,900	977,768
8	Classification of TOTAL			
9	Federal Income Tax	5,505,239	499,264	826,958
10	State Income Tax	1,004,375	89,636	150,810
11	Local Income Tax			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report End of 2008/Q4

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 are being provided. Indicate insignificant amounts listed under Other.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
		DEBITS		CREDITS			
Amounts Debited Account 410.2 (e)	Amounts Credited Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
							3
							4
0	0		0	254-3517	1) 11,288	86,944	4.01
0	0		0		0	0	4.02
0	0		0		0	0	4.03
0	0		0		0	8,873	4.04
1,989	0		0		0	3,374	4.05
0	0		0		0	37,488	4.06
0	0		0		0	156,644	4.07
0	0		0		0	271,602	4.08
0	0		0		0	20,830	4.09
0	0		0		0	0	4.10
0	0		0		0	17,934	4.11
0	0		0		0	639,088	4.12
0	0		0		0	20,124	13
0	0		0		0	174,359	14
0	0		0		0	0	4.15
0	0		0		0	0	4.16
0	0	254-0032	2) 18	254-0032	2) 53,055	469,565	4.17
0	0		0		0	1	4.18
0	0		0		0	28,561	4.19
0	0		0		0	3,326,131	4.20
0	0		0		0	1,167	4.21
0	0		0		0	15,746	4.22
0	0		0		0	0	4.23
0	0		0		0	0	4.24
0	0		0		0	419,385	4.25
0	0		0	254-3517	3) 17,730	1,070,057	4.26
0	0		0		0	45,475	4.27
0	0		0		0	0	4.28
0	0		0		0	1,365	4.29
0	0		0		0	(275)	4.30
0	0		0		0	0	4.31
1,989	0		18		82,073	6,814,438	5
0	0		0		0	0	6
1,989	0		18		82,073	6,814,438	7
							8
1,682	0		(24,525)		44,664	5,762,062	9
307	0		(4,475)		8,391	1,052,376	10
						0	11

NOTES

1) & (3 OPEB Federal Medicare Subsidy was offset in a regulatory liability.
2) SFAS 96 balance sheet entries.

Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

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 perferred 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 of Stated Value per Share (c)	Call Price at End of Year (d)
1	Common Stock	1,100,000	25.00	
2				
3				
4				
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

Capital Stock (Accounts 201 and 204)

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

Line No.	Outstanding per Bal. Sheet (total amt outstanding without reduction for amts held by respondent) Shares (e)	Outstanding per Bal. Sheet Amount (f)	Held by Respondent As Reacquired Stock (Acct 217) Shares (g)	Held by Respondent As Reacquired Stock (Acct 217) Cost (h)	Held by Respondent In Sinking and Other Funds Shares (i)	Held by Respondent In Sinking and Other Funds Amount (j)
1	952,248	23,806,200				
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

Capital Stock: Subscribed, Liability for Conversion, Premium on, and Installments Received on (Accts 202, 203, 205, 206, 207, and 212)

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

Line No.	Name of Account and Description of Item (a)	* (b)	Number of Shares (c)	Amount (d)
1	Not Applicable			
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Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year Ending
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

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 on 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		
2		
3	Account 208 - Donations Received From Stockholders	
4	None	
5		
6	Account 209 - Reduction in Par or Stated Value of Capital Stock	
7	None	
8		
9	Account 210 - Gain on Resale or Cancellation of Reacquired Capital Stock	
10	None	
11		
12	Account 211 - Miscellaneous Paid-in Capital	
13	Excess of Book Value of Assets Acquired from Cincinnati Gas	
14	Transportation Company over the Liability Assumed	12
15		
16	Adjustments of Depreciation Reserve for Cincinnati Gas	
17	Transportation Company, Acquired Company, and Respondent	595,081
18		
19	Paid-in Capital Transferred to Kentucky Gas Transmission	
20	Corporation as of January 1, 1957	(363,441)
21		
22	Transfer Parent Company Federal Tax Savings	3,485,271
23		
24	Adjustment to Reverse Federal Benefit of NiSource De/Finance Tax Savings	
25	Allocation of APIC	1,550,569
26		
27		
28		
29		
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35		
36		
37		
38		
39		
40	TOTAL	5,267,492

Discount on Capital Stock (Account 213)

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

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

Capital Stock Expense (Account 214)

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

Line No.	Class and Series of Stock (a)			Balance at End of Year (b)
1	Not Applicable			
2				
3				
4				
5				
6				
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12				
13				
14				
	TOTAL			

Name of Respondent	This Report Is:	Date of Report	Year of Report
	[X] An Original	(Mo.Da.Yr.)	
COLUMBIA GAS OF KENTUCKY, INC.	[ ] A Resubmission	March 31, 2009	Dec. 31, 2008

Securities Issued of Assumed and Securities Refunded or Retired During the Year

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.
2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.
3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance 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

LONG-TERM DEBT (Account 221, 222, 223, and 224)

1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, Bonds, 222, 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.	Classes and Series of Obligation and Name of Stock Exchange (a)	Nominal Date Of Issue (b)	Date Of Maturity (c)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (d)
1				
2	Account 223			
3	Advances from Associated Companies			
4	Columbia Energy Group :			
5	Installment Promissory Notes	*	*	72,055,000
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21	* See Page 257-A			
22				
23				
24				
25				
26				
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30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	Total			72,055,000

COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

LONG-TERM DEBT (Account 221, 222, 223, and 224)(Continued)

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

INTEREST FOR YEAR		HELD BY RESPONDENT			
Rate (in %) (e)	Amount (f)	Reacquired Bonds (Account 222) (g)	Sinking and Other Funds (h)	Redemption Price per $100 at End of Year (i)	Line No.
					1
					2
					3
					4
*	3,311,321				5
					6
					7
					8
					9
					10
					11
					12
					13
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					39
	3,311,321				40

LONG-TERM DEBT (Accounts 221, 222, 223, and 224) (Continued)

DATE OF ISSUE (a)	DATE OF MATURITY (b)	BALANCE BEGINNING OF YEAR (c)	PRINCIPAL ADVANCED DURING YEAR (d)	PRINCIPAL TRANSFERS AND PAYMENTS (e) *	BALANCE END OF YEAR (f)	INTEREST FOR YEAR		COMMISSION AUTHORITY	
						RATE (g)	AMOUNT (h)	FILE NUMBER (i)	DATE (j)
Account 223 - Installment Promissory Notes									
2006	2013	14,720,000	-	-	14,720,000	5.280%	777,216	CKY1	1/7/2006
2006	2016	10,750,000	-	-	10,750,000	5.410%	581,575	CKY2	1/5/2006
2006	2017	4,210,000	-	-	4,210,000	5.450%	229,445	CKY3	1/5/2006
2006	2026	12,375,000	-	-	12,375,000	5.920%	732,600	CKY4	1/5/2006
2006	2021	16,000,000	-	-	16,000,000	6.015%	962,400	CKY5	11/1/2006
2008	2013	14,000,000			14,000,000	5.530%	28,085	CKY6	12/23/2008
TOTAL ACCOUNT 223		72,055,000	0	0	72,055,000		3,311,321		
Item 9 - Schedule 257									
Additional Borrowing Authorized But Not Yet Issued									
None									

Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

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

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

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issues (b)	Total Expense Premium or Discount (c)	Amortization Period Date From (d)	Amortization Period Date To (e)
1	Not Applicable				
2					
3					
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Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

Uamortized 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 Debit-Credit.

Line No.	Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (I)
1	Not Applicable			
2				
3				
4				
5				
6				
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Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

Uamortized Loss and Gain on reacquired Debt (Accounts 189, 257)

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

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Not Applicable					
2						
3						
4						
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Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	End of 2008/Q4

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)	$10,463,860
2	Reconciling Items for the Year	
3		
4	Income (Loss) Items	
5	SEE PAGE 261-A	($1,156,950)
6		
7		
8		
9	Expense/Deduction Items	
10	SEE PAGE 261-A	($7,930,064)
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	$1,376,846
28	Show Computation of Tax:	
29	Separate Return Tax @ 35% of Line 27	481,895
30	2007 Books to Return	47,333
31	Reserve Study	(119,803)
32		
33	Net Taxes Charged	409,425

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	End of 2008/Q4

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

Income (Loss) Items		
Equity Income from Subsidiaries	(46,309)	
Customer Advances	145,034	
Loss on Disposal of Assets	(586,528)	
Deferred Intercompany Gains	243,243	
Contributions In Aid	101,721	
Off System Sales	(403,153)	
Gas Cost Incentive Plan	(619,242)	
Payroll Taxes on Compensation	8,284	
Total	($1,156,950)	1,156,950
Expense/Deduction Items		
Federal Income Taxes - Current	409,425	
Federal Income Taxes - Deferred	5,038,382	
State Income Taxes-Tax Deductible	(41,559)	
Sec 461(h) Economic Performance: Taxes	(715,549)	
Payroll Taxes on Compensation	16,225	
State Income Taxes - Deferred	658,757	
Stock Compensation Expense	59,772	
Business Meals & Entertainment	29,190	
Fines and Penalties	168	
Pension Expense	(152,522)	
Compensation: Pension Restoration Plan	386	
SFAS 112	(306,684)	
SFAS 106 OPEB	100,230	
SFAS 106-2 Accounting for Medicare Prescription Act	(24,917)	
Compensation: Vacation Accrual	120,350	
Compensation: Bonus Accrual	3,282	
Section 198 Enviromental Remediation	(7,772)	
Tax Depreciation	(9,076,721)	
Builder Incentive Plan	(15,862)	
Bad Debt Expense	369,486	
CMEP/DAP	10,082	
Deferred Gas Costs	(5,283,046)	
Customer Assistance Plan	194,143	
Regulatory Commission Expense	55,318	
Rate Case Expense	412,176	
Injuries and Damages	15,139	
Interest Payable Contingent Taxes	(5,114)	
Legal Liability on CDC Building	56,966	
Lobbying Expenses	19,143	
Rent Expense Leased Autos	100	
Prepaid Assets	42,642	
Property Removal	(20,150)	
LIFO Tax Adjustment to Inventories	(13,099)	
Sec 263 Inventory Capitalization	34,219	
Capitalized Interest - Section 263A	(7,263)	
Sect. 461(h) Supplier Refunds	(7,475)	
Employee Stock Purchase Plan	133	
Choice Program Deferreds	101,348	
Company Interest on Rate Refunds	607	
Total	($7,930,064)	7,930,064

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

Reconcilement of 2008 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.

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
Northern Utilities, Inc.
Columbia Energy Group
Columbia Atlantic Trading Corporation
Columbia Energy Services Corporation
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
CNS Microwave, Inc.
Columbia Deep Water Services Company
Columbia Remainder Corporation in Delaware
EnergyUSA Inc. (IN)
EnergyUSA Inc. (MA)
EnergyUSA Commercial Energy Services, Inc.
EnergyUSA-TPC Corp.
NI Energy Services Transportation, 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
Crossroads Pipeline Company
NiSource Capital Markets, Inc.
NiSource Corporate Services Company

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

Name of Group Members Filing Consolidated Federal Income Tax Return:

NiSource Development Company, Inc.
Cardinal Property Management, Inc.
JOF Transportation Company
Lake Erie Land Company
SCC Services, Inc.
NDC Douglas Properties, Inc.
South Works Power Company
NiSource Energy Technologies, Inc.
NiSource Finance Corp.
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.
Columbia Energy Holdings Corporation
NiSource Gas Transmission & Storage Company

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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars(details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner

Line No.	Kind Of Tax (See Instruction 5) (a)			BALANCE AT BEGINNING OF YEAR Taxes Accrued (b)	Prepaid Taxes (c)
1	Federal Taxes:	Income:	2005	39,000	
2			2006	119,803	
3			2007	(1,449,696)	
4			2008	-	
5					
6					
7					
8		Unemployment:	2007	1,568	
9			2008	0	
10					
11		FICA:	2007	-	
12			2008	-	
13					
14		Excise:	2008	-	
15					
16	TOTAL (Continued on Page 262-A)				

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

Line No.	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		(119,803)		-
3		65,467		(18,134)
4		(646,953)		1,128,848
5		-		-
6		-		-
7		-		
8		-		
9		(9,144)		
10		-		
11		-		-
12		507,243		
13		-		
14		4,947		-
15				
16	TOTAL (Continued on Page 262-A)			

Name of Respondent	This Report Is:	Date of Report	Year of Report
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COLUMBIA GAS OF KENTUCKY, INC.	[ ] A Resubmission	March 31, 2009	End of 2008/Q4

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: Taxes Accrued (Account 236) (g)	BALANCE AT END OF YEAR: Prepaid Taxes (Incl. in Account 165) (h)	Line No.
-	-	-	39,000		1
(119,803)	-	-	-		2
47,333	(1,486,576)	(84,213)	-		3
481,895	(2,451,000)	(948)	2,931,947		4
			-		5
					6
					7
	1,568	-	-		8
7,799	6,296	-	1,503		9
					10
-	-		-		11
639,955	594,641		45,314		12
					13
4,947	4,947	-	-		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
				7
				8
			16,943	9
				10
			-	11
			132,712	12
				13
			-	14
				15
			(Continued on Page 263-A)	16

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		(1,289,325)	-
20	State Taxes: Income:	2001	-	
21		2006	22,174	
22		2007	(432,642)	
23		2008	-	
24			-	
25			-	
26			-	
27			-	
28			-	
29			-	
30	TOTAL (Continued on Page 262-B)			

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

Line No.	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		(198,243)	-	1,110,714
20		(754)		-
21		(22,174)		-
22		50,853		-
23		201,696		205,868
24		-		-
25		-		-
26		-		-
27		-		-
28		-		-
29		-		-
30	TOTAL (Continued on Page 262-B)			

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	End of 2008/Q4

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:	2004	3,552	
32		2005	25,566	
33		2006	118,149	
34		2007	1,715,977	
35		2008	1,842,000	
36		2009	-	
37				
38	Sales and Use:	2007	630	
39		2008	-	
40				
41	Unemployment:	2007	388	
42		2008	-	
43	Capital Stock & Franchise:	2007	-	
44		2008	-	
45		2009		
46	TOTAL (Continued on Page 262-C)			

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

Line No.	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)
31		(3,552)		-
32		(15,566)		-
33		18,000		-
34		(3)		-
35		2,046,066		-
36		-		
37				
38		-		-
39		1,656		-
40				
41		-		-
42		5,001		
43		5,612		
44		7,208		-
45		2,000		-
47	TOTAL (Continued on Page 262-C)			

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: Taxes Accrued (Account 236) (g)	BALANCE AT END OF YEAR: Prepaid Taxes (Incl. in Account 165) (h)	Line No.
					17
-	-	-	-		18
1,062,126	(3,330,124)	(85,161)	3,017,764		19
(754)	(754)	-	-		20
(22,174)	-	-	-		21
50,853	(375,789)	6,000	-		22
407,564	204,071	-	203,493		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)

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.
				17
			-	18
-	-	-	149,655	19
			-	20
			-	21
			-	22
			-	23
			-	24
			-	25
			-	26
-			-	27
			-	28
			-	29
			(Continued on Page 263-B)	30

Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
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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: Taxes Accrued (Account 236) (g)	BALANCE AT END OF YEAR: Prepaid Taxes (Incl. in Account 165) (h)	Line No.
(3,552)	-	-	-		31
(15,566)	-	-	10,000		32
18,000	124,452	-	11,697		33
(3)	858,292	-	857,682		34
204,066	1,034,330	-	1,011,736		35
1,992,000		-	1,992,000		36
					37
-	630	-	-		38
12,223	10,812	-	1,411		39
					40
-	388		-		41
6,637	5,195		1,442		42
5,612	5,612	-	-		43
7,208	1,354	(6,000)	(146)		44
2,000	516	-	1,484		45
			(Continued on Page 263-C)		47

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
				33
				34
			(1,842,000)	35
			1,992,000	36
			-	37
			10,567	38
				39
				40
			1,636	41
			-	42
			-	43
			-	44
			(Continued on Page 263-C)	45

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	End of 2008/Q4

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)
48			
49	Total State Taxes	3,295,794	-
50			
51	Other: Adjustment Due to Rounding	-	
52			
53			
54			
55			
56			
57	TOTAL TAXES	2,006,469	-

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

Line No.	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				
47	-	2,296,043	-	205,868
48				
49		-		-
50		-		
51				
52				
53				
54				
55	TOTAL TAXES	2,097,800	-	1,316,582

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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 tax 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: Taxes Accrued (Account 236) (g)	BALANCE AT END OF YEAR: Prepaid Taxes (Incl. in Account 165) (h)	Line No.
					48
2,664,114	1,869,109	-	4,090,799	-	49
					50
-	-	-	-		51
					52
					53
					54
					55
					56
3,726,240	(1,461,015)	(85,161)	7,108,563	-	57

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.
				46
-	-	-	162,203	47
				48
				49
				50
				51
				52
				53
				54
-	-	-	311,858	55

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

Detail of Schedule 263, Column (f)

Description	Amount
Federal Taxes	
Income Taxes	
Parent Company Tax Savings-Accrual to Return - Line 3	$ (83,896)
Federal Fuels Tax Credit - Line 3	$ (317)
Federal Fuels Tax Credit - Line 4	$ (948)
Total Federal Tax Adjustments - Page 263-A, Line 19	$ (85,161)
State Taxes:	
Income Taxes	
Reclass to Franchise from Income - Line 22	$ 6,000
Capital Stock Taxes	
Reclass from Income to Franchise - Line 44	$ (6,000)
Total State Adjustments - Page 263-C, Line 49	$ 0
Total Adjustments - Page 263-C, Line 57, Column (f)	$ (85,161)

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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	2,184
	108	124
	146	81
	163 - 182	(341)
	234	105
	253	14,790
Total Page 263, Line 9		16,943
F.I.C.A.	107	175,055
	108	9,816
	146	6,234
	163 - 182	(66,605)
	183	(18)
	186	3
	234	8,227
Total Page 263, Line 12		132,712
State Taxes: Deferred Property Tax Expense		
Amortize 2008 estimate to exp	186	(1,842,000)
Establish estimated 2009 liab	186	1,992,000
Total Page 263-B, Lines 34-35		150,000
Use Tax, Current Year	VARIOUS	10,567
Total Page 263-B, Line 38		10,567
Unemployment	107	1,541
	108	88
	146	58
	163 - 182	(126)
	234	75
Total Page 263-B, Line 41		1,636
Total Federal and State Taxes, Page 263-C, Line 55		311,858

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MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

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

Line No.	Item (a)	Balance at End of Year (b)
1	Accrued Vacations/Payroll	959,523
2	Exchange Gas	11,777,030
3	Unclaimed Funds	117,612
4	Dental Assistance Plan	11,805
5	Medical Plan	99,270
6	Post Employee Benefits	113,437
7	Customer A/R Credit Balances	9,821,460
8	TCO Disgorement	299,925
9	Wages Payable	833,563
10	Off System Sales-Unbilled	46,100
11	Rate Refunds	2,160,161
12	Other Miscellaneous and Accrued Liabilities (8 items)	144,072
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	TOTAL	26,383,958

Name of Respondent	This Report Is:	Date of Report (*Mo.Da.Yr.*)	Year Ending
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

OTHER DEFERRED CREDITS (Account 253)

1. Report below the details called for concerning other deferred credits

2. For any deferred credits being amortized, show the period of amortization.

3. Minor items (less than $250,000) may be grouped by classes.

Line No.	Description of Other Deferred Credits	Balance at Beginning of Year	DEBITS		CREDITS	Balance at End of Year
			Contra Account	Amount	Amount	
	(a)	(b)	(c)	(d)	(e)	(f)
1	Post Employment Benefits Non-Current	1,430,873	242/926	323,407		1,107,466
2	Civic Center Building Lease	394,016	186	56,966		337,050
3	Nicole Energy Reserve	402,683	144			402,683
4	Other Miscellaneous and Deferred Credits	0	Various		71,989	71,989
5	(2 items)					
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	Total	2,227,572		380,373	71,989	1,919,188

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Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	End of 2008/Q4

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)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric			
3	Gas (See Other)			
4	Other (Define)			
4.01	Gas Depreciation	17,791,875	1,496,309	94,232
4.02	Gas Depreciation- 30% Bonus	3,722,400	2,118,780	0
4.03	Gas Depreciation - State Nonconforming Bonus	(596,330)	3,200	272,216
4.04	Property Removal Costs	435,761	7,649	9,809
4.05	Loss on ACRS Property Retired	4,920,304	222,647	183,156
4.06	Contribution in Aid of Construction	(1,339,774)	1,621	38,613
4.07	Builder Incentive	(56,759)	6,171	0
4.08	Capitalized interest - Section 263(A)	247,540	2,390	1,868
4.09	Software Costs	(7,446)	0	0
4.10	SFAS 96 Adjustments	(2,083,771)	0	0
4.11	Rate Base 1% Increment	439,988	42,528	956
4.12	RRA '93 1% Offset	117,161	0	1,233
4.13				
5	Total (Total of lines 2 thru 4)	23,590,949	3,901,295	602,083
6	Other (Rounding)	0	0	0
7	Total Account 282 (Total of lines 5 thru 6)	23,590,949	3,901,295	602,083
8	Classification of TOTAL			
9	Federal Income Tax	20,314,260	3,305,568	285,875
10	State Income Tax	3,276,689	595,727	316,208
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
1954-1967	DDB	Book	Flow Through	over DDB fully turned around
1968-1973	DDB	Book	Flow Through	in 1986 for 1954-67)
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: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report End of 2008/Q4

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					
		DEBITS		CREDITS			
Amounts Debited Account 410.2 (e)	Amounts Credited Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
							3
							4
0	0		0	282-2953	1) 239	19,194,191	4.01
0	0		0		0	5,841,180	4.02
0	0		0		0	(865,346)	4.03
0	0		0	282-2953	1) 234	433,835	4.04
0	0		0	282-2953	1) 4,379	4,964,174	4.05
0	0	282-2953	1) 39		0	(1,376,805)	4.06
0	0		0		0	(50,588)	4.07
0	0		0		0	248,062	4.08
0	0		0		0	(7,446)	4.09
0	0	254-3516	2) 7,928	254-3516	2) 49,810	(2,041,889)	4.10
0	0		1) 4,813	282-2953	1) 0	476,747	4.11
0	0		0		0	115,928	4.12
							4.13
0	0		12,780		54,662	26,932,043	5
0	0		0		0	0	6
0	0		12,780		54,662	26,932,043	7
							8
0	0		6,070		54,384	23,382,267	9
0	0		6,432		0	3,549,776	10
							11

NOTES

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

2) SFAS 96 balance sheet entries.

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COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	End of 2008/Q4

ACCUMULATED DEFERRED INCOME TAXES-OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization

2. For Other, include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Gas (See Other)			
4	Other (Define)			
4.01	Capitalized Interest - AFUDC Equity	0	0	0
4.02	Property Taxes	(750,961)	987,756	0
4.03	Unbilled Revenue	0	0	0
4.04	Unrecovered Gas Costs	590,361	2,015,680	0
4.05	Capitalized Interest Tax Savings	0	0	0
4.06	Deferred Intercompany Gains	(299,636)	0	94,622
4.07	Interest Income - Prior Years	0	0	0
4.08	Customer Assistance Plan	(354,318)	0	75,522
4.09	Legal Liability on Civic Center Bldg.	113,944	0	22,160
4.10	Rate Case Costs	1,306,632	0	181,856
4.11	Retirement Income Plan	256,339	153,051	9,534
4.12	Gas Cost Incentive Plan	131,395	240,885	0
4.13	Uncollectible Accounts	(126,493)	0	143,730
4.14	Prepaid Assets	213,580	0	16,588
4.15	Software Costs	0	0	0
4.16	Intercompany Gain	808,749	0	0
4.17	Capitalized Inventory	0	0	0
4.18	Accelerated Charitable Contributions	136,154	0	0
4.19	Federal Effect of Net Operating Loss Carryforward	0	0	0
4.20	Consolidated Rate Effect of Net Operating Loss	0	0	0
4.21				
5	Total (Total of lines 2 thru 4)	2,025,746	3,397,372	544,012
6	Other (Rounding)	0	0	0
7	Total Account 283 (Total of lined 5 thru 6)	2,025,746	3,397,372	544,012
8	Classification of TOTAL			
9	Federal Income Tax	1,838,035	2,873,356	460,101
10	State Income Tax	187,711	524,016	83,911
11	Local Income Tax			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report End of 2008/Q4

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							
		DEBITS			CREDITS				
Amounts Debited Account 410.2 (e)	Amounts Credited Account 411.2 (f)	Account Credited (g)		Amount (h)	Account Debited (i)		Amount (j)	Balance at End of Year (k)	Line No.
									1
									2
									3
									4
0	0			0			0	0	4.01
0	0			0			0	236,795	4.02
0	0			0			0	0	4.03
0	0			0			0	2,606,041	4.04
0	0			0			0	0	4.05
0	0			0			0	(394,258)	4.06
0	0			0			0	0	4.07
0	0			0			0	(429,840)	4.08
0	0			0			0	91,784	4.09
0	0			0			0	1,124,776	4.10
0	0			0			0	399,856	4.11
0	0			0			0	372,280	4.12
0	0			0			0	(270,223)	[illegible]
0	0			0			0	196,992	4.[illegible]
0	0			0			0	0	4.15
18,134	0			0			0	826,883	4.16
0	0			0			0	0	4.17
0	0			0			0	136,154	4.18
0	0			0			0	0	4.19
0	0			0			0	0	4.20
									4.21
18,134	0			0			0	4,897,240	5
0	0			0			0	0	6
18,134	0			0			0	4,897,240	7
									8
18,134	0			0			0	4,269,424	9
0	0			0			0	627,816	10
									11

NOTES

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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (*Mo.Da.Yr.*) March 31, 2009	Year Ending Dec. 31, 2008

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

2. For any regulatory liabilities being amortized, show period of amortization in column (a)

3. Minor Items (5% of the Balance at End of Year for Account 254 or amounts less than $250,000 whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities	Balance at Beginning of Year	DEBITS		Credits	Balance at End of Year
			Account Credited	Amount		
	(a)	(b)	(c)	(d)	(e)	(f)
1						
2	Regulatory Effect of					
3	Adopting SFAS No. 96	2,606,374	190	106,772	11,853	2,511,455
4						
5	SFAS 158 Measurement	1,189,660	128/228	1,189,660	0	0
6						
7	Reclassification of Regulatory	910,840	182	3,948,806	4,142,948	1,104,982
8	Assets With Negative Balances					
9						
10						
11	Hedging Program Current	66,600	175	10,691,000	10,624,400	0
12						
13	OPEB Medicare Subsidy	252,525	190	29,018	0	223,507
14						
15						
16						
17						
18						
19						
20						
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44						
45	Total	5,025,999		15,965,256	14,779,201	3,839,944

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

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 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	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:				

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

GAS OPERATING REVENUES (CONTINUED)

4 If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.

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.

OTHER REVENUES		TOTAL OPERATING REVENUES		DTH OF NATURAL GAS	
Amount for Current Year (f)	Amount for Prior Year (g)	Amount for Current Year (h)	Amount for Prior Year (i)	Amount for Current Year (j)	Amount for Prior Year (k)
174,502,010	126,982,468	174,502,010	126,982,468	12,238,575	11,567,184
192,712	270,230	192,712	270,230		
147,310	125,481	147,310	125,481		
17,624,933	15,317,171	17,624,933	15,317,171	25,387,451	23,051,905
15,961,916	18,055,430	15,961,916	18,055,430	–	–
208,428,881	160,750,780	208,428,881	160,750,780	37,626,026	34,619,089
				–	–
208,428,881	160,750,780	208,428,881	160,750,780	37,626,026	34,619,089

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

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 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					
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11					
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14					
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

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 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						
2						
3						
4						
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Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

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					
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9					
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12					
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25					

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

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

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

Line No.	Other Revenues 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						
2						
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

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 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					
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year of Report Dec. 31, 2008

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 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)
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OTHER GAS REVENUES (ACCOUNT 495)

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

Line No.	Description of Transaction (a)	Amount (in dollars) (b)
1	Off System Sales	10,897,016
2	Unbilled Revenue	4,721,000
3	Miscellaneous - Other Gas Revenues	343,900
4		
5		
6		
7		
8		
9		
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11		
12		
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19		
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24		
25	TOTAL	15,961,916

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GAS OPERATION AND MAINTENANCE EXPENSES

1. Report operation and maintenance expenses. If the amount for previous year is not derived from previously reported figures, explain in footnotes.

2. Provide in footnotes the sources of the in used to determine the price for gas supplied by shippers as reflected on line 74.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (Submit Supplemental Statement)*	716	728
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering		
8	751 Production Maps and Records		
9	752 Gas Well Expenses		
10	753 Field Lines Expenses		
11	754 Field Compressor Station Expenses		
12	755 Field Compressor Station Fuel and Power		
13	756 Field Measuring and Regulating Station Expenses		
14	757 Purification Expenses		
15	758 Gas Well Royalties		
16	759 Other Expenses		
17	760 Rents		
18	TOTAL Operation (Total of lines 7 thru 17)		
19	Maintenance		
20	761 Maintenance Supervision and Engineering		
21	762 Maintenance of Structures and Improvements		
22	763 Maintenance of Producing Gas Wells		
23	764 Maintenance of Field Lines		
24	765 Maintenance of Field Compressor Station Equipment		
25	766 Maintenance of Field Measuring and Regulating Station Equipment		
26	767 Maintenance of Purification Equipment		
27	768 Maintenance of Drilling and Cleaning Equipment		
28	769 Maintenance of Other Equipment		
29	TOTAL Maintenance (Total of lines 20 thru 28)		
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)		

*(SEE PAGE 317A)

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Supplemental Schedule

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Liquefied Petroleum Gas - AIR		
4	Operation		
5	717 Liquefied Petroleum Gas Expense	716	728
6	723 Fuel For Liquefied Petroleum Gas Process		
7	728 Liquefied Petroleum Gas		
8	736 Rents		
9	Total Operation	716	728
10	Maintenance		
11	741 Structures and Improvements		
12	742 Production Equipment	0	0
13	TOTAL Maintenance	0	0
14	TOTAL Manufactured Gas Production Expenses	716	728

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

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

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Current Year (b)	Amount for Previous Year (c)
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals		
62	796 Nonproductive Well Drilling		
63	797 Abandoned Leases		
64	798 Other Exploration		
65	TOTAL Exploration and Development (Total of lines 61 thru 64)		
66	D. Other Gas Supply Expenses		
67	Operation		
68	800 Natural Gas Well Head Purchases		
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
70	801 Natural Gas Field Line Purchases	1,609,420	1,215,351
71	802 Natural Gas Gasoline Plant Outlet Purchases		
72	803 Natural Gas Transmission Line Purchases	170,622,131	119,230,610
73	804 Natural Gas City Gate Purchases	2,784,690	2,070,207
74	804.1 Liquefied Natural Gas Purchases		
75	805 Other Gas Purchases (excluding 805.1)		
76	805.1 Purchases Gas Costs Adjustments	882,773	(7,585,334)
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	175,899,014	114,930,834
78	806 Exchange Gas	(9,492,974)	(2,314,946)
79	Purchased Gas Expenses		
80	807.1 Well Expense-Purchased Gas		
81	807.2 Operation of Purchased Gas Measuring Stations		
82	807.3 Maintenance of Purchased Gas Measuring Stations		
83	807.4 Purchased Gas Calculations Expenses		
84	807.5 Other Purchased Gas Expenses	390,534	26,563
85	Total Purchased Gas Expenses (Total of lines 80 thru 84)	390,534	26,563

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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	108,352,096	73,743,584
87	(Less) 808.2 Gas Delivered to Storage-Credit	119,877,407	74,665,148
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	-	-
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	-	-
90	Gas used in Utility Operation-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit		
92	811 Gas Used for Products Extraction-Credit		
93	812 Gas Used for Other Utility Operations-Credit	182,159	126,090
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	182,159	126,090
95	813 Other Gas Supply Expenses	5,546	65,132
96	TOTAL Other Gas Supply Exp.(Total of lines 77,78,85,86 thru 89, 94,95)	155,094,650	111,659,929
97	TOTAL Production Expenses (Total of lines 3,30,58,65, and 96)	155,095,366	111,660,657
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering	-	-
102	815 Maps and Records	-	-
103	816 Wells Expenses	-	-
104	817 Lines Expense	-	-
105	818 Compressor Station Expenses	-	-
106	819 Compressor Station Fuel and Power	-	-
107	820 Measuring and Regulating Station Expenses	-	-
108	821 Purification Expenses	-	-
109	822 Exploration and Development	-	-
110	823 Gas Losses	-	-
111	824 Other Expenses	-	-
112	825 Storage Well Royalties	-	-
113	826 Rents	-	-
114	TOTAL Operation (Total of lines 101 thru 113)	-	-

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

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

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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		
150	844.2 LNG Processing Terminal Labor and Expenses		
151	844.3 Liquefaction Processing Labor and Expenses		
152	844.4 Liquefaction Transportation Labor and Expenses		
153	844.5 Measuring and Regulating Labor and Expenses		
154	844.6 Compressor Station Labor and Expenses		
155	844.7 Communication System Expenses		
156	844.8 System Control and Load Dispatching		
157	845.1 Fuel		
158	845.2 Power		
159	845.3 Rents		
160	845.4 Demurrage Charges		
161	(less) 845.5 Wharfage Receipts-Credit		
162	845.6 Processing Liquefied or Vaporized Gas by Others		
163	846.1 Gas Losses		
164	846.2 Other Expenses		
165	TOTAL Operation (Total of lines 149 thru 164)		
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering		
168	847.2 Maintenance of Structures and Improvements		
169	847.3 Maintenance of LNG Processing Terminal Equipment		
170	847.4 Maintenance of LNG Transportation Equipment		
171	847.5 Maintenance of Measuring and Regulating Equipment		
172	847.6 Maintenance of Compressor Station Equipment		
173	847.7 Maintenance of Communication Equipment		
174	847.8 Maintenance of Other Equipment		
175	TOTAL Maintenance (Total of lines 167 thru 174)		
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)		
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)		

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering		
181	851 System Control and Load Dispatching		
182	852 Communication System Expenses		
183	853 Compressor Station Labor and Expenses		
184	854 Gas for Compressor Station Fuel		
185	855 Other Fuel and Power for Compressor Stations		
186	856 Mains Expenses		
187	857 Measuring and Regulating Station Expenses		
188	858 Transmission and Compression of Gas by Others		
189	859 Other Expenses		
190	860 Rents		
191	TOTAL Operation (Total of lines 180 thru 190)		
192	Maintenance		
193	861 Maintenance Supervision and Engineering		
194	862 Maintenance of Structures and Improvements		
195	863 Maintenance of Mains		
196	864 Maintenance of Compressor Station Equipment		
197	865 Maintenance of Measuring and Regulating Station Equipment		
198	866 Maintenance of Communication Equipment		
199	867 Maintenance of Other Equipment		
200	TOTAL Maintenance (Total of lines 193 thru 199)		
201	TOTAL Transmission Expenses (Total of lines 191 and 200)		
202	4. DISTRIBUTION EXPENSES		
203	Operation		
204	870 Operation Supervision and Engineering	744,263	493,905
205	871 Distribution Load Dispatching	29,361	25,392
206	872 Compressor Station Labor and Expenses		
207	873 Compressor Station Fuel and Power		

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
208	874 Mains and Services Expenses	2,029,868	1,784,864
209	875 Measuring and Regulating Station Expenses-General	194,388	152,470
210	876 Measuring and Regulating Station Expenses-Industrial	35,558	35,955
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	-	-
212	878 Meter and House Regulator Expenses	1,658,102	1,387,362
213	879 Customer Installations Expenses	1,147,102	1,154,479
214	880 Other Expenses	1,590,193	1,407,072
215	881 Rents	71,888	107,889
216	TOTAL Operation (Total of lines 204 thru 215)	7,500,723	6,549,388
217	Maintenance		
218	885 Maintenance Supervision and Engineering	97,268	143,461
219	886 Maintenance of Structures and Improvements	87,171	104,408
220	887 Maintenance of Mains	1,458,638	1,217,663
221	888 Maintenance of Compressor Station Equipment	-	-
222	889 Maintenance of Measuring and Regulating Station Equipment-General	113,854	143,154
223	890 Maintenance of Meas. And Reg. Station Equipment-Industrial	104,514	120,197
224	891 Maintenance of Meas. And Reg. Station Equip-City Gate Check Station	-	
225	892 Maintenance of Services	471,011	453,798
226	893 Maintenance of Meters and House Regulators	97,409	116,988
227	894 Maintenance of Other Equipment	173,656	166,391
228	TOTAL Maintenance (Total of lines 218 thru 227)	2,603,521	2,466,060
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	10,104,244	9,015,448
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	6,432	6,983
233	902 Meter Reading Expenses	1,219,048	1,245,284
234	903 Customer Records and Collection Expenses	2,648,119	942,360

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
235	904 Uncollectible Accounts	2,451,088	1,181,041
236	905 Miscellaneous Customer Accounts Expenses	1,908	824
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	6,326,595	3,376,492
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision	30,326	39,083
241	908 Customer Assistance Expenses	148,563	158,365
242	909 Informational and Instructional Expenses	55,710	-
243	910 Miscellaneous Customer Service and Informational Expenses	502,291	24,200
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	736,890	221,648
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	2,634	-
248	912 Demonstrating and Selling Expenses	43,415	13,861
249	913 Advertising Expenses	5,524	-
250	916 Miscellaneous Sales Expenses	0	-
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	51,573	13,861
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	999,083	262,556
255	921 Office Supplies and Expenses	318,580	400,421
256	(Less) 922 Administrative Expenses Transferred-Credit	-	-
257	923 Outside Services Employed	7,111,831	7,946,166
258	924 Property Insurance	116,907	134,560
259	925 Injuries and Damages	688,676	731,932
260	926 Employee Pensions and Benefits	1,065,375	1,583,964
261	927 Franchise Requirements	-	-
262	928 Regulatory Commission Expenses	302,663	288,669
263	(Less) 929 Duplicate Charges-Credit	-	-
264	930.1 General Advertising Expenses	-	-
265	930.2 Miscellaneous General Expenses	53,245	42,277
266	931 Rents	6,948	9,785
267	TOTAL Operation (Total of lines 254 thru 266)	10,663,308	11,400,330
268	Maintenance		
269	935 Maintenance of General Plant	389	401
270	TOTAL Admistrative and General Expenses (Total of lines 267 and 269)	10,663,697	11,400,731
271	TOTAL Gas O & M Expenses (Total of lines 97,177,201,229,237,244,251 and 270)	182,978,365	135,688,839

 (Next page is 328)

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo,Da,Yr) March 31, 2009	Year of Report Dec. 31, 2008

EXCHANGE AND IMBALANCE TRANSACTIONS

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

Line No.	Zone/Rate Schedule (a)	Gas Received from Others		Gas Delivered to Others	
		Amount (b)	DTH (c)	Amount (d)	DTH (e)
1	Off System Sales	-		(6,081,344)	(779,6
2	Transportation Imbalances with Pipelines				
3	Transportation Imbalances with End Users	(3,411,630)	(377,580)		
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	TOTAL	(3,411,630)	(377,580)	(6,081,344)	(779,6

GAS USED IN UTILITY OPERATIONS

1. Report below details of credits during the year to Accounts 810, 811, and 812

2. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the MCF of gas used, omitting entries in column (d)

Line No	Purpose for Which Gas Was Used	Account Charged	Natural Gas		Manufactured Gas	
			Gas Used (DTH)	Amount of Credit (in dollars)	Gas Used (DTH)	Amount of Credit
	(a)	(b)	(c)	(d)	(e)	(f)
1	810 Gas Used for Compressor Station Fuel - Credit					
2	811 Gas Used for Products Extraction - Credit					
3	*Gas Shrinkage and Other Usage* in Respondent's Own Processing					
4	Gas Shrinkage, etc for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)					
6	Heat for Building and Other Uses:					
		874				
		875	4,847	58,982		
		880	9,525	115,909		
		921	597	7,267		
		236		-		
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
	TOTAL		14,969	182,158		

Name of Respondent COLUMBIA GAS OF KENTUCKY , INC	This Report Is: (X) An Original ( ) A Resubmission	Date of Report March 31, 2009	Year of Report Dec. 31, 2008

Transmission and Compression of Gas by Others (Account 858)

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

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

Name of Respondent	This Report Is:	Date of Report	Year Ending
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(*Mo.Da.Yr.*) March 31, 2009	Dec. 31, 2008

Other Gas Supply Expenses (Account 813)

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

Line No	Description (a)	Amount (in dollars) (b)
1	Intercompany Off-System Exchange Activity	5,546
2		
3		
4		
5		
6		
7		
8		
9		
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11		
12		
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16		
17		
18		
19		
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21		
22		
23		
24		
25	Total	

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Name of Respondent	This Report Is:	Date of Report	Year Ending
	[X] An Original	(*Mo.Da.Yr.*)	
COLUMBIA GAS OF KENTUCKY, INC.	[ ] A Resubmission	March 31, 2009	Dec. 31, 2008

MISCELLANEOUS GENERAL EXPENSES (Account 930.2)

1.Provide the information requested below on miscellaneous general expenses.

2. For Other Expenses, show the (a) purpose,(b) recipient and (c) amount of such items. List separately amounts of $250,000 or more however, amounts less than $250,000 may be grouped if the number of items so grouped is shown.

Line No	Description (a)	Amount (in dollars) (b)
1	Industry association dues	48,955
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	4,290
5		
6		
7		
8		
9		
10		
11		
12		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	TOTAL	53,245

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year Ending
Columbia Gas of Kentucky, Inc.	[x] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)

1 Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown

2 Report in Section B column (b) all depreciation or amortizable plant balances to which rates are applied and show a composite total (if more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a) Indicate in a footnote the manner in which column (b) balances are

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

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (d)
1	Intangible plant	0		
2	Production plant, manufactured gas	0		
3	Production and gathering plant, natural gas	0		
4	Products extraction plant	0		
5	Underground gas storage plant	0		
6	Other storage plant	0		
7	Base load LNG terminaling and processing plant	0		
8	Transmission plant	0		
9	Distribution plant	5,108,098		
10	General plant	48,806		
11	Common plant - gas	0		
12	TOTAL	5,156,904	0	0

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year Ending
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DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)

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

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

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

Amortization of Other Limited - term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)	Functional Classification (a)	Line No.
260,191		260,191	Intangible plant	1
		0	Production plant, manufactured gas	2
		0	Production and gathering plant, natural gas	3
		0	Products extraction plant	4
		0	Underground gas storage plant	5
		0	Other storage plant	6
		0	Base load LNG terminaling and processing plant	7
		0	Transmission plant	8
-		5,108,098	Distribution plant	9
183,863		232,669	General plant	10
		0	Common plant - gas	11
444,054	0	5,600,958	TOTAL	12

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year Ending
Columbia Gas of Kentucky, Inc.	x An Original A Resubmission	March 31, 2009	Dec. 31, 2008

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Continued)

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

Section B, Factors Used in Estimating Depreciation Charges

Line No.	Functional Classification (a)	Depreciation Plant Base (thousands) (b)	Applied Depreciation or Amortization Rates (percent) (c)
1	Production and Gathering Plant		
2	Offshore		
3	Onshore		
4	Underground Gas Storage Plant		
5	Transmission Plant		
6	Offshore		
7	Onshore		
8	General Plant	4,490	5.18%
9	Liquefied Petroleum Gas - Air Plant	0	0
10	Distribution Plant	259,291	1.97%
11			
12			
13			
14			
15	Total	263,780	2.02%

Notes to Depreciation, Depletion and Amortization of Gas Plant

Straight-line depreciation accruals are computed monthly by applying one-twelfth of the annual depreciation rate to the balance of the property account at the beginning of each month. Depreciation rates cannot be fixed solely on the basis of statistical studies. While statistical studies based upon past experience have value in making judgments, management must also consider current or anticipated changes in operating conditions, gas supply, physical conditions, technological breakthroughs and short and long-range construction projects.

Name of Respondent	This Report Is:	Date of Report	Year Ending
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COLUMBIA GAS OF KENTUCKY, INC.	[ ] A Resubmission	March 31, 2009	Dec. 31, 2008

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

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

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

(b) *Miscellaneous Income Deductions* - Report the nature, payee and amount of other income deductions for the year as required by Accounts 426 1, *Donations;* 426 2, *Life Insurance; 426 3, Penalties; 426 4, Expenditures for Certain Civic, Political and Related Activities;* and 426 5, *Other Deductions,* of the Uniform System of Accounts.

Amounts less than $250,000 may be grouped by classes within the above accounts.

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

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

Line No.	Item (a)	Amount (b)
1	ACCOUNT 425	---
2	MISCELLANEOUS AMORTIZATIONS	
3		
4	ACCOUNT 426	
5	CONTRIBUTIONS	108,170
6	ENERGY ASSISTANCE PROGRAM	20,383
7	SHAREHOLDER PORTION OF ENERGY ASSISTANCE PROGRAM	174,996
8	MARK TO MARKET OPTIONS	(53,204)
9	OTHER	35,681
10		
11		
12	TOTAL ACCOUNT 426	286,026
13		
14	ACCOUNT 430	
15	MONEY POOL	274,862
16	INSTALLMENT PROMISSORY NOTES (SEE PAGES 257-A)	3,311,321
17		
18	TOTAL ACCOUNT 430	3,586,183
19		
20	ACCOUNT 431	
21	RATE REFUNDS	4,333
22	CUSTOMER DEPOSITS	177,426
23	INTEREST EXPENSE	(5,084)
24		
25		
26		
27		
28	TOTAL ACCOUNT 431	176,675
29		
30		
31		
32		
33		
34		
35		

Name of Respondent Columbia Gas of Kentucky, Inc.	This Report is: [x] An Original [ ] A Resubmission	Date of Report (*Mo. Da. Yr.*) March 31, 2009	Year Ending Dec 31, 2008

REGULATORY COMMISSION EXPENSES (Account 928)

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. In columns (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No	Description *(Furnish name of regulatory commission or body, the docket number and a description of the case)* (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					
4	Assessment Fees Based on Revenue	250,082		250,082	
5					
6	Rate Case Expense		52,581	52,581	
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	TOTAL	250,082	52,581	302,663	-

	Name of Respondent Columbia Gas of Kentucky, Inc.	This Report is: [x] An Original [ ] A Resubmission	Date of Report *(Mo, Da, Yr)* March 31, 2009	Year Ending Dec 31, 2008

REGULATORY COMMISSION EXPENSES (Continued)

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

	EXPENSES INCURRED DURING YEAR				AMORTIZED DURING THE YEAR		
	CHARGED CURRENTLY TO						
Line No	Department (f)	Account No (g)	Amount (h)	Deferred to Account 182 3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)
1							
2							
3							
4	Gas	928	250,082				
5							
6	Gas	928	52,581				
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25			302,663				

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY	(X) An Original ( ) A Resubmission	March 31, 2009	Dec. 31, 2008

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 74.01, 74.02, etc.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	0		
4	Transmission	0		
5	Distribution	0		
6	Customer Accounts	0		
7	Customer Service and Informational	0		
8	Sales	0		
9	Administrative and General	0		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	0		
11	Maintenance			
12	Production	0		
13	Transmission	0		
14	Distribution	0		
15	Administrative and General	0		
16	TOTAL Maintenance (Enter Total of lines 12 thru 15)	0		
17	Total Operation and Maintenance			
18	Production (Total of lines 3 and 12)	0		
19	Transmission (Total of lines 4 and 13)	0		
20	Distribution (Total of lines 5 and 14)	0		
21	Customer Accounts (line 6)	0		
22	Customer Service and Informational (Transcribe from line 7)	0		
23	Sales (line 8)	0		
24	Administrative and General (Total of lines 9 and 15)	0		
25	TOTAL Operation (Total of lines 18 thru 24)	0	0	0
26	Gas			
27	Operation			
28	Production - Manufactured Gas	0		
29	Production - Natural Gas (Including Exploration and Development)			
30	Other Gas Supply	12,618		
31	Storage, LNG Terminaling and Processing	0		
32	Transmission	0		
33	Distribution	3,860,284		
34	Customer Accounts	781,574		
35	Customer Service and Informational	174,067		
36	Sales	9,263		
37	Administrative and General	999,080		
38	TOTAL Operation (Total of lines 28 thru 37)	5,836,886		
39	Maintenance			
40	Production - Manufactured Gas	0		
41	Production - Natural Gas (Including Exploration and Development)			
42	Other Gas Supply	0		
43	Storage, LNG Terminaling and Processing	0		
44	Transmission	0		
45	Distribution	1,043,396		
46	Administrative and General	0		
47	TOTAL Maintenance (Total of lines 40 thru 46)	1,043,396		

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) [X] An Original (2) [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
	Gas (Continued)			
48	Total Operation and Maintenance			
49	Production - Manufactured Gas *(Lines 28 and 40)*	0	-	0
50	Production - Natural Gas (Including Expl. and Dev.)	-	-	-
	(Lines 29 and 41)	-	-	-
51	Other Gas Supply (Lines 30 and 42)	12,618	-	12,618
52	Storage, LNG Terminaling and Processing	-	-	-
	(Lines 31 and 43)	-	-	-
53	Transmission (Lines 32 and 44)	-	-	-
54	Distribution (Lines 33 and 45)	4,903,680	69,245	4,972,925
55	Customer Accounts (Line 34)	781,574	4,541	786,115
56	Customer Service and Informational (Line 35)	174,067	-	174,067
57	Sales (Line 36)	9,263	-	9,263
58	Administrative and General (Lines 37 and 46)	999,080	1,892	1,000,972
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)	6,880,282	75,678	6,955,960
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	6,880,282	75,678	6,955,960
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	-	-	-
66	Gas Plant	2,454,170	31,717	2,485,887
67	Other	-	-	-
68	TOTAL Construction (Total of Lines 65 thru 67)	2,454,170	31,717	2,485,887
69	Plant Removal (By Utility Departments)			
70	Electric Plant	-	-	-
71	Gas Plant	156,768	2,516	159,284
72	Other	14,667	-	14,667
73	TOTAL Plant Removal (Total of lines 70 thru 72)	171,435	2,516	173,951
74	Other Accounts (Specify):			
75				
76				
77				
78				
79				
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	0	-	0
96	TOTAL SALARIES AND WAGES	9,505,887	109,911	9,615,798

Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year Ending
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

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)	(b)	Amount (in dollars) (c)
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 manner, as the		
6	respondent may, from time to time desire, accounting and statistical, auditing,		
7	budget, cash management, communications and telecontrol, corporate, electronic		
8	data processing, employee relations, environmental affairs, financial services,		
9	insurance, office space, officers, operation and planning, public relations,		
10	tax, transportation and other services, the description of which is included in		
11	the service agreement.		
12			
13	Actual costs from the service corporation include a reasonable compensation for		
14	necessary capital procured through the issuance of capital stock.		
15			
16	Total Charges For The Year: ACCOUNT		
17			
18			
19	107		534,161
20	807		348,142
21	870		487,460
22	874		2,058
23	880		157
	885		1,070
	887		1,495
24	903		1,003,054
	908		39,134
	909		55,710
	910		294,794
	911		2,634
	912		25,494
	913		3,277
	923		6,651,414
25			
26			
27			
28	TOTAL		9,450,054
29			
30			
31	Service Agreement effective November 1, 1962 may be terminated upon not less		
32	than thirty days written notice.		
33			
34			
35			
36			
37			
38			

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES (Continued)

2. ANNUAL PAYMENTS OVER $250,000

Payee Name	Type of Service & Basis	Account		Amount
CJ Hughes Construction Co. Inc.	Pipeline Construction &	WM		0
P. O. Box 7305	Maintenance	107		703,895
Huntington , WV 25776		108		16,911
		183		2,937
		874		1,784
		887		37,782
		892		1,116
		Total	$	764,425
Citibank	Banking	107		0
P. O. Box 6575		184		970,752
The Lakes , Nv 88901-6575		880		702
		886		302
		Total	$	971,756
Damage Prevention Specialists	Consultant Services	874		366,950
				0
				0
				0
		Total	$	366,950
KU Solutions	Consultant Services	902		821,428
220 West Main Street				
Louisville, KY 40202		Total	$	821,428
Stanley Pipeline , Inc.		107		2,782,552
5425 Paris Road		108		151,045
Winchester , Ky. 40391		874		22,952
		875		0
		878		0
		879		13,997
		887		545,060
		889		0
		892		142,485
		894		0
				3,658,091
Surveys & Analysis	Field Operations	107		-
538 Hartford Turnpike		186		-
Shrewsbury, MA 01545		874		308,698
		879		106,226
		887		31,522
		892		-
		Total	$	446,446
		Page Total		7,029,096

Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) [X] An Original (2) [ ] A Resubmission	March 31, 2009	Dec. 31, 2008

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES (Continued)

2. ANNUAL PAYMENTS OVER $250,000

Payee Name	Type of Service & Basis	Account		Amount
The Fishel Co	Consultant Services	107		1,527,037
Corporate Processing Department		108		19,155
Columbus , Oh. 43271-0746		183		107,597
		184		600
		186		-
		871		-
		874		1,698
		875		-
		878		-
		879		3,639
		880		1,665
		885		-
		887		58,662
		889		-
		890		400
		892		39,518
		893		-
		894		-
		Total	$	1,759,971
Miller Pipeline Corp	Field Operations	107		1,154,893
1853 Reliable Pkwy		108		19,819
Chicago ILL 60686		880		0
		892		7,897
		Total	$	1,182,609
Grand Total				9,971,676

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Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year Ending
Columbia Gas of Kentucky, Inc.	x An Original A Resubmission	March 31, 2009	Dec. 31, 2008

Compressor Stations

1. Report below details concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stati 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 stationsgrouped. Identify any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and the percentage of ownership if jointly owned.

Line No.	Name of Station and Location (a)	Number of Units at Station (b)	Certificated Horsepower for Each Station (c)	Plant Cost (d)
1	**Not Applicable**			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
25				

io 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 a costs are contemplated. Designate any compressor units in transmission compressor stattions installed and put into operation during the year and show in a footnote each units 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.

Expenses (except Depreciation and Taxes) Fuel or Power (e)	Expenses (except Depreciation and Taxes) Other (f)	Gas for Compressor Fuel in Dth (g)	Total Compressor Hours of Operation During Year (h)	Number of Compressors Operated at Time of Station Peak (i)	Date of Station Peak (j)

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) [X] An Original (2) [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2009	Dec. 31, 2008

GAS STORAGE PROJECTS

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

Line No.	Item (a)	Gas Belonging to Respondent (Dth) (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
	Storage Operations (In DTH)			
1	Gas Delivered to Storage			
2	January	(7,758)	-	(7,758)
3	February	29,509	-	29,509
4	March	206,763	-	206,763
5	April	885,522	-	885,522
6	May	1,953,116	-	1,953,116
7	June	1,857,255	-	1,857,255
8	July	2,202,780	-	2,202,780
9	August	1,578,349	-	1,578,349
10	September	1,347,130	-	1,347,130
11	October	816,465	-	816,465
12	November	(67,533)	-	(67,533)
13	December	11,941	-	11,941
14	TOTAL (Enter Total of Lines 2 Thru 13)	10,813,539	-	10,813,539
15	Gas Withdrawn from Storage			
16	January	3,528,906	-	3,528,906
17	February	2,584,545	-	2,584,545
18	March	1,528,450	-	1,528,450
19	April	177,150	-	177,150
20	May	1,998	-	1,998
21	June	0	-	-
22	July	0	-	-
23	August	0	-	-
24	September	181,309	-	181,309
25	October	(8,719)	-	(8,719)
26	November	879,775	-	879,775
27	December	900,481	-	900,481
28	TOTAL (Enter Total of Lines 16 Thru 27)	9,773,895	-	9,773,895

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year Ending Dec. 31, 2008

Gas Storage Projects

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

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

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2009	Year Ending Dec. 31, 2008

Transmission Lines

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

Line No.	Designation (Identification) of Lines or Group of Lines (a)	* (b)	Total Miles of Pipe (c)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
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22			
23			
24			
25			

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY	(X) An Original ( ) A Resubmission	March 31, 2009	Dec. 31, 2008

Transmission System Peak Deliveries

1. Report below the total transmission system deliveries of gas (in Dth), excluding deliveries to storage, for the period of system peak deliveries indicated below, during the twelve months embracing the heating season overlapping the year's end for which this report is submitted. The season's peak normally will be reached before the due date of this report, March 31, which permits inclusion of the peak information required on this page. Add rows as necessary to report all data. Number additional rows 6.01, 6.02, etc.

Line No.	Description (a)	Dth of Gas Delivered to Interstate Pipelines (b)	Dth of Gas Delivered to Others (c)	Total (b) + (c) (d)
	Section A: Single Day Peak Deliveries			
1				
2	Volumns of Gas Transported			
3	No-Notice Transportation			
4	Other Firm Transportation			
5	Interruptible Transportation			
6				
7	TOTAL			
8	Volumns of Gas Withdrawn from Storage under Storage Contract			
9	No-Notice Storage			
10	Other Firm Storage			
11	Interruptible Storage			
12				
13	TOTAL			
14	Other Operational Activities			
15	Gas Withdrawn from Storage for System Operations			
16	Reduction in Line Peak			
17				
18	TOTAL			
19	Section B: Consecutive Three-Day Peak Deliveries			
20				
21	Volumns of Gas Transported			
22	No-Notice Transportation			
23	Other Firm Transportation			
24	Interruptible Transportation			
25				
26	TOTAL			
27	Volumns of Gas Withdrawn from Storage under Storage Contract			
28	No-Notice Storage			
29	Other Firm Storage			
30	Interruptible Storage			
31				
32	TOTAL			
33	Other Operational Activities			
34	Gas Withdrawn from Storage for System Operations			
35	Reduction in Line Peak			
36				
37	TOTAL			

Name of Respondent Columbia Gas of Kentucky, Inc.	This Report is: [x] An Original [ ] A Resubmission	Date of Report (*Mo. Da. Yr.*) March 31, 2009	Year of Report Dec. 31, 2008

AUXILIARY PEAKING FACILITIES

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

Line No	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility Mcf (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery? Yes (e)	No (f)
1						
2			***Nothing To Report**			
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
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24						
25						
26						

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo,Da,Yr) March 31, 2009	Dec. 31, 2008

GAS ACCOUNT - NATURAL GAS

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

01 NAME OF SYSTEM

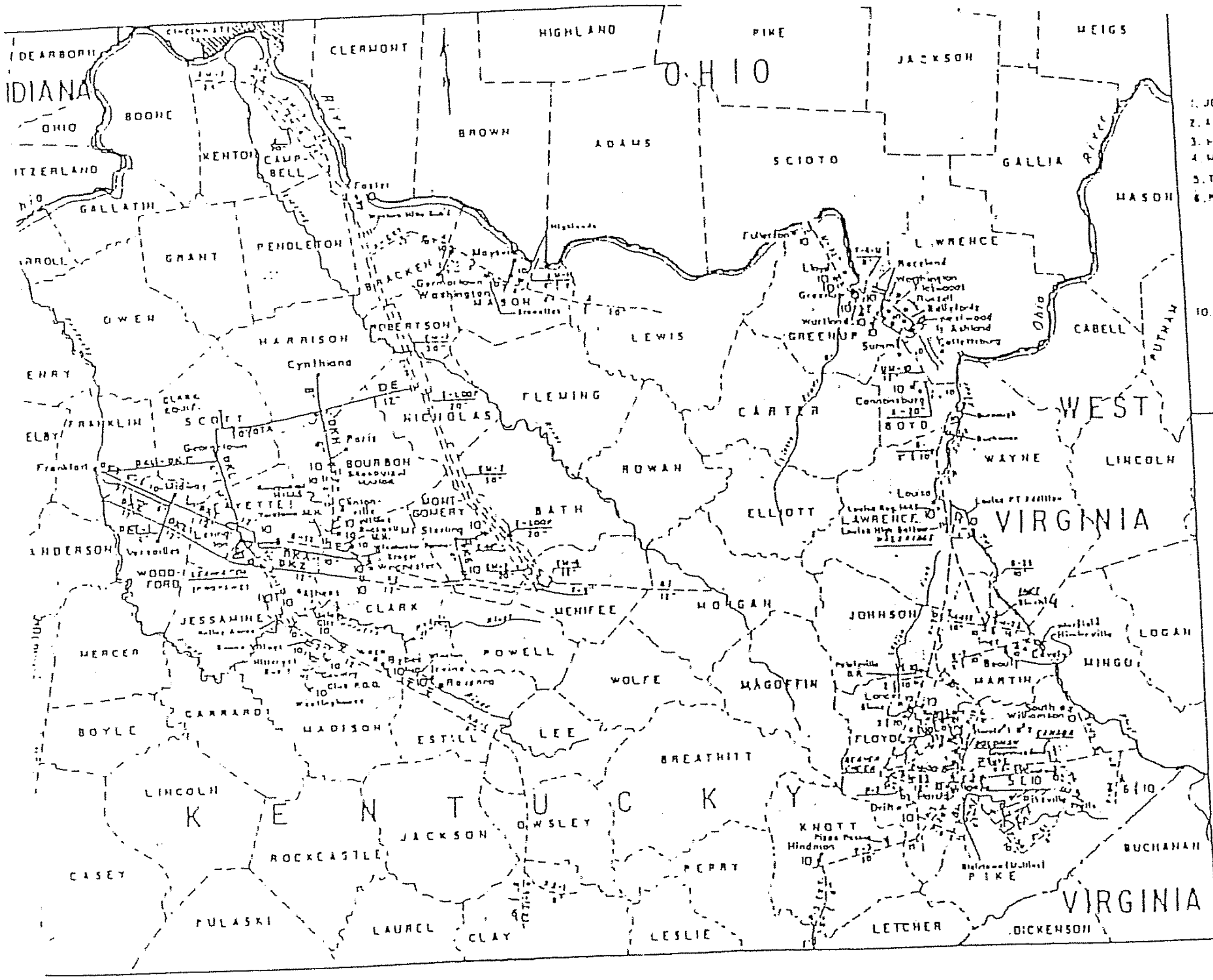
Line No.	Item (a)	Ref Page No. (b)	Amount of Dth (c)
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		15,021,337
4	Gas of Others Received for Gathering (Account 489.1)	303	-
5	Gas of Others Received for Transmission (Account 489.2)	305	-
6	Gas of Others Received for Distribution (Account 489.3)	301	-
7	Gas of Others Received for Contract Storage (Account 489.4)	307	-
8	Exchanged Gas Received from Others (Account 806)	328	(377,580)
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	512	9,773,895
12	Gas Received from Shippers as Compressor Station Fuel		-
13	Gas Received from Shippers as Lost and Unaccounted for		-
14	Other Receipts (Specify)		-
15	Total Receipts (Total of Lines 3 thru 14)		24,417,652
16	GAS DELIVERED		
17	Gas Sales (Accounts 480-484)	301	12,238,575
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	25,387,451
21	Deliveries of Contract Storage Gas (Account 489.4)	307	-
22	Exchange Gas Delivered to Others (Account 806)	328	-
23	Gas Delivered as Imbalances (Account 806)	328	779,634
24	Deliveries of Gas to Others for Transportation (Account 858)	332	-
25	Other Gas Delivered to Storage	512	10,813,539
26	Gas Used for Compressor Station Fuel	509	-
27	Other Deliveries (Specify):		-
27.01	Unbilled Gas Sales		185,605
27.02	Off System Sales		1,245,506
27.03	Natural Gas Used by Respondent	331	14,969
27.04	Municipal Free and Line Damage		(39,773)
28	Total Deliveries (Total of Lines 17 thru 27.04)		50,625,506
29	GAS UNACCOUNTED FOR		
30	Production System Losses		-
31	Gathering System Losses		-
32	Transmission System Losses		-
33	Distribution System Losses		(928,511)
34	Storage System Losses		-
35	Other Losses (Specify)		-
36	Total Unaccounted for (Total of Lines 30 thru 35)		(928,511)
37	Total Deliveries & Unaccounted For (Total of Lines 28 and 36)		49,696,995

Name of Respondent	This Report Is:	Date of Report	Year of Report
Columbia Gas of Kentucky , Inc.	(1) X An Original (2) A Resubmission	March 31, 2009	December 31, 2008

SYSTEM MAPS

1. Furnish 5 copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.
2. Indicate the following information on the maps:
   - (a) Transmission lines-colored in red, if they are not otherwise clearly indicated.
   - (b) Principal pipeline arteries of gathering systems.
   - (c) Sizes of pipe in principal pipelines shown on map.
   - (d) Normal directions of gas flow-indicated by arrows.
   - (e) Location of natural gas fields or pools in which the respondent produces or purchases natural gas.
   - (f) Locations of compressor stations, products, extraction plants, stabilization plants, important purification plants, underground storage areas, recycling areas, etc.
   - (g). Important main line interconnections with other natural gas companies, indicating in each case whether gas is received or delivered and name of connecting company.
   - (h). Principal communities in which respondent renders local distribution service.
3. In addition, show on each map: graphic scale to which map is drawn; date as of which the map represents the facts it purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.
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.

SEE ATTACHED



MAJOR DELIVERY POINTS FOR SALE AND PURCHASE

SALE TO | LOC

1. JOHNSON COUNTY GAS COMPANY — JOHNSON COUNTY
2. AUXIER ROAD GAS COMPANY — FLOYD COUNTY, K
3. MIKE LITTLE GAS COMPANY, INC. — FLOYD COUNTY, K
4. MARTIN GAS COMPANY — FLOYD COUNTY, K
5. THE CITY OF PIKEVILLE — PIKE COUNTY, KE
6. PHELPS GAS COMPANY, INC. — PIKE COUNTY, KE

PURCHASE FROM

10. COLUMBIA GAS TRANSMISSION CORPORATION — BOURBON, BOYD, FAYETTE, FLOYD, LAWRENCE, MADI... GOMERY AND PI...

MAP OF

COLUMBIA GAS OF KENTUC

SHOWING

MAJOR FACILITIES AND DELIVERY FOR SALE AND PURCHASE OF NATUR

— LEGEND —

- COMMUNITY SERVED RETAIL
- PIPELINE
- PROPANE PLANT
- INTERCONNECTION

MAJOR SUPPLIER'S FACILITIE

COLUMBIA GAS TRANSMISSION CORPOR

- PIPELINE
- COMPRESSOR STATION

SCALE IN MILES

DECEMBER 31, 1994

REVISED: 03-

Name of Respondent	This Report Is:	Date of Report	Year of Report
	(1) [X] An Original	(Mo.Da.Yr.)	
Columbia Gas of Kentucky, Inc.	(2) [ ] A Resubmission	03/31/2009	Dec. 31, 2008

FOOTNOTE DATA

Schedule Page: 209 Line No.: 121 Column: g

Total Gas Plant in Service - This schedule does not include capital leases totaling $0 at December 31, 2008

Schedule Page: 355 Line No.: 72 Column: b

Other Accounts (Specify)

Preliminary Survey and Investigation		(822)
Vacation and Non-Productive Time Transferred		(503)
Other Miscellaneous		15,992
	Total	14,667

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INDEX

Supplemental Gas Information

Revenues, Customers and MCF/DTH Sales

		For Reporting Year 2008		
		Revenue	DTH of Natural Gas Sold	Customers
480	Residential	110,662,529	7,633,161	97,269
481	Commercial & Industrial Sales			
	Small (or Commercial)	61,045,453	4,389,774	11,068
	Large (or Industrial)	2,550,770	195,812	109
482	Other Sales To Public Authorities	-	-	-
484	Interdepartmental Sales	-	-	-
	TOTAL Sales to Ultimate Customers	174,258,752	12,218,747	108,446
483	Sales for Resale	243,258	19,828	2
	TOTAL Natural Gas Service	174,502,010	12,238,575	108,448

ADDITIONAL INFORMATION TO BE FURNISHED WITH
ANNUAL REPORT
December 31, 2008

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	158,239	1,609,420
Various Local Companies	14,434,719	-
Various Non-Local Companies	(385,051)	154,443,211
Pipeline Expenses - Transp.	(256,415)	11,682,503
Pipeline Expenses - Storage	-	4,496,417
Total Account 803	13,793,253	170,622,131
Various Local Companies	247,611	2,784,690
Various Non-Local Companies	-	-
City Gate Gas Purchases - Account 804	247,611	2,784,690
Propane Expenses	-	-
Miscellaneous Purchases	-	-
Deferred Purchased Gas Adj. -	-	882,773
Account 805	-	882,773
Total	14,199,103	175,899,014

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2008

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 Tohmatsu audits The Columbia Energy Group of which Respondent is a subsidiary (see page 102).

Name of Respondent: COLUMBIA GAS OF KENTUCKY, INC.
Year of Report: December 31, 2008

ADDITIONAL INFORMATION TO BE FURNISHED WITH

ANNUAL REPORT

GAS UTILITIES - CLASS A & B

Please furnish the following information, for Kentucky Operations only, and attach to your annual report.

Name of Counties in which you furnish Gas Service:

Bath	Lee
Bourbon	Letcher
Boyd	Lewis
Bracken	Madison
Carter	Martin
Clark	Mason
Clay	Menifee
Estill	Montgomery
Fayette	Morgan
Floyd	Nicholas
Franklin	Owsley
Greenup	Pendleton
Harrison	Pike
Jessamine	Robertson
Johnson	Scott
Knott	Woodford
Lawrence	

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
		BALANCE SHEET					
110	2	agrees with	200	13 less 11	X		
110	3	agrees with	200	11	X		
110	5	agrees with	200	14 & 33	X		
110	6	agrees with	200	15	X		
110	11	agrees with	122-123	-	X		
110	12	agrees with	220	5 (b)	X		
110	14	agrees with	220	5 (d)	X		
110	15	agrees with	220	5 (e)	X		
110	19	agrees with	222-223	-	X		
110	20	agrees with	222-223	-	X		
111	46	agrees with	227	-	X		
111	52	agrees with	220	-	X		
111	53	agrees with	220	-	X		
111	54	agrees with	230	Acct. 165	X		
111	67	agrees with	230	Acct. 182.1	X		
111	68	agrees with	230	Acct. 182.2	X		
111	69	agrees with	232	Acct. 182.3	X		
111	74	agrees with	233	Acct. 186	X		
111	78	agrees with	234-235	Acct. 190	X		
112	2	agrees with	251	(f)	X		
112	3	agrees with	251	(f)	X		
112	4	agrees with	252	-	X		
112	5	agrees with	252	-	X		

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

To be Completed and Returned With Annual Report

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

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

To be Completed and Returned With Annual Report

Page No.	Line No.		Page No.	Line No.	Yes	No	If No, Explain Why
		INCOME STATEMENT Continued					
116	50 (c)	agrees with	340	Acct. 426	X		
116	52	agrees with	262-C	Acct. 408.2	X		
116	53+54	agrees with	262-C	Acct. 409.2	X		
116	54	agrees with	262-A	Acct. 409.2	X		
116	55	agrees with	235+275+277	Acct. 410.2 7 (e)	X		
116	56	agrees with	235+275+277	Acct. 411.2 7 (f)	X		
116	63	agrees with	258-259	Acct. 428	X		
116	64	agrees with	258-259	Acct. 429	X		
116	67 (c)	agrees with	340	Acct. 430	X		
116	68 (c)	agrees with	340	Acct. 431	X		
116	76	agrees with	262-263	-	X		
		OTHER					
200	8	agrees with	209	48 (g)	X		
200	10	agrees with	214	41	X		
200	11	agrees with	216	42 (b)	X		
200	18	agrees with	219	25	X		
118	12 (c)	agrees with	121	69 (b)	X		
118	12 (c)	agrees with	121	71 (b)		X	Page 121 includes dividends and debt
325	262 (b)	agrees with	350	25 (d)	X		
335	25	agrees with	325	265 (b)	X		

Columbia Gas of Kentucky
CASE NO. 2009-00141
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, 2008

Gannett Fleming
Valuation and Rate Division

Harrisburg, Pennsylvania | Calgary, Alberta | Valley Forge, Pennsylvania

COLUMBIA GAS OF KENTUCKY, INC.

Lexington, Kentucky

DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS

RELATED TO GAS PLANT

AS OF DECEMBER 31, 2008

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

Gannett Fleming

GANNETT FLEMING, INC.
P.O. Box 67100
Harrisburg, PA 17106-7100
Location:
207 Senate Avenue
Camp Hill, PA 17011
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Fax: (717) 763-4590
www.gannettfleming.com

April 2, 2009

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

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Attention Ms. Judy Cooper
Director of Regulatory Affairs

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, 2008. 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

JOHN J. SPANOS
Vice President
Valuation and Rate Division

JJS:krm

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PART I. INTRODUCTION

PART II. METHODS USED IN THE ESTIMATION OF DEPRECIATION

PART III. RESULTS OF STUDY

CONTENTS, cont.

PART III. RESULTS OF STUDY, cont.

PART I. INTRODUCTION

COLUMBIA GAS OF KENTUCKY, INC.
DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO GAS PLANT
AS OF DECEMBER 31, 2008

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, 2008. 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 2008; the net salvage analyses of historical plant retirements data recorded through 2008; 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 2008 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 Iowa 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.

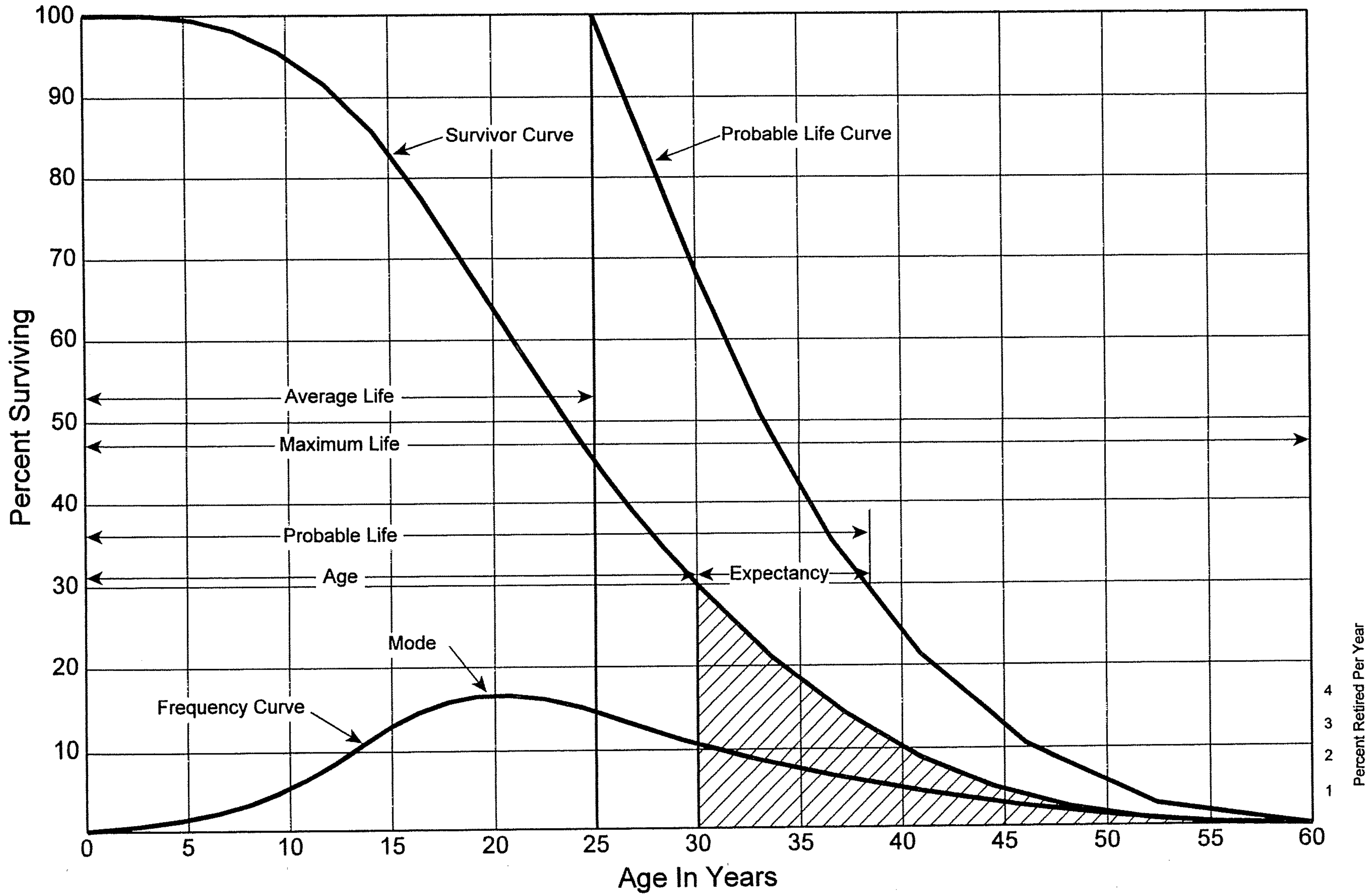

Figure 1. A Typical Survivor Curve and Derived Curves

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.[1] These type curves have also been presented in subsequent Experiment Station

[1]Winfrey, Robley. Statistical Analyses of Industrial Property Retirements. Iowa State College, Engineering Experiment Station, Bulletin 125. 1935.

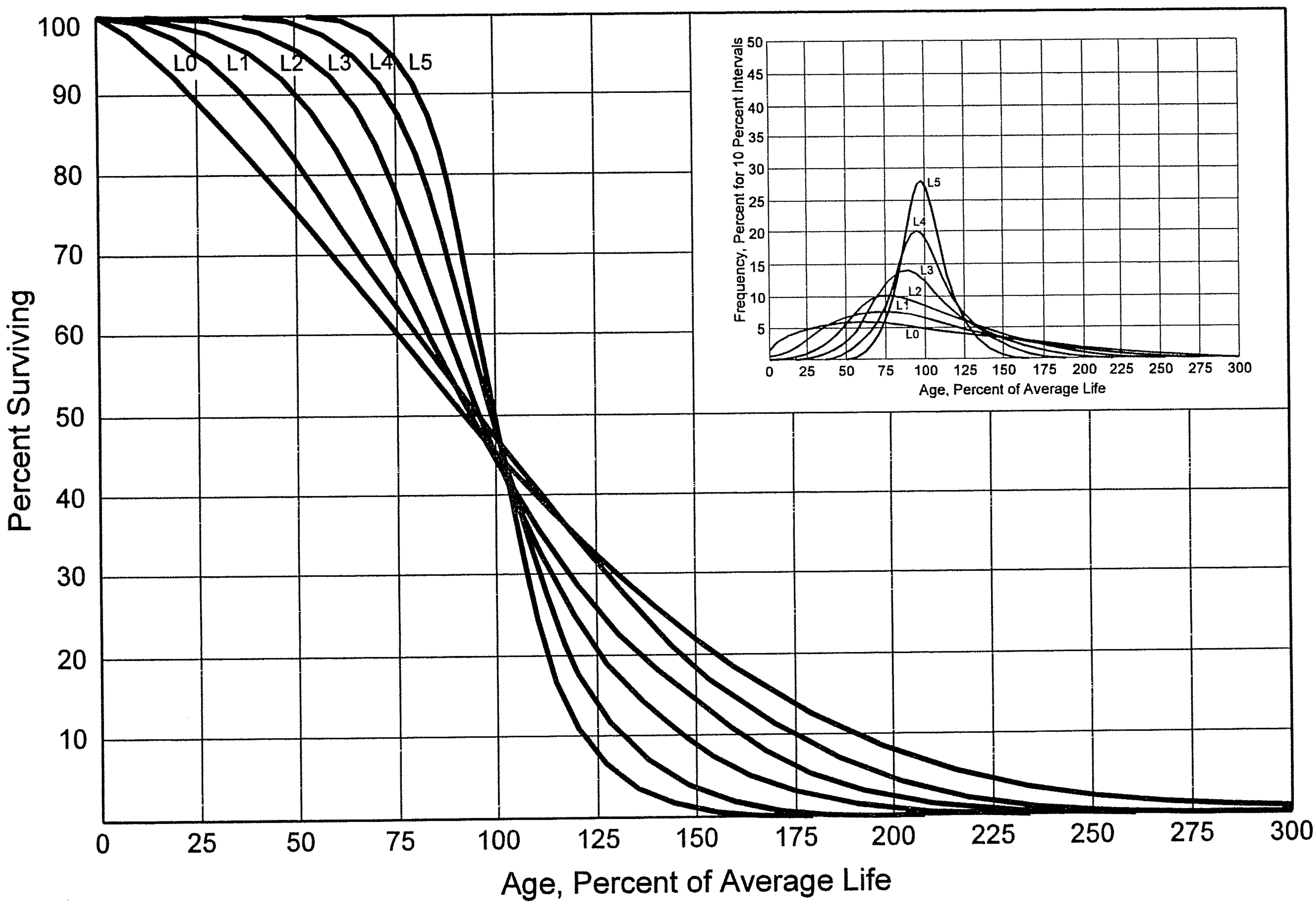

Figure 2. Left Modal or "L" Iowa Type Survivor Curves

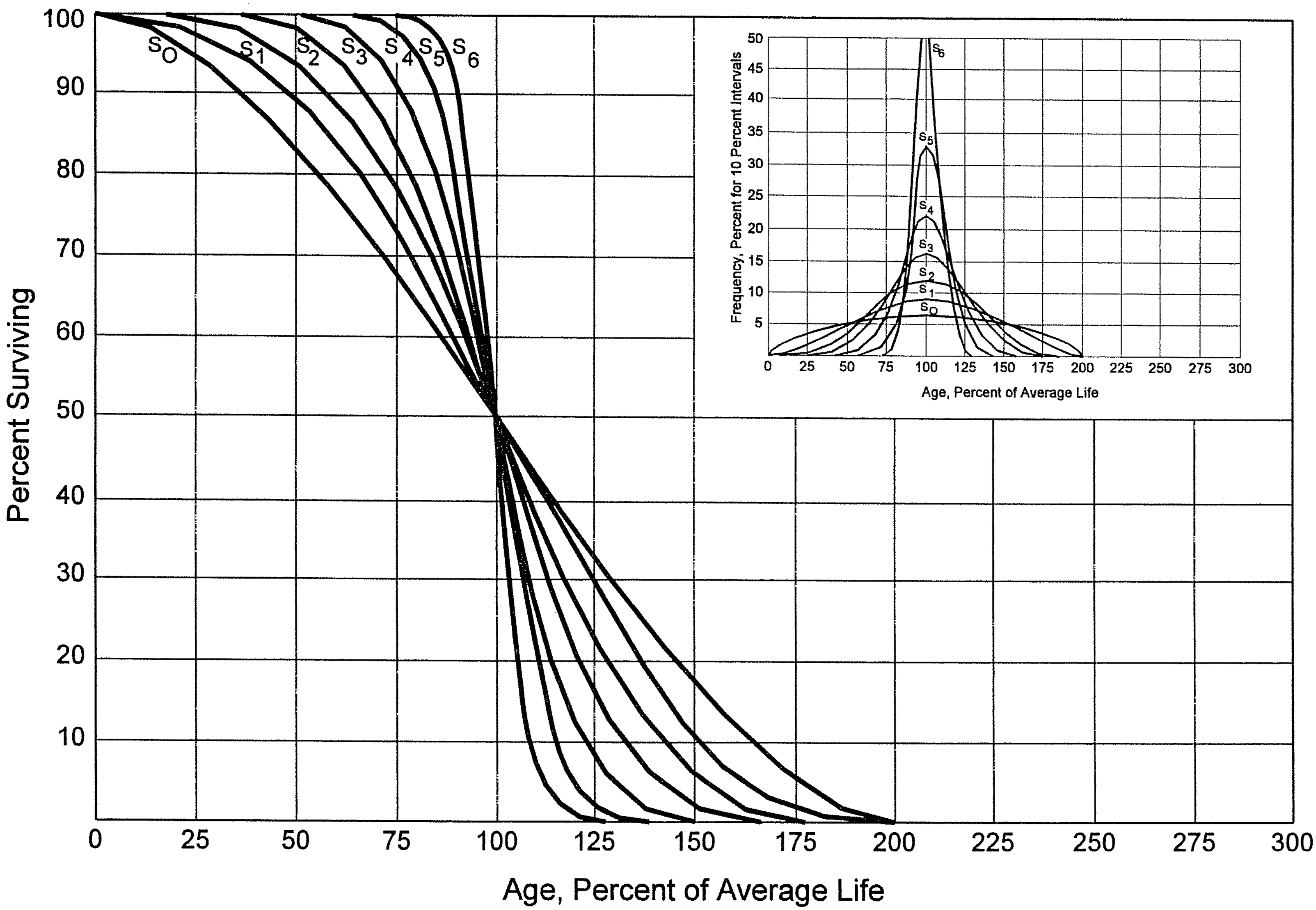

Figure 3. Symmetrical or " Iowa Type Survivor Curves

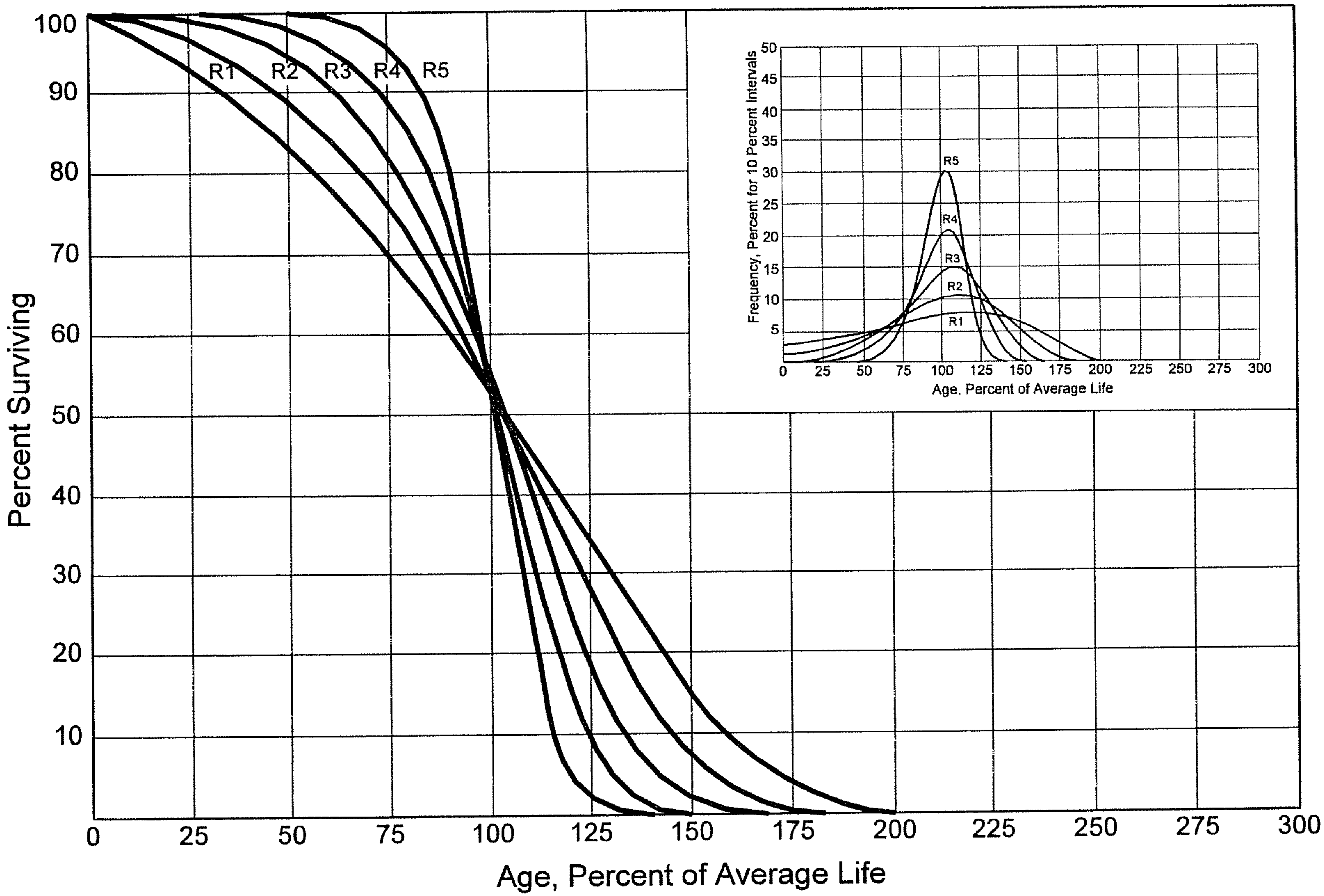

Figure 4. Right Modal or "R" Iowa Type Survivor Curves

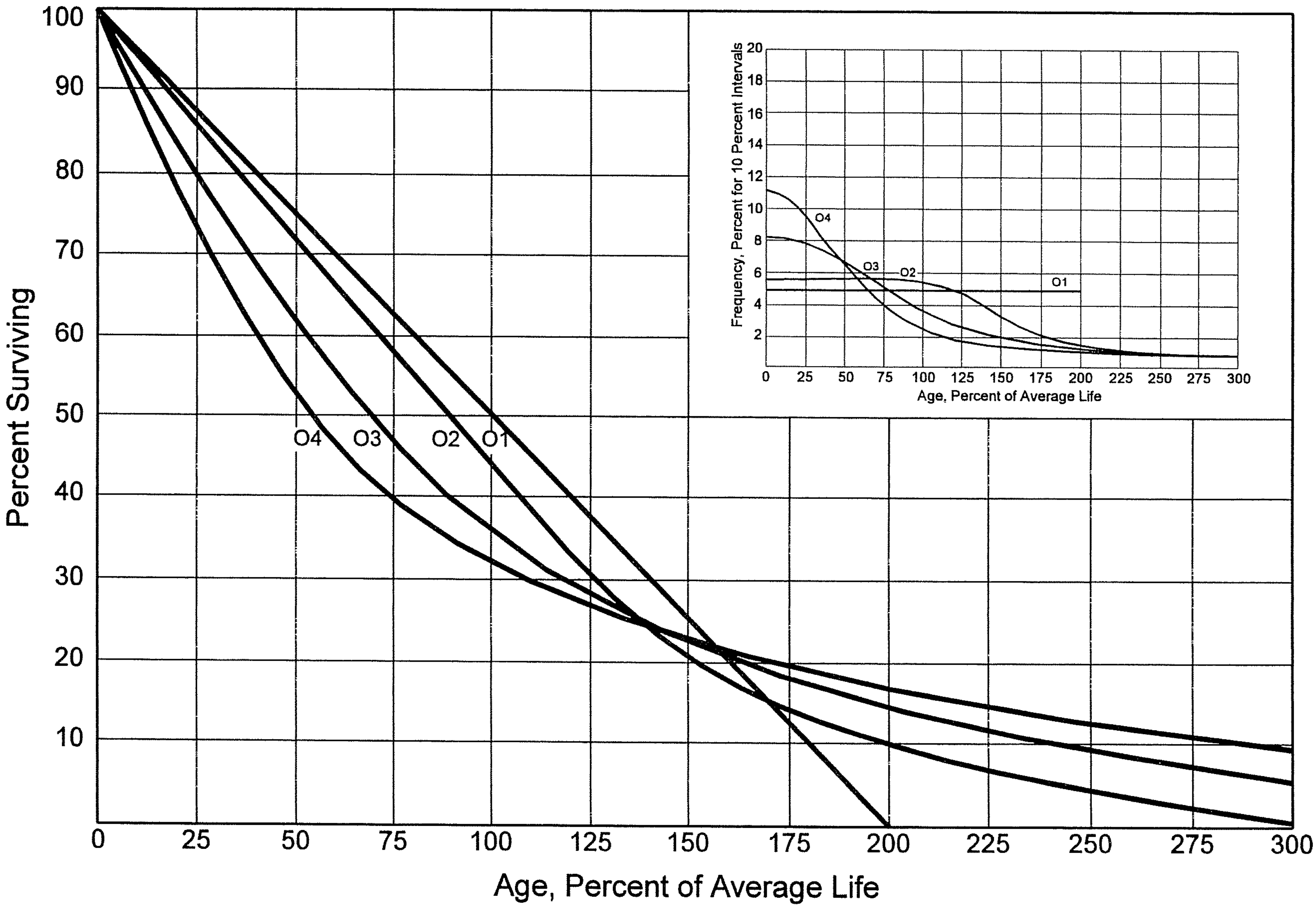

Figure 5. Origin Modal or "O" Iowa Type Survivor Curves

bulletins and in the text, "Engineering Valuation and Depreciation."[2] In 1957, Frank V. B.Couch, Jr., an Iowa State College graduate student, submitted a thesis[3] 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,"[4] "Engineering Valuation and Depreciation,"[5] and "Depreciation Systems."[6]

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

[3]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.

[4]Winfrey, Robley, Supra Note 1.

[5]Marston, Anson, Robley Winfrey, and Jean C. Hempstead, Supra Note 2.

[6]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 1999-2008 during which there were placements during the years 1994-2008. 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 1994 were retired in 1999. 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 1999-2008
SUMMARIZED BY AGE INTERVAL

Experience Band 1999-2008 | Placement Band 1994-2008

Year Placed (1)	Retirements, Thousands of Dollars During Year 1999 (2)	2000 (3)	2001 (4)	2002 (5)	2003 (6)	2004 (7)	2005 (8)	2006 (9)	2007 (10)	2008 (11)	Total During Age Interval (12)	Age Interval (13)
1994	10	11	12	13	14	16	23	24	25	26	26	13½-14½
1995	11	12	13	15	16	18	20	21	22	19	44	12½-13½
1996	11	12	13	14	16	17	19	21	22	18	64	11½-12½
1997	8	9	10	11	11	13	14	15	16	17	83	10½-11½
1998	9	10	11	12	13	14	16	17	19	20	93	9½-10½
1999	4	9	10	11	12	13	14	15	16	20	105	8½-9½
2000		5	11	12	13	14	15	16	18	20	113	7½-8½
2001			6	12	13	15	16	17	19	19	124	6½-7½
2002				6	13	15	16	17	19	19	131	5½-6½
2003					7	14	16	17	19	20	143	4½-5½
2004						8	18	20	22	23	146	3½-4½
2005							9	20	22	25	150	2½-3½
2006								11	23	25	151	1½-2½
2007									11	24	153	½-1½
2008										13	80	0-½
Total	53	68	86	106	128	157	196	231	273	308	1,606	

TABLE 2. OTHER TRANSACTIONS FOR EACH YEAR 1999-2008
SUMMARIZED BY AGE INTERVAL

Experience Band 1999-2008 | Placement Band 1994 -2008

Year Placed (1)	Acquisitions, Transfers and Sales, Thousands of Dollars — During Year: 1999 (2)	2000 (3)	2001 (4)	2002 (5)	2003 (6)	2004 (7)	2005 (8)	2006 (9)	2007 (10)	2008 (11)	Total During Age Interval (12)	Age Interval (13)
1994	-	-	-	-	-	-	60[a]	-	-	-	-	13½-14½
1995	-	-	-	-	-	-	-	-	-	-	-	12½-13½
1996	-	-	-	-	-	-	-	-	-	-	-	11½-12½
1997	-	-	-	-	-	-	-	(5)[b]	-	-	60	10½-11½
1998	-	-	-	-	-	-	-	6[a]	-	-	-	9½-10½
1999		-	-	-	-	-	-	-	-	-	(5)	8½-9½
2000		-	-	-	-	-	-	-	-	-	6	7½-8½
2001			-	-	-	-	-	-	-	-	-	6½-7½
2002				-	-	-	-	(12)[b]	-	-	-	5½-6½
2003					-	-	-	-	22[a]	-	-	4½-5½
2004						-	-	(19)[b]	-	-	10	3½-4½
2005							-	-	-	-	-	2½-3½
2006								-	-	(102)[c]	(121)	1½-2½
2007									-	-	-	½-1½
2008											-	0-½
Total	-	-	-	-	-	-	60	(30)	22	(102)	(50)	

[a] Transfer Affecting Exposures at Beginning of Year
[b] Transfer Affecting Exposures at End of Year
[c] 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 stairstep line drawn on the table beginning with the 1999 retirements of 1994 installations and ending with the 2008 retirements of the 2003 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 1999 through 2008 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 1999-2008
SUMMARIZED BY AGE INTERVAL

Experience Band 1999-2008 | Placement Band 1994-2008

Year Placed (1)	Exposures, Thousands of Dollars — Annual Survivors at the Beginning of the Year: 1999 (2)	2000 (3)	2001 (4)	2002 (5)	2003 (6)	2004 (7)	2005 (8)	2006 (9)	2007 (10)	2008 (11)	Total at Beginning of Age Interval (12)	Age Interval (13)
1994	255	245	234	222	209	195	239	216	192	167	167	13½-14½
1995	279	268	256	243	228	212	194	174	153	131	323	12½-13½
1996	307	296	284	271	257	241	224	205	184	162	531	11½-12½
1997	338	330	321	311	300	289	276	262	242	226	823	10½-11½
1998	376	367	357	346	334	321	307	297	280	261	1,097	9½-10½
1999	420[a]	416	407	397	386	374	361	347	332	316	1,503	8½-9½
2000		460[a]	455	444	432	419	405	390	374	356	1,952	7½-8½
2001			510[a]	504	492	479	464	448	431	412	2,463	6½-7½
2002				580[a]	574	561	546	530	501	482	3,057	5½-6½
2003					660[a]	653	639	623	628	609	3,789	4½-5½
2004						750[a]	742	724	685	663	4,332	3½-4½
2005							850[a]	841	821	799	4,955	2½-3½
2006								960[a]	949	926	5,719	1½-2½
2007									1,080[a]	1,069	6,579	½-1½
2008										1,220[a]	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	

[a] 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 2003 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 1999-2008, 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 1999-2008 Placement Band 1994-2008

(Exposure and Retirement Amounts are in Thousands of Dollars)

Age at Beginning of Interval (1)	Exposures at Beginning of Age Interval (2)	Retirements During Age Interval (3)	Retirement Ratio (4)	Survivor Ratio (5)	Percent Surviving at Beginning of Age Interval (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	167	26	0.1557	0.8443	42.24
					35.66
Total	44,780	1,606			

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 Iowa 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 Iowa 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 Iowa 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 Iowa 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 20 of the 29 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

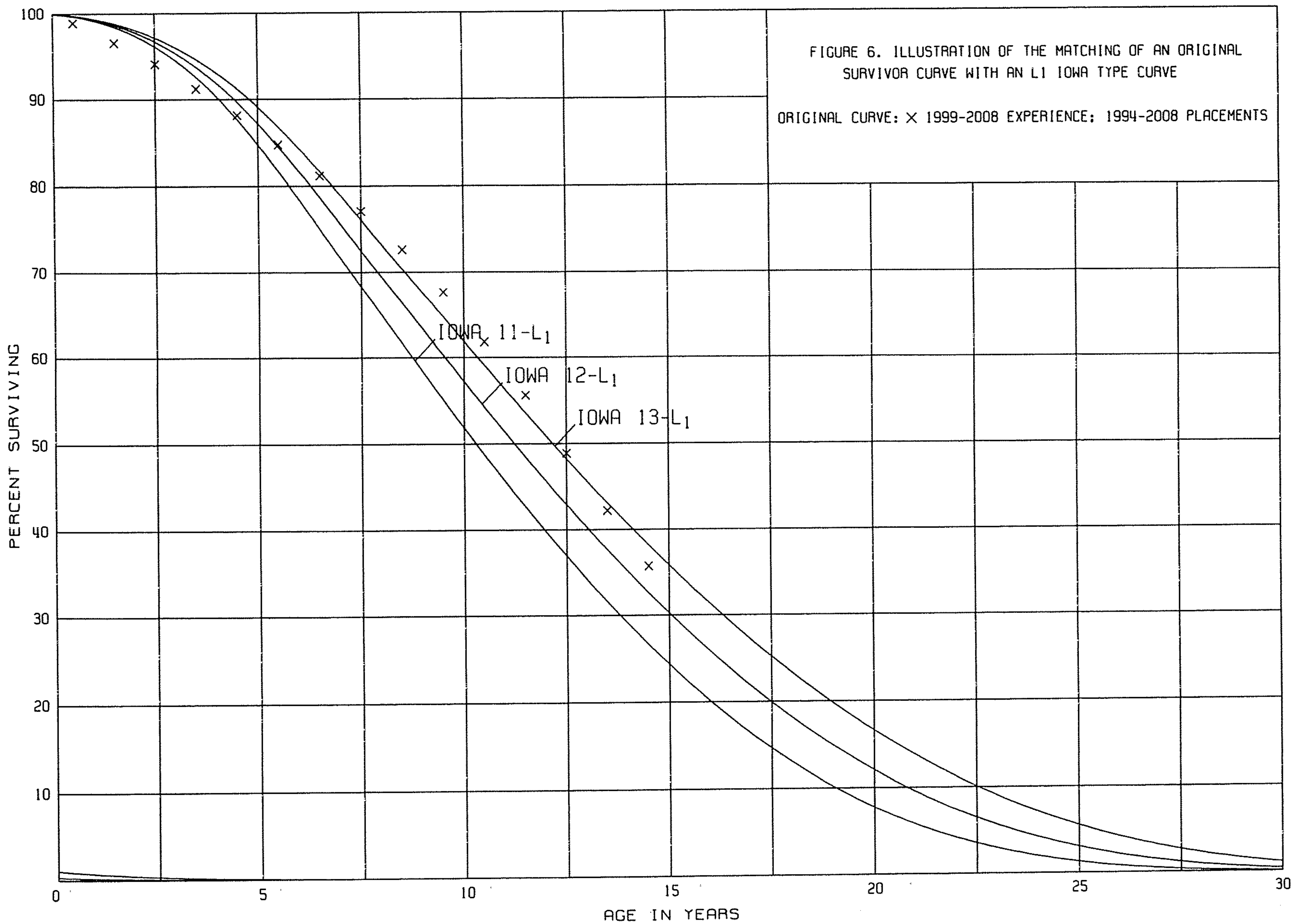


FIGURE 6. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN L1 IOWA TYPE CURVE

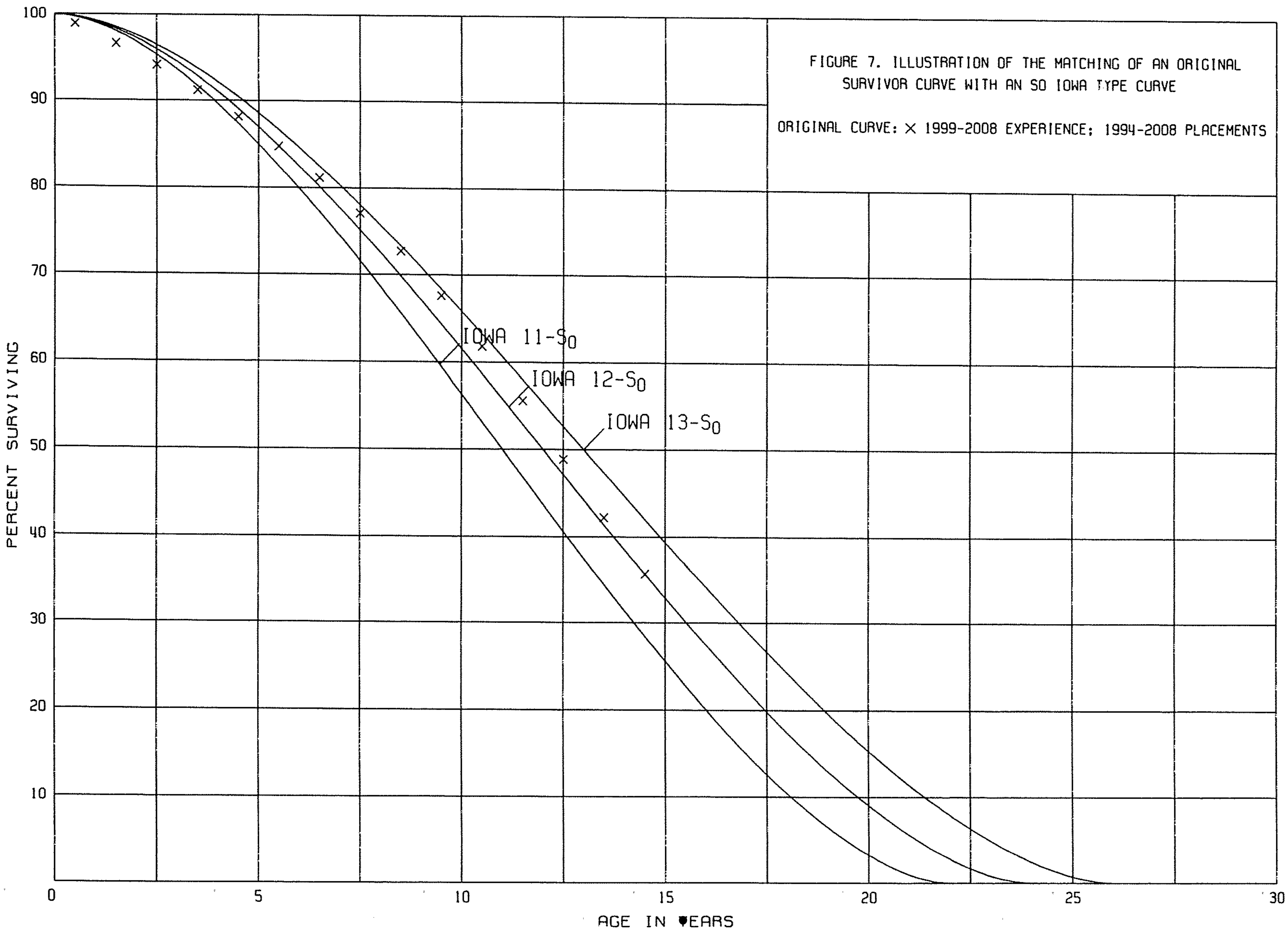


FIGURE 7. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN SO IOWA TYPE CURVE

ORIGINAL CURVE: × 1999-2008 EXPERIENCE; 1994-2008 PLACEMENTS

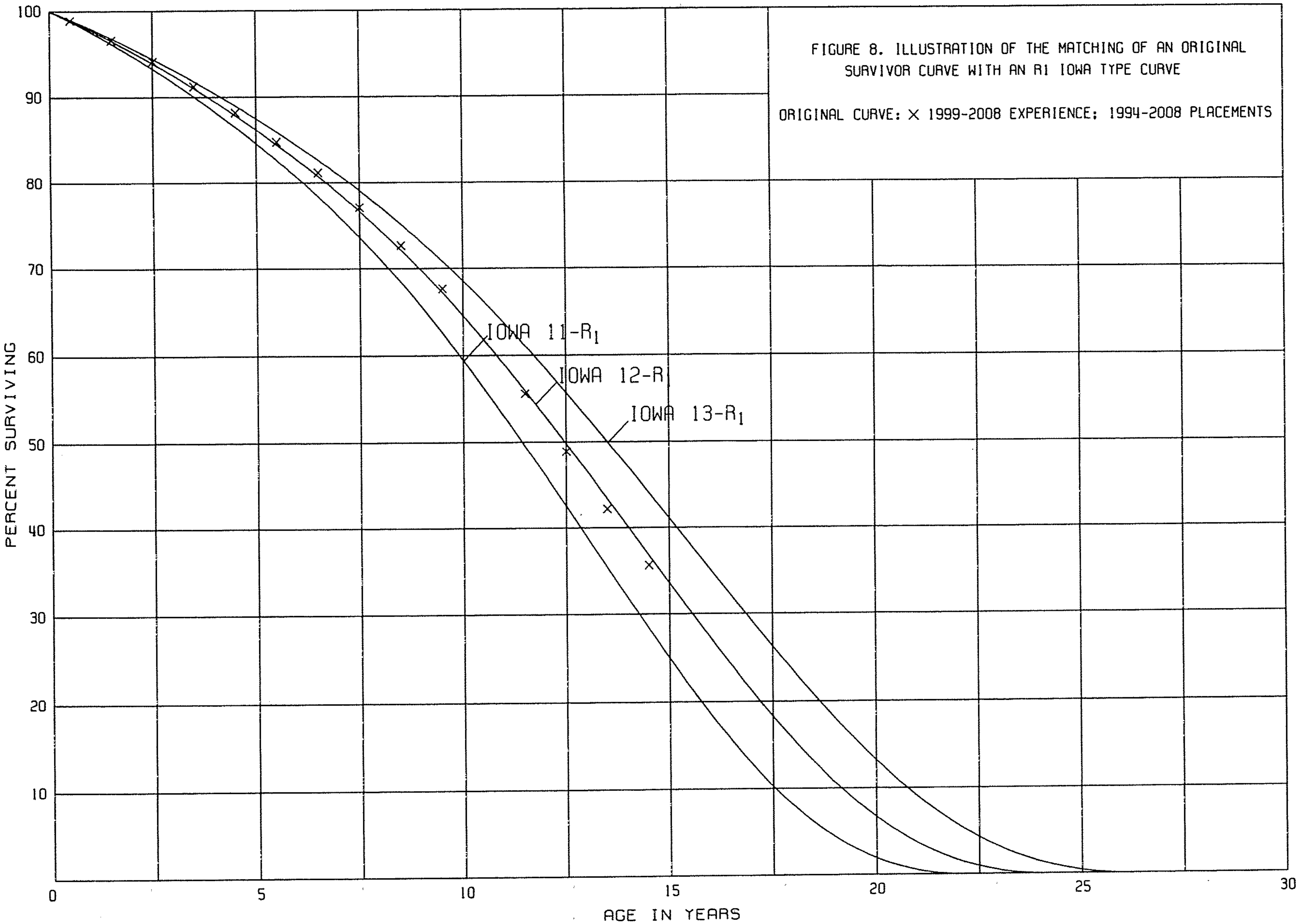


FIGURE 8. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN R1 IOWA TYPE CURVE

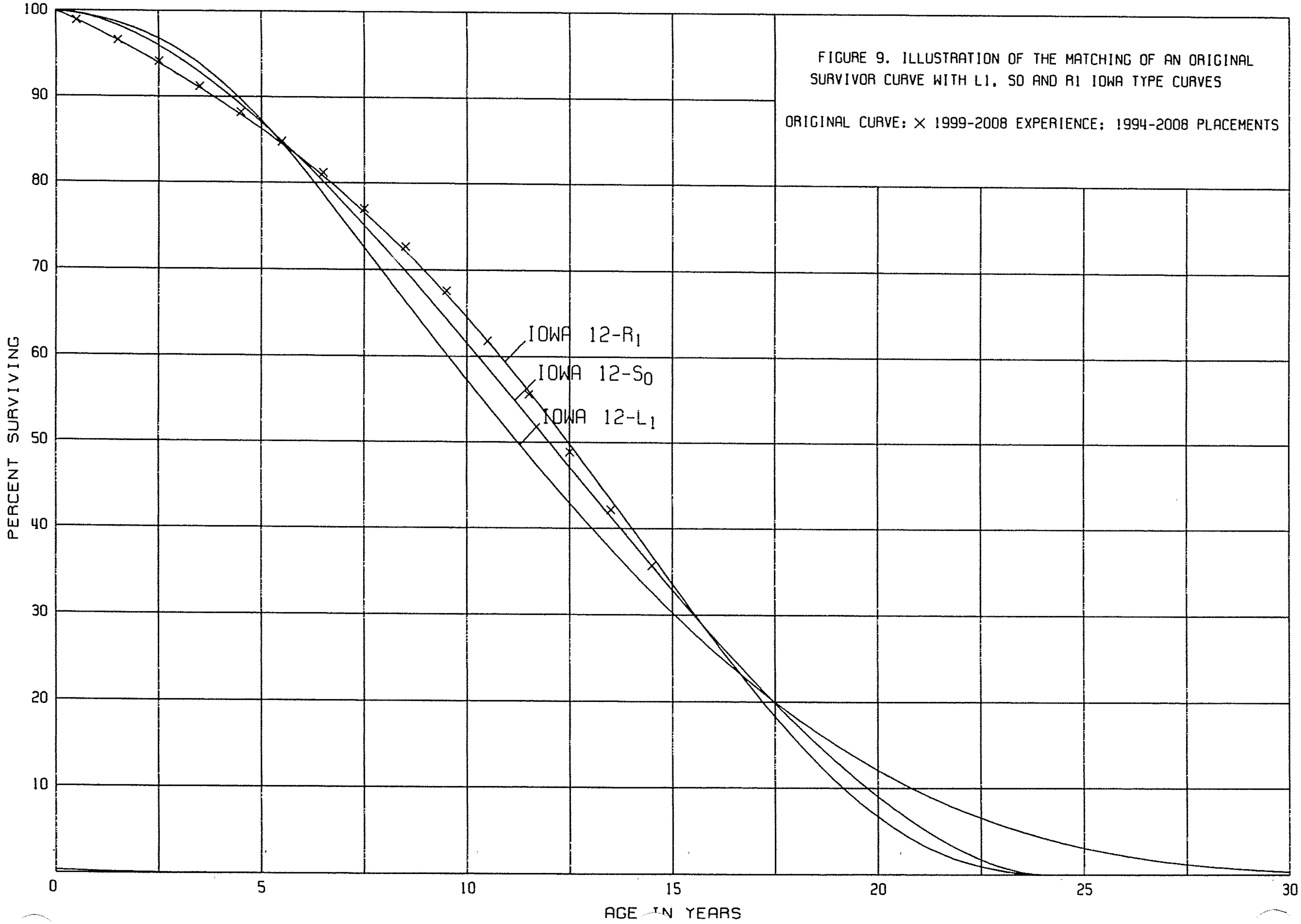


FIGURE 9. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH L1, S0 AND R1 IOWA TYPE CURVES
ORIGINAL CURVE: × 1999-2008 EXPERIENCE: 1994-2008 PLACEMENTS
IOWA 12-R1
IOWA 12-S0
IOWA 12-L1
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
5
10
15
20
25
30

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 Distribution System Structures
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
387.4	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 51 percent of the total depreciable plant. Aged plant accounting data have been compiled for the years 1939 through 2008. 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 2008 and 1974 through 2008. The Iowa 68-R1.5 is an excellent fit of the original survivor curve. The 68-year service life is at the upper end, but still within, the typical service life range of 50 to 70 years for mains. The 68-year life reflects the Company's plans and practices of the past and next few years. The previous estimate was the Iowa 65-R1.5.

The survivor curve estimate for Account 380, Services is based on statistical analyses of historical retirement experience for the periods 1939-2008 and 1979-2008. The 39-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 2008. The 39-R1.5 survivor curve sets forth the higher rates of retirement starting at approximately age 30. The 39-year average service life is within the typical range of 30 to 45 years for services. The previous estimate was the Iowa 38-R1.5.

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 2008. 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 2008 contributed significantly toward the net salvage estimates for 16 plant accounts and subaccounts, representing 95 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
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
387.2	Other Equipment - Odorization
387.4	Other Equipment - Customer Information Services

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 2008 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 2006-2008 periods were computed to smooth the annual amounts.

Cost of removal was consistent during the most recent 31-year period, 1978 - 2008. 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 13 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 2008 is 12 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:

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

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:

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

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:

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

The accrued depreciation is:

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

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, 2008 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 2008 installations. For 2008 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.. 12-31-2008
SURVIVOR CURVE.... 12-S3

AGE INTERVAL BEG (1)	END (2)	LIFE (3)	RETIREMENTS DURING INTERVAL (4)	GROUP ANNUAL ACCRUAL (5)=(4)/(3)	YEAR INST (6)	SUMMATION OF ANNUAL ACCRUALS (7)	AVERAGE PERCENT SURVIVING (8)	ANNUAL FACTOR (9)	ACCRUED FACTOR (10)
0.000	1.000	0.500	0.00000	0.00000000000	2008	8.94517563169	100.000000	0.0895	0.0448
1.000	2.000	1.500	0.00100	0.00066666667	2007	8.94484229835	99.999497	0.0894	0.1341
2.000	3.000	2.500	0.01742	0.00696800000	2006	8.94102496502	99.990289	0.0894	0.2235
3.000	4.000	3.500	0.11603	0.03315142857	2005	8.92096525073	99.923567	0.0893	0.3126
4.000	5.000	4.500	0.44523	0.09894000000	2004	8.85491953645	99.642939	0.0889	0.4001
5.000	6.000	5.500	1.20861	0.21974727273	2003	8.69557590008	98.816017	0.0880	0.4840
6.000	7.000	6.500	2.58589	0.39782923077	2002	8.38678764833	96.918766	0.0865	0.5623
7.000	8.000	7.500	4.59156	0.61220800000	2001	7.88176903295	93.330043	0.0845	0.6338
8.000	9.000	8.500	7.04163	0.82842705882	2000	7.16145150354	87.513448	0.0818	0.6953
9.000	10.000	9.500	9.56152	1.00647578947	1999	6.24400007939	79.211872	0.0788	0.7486
10.000	11.000	10.500	11.63009	1.10762761905	1998	5.18694837513	68.616066	0.0756	0.7938
11.000	12.000	11.500	12.80102	1.11313217391	1997	4.07656847865	56.400509	0.0723	0.8315
12.000	13.000	12.500	12.80102	1.02408160000	1996	3.00796159170	43.599491	0.0690	0.8625
13.000	14.000	13.500	11.63009	0.86148814815	1995	2.06517671762	31.383935	0.0658	0.8883
14.000	15.000	14.500	9.56152	0.65941517241	1994	1.30472505734	20.788129	0.0628	0.9106
15.000	16.000	15.500	7.04163	0.45429870968	1993	0.74786811630	12.486553	0.0599	0.9285
16.000	17.000	16.500	4.59156	0.27827636364	1992	0.38158057964	6.669958	0.0572	0.9438
17.000	18.000	17.500	2.58589	0.14776514286	1991	0.16855982639	3.081235	0.0547	0.9573
18.000	19.000	18.500	1.20861	0.06533027027	1990	0.06201211982	1.183985	0.0524	0.9694
19.000	20.000	19.500	0.44523	0.02283230769	1989	0.01793083084	0.357063	0.0502	0.9789
20.000	21.000	20.500	0.11603	0.00566000000	1988	0.00368467700	0.076434	0.0482	0.9881
21.000	22.000	21.500	0.01742	0.00081023256	1987	0.00044956072	0.009712	0.0463	0.9955
22.000	23.000	22.500	0.00100	0.00004444444	1986	0.00002222222	0.000503	0.0442	0.9945
23.000	23.040	23.020	0.00000	0.00000000000	1985	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 2008, 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 2007 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 2008 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, 2008, the first figure in column 7, for vintage 2008, 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, 2008.

REMAINING LIFE ANNUAL ACCRUAL RATES

The annual depreciation accrual rates are calculated as of December 31, 2008, 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, 2008, 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, 2008. 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:

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

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:

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

or

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

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:

	Account	Amortization Period, Years
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, 2008, 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, 2008. For most plant accounts, the application of such rates to future balances that reflect additions subsequent to December 31, 2008, 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, 2008, 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, 2008

	Depreciable Group	Survivor Curve	Net Salvage	Original Cost at December 31, 2008	Book Reserve	Future Book Accruals	Calculated Annual Accrual		Composite Remaining Life
							Amount	Rate	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
DEPRECIABLE PLANT									
DISTRIBUTION PLANT									
	Land and Land Rights								
374.4	Land Rights	70-R2.5	0	555,084.60	124,496	430,593	9,457	1.70	45.5
374.5	Rights-of-Way	75-S4	0	2,668,348.92	673,713	1,994,633	34,116	1.28	58.5
	Total Account 374			3,223,433.52	798,209	2,425,226	43,573	1.35	
	Structures and Improvements								
375.34	Measuring and Regulating	47-S0.5	(10)	732,654.88	371,756	434,163	17,783	2.43	24.4
375.7	Other Distribution System								
	Other Buildings	Square	0	7,000,103.15	2,047,444	4,952,658	140,609	2.01	35.2
	Distribution System Structures	34-S1.5	0	179,280.37	73,863	105,419	5,312	2.96	19.8
	Total Account 375.70			7,179,383.52	2,121,307	5,058,077	145,921	2.03	
375.8	Communication Structures	30-R3	0	33,260.58	25,786	7,475	800	2.41	9.3
	Total Account 375			7,945,298.98	2,518,849	5,499,715	164,504	2.07	
376	Mains								
	Cast Iron	68-R1.5	(15)	287,300.46	227,689	102,706	4,940	1.72	20.8
	Bare Steel	68-R1.5	(15)	18,226,235.82	13,889,593	7,070,577	327,623	1.80	21.6
	Coated Steel	68-R1.5	(15)	38,761,932.46	11,540,092	33,036,125	792,889	2.05	41.7
	Plastic	68-R1.5	(15)	79,314,158.63	20,186,173	71,025,110	1,709,265	2.16	41.6
	Total Account 376			136,589,627.37	45,843,547	111,234,518	2,834,717	2.08	
378	Meas and Reg Sta. Equip. - General	38-S0	(10)	4,838,300.25	2,513,586	2,808,543	138,181	2.86	20.3
379.1	Meas and Reg Sta. Equip. - City Gate	27-S1	(10)	257,908.74	261,813	21,886	2,258	0.88	9.7
380	Services	39-R1.5	(60)	80,363,819.98	51,026,459	77,555,649	3,361,836	4.18	23.1
381	Meters	37-R1.5	0	11,782,894.09	4,064,067	7,718,829	407,451	3.46	18.9
382	Meter Installations	37-S2	(10)	7,818,665.10	3,356,529	5,244,006	260,523	3.33	20.1
383	House Regulators	35-S2	(5)	3,575,312.32	1,027,633	2,726,438	109,967	3.08	24.8
384	House Regulator Installations	32-R4	0	2,327,988.32	1,640,703	687,288	38,499	1.65	17.9
385	Industrial Meas and Reg Equipment	32-O1	(5)	2,717,196.56	933,051	1,920,004	112,933	4.16	17.0
	Other Equipment								
387.2	Odorization	25-R2.5	(5)	28,895.00	(33,290)	63,629	25,369	87.80	2.5
387.4	Customer Information Services	30-R2	(5)	3,224,772.73	1,330,952	2,055,059	118,794	3.68	17.3
	Total Account 387			3,253,667.73	1,297,662	2,118,688	144,163	4.43	
TOTAL DISTRIBUTION PLANT				264,694,112.96	115,282,108	219,960,790	7,618,605	2.88	

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, 2008

	Depreciable Group	Survivor Curve	Net Salvage	Original Cost at December 31, 2008	Book Reserve	Future Book Accruals	Calculated Annual Accrual Amount	Calculated Annual Accrual Rate	Composite Remaining Life
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
GENERAL PLANT									
	Office Furniture and Equipment								
391.1	Furniture	20-SQ	0	1,213,530.11	860,914	352,616	60,620	5.00	5.8
391.11	Equipment	15-SQ	0	13,816.01	3,345	10,471	921	6.67	11.4
391.12	Information Systems								
	Fully Amortized			17,258.23	17,258	0	0	-	-
	Amortized	5-SQ	0	252,455.59	161,244	91,212	50,481	20.00	1.8
				269,713.82	178,502	91,212	50,481	18.72	
	Total Account 391			1,497,059.94	1,042,761	454,299	112,022	7.48	
392.2	Transportation Equipment - Trailers	25-S3	0	116,618.37	43,612	73,007	5,004	4.29	14.6
	Tools, Shop and Garage Equipment								
394	Equipment	25-SQ	0	1,974,686.20	940,265	1,034,424	78,900	4.00	13.1
394.11	CNG Facilities	12-S3	0	335,308.07	208,194	127,114	67,017	19.99	1.9
	Total Account 394			2,309,994.27	1,148,459	1,161,538	145,917	6.32	
395	Laboratory Equipment	20-SQ	0	10,307.98	4,760	5,548	515	5.00	10.8
396	Power Operated Equipment	15-S1.5	25	653,814.37	552,542	(62,178)	0	-	-
398	Miscellaneous Equipment								
	Fully Amortized			3,290.19	3,290	0	0	-	-
	Amortized	15-SQ	0	75,641.98	51,822	23,820	5,043	6.67	4.7
	Total Account 398			78,932.17	55,112	23,820	5,043	6.39	
TOTAL GENERAL PLANT				4,666,727.10	2,847,246	1,656,034	268,501	5.75	
TOTAL DEPRECIABLE PLANT				269,360,840.06	118,129,354	221,616,824	7,887,106	2.93	
UNRECOVERED RESERVE TO BE AMORTIZED									
391.1	Furniture				(273,190)		54,638 **		
391.11	Equipment				(27,738)		5,548 **		
391.12	Information Systems				82,488		(16,498) **		
394	Equipment				46,701		(9,340) **		
395	Laboratory Equipment				(65)		13 **		
398	Miscellaneous Equipment				(15,977)		3,195 **		
TOTAL UNRECOVERED RESERVE TO BE AMORTIZED					(187,781)		37,556		

COLUMBIA GAS OF KENTUCKY, INC.

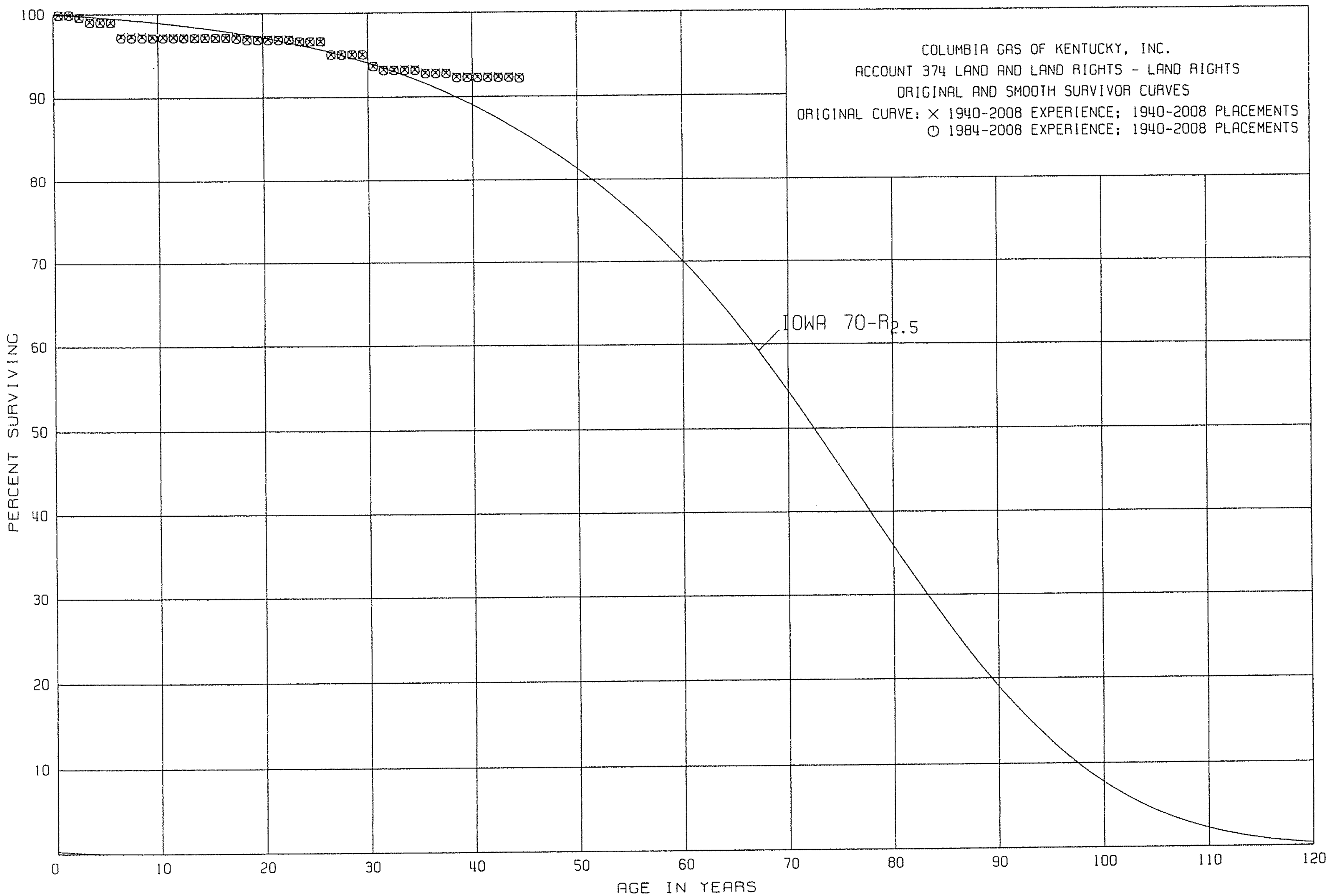
ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2008

Depreciable Group	Survivor Curve	Net Salvage	Original Cost at December 31, 2008	Book Reserve	Future Book Accruals	Calculated Annual Accrual Amount	Calculated Annual Accrual Rate	Composite Remaining Life
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
AMORTIZABLE PLANT								
303 Misc. Intangible Plant			1,449,998.49	866,483				
TOTAL AMORTIZABLE PLANT			1,449,998.49	866,483				
NONDEPRECIABLE PLANT								
301 Organization			521.20					
304 Land			7,678.39					
374.1 Land			206.00					
374.2 Land			873,471.06					
TOTAL NONDEPRECIABLE PLANT			881,876.65					
OTHER PLANT								
393 Stores Equipment				833				
TOTAL OTHER PLANT				833				
TOTAL GAS PLANT			271,692,715.20	118,808,889	221,616,824	7,924,662		

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

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

II-7 SERVICE LIFE STATISTICS


COLUMBIA GAS OF KENTUCKY, INC.
ACCOUNT 374 LAND AND LAND RIGHTS - LAND RIGHTS
ORIGINAL AND SMOOTH SURVIVOR CURVES
ORIGINAL CURVE: × 1940-2008 EXPERIENCE; 1940-2008 PLACEMENTS
○ 1984-2008 EXPERIENCE; 1940-2008 PLACEMENTS
IOWA 70-R2.5
PERCENT SURVIVING
AGE IN YEARS
0
10
20
30
40
50
60
70
80
90
100
110
120

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374 LAND AND LAND RIGHTS - LAND RIGHTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1940-2008 EXPERIENCE BAND 1940-2008

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	574,823		0.0000	1.0000	100.00
0.5	558,052		0.0000	1.0000	100.00
1.5	557,441	2,211	0.0040	0.9960	100.00
2.5	555,255	3,071	0.0055	0.9945	99.60
3.5	536,701	29	0.0001	0.9999	99.05
4.5	455,802		0.0000	1.0000	99.04
5.5	455,802	8,244	0.0181	0.9819	99.04
6.5	430,958		0.0000	1.0000	97.25
7.5	423,631		0.0000	1.0000	97.25
8.5	411,986	84	0.0002	0.9998	97.25
9.5	411,900	36	0.0001	0.9999	97.23
10.5	404,330		0.0000	1.0000	97.22
11.5	381,388		0.0000	1.0000	97.22
12.5	381,388	435	0.0011	0.9989	97.22
13.5	364,684	32	0.0001	0.9999	97.11
14.5	314,071		0.0000	1.0000	97.10
15.5	312,003		0.0000	1.0000	97.10
16.5	304,706	161	0.0005	0.9995	97.10
17.5	294,594	533	0.0018	0.9982	97.05
18.5	278,460		0.0000	1.0000	96.88
19.5	240,341		0.0000	1.0000	96.88
20.5	217,137		0.0000	1.0000	96.88
21.5	153,578		0.0000	1.0000	96.88
22.5	128,745	339	0.0026	0.9974	96.88
23.5	107,429		0.0000	1.0000	96.63
24.5	73,799		0.0000	1.0000	96.63
25.5	54,690	903	0.0165	0.9835	96.63
26.5	44,024		0.0000	1.0000	95.04
27.5	37,812		0.0000	1.0000	95.04
28.5	34,773		0.0000	1.0000	95.04
29.5	34,773	518	0.0149	0.9851	95.04
30.5	31,332	147	0.0047	0.9953	93.62
31.5	30,626		0.0000	1.0000	93.18
32.5	30,214		0.0000	1.0000	93.18
33.5	30,214		0.0000	1.0000	93.18
34.5	27,394	112	0.0041	0.9959	93.18
35.5	27,282	8	0.0003	0.9997	92.80
36.5	22,544		0.0000	1.0000	92.77
37.5	21,580	114	0.0053	0.9947	92.77
38.5	19,853		0.0000	1.0000	92.28

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374 LAND AND LAND RIGHTS - LAND RIGHTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1940-2008 EXPERIENCE BAND 1940-2008

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	19,327		0.0000	1.0000	92.28
40.5	18,796		0.0000	1.0000	92.28
41.5	18,308		0.0000	1.0000	92.28
42.5	17,460		0.0000	1.0000	92.28
43.5	16,754	11	0.0007	0.9993	92.28
44.5	13,318		0.0000	1.0000	92.22
45.5	9,827		0.0000	1.0000	92.22
46.5	8,073	3	0.0004	0.9996	92.22
47.5	7,434		0.0000	1.0000	92.18
48.5	7,172		0.0000	1.0000	92.18
49.5	5,703		0.0000	1.0000	92.18
50.5	4,209		0.0000	1.0000	92.18
51.5	3,902		0.0000	1.0000	92.18
52.5	3,099		0.0000	1.0000	92.18
53.5	2,453		0.0000	1.0000	92.18
54.5	1,036		0.0000	1.0000	92.18
55.5	1,036		0.0000	1.0000	92.18
56.5	1,036		0.0000	1.0000	92.18
57.5	1,036		0.0000	1.0000	92.18
58.5	1,036		0.0000	1.0000	92.18
59.5	718		0.0000	1.0000	92.18
60.5	659		0.0000	1.0000	92.18
61.5	659		0.0000	1.0000	92.18
62.5	632		0.0000	1.0000	92.18
63.5	632		0.0000	1.0000	92.18
64.5	632		0.0000	1.0000	92.18
65.5	632		0.0000	1.0000	92.18
66.5	632		0.0000	1.0000	92.18
67.5	632		0.0000	1.0000	92.18
68.5					92.18

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374 LAND AND LAND RIGHTS - LAND RIGHTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1940-2008 EXPERIENCE BAND 1984-2008

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	494,447		0.0000	1.0000	100.00
0.5	499,181		0.0000	1.0000	100.00
1.5	508,944	2,161	0.0042	0.9958	100.00
2.5	512,996	3,071	0.0060	0.9940	99.58
3.5	497,481		0.0000	1.0000	98.98
4.5	416,936		0.0000	1.0000	98.98
5.5	419,859	8,192	0.0195	0.9805	98.98
6.5	396,335		0.0000	1.0000	97.05
7.5	389,953		0.0000	1.0000	97.05
8.5	378,308		0.0000	1.0000	97.05
9.5	381,068		0.0000	1.0000	97.05
10.5	373,530		0.0000	1.0000	97.05
11.5	355,318		0.0000	1.0000	97.05
12.5	356,283	6	0.0000	1.0000	97.05
13.5	341,620		0.0000	1.0000	97.05
14.5	291,904		0.0000	1.0000	97.05
15.5	291,295		0.0000	1.0000	97.05
16.5	284,485	161	0.0006	0.9994	97.05
17.5	275,639	501	0.0018	0.9982	96.99
18.5	260,244		0.0000	1.0000	96.82
19.5	225,557		0.0000	1.0000	96.82
20.5	205,856		0.0000	1.0000	96.82
21.5	144,051		0.0000	1.0000	96.82
22.5	119,853	339	0.0028	0.9972	96.82
23.5	98,800		0.0000	1.0000	96.55
24.5	67,275		0.0000	1.0000	96.55
25.5	49,659	793	0.0160	0.9840	96.55
26.5	39,928		0.0000	1.0000	95.01
27.5	34,521		0.0000	1.0000	95.01
28.5	32,128		0.0000	1.0000	95.01
29.5	33,545	518	0.0154	0.9846	95.01
30.5	30,104	147	0.0049	0.9951	93.55
31.5	29,398		0.0000	1.0000	93.09
32.5	29,063		0.0000	1.0000	93.09
33.5	29,178		0.0000	1.0000	93.09
34.5	26,676	112	0.0042	0.9958	93.09
35.5	26,623	8	0.0003	0.9997	92.70
36.5	21,885		0.0000	1.0000	92.67
37.5	20,948	114	0.0054	0.9946	92.67
38.5	19,221		0.0000	1.0000	92.17

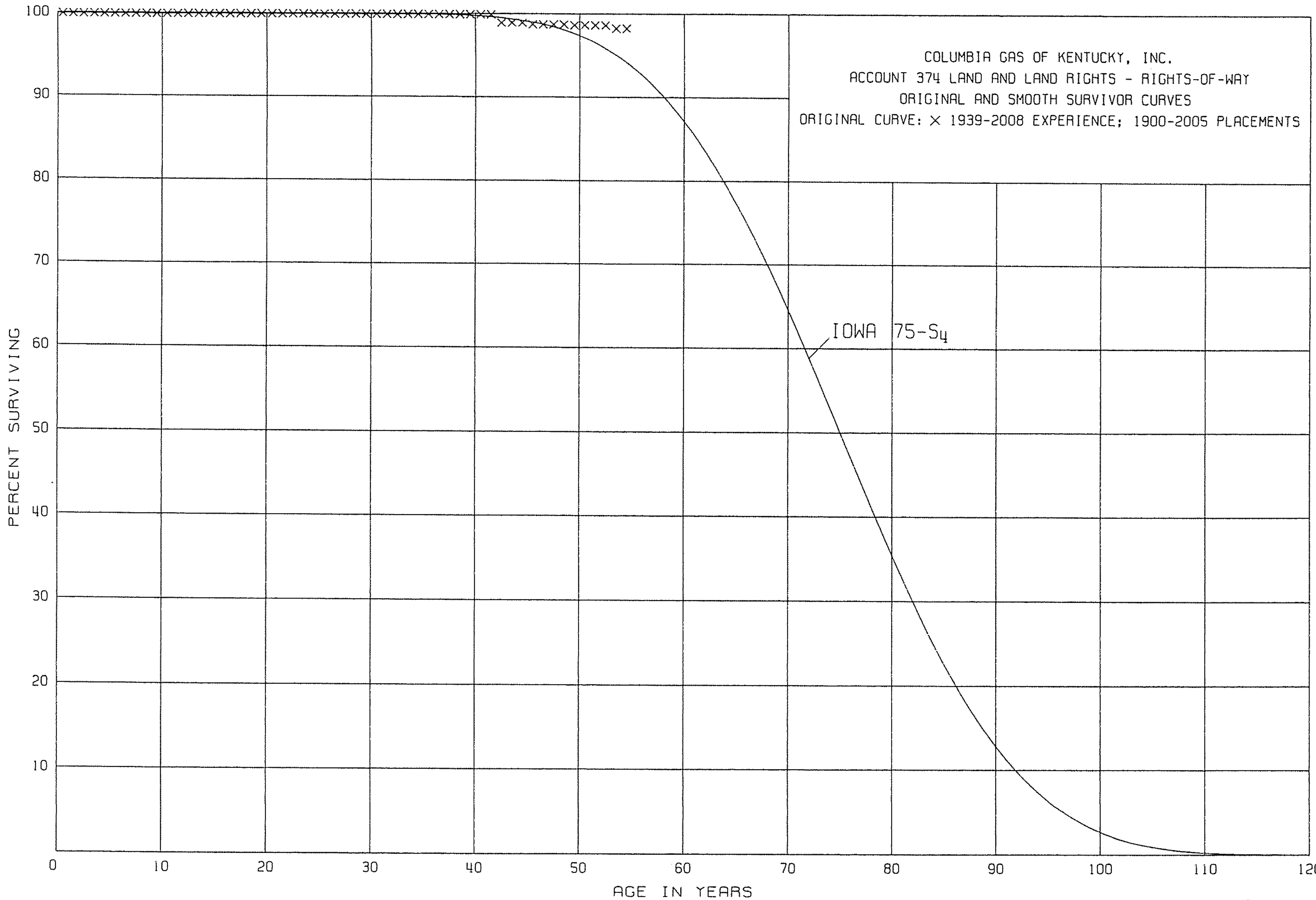
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374 LAND AND LAND RIGHTS - LAND RIGHTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1940-2008 EXPERIENCE BAND 1984-2008

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	18,695		0.0000	1.0000	92.17
40.5	18,165		0.0000	1.0000	92.17
41.5	17,677		0.0000	1.0000	92.17
42.5	16,829		0.0000	1.0000	92.17
43.5	16,754	11	0.0007	0.9993	92.17
44.5	13,318		0.0000	1.0000	92.11
45.5	9,827		0.0000	1.0000	92.11
46.5	8,073	3	0.0004	0.9996	92.11
47.5	7,434		0.0000	1.0000	92.07
48.5	7,172		0.0000	1.0000	92.07
49.5	5,703		0.0000	1.0000	92.07
50.5	4,209		0.0000	1.0000	92.07
51.5	3,902		0.0000	1.0000	92.07
52.5	3,099		0.0000	1.0000	92.07
53.5	2,453		0.0000	1.0000	92.07
54.5	1,036		0.0000	1.0000	92.07
55.5	1,036		0.0000	1.0000	92.07
56.5	1,036		0.0000	1.0000	92.07
57.5	1,036		0.0000	1.0000	92.07
58.5	1,036		0.0000	1.0000	92.07
59.5	718		0.0000	1.0000	92.07
60.5	659		0.0000	1.0000	92.07
61.5	659		0.0000	1.0000	92.07
62.5	632		0.0000	1.0000	92.07
63.5	632		0.0000	1.0000	92.07
64.5	632		0.0000	1.0000	92.07
65.5	632		0.0000	1.0000	92.07
66.5	632		0.0000	1.0000	92.07
67.5	632		0.0000	1.0000	92.07
68.5					92.07


COLUMBIA GAS OF KENTUCKY, INC.
ACCOUNT 374 LAND AND LAND RIGHTS - RIGHTS-OF-WAY
ORIGINAL AND SMOOTH SURVIVOR CURVES
ORIGINAL CURVE: × 1939-2008 EXPERIENCE; 1900-2005 PLACEMENTS
IOWA 75-S4
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
10
20
30
40
50
60
70
80
90
100
110
120

COLUMBIA GAS OF KENTUCKY, INC.

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

ORIGINAL LIFE TABLE

PLACEMENT BAND 1900-2005 EXPERIENCE BAND 1939-2008

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	2,494,064		0.0000	1.0000	100.00
0.5	2,494,837	2,533	0.0010	0.9990	100.00
1.5	2,508,714		0.0000	1.0000	99.90
2.5	2,516,734		0.0000	1.0000	99.90
3.5	2,516,550		0.0000	1.0000	99.90
4.5	2,518,832		0.0000	1.0000	99.90
5.5	2,524,610		0.0000	1.0000	99.90
6.5	1,400,226		0.0000	1.0000	99.90
7.5	1,260,937		0.0000	1.0000	99.90
8.5	1,253,867		0.0000	1.0000	99.90
9.5	1,254,251		0.0000	1.0000	99.90
10.5	1,253,217		0.0000	1.0000	99.90
11.5	1,264,460		0.0000	1.0000	99.90
12.5	1,234,309		0.0000	1.0000	99.90
13.5	1,056,722		0.0000	1.0000	99.90
14.5	842,685		0.0000	1.0000	99.90
15.5	792,112		0.0000	1.0000	99.90
16.5	738,093		0.0000	1.0000	99.90
17.5	685,811		0.0000	1.0000	99.90
18.5	599,663		0.0000	1.0000	99.90
19.5	542,570		0.0000	1.0000	99.90
20.5	448,496		0.0000	1.0000	99.90
21.5	432,925		0.0000	1.0000	99.90
22.5	400,115		0.0000	1.0000	99.90
23.5	385,953		0.0000	1.0000	99.90
24.5	317,520		0.0000	1.0000	99.90
25.5	310,959		0.0000	1.0000	99.90
26.5	309,778		0.0000	1.0000	99.90
27.5	309,800		0.0000	1.0000	99.90
28.5	295,623		0.0000	1.0000	99.90
29.5	282,261		0.0000	1.0000	99.90
30.5	280,180		0.0000	1.0000	99.90
31.5	275,985		0.0000	1.0000	99.90
32.5	272,826		0.0000	1.0000	99.90
33.5	263,422		0.0000	1.0000	99.90
34.5	262,310		0.0000	1.0000	99.90
35.5	256,925		0.0000	1.0000	99.90
36.5	229,096		0.0000	1.0000	99.90
37.5	212,876		0.0000	1.0000	99.90
38.5	184,500		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 1939-2008

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	141,633	21	0.0001	0.9999	99.90
40.5	145,672		0.0000	1.0000	99.89
41.5	141,359	1,378	0.0097	0.9903	99.89
42.5	112,901		0.0000	1.0000	98.92
43.5	109,946		0.0000	1.0000	98.92
44.5	106,365	236	0.0022	0.9978	98.92
45.5	100,364		0.0000	1.0000	98.70
46.5	96,708		0.0000	1.0000	98.70
47.5	85,117		0.0000	1.0000	98.70
48.5	106,291	106	0.0010	0.9990	98.70
49.5	101,124		0.0000	1.0000	98.60
50.5	83,210		0.0000	1.0000	98.60
51.5	82,485		0.0000	1.0000	98.60
52.5	80,577	313	0.0039	0.9961	98.60
53.5	80,152		0.0000	1.0000	98.22
54.5	86,300		0.0000	1.0000	98.22
55.5	82,271		0.0000	1.0000	98.22
56.5	80,904		0.0000	1.0000	98.22
57.5	73,521		0.0000	1.0000	98.22
58.5	70,454		0.0000	1.0000	98.22
59.5	67,663		0.0000	1.0000	98.22
60.5	67,337		0.0000	1.0000	98.22
61.5	67,305		0.0000	1.0000	98.22
62.5	67,250		0.0000	1.0000	98.22
63.5	72,337		0.0000	1.0000	98.22
64.5	72,281		0.0000	1.0000	98.22
65.5	72,102		0.0000	1.0000	98.22
66.5	72,020		0.0000	1.0000	98.22
67.5	68,936		0.0000	1.0000	98.22
68.5	67,530		0.0000	1.0000	98.22
69.5	67,476		0.0000	1.0000	98.22
70.5	67,184		0.0000	1.0000	98.22
71.5	67,037		0.0000	1.0000	98.22
72.5	66,994		0.0000	1.0000	98.22
73.5	66,994		0.0000	1.0000	98.22
74.5	66,955		0.0000	1.0000	98.22
75.5	66,834		0.0000	1.0000	98.22
76.5	66,822		0.0000	1.0000	98.22
77.5	66,746		0.0000	1.0000	98.22
78.5	68,012		0.0000	1.0000	98.22

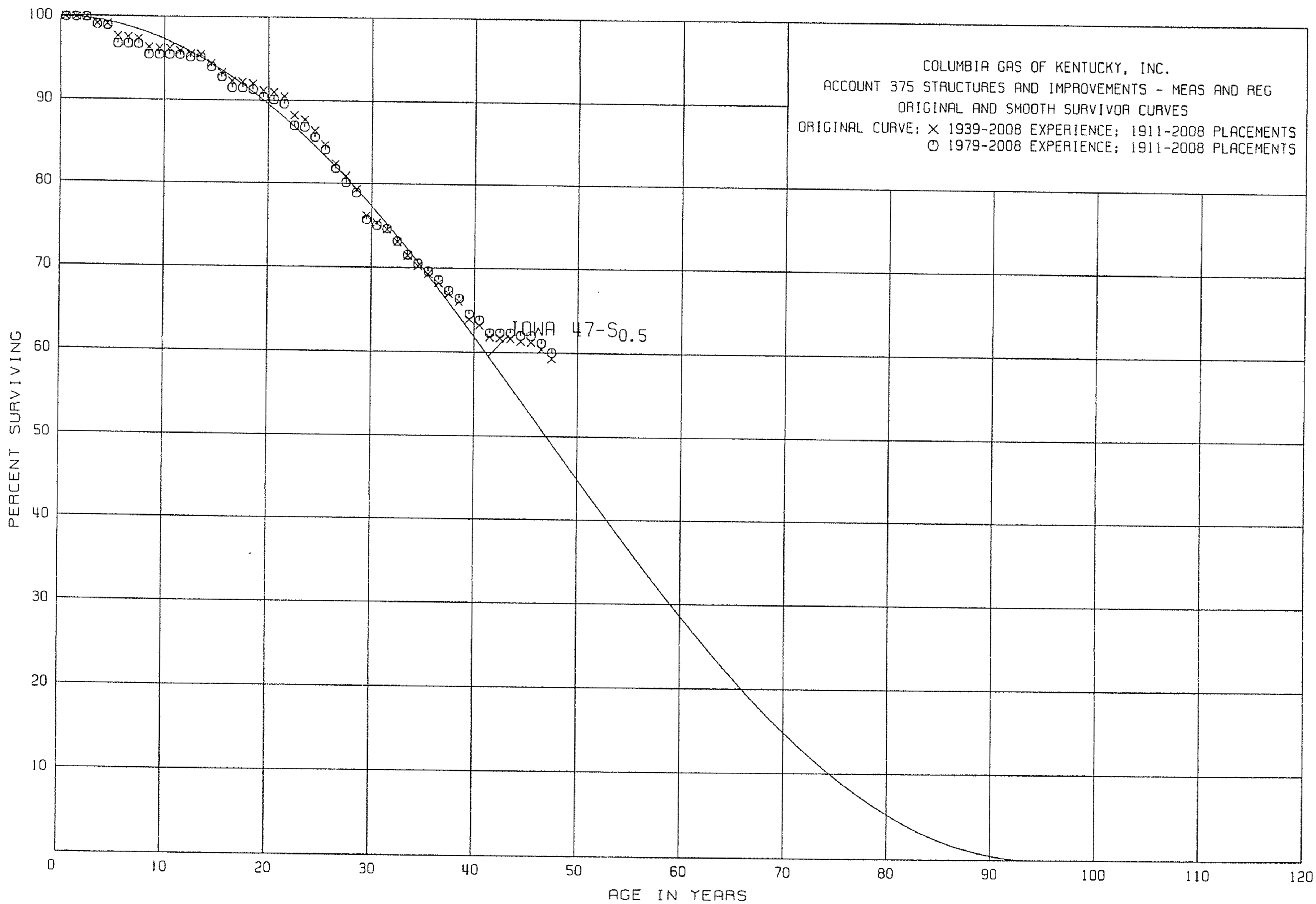
COLUMBIA GAS OF KENTUCKY, INC.

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

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1900-2005 EXPERIENCE BAND 1939-2008

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	58,647		0.0000	1.0000	98.22
80.5	51,031		0.0000	1.0000	98.22
81.5	50,457		0.0000	1.0000	98.22
82.5	50,457		0.0000	1.0000	98.22
83.5	50,457		0.0000	1.0000	98.22
84.5	50,457		0.0000	1.0000	98.22
85.5	50,457		0.0000	1.0000	98.22
86.5	49,906		0.0000	1.0000	98.22
87.5	49,902		0.0000	1.0000	98.22
88.5	49,894		0.0000	1.0000	98.22
89.5	49,894		0.0000	1.0000	98.22
90.5	49,672		0.0000	1.0000	98.22
91.5	49,669		0.0000	1.0000	98.22
92.5	45,955		0.0000	1.0000	98.22
93.5	45,937		0.0000	1.0000	98.22
94.5	45,496		0.0000	1.0000	98.22
95.5	5,849		0.0000	1.0000	98.22
96.5	5,682		0.0000	1.0000	98.22
97.5	5,643		0.0000	1.0000	98.22
98.5	5,610		0.0000	1.0000	98.22
99.5	5,610		0.0000	1.0000	98.22
100.5	5,101		0.0000	1.0000	98.22
101.5	5,101		0.0000	1.0000	98.22
102.5	4,647		0.0000	1.0000	98.22
103.5	8		0.0000	1.0000	98.22
104.5	8		0.0000	1.0000	98.22
105.5	8		0.0000	1.0000	98.22
106.5	8		0.0000	1.0000	98.22
107.5	8		0.0000	1.0000	98.22
108.5					98.22


COLUMBIA GAS OF KENTUCKY, INC.
ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG
ORIGINAL AND SMOOTH SURVIVOR CURVES
ORIGINAL CURVE: × 1939-2008 EXPERIENCE; 1911-2008 PLACEMENTS
○ 1979-2008 EXPERIENCE; 1911-2008 PLACEMENTS
IOWA 47-S0.5
PERCENT SURVIVING
AGE IN YEARS
0
10
20
30
40
50
60
70
80
90
100
110
120

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

ORIGINAL LIFE TABLE

PLACEMENT BAND 1911-2008 EXPERIENCE BAND 1939-2008

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	883,680	94	0.0001	0.9999	100.00
0.5	854,570	43	0.0001	0.9999	99.99
1.5	822,945	101	0.0001	0.9999	99.98
2.5	797,123	6,592	0.0083	0.9917	99.97
3.5	775,490	445	0.0006	0.9994	99.14
4.5	769,485	11,856	0.0154	0.9846	99.08
5.5	758,946	384	0.0005	0.9995	97.55
6.5	734,675	1,597	0.0022	0.9978	97.50
7.5	706,859	6,924	0.0098	0.9902	97.29
8.5	694,708	955	0.0014	0.9986	96.34
9.5	694,232	422	0.0006	0.9994	96.21
10.5	687,404	1,978	0.0029	0.9971	96.15
11.5	683,809	2,336	0.0034	0.9966	95.87
12.5	664,943	587	0.0009	0.9991	95.54
13.5	662,710	7,300	0.0110	0.9890	95.45
14.5	654,198	7,968	0.0122	0.9878	94.40
15.5	646,231	6,945	0.0107	0.9893	93.25
16.5	640,864	360	0.0006	0.9994	92.25
17.5	642,315	1,630	0.0025	0.9975	92.19
18.5	620,984	4,850	0.0078	0.9922	91.96
19.5	609,878	1,678	0.0028	0.9972	91.24
20.5	584,928	3,229	0.0055	0.9945	90.98
21.5	488,480	12,527	0.0256	0.9744	90.48
22.5	445,604	2,282	0.0051	0.9949	88.16
23.5	382,063	5,937	0.0155	0.9845	87.71
24.5	333,792	6,415	0.0192	0.9808	86.35
25.5	313,844	8,557	0.0273	0.9727	84.69
26.5	256,619	4,697	0.0183	0.9817	82.38
27.5	245,454	4,858	0.0198	0.9802	80.87
28.5	218,112	8,488	0.0389	0.9611	79.27
29.5	209,625	2,485	0.0119	0.9881	76.19
30.5	203,527	2,025	0.0099	0.9901	75.28
31.5	198,098	4,017	0.0203	0.9797	74.53
32.5	194,298	4,311	0.0222	0.9778	73.02
33.5	189,987	3,094	0.0163	0.9837	71.40
34.5	184,971	2,401	0.0130	0.9870	70.24
35.5	175,743	2,975	0.0169	0.9831	69.33
36.5	165,472	3,132	0.0189	0.9811	68.16
37.5	146,366	2,002	0.0137	0.9863	66.87
38.5	130,733	3,995	0.0306	0.9694	65.95

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2008 EXPERIENCE BAND 1939-2008

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	127,293	1,390	0.0109	0.9891	63.93
40.5	121,917	2,841	0.0233	0.9767	63.23
41.5	117,624	32	0.0003	0.9997	61.76
42.5	111,191	297	0.0027	0.9973	61.74
43.5	103,662	491	0.0047	0.9953	61.57
44.5	92,400	68	0.0007	0.9993	61.28
45.5	88,154	1,260	0.0143	0.9857	61.24
46.5	84,590	1,462	0.0173	0.9827	60.36
47.5	78,942	104	0.0013	0.9987	59.32
48.5	67,625	240	0.0035	0.9965	59.24
49.5	59,508	517	0.0087	0.9913	59.03
50.5	52,830	673	0.0127	0.9873	58.52
51.5	45,049	285	0.0063	0.9937	57.78
52.5	35,645	34	0.0010	0.9990	57.42
53.5	32,152	2,804	0.0872	0.9128	57.36
54.5	23,091	3	0.0001	0.9999	52.36
55.5	21,037	472	0.0224	0.9776	52.35
56.5	17,493		0.0000	1.0000	51.18
57.5	11,996	338	0.0282	0.9718	51.18
58.5	8,739	472	0.0540	0.9460	49.74
59.5	7,935		0.0000	1.0000	47.05
60.5	7,476	6	0.0008	0.9992	47.05
61.5	6,795	155	0.0228	0.9772	47.01
62.5	6,640	1	0.0002	0.9998	45.94
63.5	6,639		0.0000	1.0000	45.93
64.5	6,639		0.0000	1.0000	45.93
65.5	6,600	1	0.0002	0.9998	45.93
66.5	6,598	200	0.0303	0.9697	45.92
67.5	5,003		0.0000	1.0000	44.53
68.5	4,464	205	0.0459	0.9541	44.53
69.5	3,940	205	0.0520	0.9480	42.49
70.5	3,735	346	0.0926	0.9074	40.28
71.5	3,364	1	0.0003	0.9997	36.55
72.5	3,115	2	0.0006	0.9994	36.54
73.5	3,113	6	0.0019	0.9981	36.52
74.5	3,107	205	0.0660	0.9340	36.45
75.5	2,902		0.0000	1.0000	34.04
76.5	2,838	148	0.0521	0.9479	34.04
77.5	2,690		0.0000	1.0000	32.27
78.5	2,514		0.0000	1.0000	32.27

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2008 EXPERIENCE BAND 1939-2008

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	2,116	117	0.0553	0.9447	32.27
80.5	1,100		0.0000	1.0000	30.49
81.5	1,100		0.0000	1.0000	30.49
82.5	1,100		0.0000	1.0000	30.49
83.5	1,100		0.0000	1.0000	30.49
84.5	1,100		0.0000	1.0000	30.49
85.5	1,100		0.0000	1.0000	30.49
86.5	1,100	3	0.0027	0.9973	30.49
87.5	1,097		0.0000	1.0000	30.41
88.5	1,097		0.0000	1.0000	30.41
89.5	1,097		0.0000	1.0000	30.41
90.5	1,097	6	0.0055	0.9945	30.41
91.5	1,091		0.0000	1.0000	30.24
92.5	1,091		0.0000	1.0000	30.24
93.5	894		0.0000	1.0000	30.24
94.5	894		0.0000	1.0000	30.24
95.5	894		0.0000	1.0000	30.24
96.5	894		0.0000	1.0000	30.24
97.5					30.24

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

ORIGINAL LIFE TABLE

PLACEMENT BAND 1911-2008 EXPERIENCE BAND 1979-2008

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	620,291		0.0000	1.0000	100.00
0.5	592,646		0.0000	1.0000	100.00
1.5	568,715	1	0.0000	1.0000	100.00
2.5	542,972	5,534	0.0102	0.9898	100.00
3.5	535,766	445	0.0008	0.9992	98.98
4.5	526,675	11,856	0.0225	0.9775	98.90
5.5	517,046	8	0.0000	1.0000	96.67
6.5	499,228	1	0.0000	1.0000	96.67
7.5	494,345	6,578	0.0133	0.9867	96.67
8.5	496,246		0.0000	1.0000	95.38
9.5	489,475		0.0000	1.0000	95.38
10.5	488,262		0.0000	1.0000	95.38
11.5	492,641	1,676	0.0034	0.9966	95.38
12.5	481,624	6	0.0000	1.0000	95.06
13.5	488,728	5,265	0.0108	0.9892	95.06
14.5	500,062	6,768	0.0135	0.9865	94.03
15.5	500,664	6,642	0.0133	0.9867	92.76
16.5	497,409	69	0.0001	0.9999	91.53
17.5	508,136	1,326	0.0026	0.9974	91.52
18.5	506,298	4,850	0.0096	0.9904	91.28
19.5	507,382	1,678	0.0033	0.9967	90.40
20.5	491,669	2,537	0.0052	0.9948	90.10
21.5	405,296	11,899	0.0294	0.9706	89.63
22.5	388,754	1,076	0.0028	0.9972	86.99
23.5	331,695	4,405	0.0133	0.9867	86.75
24.5	293,267	5,176	0.0176	0.9824	85.60
25.5	277,701	7,602	0.0274	0.9726	84.09
26.5	225,215	4,648	0.0206	0.9794	81.79
27.5	224,489	3,490	0.0155	0.9845	80.11
28.5	200,995	8,154	0.0406	0.9594	78.87
29.5	195,588	1,837	0.0094	0.9906	75.67
30.5	191,337	959	0.0050	0.9950	74.96
31.5	187,772	3,741	0.0199	0.9801	74.59
32.5	184,815	4,150	0.0225	0.9775	73.11
33.5	180,666	2,351	0.0130	0.9870	71.47
34.5	176,350	2,401	0.0136	0.9864	70.54
35.5	167,072	2,351	0.0141	0.9859	69.58
36.5	157,551	2,901	0.0184	0.9816	68.60
37.5	140,077	1,869	0.0133	0.9867	67.34
38.5	125,230	3,601	0.0288	0.9712	66.44

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2008 EXPERIENCE BAND 1979-2008

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	122,351	1,307	0.0107	0.9893	64.53
40.5	117,058	2,752	0.0235	0.9765	63.84
41.5	112,887	32	0.0003	0.9997	62.34
42.5	106,672	23	0.0002	0.9998	62.32
43.5	99,585	433	0.0043	0.9957	62.31
44.5	87,880	25	0.0003	0.9997	62.04
45.5	83,678	1,260	0.0151	0.9849	62.02
46.5	80,178	1,462	0.0182	0.9818	61.08
47.5	74,530	20	0.0003	0.9997	59.97
48.5	63,473	10	0.0002	0.9998	59.95
49.5	56,737	13	0.0002	0.9998	59.94
50.5	51,878	29	0.0006	0.9994	59.93
51.5	44,701	285	0.0064	0.9936	59.89
52.5	35,297	3	0.0001	0.9999	59.51
53.5	31,835	2,804	0.0881	0.9119	59.50
54.5	22,774	3	0.0001	0.9999	54.26
55.5	19,937	472	0.0237	0.9763	54.25
56.5	16,393		0.0000	1.0000	52.96
57.5	10,896	338	0.0310	0.9690	52.96
58.5	7,639	472	0.0618	0.9382	51.32
59.5	6,835		0.0000	1.0000	48.15
60.5	6,376	6	0.0009	0.9991	48.15
61.5	5,695	155	0.0272	0.9728	48.11
62.5	5,540	1	0.0002	0.9998	46.80
63.5	5,739		0.0000	1.0000	46.79
64.5	5,739		0.0000	1.0000	46.79
65.5	5,700	1	0.0002	0.9998	46.79
66.5	5,698	200	0.0351	0.9649	46.78
67.5	5,003		0.0000	1.0000	45.14
68.5	4,464	205	0.0459	0.9541	45.14
69.5	3,940	205	0.0520	0.9480	43.07
70.5	3,735	346	0.0926	0.9074	40.83
71.5	3,364	1	0.0003	0.9997	37.05
72.5	3,115	2	0.0006	0.9994	37.04
73.5	3,113	6	0.0019	0.9981	37.02
74.5	3,107	205	0.0660	0.9340	36.95
75.5	2,902		0.0000	1.0000	34.51
76.5	2,838	148	0.0521	0.9479	34.51
77.5	2,690		0.0000	1.0000	32.71
78.5	2,514		0.0000	1.0000	32.71

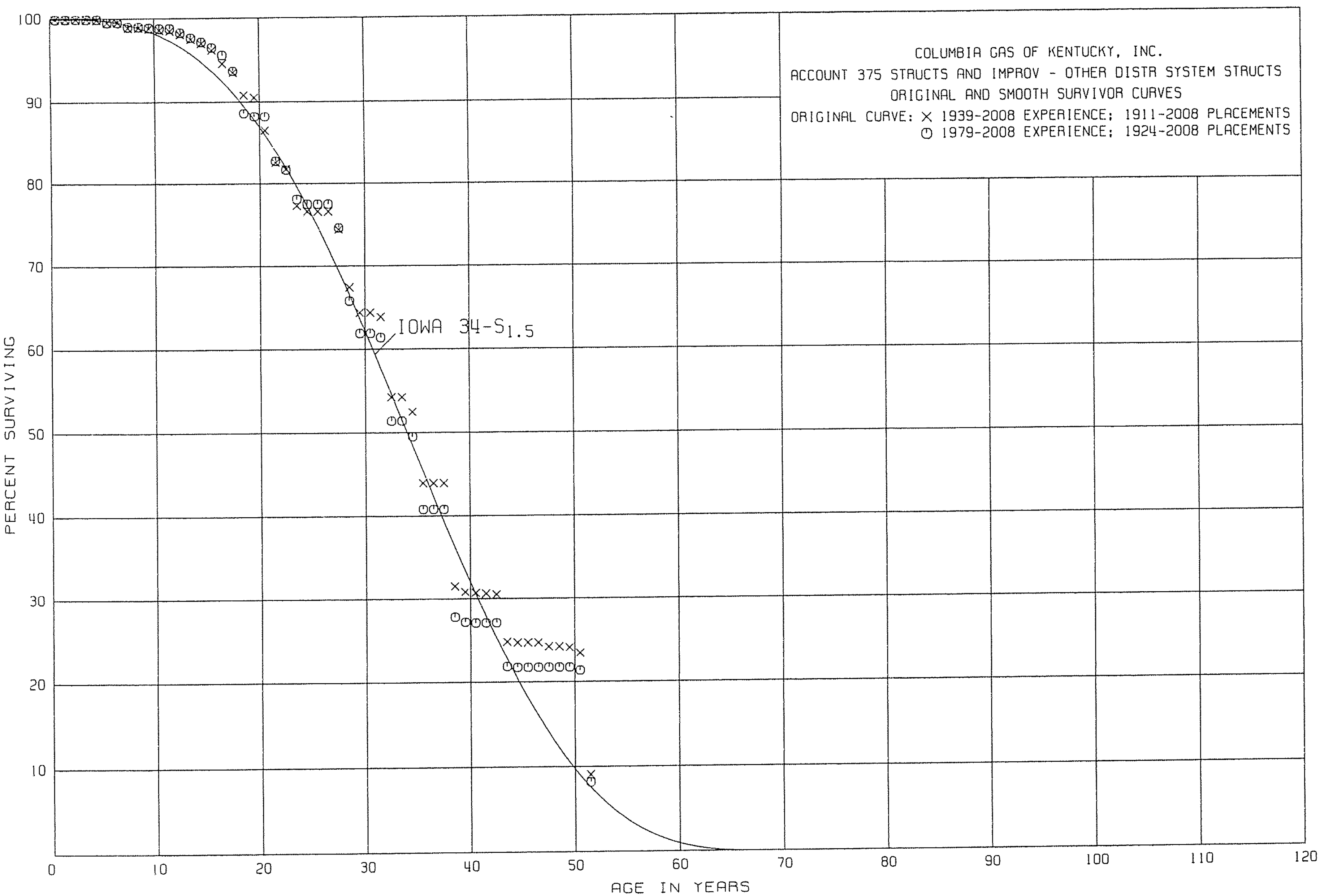
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEAS AND REG

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2008 EXPERIENCE BAND 1979-2008

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	2,116	117	0.0553	0.9447	32.71
80.5	1,100		0.0000	1.0000	30.90
81.5	1,100		0.0000	1.0000	30.90
82.5	1,100		0.0000	1.0000	30.90
83.5	1,100		0.0000	1.0000	30.90
84.5	1,100		0.0000	1.0000	30.90
85.5	1,100		0.0000	1.0000	30.90
86.5	1,100	3	0.0027	0.9973	30.90
87.5	1,097		0.0000	1.0000	30.82
88.5	1,097		0.0000	1.0000	30.82
89.5	1,097		0.0000	1.0000	30.82
90.5	1,097	6	0.0055	0.9945	30.82
91.5	1,091		0.0000	1.0000	30.65
92.5	1,091		0.0000	1.0000	30.65
93.5	894		0.0000	1.0000	30.65
94.5	894		0.0000	1.0000	30.65
95.5	894		0.0000	1.0000	30.65
96.5	894		0.0000	1.0000	30.65
97.5					30.65



COLUMBIA GAS OF KENTUCKY, INC.
ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCTS
ORIGINAL AND SMOOTH SURVIVOR CURVES
ORIGINAL CURVE: × 1939-2008 EXPERIENCE; 1911-2008 PLACEMENTS
⊙ 1979-2008 EXPERIENCE; 1924-2008 PLACEMENTS
IOWA 34-S1.5
PERCENT SURVIVING
AGE IN YEARS

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1911-2008 EXPERIENCE BAND 1939-2008

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	7,733,652		0.0000	1.0000	100.00
0.5	7,673,576		0.0000	1.0000	100.00
1.5	7,674,084	1,939	0.0003	0.9997	100.00
2.5	7,669,857	875	0.0001	0.9999	99.97
3.5	7,661,045	10,759	0.0014	0.9986	99.96
4.5	7,661,050	23,710	0.0031	0.9969	99.82
5.5	7,646,789	1,476	0.0002	0.9998	99.51
6.5	7,481,291	42,406	0.0057	0.9943	99.49
7.5	7,444,053	647	0.0001	0.9999	98.92
8.5	7,423,493	11,989	0.0016	0.9984	98.91
9.5	7,398,662	13,858	0.0019	0.9981	98.75
10.5	7,360,355	2,144	0.0003	0.9997	98.56
11.5	7,359,015	34,458	0.0047	0.9953	98.53
12.5	7,290,975	41,969	0.0058	0.9942	98.07
13.5	7,254,323	40,287	0.0056	0.9944	97.50
14.5	1,051,554	8,092	0.0077	0.9923	96.95
15.5	1,043,462	17,595	0.0169	0.9831	96.20
16.5	462,969	5,409	0.0117	0.9883	94.57
17.5	461,030	13,378	0.0290	0.9710	93.46
18.5	448,729	1,393	0.0031	0.9969	90.75
19.5	447,814	19,538	0.0436	0.9564	90.47
20.5	428,275	20,090	0.0469	0.9531	86.53
21.5	359,850	3,292	0.0091	0.9909	82.47
22.5	356,559	19,193	0.0538	0.9462	81.72
23.5	337,127	3,033	0.0090	0.9910	77.32
24.5	337,459	116	0.0003	0.9997	76.62
25.5	337,605	146	0.0004	0.9996	76.60
26.5	337,459	9,507	0.0282	0.9718	76.57
27.5	328,099	31,118	0.0948	0.9052	74.41
28.5	297,037	12,910	0.0435	0.9565	67.36
29.5	284,126	317	0.0011	0.9989	64.43
30.5	284,161	2,141	0.0075	0.9925	64.36
31.5	279,562	41,812	0.1496	0.8504	63.88
32.5	237,907		0.0000	1.0000	54.32
33.5	237,438	8,081	0.0340	0.9660	54.32
34.5	228,854	37,321	0.1631	0.8369	52.47
35.5	191,534	189	0.0010	0.9990	43.91
36.5	191,776	63	0.0003	0.9997	43.87
37.5	192,263	54,287	0.2824	0.7176	43.86
38.5	139,663	3,029	0.0217	0.9783	31.47

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2008 EXPERIENCE BAND 1939-2008

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	136,195	543	0.0040	0.9960	30.79
40.5	130,341	226	0.0017	0.9983	30.67
41.5	128,233	417	0.0033	0.9967	30.62
42.5	128,704	24,152	0.1877	0.8123	30.52
43.5	101,940	294	0.0029	0.9971	24.79
44.5	101,647		0.0000	1.0000	24.72
45.5	101,647		0.0000	1.0000	24.72
46.5	101,647	2,093	0.0206	0.9794	24.72
47.5	95,763		0.0000	1.0000	24.21
48.5	95,763	392	0.0041	0.9959	24.21
49.5	91,786	2,818	0.0307	0.9693	24.11
50.5	85,829	52,458	0.6112	0.3888	23.37
51.5	28,208	148	0.0052	0.9948	9.09
52.5	28,061		0.0000	1.0000	9.04
53.5	27,152		0.0000	1.0000	9.04
54.5	26,349		0.0000	1.0000	9.04
55.5	25,721	361	0.0140	0.9860	9.04
56.5	24,085		0.0000	1.0000	8.91
57.5	22,901	17,906	0.7819	0.2181	8.91
58.5	1,419		0.0000	1.0000	1.94
59.5	671		0.0000	1.0000	1.94
60.5	671		0.0000	1.0000	1.94
61.5	671		0.0000	1.0000	1.94
62.5	671		0.0000	1.0000	1.94
63.5	671		0.0000	1.0000	1.94
64.5	671		0.0000	1.0000	1.94
65.5	671		0.0000	1.0000	1.94
66.5	671		0.0000	1.0000	1.94
67.5	671		0.0000	1.0000	1.94
68.5	671		0.0000	1.0000	1.94
69.5	671		0.0000	1.0000	1.94
70.5	671		0.0000	1.0000	1.94
71.5	671		0.0000	1.0000	1.94
72.5	240		0.0000	1.0000	1.94
73.5	240		0.0000	1.0000	1.94
74.5	240		0.0000	1.0000	1.94
75.5	240		0.0000	1.0000	1.94
76.5	240		0.0000	1.0000	1.94
77.5	240		0.0000	1.0000	1.94
78.5	240		0.0000	1.0000	1.94

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2008 EXPERIENCE BAND 1939-2008

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	240		0.0000	1.0000	1.94
80.5	240		0.0000	1.0000	1.94
81.5	240		0.0000	1.0000	1.94
82.5	240		0.0000	1.0000	1.94
83.5	240		0.0000	1.0000	1.94
84.5					1.94

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1924-2008 EXPERIENCE BAND 1979-2008

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	7,396,918		0.0000	1.0000	100.00
0.5	7,367,251		0.0000	1.0000	100.00
1.5	7,372,555		0.0000	1.0000	100.00
2.5	7,369,231		0.0000	1.0000	100.00
3.5	7,363,063	10,072	0.0014	0.9986	100.00
4.5	7,353,880	23,263	0.0032	0.9968	99.86
5.5	7,285,543		0.0000	1.0000	99.54
6.5	7,125,367	38,507	0.0054	0.9946	99.54
7.5	7,085,264		0.0000	1.0000	99.00
8.5	7,075,644	10,134	0.0014	0.9986	99.00
9.5	7,065,510	5,824	0.0008	0.9992	98.86
10.5	7,033,016		0.0000	1.0000	98.78
11.5	7,035,645	33,637	0.0048	0.9952	98.78
12.5	7,006,458	40,342	0.0058	0.9942	98.31
13.5	6,969,163	38,520	0.0055	0.9945	97.74
14.5	767,818	5,262	0.0069	0.9931	97.20
15.5	805,914	7,511	0.0093	0.9907	96.53
16.5	231,419	4,734	0.0205	0.9795	95.63
17.5	236,536	12,905	0.0546	0.9454	93.67
18.5	294,946	1,164	0.0039	0.9961	88.56
19.5	297,846		0.0000	1.0000	88.21
20.5	297,846	18,590	0.0624	0.9376	88.21
21.5	235,302	3,292	0.0140	0.9860	82.71
22.5	232,444	9,739	0.0419	0.9581	81.55
23.5	220,748	1,697	0.0077	0.9923	78.13
24.5	223,227		0.0000	1.0000	77.53
25.5	250,787		0.0000	1.0000	77.53
26.5	252,062	9,507	0.0377	0.9623	77.53
27.5	244,020	28,837	0.1182	0.8818	74.61
28.5	220,488	12,910	0.0586	0.9414	65.79
29.5	260,783		0.0000	1.0000	61.93
30.5	260,783	2,141	0.0082	0.9918	61.93
31.5	256,367	41,713	0.1627	0.8373	61.42
32.5	214,654		0.0000	1.0000	51.43
33.5	214,185	8,024	0.0375	0.9625	51.43
34.5	205,658	36,110	0.1756	0.8244	49.50
35.5	169,548		0.0000	1.0000	40.81
36.5	169,979		0.0000	1.0000	40.81
37.5	170,898	54,287	0.3177	0.6823	40.81
38.5	133,989	3,029	0.0226	0.9774	27.84

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1924-2008 EXPERIENCE BAND 1979-2008

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	130,960	543	0.0041	0.9959	27.21
40.5	125,106		0.0000	1.0000	27.10
41.5	123,224	234	0.0019	0.9981	27.10
42.5	124,340	24,132	0.1941	0.8059	27.05
43.5	97,596	294	0.0030	0.9970	21.80
44.5	97,302		0.0000	1.0000	21.73
45.5	97,302		0.0000	1.0000	21.73
46.5	97,302		0.0000	1.0000	21.73
47.5	93,511		0.0000	1.0000	21.73
48.5	93,511	281	0.0030	0.9970	21.73
49.5	89,996	1,426	0.0158	0.9842	21.66
50.5	85,432	52,458	0.6140	0.3860	21.32
51.5	27,811		0.0000	1.0000	8.23
52.5	27,811		0.0000	1.0000	8.23
53.5	26,902		0.0000	1.0000	8.23
54.5	26,339		0.0000	1.0000	8.23
55.5	25,711	351	0.0137	0.9863	8.23
56.5	24,085		0.0000	1.0000	8.12
57.5	22,901	17,906	0.7819	0.2181	8.12
58.5	1,419		0.0000	1.0000	1.77
59.5	671		0.0000	1.0000	1.77
60.5	671		0.0000	1.0000	1.77
61.5	671		0.0000	1.0000	1.77
62.5	671		0.0000	1.0000	1.77
63.5	671		0.0000	1.0000	1.77
64.5	671		0.0000	1.0000	1.77
65.5	671		0.0000	1.0000	1.77
66.5	671		0.0000	1.0000	1.77
67.5	671		0.0000	1.0000	1.77
68.5	671		0.0000	1.0000	1.77
69.5	671		0.0000	1.0000	1.77
70.5	671		0.0000	1.0000	1.77
71.5	671		0.0000	1.0000	1.77
72.5	240		0.0000	1.0000	1.77
73.5	240		0.0000	1.0000	1.77
74.5	240		0.0000	1.0000	1.77
75.5	240		0.0000	1.0000	1.77
76.5	240		0.0000	1.0000	1.77
77.5	240		0.0000	1.0000	1.77
78.5	240		0.0000	1.0000	1.77

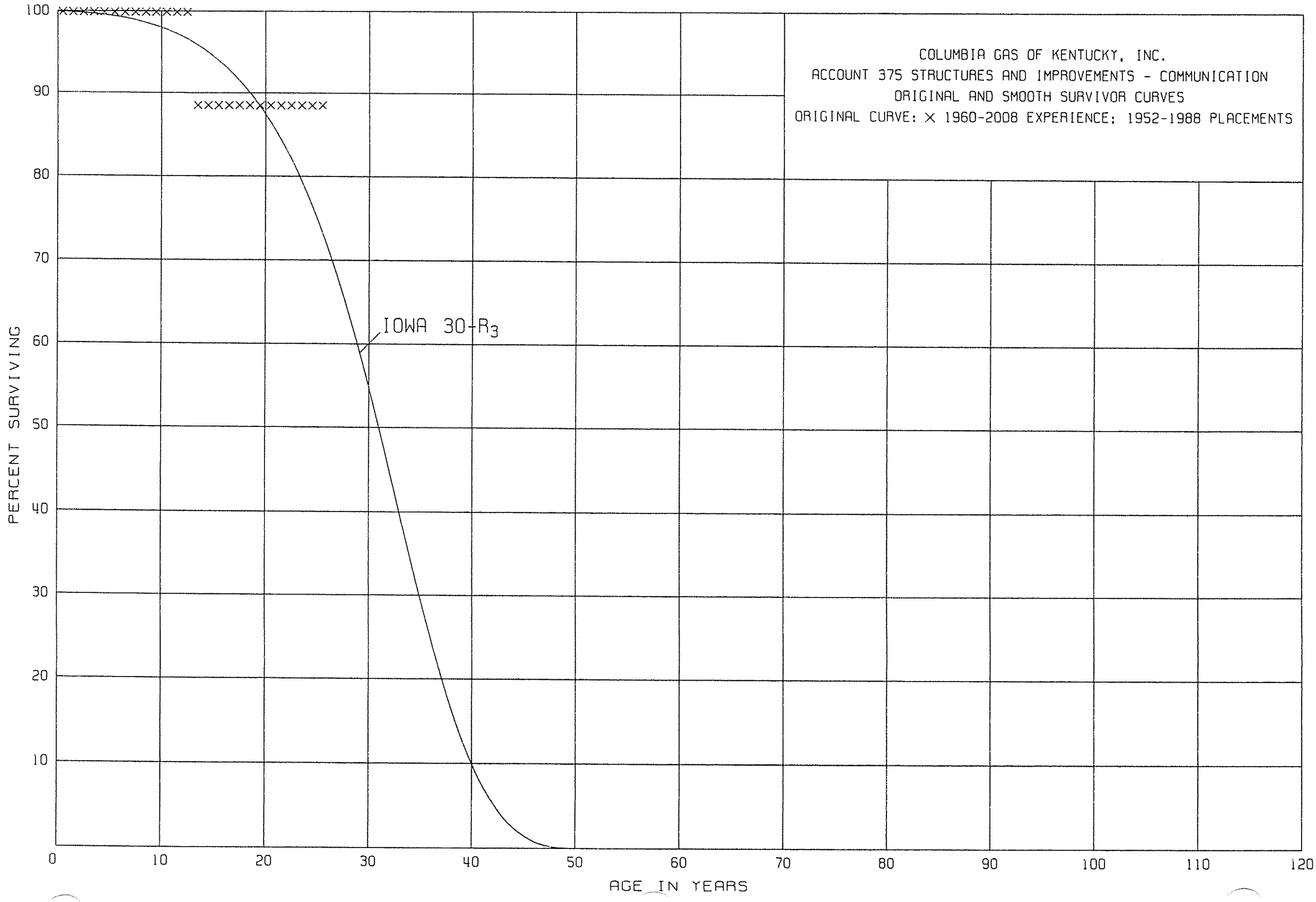
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTS AND IMPROV - OTHER DISTR SYSTEM STRUCTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1924-2008 EXPERIENCE BAND 1979-2008

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	240		0.0000	1.0000	1.77
80.5	240		0.0000	1.0000	1.77
81.5	240		0.0000	1.0000	1.77
82.5	240		0.0000	1.0000	1.77
83.5	240		0.0000	1.0000	1.77
84.5					1.77


COLUMBIA GAS OF KENTUCKY, INC.
ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - COMMUNICATION
ORIGINAL AND SMOOTH SURVIVOR CURVES
ORIGINAL CURVE: × 1960-2008 EXPERIENCE; 1952-1988 PLACEMENTS
IOWA 30-R3
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
10
20
30
40
50
60
70
80
90
100
110
120

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - COMMUNICATION

ORIGINAL LIFE TABLE

PLACEMENT BAND 1952-1988 EXPERIENCE BAND 1960-2008

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	26,577		0.0000	1.0000	88.51
18.5	29,772		0.0000	1.0000	88.51
19.5	29,772		0.0000	1.0000	88.51
20.5	25,092		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	8,942		0.0000	1.0000	88.51
33.5	8,942		0.0000	1.0000	88.51
34.5	8,942		0.0000	1.0000	88.51
35.5	5,747		0.0000	1.0000	88.51
36.5	5,747		0.0000	1.0000	88.51
37.5	5,747		0.0000	1.0000	88.51
38.5	2,926		0.0000	1.0000	88.51

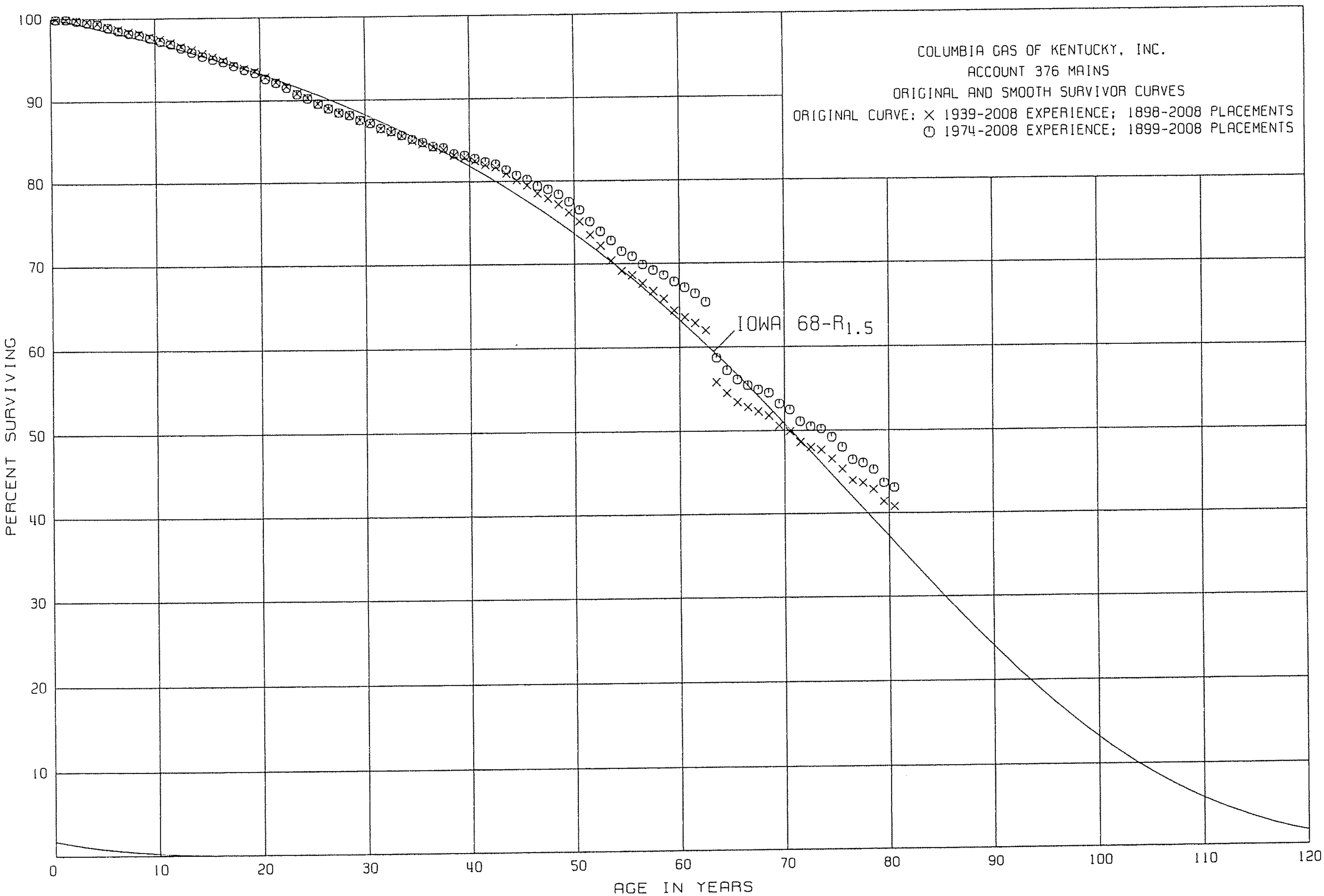
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - COMMUNICATION

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1952-1988 EXPERIENCE BAND 1960-2008

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	3,594		0.0000	1.0000	88.51
43.5	3,594		0.0000	1.0000	88.51
44.5	3,594		0.0000	1.0000	88.51
45.5	3,275		0.0000	1.0000	88.51
46.5	3,155		0.0000	1.0000	88.51
47.5	3,155		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	668		0.0000	1.0000	88.51
54.5	668		0.0000	1.0000	88.51
55.5	668		0.0000	1.0000	88.51
56.5					88.51


COLUMBIA GAS OF KENTUCKY, INC.
ACCOUNT 376 MAINS
ORIGINAL AND SMOOTH SURVIVOR CURVES
ORIGINAL CURVE: × 1939-2008 EXPERIENCE; 1898-2008 PLACEMENTS
⊙ 1974-2008 EXPERIENCE; 1899-2008 PLACEMENTS
IOWA 68-R1.5
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
10
20
30
40
50
60
70
80
90
100
110
120

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1898-2008 EXPERIENCE BAND 1939-2008

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	139,369,612	7,632	0.0001	0.9999	100.00
0.5	132,572,129	81,088	0.0006	0.9994	99.99
1.5	128,743,933	235,732	0.0018	0.9982	99.93
2.5	121,666,951	218,725	0.0018	0.9982	99.75
3.5	119,644,000	265,172	0.0022	0.9978	99.57
4.5	117,509,749	394,221	0.0034	0.9966	99.35
5.5	116,469,068	398,146	0.0034	0.9966	99.01
6.5	110,158,873	280,689	0.0025	0.9975	98.67
7.5	105,056,666	250,165	0.0024	0.9976	98.42
8.5	102,462,316	380,794	0.0037	0.9963	98.18
9.5	95,097,746	330,843	0.0035	0.9965	97.82
10.5	91,124,280	325,044	0.0036	0.9964	97.48
11.5	91,134,594	480,995	0.0053	0.9947	97.13
12.5	87,577,650	391,960	0.0045	0.9955	96.62
13.5	83,931,726	443,377	0.0053	0.9947	96.19
14.5	79,467,619	330,036	0.0042	0.9958	95.68
15.5	75,850,347	301,059	0.0040	0.9960	95.28
16.5	72,951,698	379,573	0.0052	0.9948	94.90
17.5	70,418,857	380,196	0.0054	0.9946	94.41
18.5	67,153,858	324,691	0.0048	0.9952	93.90
19.5	63,850,285	461,895	0.0072	0.9928	93.45
20.5	59,318,200	353,158	0.0060	0.9940	92.78
21.5	48,296,641	293,305	0.0061	0.9939	92.22
22.5	44,448,894	431,193	0.0097	0.9903	91.66
23.5	42,317,691	218,436	0.0052	0.9948	90.77
24.5	39,029,955	293,238	0.0075	0.9925	90.30
25.5	37,036,067	264,074	0.0071	0.9929	89.62
26.5	34,279,386	189,128	0.0055	0.9945	88.98
27.5	32,089,125	111,459	0.0035	0.9965	88.49
28.5	30,275,041	192,409	0.0064	0.9936	88.18
29.5	28,415,575	145,201	0.0051	0.9949	87.62
30.5	26,933,131	193,173	0.0072	0.9928	87.17
31.5	25,964,820	118,866	0.0046	0.9954	86.54
32.5	25,159,537	156,550	0.0062	0.9938	86.14
33.5	24,614,489	166,636	0.0068	0.9932	85.61
34.5	23,820,609	116,058	0.0049	0.9951	85.03
35.5	23,047,130	122,190	0.0053	0.9947	84.61
36.5	21,469,318	74,106	0.0035	0.9965	84.16
37.5	20,092,779	153,632	0.0076	0.9924	83.87
38.5	18,976,372	65,931	0.0035	0.9965	83.23

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, 2008

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 75-S4						
NET SALVAGE PERCENT.. 0						
1900	7.64	7	8			
1905	4,639.41	4,466	4,639			
1906	453.46	437	453			
1908	509.81	492	510			
1910	32.76	31	33			
1911	39.25	38	39			
1912	166.79	159	167			
1913	39,647.24	37,863	39,647			
1914	440.81	417	441			
1915	17.37	16	17			
1916	3,714.53	3,505	3,715			
1917	2.52	2	2	1	5.58	
1918	222.02	209	222			
1920	8.85	8	9			
1921	4.00	4	4			
1922	550.17	509	550			
1927	574.78	525	575			
1928	7,615.83	6,928	7,616			
1929	9,365.20	8,488	9,365			
1930	293.53	265	294			
1931	75.68	68	76			
1932	11.42	10	11			
1933	121.75	108	122			
1934	38.48	34	38			
1936	42.73	37	42	1	10.83	
1937	147.11	127	145	2	11.14	
1938	291.95	251	286	6	11.47	1
1939	54.17	46	52	2	11.80	
1940	1,406.23	1,194	1,359	47	12.15	4
1941	3,083.74	2,602	2,962	122	12.50	10
1942	82.48	69	79	3	13.50	
1943	178.77	148	168	11	13.87	1
1944	55.72	46	52	4	14.24	
1945	35.21	29	33	2	14.63	
1946	55.44	45	51	4	15.02	
1947	388.45	308	351	37	16.02	2
1948	1,231.01	968	1,102	129	16.42	8
1949	2,790.90	2,176	2,477	314	16.83	19

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, 2008

SURVIVOR CURVE.. IOWA 75-S4
NET SALVAGE PERCENT.. 0

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
1950	3,189.10	2,444	2,783	406	17.83	23
1951	7,892.84	5,991	6,821	1,072	18.26	59
1952	1,366.64	1,027	1,169	198	18.68	11
1953	4,099.22	3,026	3,445	654	19.68	33
1954	5,721.14	4,178	4,757	964	20.13	48
1955	314.60	226	257	58	21.13	3
1956	1,907.97	1,352	1,539	369	21.57	17
1957	1,176.95	818	931	246	22.57	11
1958	21,005.37	14,321	16,305	4,700	23.57	199
1959	5,254.98	3,538	4,028	1,227	24.03	51
1960	6,002.69	3,959	4,507	1,496	25.03	60
1961	11,709.76	7,565	8,613	3,097	26.03	119
1962	3,663.44	2,317	2,638	1,025	27.03	38
1963	5,765.71	3,594	4,092	1,674	27.49	61
1964	3,606.15	2,199	2,504	1,102	28.49	39
1965	2,918.74	1,740	1,981	938	29.49	32
1966	27,810.21	16,194	18,437	9,373	30.49	307
1967	4,679.09	2,661	3,030	1,649	31.49	52
1968	5,001.45	2,775	3,159	1,842	32.49	57
1969	42,871.21	23,202	26,416	16,455	33.49	491
1970	28,515.31	15,150	17,248	11,267	33.96	332
1971	16,220.35	8,394	9,557	6,663	34.96	191
1972	27,985.97	14,097	16,050	11,936	35.96	332
1973	5,481.78	2,686	3,058	2,424	36.96	66
1974	1,658.65	790	899	760	37.96	20
1975	9,583.32	4,430	5,044	4,539	38.96	117
1976	5,163.94	2,316	2,637	2,527	39.96	63
1977	4,195.28	1,824	2,077	2,118	40.96	52
1978	2,876.24	1,211	1,379	1,497	41.96	36
1979	13,433.07	5,469	6,227	7,206	42.96	168
1980	12,768.07	5,022	5,718	7,050	43.96	160
1981	10,564.93	4,009	4,564	6,001	44.96	133
1982	1,162.68	425	484	679	45.96	15
1983	9,009.79	3,171	3,610	5,400	46.96	115
1984	68,733.35	23,239	26,458	42,275	47.96	881
1985	12,854.49	4,169	4,746	8,108	48.96	166
1986	32,815.46	10,189	11,600	21,215	49.96	425
1987	21,779.43	6,462	7,357	14,422	50.96	283

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, 2008

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 75-S4						
NET SALVAGE PERCENT.. 0						
1988	97,331.04	27,535	31,349	65,982	51.96	1,270
1989	76,248.28	20,518	23,360	52,888	52.96	999
1990	86,482.89	22,079	25,137	61,346	53.96	1,137
1991	52,430.84	12,662	14,416	38,015	54.96	692
1992	60,042.13	13,672	15,566	44,476	55.96	795
1993	50,935.46	10,895	12,404	38,531	56.96	676
1994	214,025.02	42,826	48,758	165,267	57.96	2,851
1995	177,926.39	33,148	37,739	140,187	58.96	2,378
1996	30,598.73	5,278	6,009	24,590	59.96	410
1998	8,061.70	1,168	1,330	6,732	61.96	109
2000	11,902.50	1,396	1,589	10,314	63.96	161
2001	145,613.01	15,071	17,159	128,454	64.96	1,977
2002	1,125,585.22	100,965	114,950	1,010,635	65.96	15,322
2005	2,009.13	97	110	1,899	68.96	28
	2,668,348.92	596,125	673,713	1,994,633		34,116
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					58.5	1.28

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, 2008

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 47-S0.5						
NET SALVAGE PERCENT.. -10						
1911	893.77	983	983			
1915	197.21	217	217			
1928	898.88	939	941	48	4.25	11
1929	397.89	414	415	23	4.53	5
1930	176.23	183	183	11	4.83	2
1932	64.48	66	66	5	5.47	1
1936	248.19	249	249	24	6.87	3
1937	24.89	25	25	2	7.24	
1939	318.36	314	315	35	8.02	4
1940	539.34	528	529	64	8.42	8
1941	1,395.54	1,357	1,359	176	8.83	20
1943	38.93	38	38	5	9.13	1
1947	675.25	635	636	107	10.44	10
1948	459.09	428	429	76	10.93	7
1949	331.79	308	309	56	10.92	5
1950	2,919.17	2,686	2,691	520	11.43	45
1951	5,497.33	5,042	5,051	996	11.46	87
1952	3,071.17	2,787	2,792	586	11.99	49
1953	2,951.41	2,667	2,672	575	12.07	48
1954	6,256.73	5,589	5,599	1,283	12.61	102
1955	3,459.47	3,074	3,080	725	12.72	57
1956	9,118.25	8,004	8,018	2,012	13.29	151
1957	7,296.41	6,365	6,376	1,650	13.44	123
1958	6,160.93	5,305	5,315	1,462	14.01	104
1959	7,876.94	6,734	6,746	1,919	14.19	135
1960	11,253.05	9,546	9,563	2,815	14.39	196
1961	4,185.29	3,499	3,505	1,099	15.00	73
1962	2,304.83	1,910	1,913	622	15.23	41
1963	4,177.23	3,429	3,435	1,160	15.48	75
1964	11,554.75	9,389	9,406	3,304	15.74	210
1965	7,064.31	5,679	5,689	2,082	16.02	130
1966	6,431.85	5,112	5,121	1,954	16.32	120
1967	2,588.14	2,032	2,036	811	16.64	49
1968	3,986.61	3,073	3,079	1,306	17.30	75
1970	13,799.07	10,402	10,421	4,758	17.68	269
1971	15,974.47	11,861	11,882	5,690	18.06	315
1972	7,169.41	5,239	5,248	2,638	18.45	143
1973	7,037.63	5,057	5,066	2,675	18.85	142

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, 2008

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 47-S0.5						
NET SALVAGE PERCENT.. -10						
1974	1,964.24	1,386	1,389	772	19.26	40
1976	71.18	49	49	29	19.85	1
1977	3,520.86	2,355	2,359	1,514	20.31	75
1978	3,260.89	2,144	2,148	1,439	20.52	70
1980	22,925.65	14,448	14,474	10,744	21.25	506
1981	7,370.71	4,527	4,535	3,573	21.76	164
1982	48,726.19	29,260	29,313	24,286	22.04	1,102
1983	14,081.23	8,256	8,271	7,218	22.34	323
1984	42,076.21	24,040	24,083	22,201	22.67	979
1985	60,910.87	33,695	33,756	33,246	23.23	1,431
1986	30,412.96	16,336	16,366	17,088	23.58	725
1987	93,861.55	48,836	48,924	54,324	23.95	2,268
1988	23,273.23	11,705	11,726	13,875	24.34	570
1989	6,531.81	3,166	3,172	4,013	24.75	162
1990	20,674.58	9,677	9,695	13,047	24.98	522
1995	2,142.14	786	787	1,569	26.98	58
1996	17,283.31	5,941	5,952	13,060	27.50	475
1997	580.71	187	187	452	27.87	16
1998	10,422.20	3,106	3,112	8,352	28.26	296
1999	6,771.06	1,854	1,857	5,591	28.67	195
2000	7,008.25	1,743	1,746	5,963	29.09	205
2001	22,146.35	4,933	4,942	19,419	29.54	657
2002	24,994.58	4,916	4,925	22,569	29.86	756
2003	4,822.92	814	815	4,490	30.34	148
2004	8,646.19	1,215	1,217	8,294	30.71	270
2005	5,198.99	579	580	5,139	31.10	165
2006	25,812.82	2,087	2,091	26,303	31.51	835
2007	27,457.41	1,359	1,362	28,841	31.83	906
2008	30,911.50	524	525	33,478	31.97	1,047
	732,654.88	371,089	371,756	434,163		17,783

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 24.4 2.43

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, 2008

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 - VINE STREET INTERIM SURVIVOR CURVE.. SQUARE PROBABLE RETIREMENT YEAR.. 6-2028 NET SALVAGE PERCENT.. 0						
1950	3,575.48	2,682	2,708	867	19.50	44
1974	502.19	321	324	178	19.50	9
1975	469.01	296	299	170	19.50	9
1977	2,458.15	1,518	1,533	925	19.50	47
1985	678.43	371	375	303	19.50	16
2001	23,425.95	6,508	6,571	16,855	19.50	864
	31,109.21	11,696	11,810	19,298		989
WINCHESTER SERVICE CENTER & OFFICE INTERIM SURVIVOR CURVE.. SQUARE PROBABLE RETIREMENT YEAR.. 6-2042 NET SALVAGE PERCENT.. 0						
1992	567,413.50	187,246	189,072	378,342	33.50	11,294
2003	10,253.37	1,446	1,460	8,793	33.50	262
	577,666.87	188,692	190,532	387,135		11,556
LEXINGTON HEADQUARTERS INTERIM SURVIVOR CURVE.. SQUARE PROBABLE RETIREMENT YEAR.. 6-2044 NET SALVAGE PERCENT.. 0						
1924	240.00	169	171	69	35.50	2
1949	748.22	469	474	274	35.50	8
1994	6,179,394.33	1,792,024	1,809,497	4,369,897	35.50	123,096
1998	26,669.93	6,089	6,148	20,522	35.50	578
2000	9,603.96	1,855	1,873	7,731	35.50	218
2001	126,272.90	22,022	22,237	104,036	35.50	2,931
2003	8,863.24	1,189	1,201	7,662	35.50	216
2005	36,210.95	3,248	3,280	32,931	35.50	928
2006	3,323.54	219	221	3,103	35.50	87
	6,391,327.07	1,827,284	1,845,102	4,546,225		128,064

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, 2008

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 34-S1.5 NET SALVAGE PERCENT.. 0						
1936	430.55	431	431			
1951	1,184.61	1,131	1,142	43	2.74	16
1952	1,274.67	1,217	1,229	46	2.67	17
1953	627.88	596	602	26	2.98	9
1954	802.91	757	764	39	3.30	12
1955	908.64	851	859	50	3.64	14
1957	5,163.12	4,786	4,833	330	4.06	81
1958	3,138.49	2,901	2,929	209	4.14	50
1959	3,585.31	3,283	3,315	270	4.55	59
1961	3,791.07	3,421	3,455	336	5.13	65
1965	2,612.53	2,296	2,319	294	6.00	49
1967	962.53	831	839	124	6.58	19
1968	5,311.35	4,539	4,584	727	6.89	106
1970	237.56	199	201	37	7.37	5
1972	478.16	393	397	81	7.94	10
1985	1,278.71	832	840	439	12.60	35
1987	46,696.49	28,616	28,896	17,800	13.59	1,310
1996	30,096.82	12,189	12,309	17,788	18.36	969
2000	8,591.08	2,468	2,492	6,099	21.09	289
2003	1,820.23	346	349	1,471	23.40	63
2008	60,287.66	1,067	1,078	59,210	27.75	2,134
	179,280.37	73,150	73,863	105,419		5,312
	7,179,383.52	2,100,822	2,121,307	5,058,077		145,921

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 34.7 2.03

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - COMMUNICATION

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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	2,473	2,487			
1962	120.00	118	120			
1963	318.95	311	319			
1970	2,821.28	2,629	2,710	111	2.82	39
1973	3,195.06	2,892	2,981	214	3.71	58
1987	18,970.52	12,930	13,327	5,644	10.04	562
1988	4,679.99	3,080	3,174	1,506	10.65	141
	33,260.58	25,101	25,786	7,475		800

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 9.3 2.41

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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 68-R1.5						
PROBABLE RETIREMENT YEAR.. 12-2037						
NET SALVAGE PERCENT.. -15						
1940	21,021.61	19,376	18,710	5,465	16.97	322
1941	10,136.22	9,285	8,966	2,691	17.25	156
1942	1,157.41	1,053	1,017	314	17.53	18
1944	919.11	825	797	260	18.14	14
1945	1,646.98	1,467	1,417	477	18.47	26
1946	1,346.93	1,191	1,150	399	18.80	21
1947	142.66	125	121	43	19.15	2
1949	1,016.24	883	853	316	19.24	16
1950	3,015.87	2,597	2,508	960	19.63	49
1951	19,031.85	16,236	15,678	6,209	20.02	310
1952	772.12	657	634	254	19.83	13
1953	26,017.44	21,919	21,165	8,755	20.26	432
1954	34,359.71	28,857	27,865	11,649	20.13	579
1955	4,085.47	3,394	3,277	1,421	20.57	69
1956	24,380.31	20,019	19,331	8,706	21.03	414
1957	14,751.73	12,057	11,642	5,322	20.96	254
1958	15,042.84	12,144	11,726	5,573	21.44	260
1959	12,550.68	10,074	9,728	4,705	21.42	220
1960	11,555.64	9,217	8,900	4,389	21.43	205
1961	6,916.52	5,441	5,254	2,700	21.94	123
1962	16,502.16	12,884	12,441	6,536	21.99	297
1963	10,833.08	8,389	8,101	4,357	22.07	197
1964	16,879.28	12,957	12,511	6,900	22.17	311
1965	15,057.17	11,449	11,055	6,261	22.29	281
1966	5,115.25	3,850	3,718	2,165	22.44	96
1967	828.87	617	596	357	22.60	16
1968	3,908.24	2,876	2,777	1,717	22.79	75
1969	50.18	36	35	23	23.00	1
1970	8,051.96	5,775	5,576	3,684	23.23	159
1972	206.93	145	140	98	23.38	4
	287,300.46	235,795	227,689	102,706		4,940

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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 68-R1.5
PROBABLE RETIREMENT YEAR.. 12-2037
NET SALVAGE PERCENT.. -15

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
1901	1,537.97	1,654	1,597	172	7.44	23
1905	9,217.93	9,765	9,429	1,172	8.85	132
1906	3,254.90	3,453	3,334	409	8.61	48
1908	78.13	82	79	11	9.38	1
1910	22.93	24	23	3	10.20	
1913	2,744.71	2,834	2,737	419	10.88	39
1914	206.46	213	206	31	10.76	3
1915	8,264.88	8,443	8,153	1,352	11.76	115
1916	53.77	55	53	9	11.67	1
1918	128.18	131	126	21	11.54	2
1920	1,975.29	1,990	1,922	350	12.51	28
1921	132.84	134	129	24	12.50	2
1922	414.16	416	402	74	12.50	6
1923	1,168.10	1,160	1,120	223	13.50	17
1924	2,661.59	2,638	2,547	514	13.54	38
1925	9,031.73	8,933	8,626	1,760	13.58	130
1926	12,716.05	12,547	12,116	2,507	13.65	184
1927	10,073.50	9,914	9,573	2,012	13.73	147
1928	208,035.93	202,231	195,279	43,962	14.73	2,985
1929	86,102.59	83,442	80,573	18,445	14.84	1,243
1930	21,377.87	20,651	19,941	4,644	14.95	311
1931	16,077.46	15,475	14,943	3,546	15.09	235
1932	10,760.80	10,319	9,964	2,411	15.24	158
1933	483,035.82	461,335	445,475	110,016	15.41	7,139
1934	2,090.55	1,988	1,920	484	15.59	31
1935	31,698.82	30,009	28,977	7,477	15.79	474
1936	10,108.57	9,524	9,197	2,428	15.99	152
1937	32,169.25	30,154	29,117	7,878	16.22	486
1938	14,327.70	13,359	12,900	3,577	16.45	217
1939	22,159.90	20,545	19,839	5,645	16.71	338
1940	209,080.83	192,715	186,090	54,353	16.97	3,203
1941	55,473.58	50,812	49,065	14,730	17.25	854
1942	13,645.52	12,419	11,992	3,700	17.53	211
1943	4,479.16	4,049	3,910	1,241	17.83	70
1944	2,582.49	2,318	2,238	732	18.14	40
1945	13,919.91	12,401	11,975	4,033	18.47	218

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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 68-R1.5						
PROBABLE RETIREMENT YEAR.. 12-2037						
NET SALVAGE PERCENT.. -15						
1946	37,024.50	32,734	31,609	10,969	18.80	583
1947	36,776.09	32,252	31,143	11,150	19.15	582
1948	74,414.55	65,235	62,992	22,585	18.87	1,197
1949	98,924.33	85,971	83,015	30,748	19.24	1,598
1950	287,043.22	247,179	238,681	91,419	19.63	4,657
1951	434,421.97	370,592	357,852	141,733	20.02	7,080
1952	238,618.05	203,119	196,136	78,275	19.83	3,947
1953	381,652.44	321,538	310,484	128,416	20.26	6,338
1954	349,600.54	293,610	283,516	118,525	20.13	5,888
1955	455,948.59	378,731	365,711	158,630	20.57	7,712
1956	641,550.75	526,777	508,667	229,116	21.03	10,895
1957	1,159,312.83	947,512	914,938	418,272	20.96	19,956
1958	1,037,262.92	837,382	808,594	384,258	21.44	17,922
1959	827,982.03	664,621	641,772	310,407	21.42	14,491
1960	782,978.88	624,535	603,064	297,362	21.43	13,876
1961	795,870.70	626,032	604,510	310,741	21.94	14,163
1962	664,274.26	518,622	500,792	263,123	21.99	11,966
1963	855,437.95	662,460	639,686	344,068	22.07	15,590
1964	992,300.67	761,715	735,528	405,618	22.17	18,296
1965	866,134.81	658,592	635,951	360,104	22.29	16,155
1966	1,330,610.73	1,001,517	967,086	563,116	22.44	25,094
1967	573,722.85	427,142	412,457	247,324	22.60	10,944
1968	828,405.46	609,611	588,654	364,012	22.79	15,972
1969	1,039,147.30	755,252	729,287	465,732	23.00	20,249
1970	497,222.70	356,635	344,374	227,432	23.23	9,790
1971	581,955.31	411,588	397,438	271,811	23.48	11,576
1972	570,733.80	400,107	386,352	269,992	23.38	11,548
1973	187,928.13	129,670	125,212	90,905	23.67	3,841
1974	94,001.02	64,147	61,942	46,159	23.64	1,953
1975	223.33	150	145	112	23.97	5
1976	615.79	407	393	315	23.99	13
1977	1,014.20	661	638	528	24.06	22
1978	202,204.41	129,801	125,339	107,196	24.14	4,441
1979	110.84	70	68	59	24.26	2
	18,226,235.82	14,384,099	13,889,593	7,070,577		327,623

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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 68-R1.5						
NET SALVAGE PERCENT.. -15						
1950	2.92	2	2	1	23.47	
1951	4,910.38	3,994	3,857	1,790	23.80	75
1952	741.23	597	576	276	24.15	11
1953	1,187.59	940	908	458	25.15	18
1954	1,254.55	983	949	494	25.50	19
1955	6,226.14	4,827	4,661	2,499	25.87	97
1956	5,409.93	4,148	4,005	2,216	26.24	84
1957	7,138.39	5,411	5,225	2,984	26.63	112
1958	10,140.10	7,597	7,336	4,325	27.02	160
1959	35,932.78	26,591	25,677	15,646	27.42	571
1960	28,130.71	20,555	19,848	12,502	27.83	449
1961	30,008.50	21,638	20,894	13,616	28.26	482
1962	17,963.03	12,680	12,244	8,413	29.26	288
1963	5,601.06	3,898	3,764	2,677	29.68	90
1964	23,100.68	15,841	15,296	11,270	30.13	374
1965	43,039.90	29,069	28,070	21,426	30.57	701
1966	42,770.67	28,430	27,453	21,733	31.03	700
1967	30,808.46	20,145	19,452	15,978	31.49	507
1968	32,037.45	20,592	19,884	16,959	31.96	531
1969	49,719.85	31,396	30,317	26,861	32.44	828
1970	161,446.46	100,073	96,633	89,030	32.93	2,704
1971	197,010.46	119,806	115,687	110,875	33.42	3,318
1972	464,979.03	277,148	267,620	267,106	33.92	7,875
1973	298,090.72	174,042	168,059	174,745	34.43	5,075
1974	354,779.33	202,693	195,725	212,271	34.94	6,075
1975	301,938.04	168,684	162,885	184,344	35.46	5,199
1976	479,611.55	261,712	252,715	298,838	35.99	8,303
1977	395,586.74	212,086	204,795	250,130	36.07	6,935
1978	361,397.33	188,893	182,399	233,208	36.61	6,370
1979	639,000.02	325,171	313,992	420,858	37.17	11,323
1980	568,028.84	281,152	271,486	381,747	37.72	10,121
1981	1,263,143.69	607,193	586,319	866,296	38.29	22,625
1982	748,454.89	349,023	337,024	523,699	38.86	13,477
1983	875,776.03	398,123	384,436	622,706	39.01	15,963
1984	1,417,846.17	623,186	601,762	1,028,761	39.60	25,979
1985	382,126.39	162,155	156,580	282,865	40.19	7,038
1986	1,283,074.08	527,946	509,796	965,739	40.39	23,910

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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 68-R1.5						
NET SALVAGE PERCENT.. -15						
1987	6,560,001.35	2,595,137	2,505,920	5,038,082	41.00	122,880
1988	759,546.51	290,082	280,109	593,369	41.23	14,392
1989	610,118.76	223,050	215,382	486,255	41.85	11,619
1990	646,545.07	226,999	219,195	524,332	42.10	12,454
1991	647,712.41	217,725	210,240	534,629	42.38	12,615
1992	991,022.12	317,855	306,928	832,747	42.67	19,516
1993	827,188.20	250,659	242,042	709,224	43.32	16,372
1994	857,834.68	246,036	237,578	748,932	43.64	17,162
1995	307,062.02	83,443	80,574	272,547	43.64	6,245
1996	748,977.08	190,611	184,058	677,266	43.99	15,396
1997	995,880.39	235,810	227,703	917,559	44.36	20,684
1998	759,467.07	166,904	161,166	712,221	44.45	16,023
1999	3,669,820.89	741,928	716,421	3,503,873	44.55	78,650
2000	550,123.40	101,096	97,620	535,022	44.69	11,972
2001	328,010.49	54,054	52,196	325,016	44.85	7,247
2002	2,390,480.29	348,580	336,596	2,412,456	44.78	53,874
2003	386,011.43	48,830	47,151	396,762	44.50	8,916
2004	137,081.84	14,551	14,051	143,593	44.28	3,243
2005	329,657.71	28,130	27,163	351,943	43.67	8,059
2006	4,409,226.27	280,405	270,765	4,799,845	42.75	112,277
2007	1,226,388.67	49,785	48,074	1,362,273	41.05	33,186
2008	55,361.72	859	829	62,837	36.54	1,720
	38,761,932.46	11,950,949	11,540,092	33,036,125		792,889
PLASTIC						
SURVIVOR CURVE.. IOWA 68-R1.5						
NET SALVAGE PERCENT.. -15						
1967	47,215.00	30,873	29,812	24,485	31.49	778
1968	185,737.83	119,380	115,276	98,323	31.96	3,076
1969	547,105.05	345,478	333,601	295,570	32.44	9,111
1970	314,643.34	195,032	188,327	173,513	32.93	5,269
1971	528,712.62	321,521	310,468	297,552	33.42	8,903
1972	429,486.76	255,993	247,192	246,718	33.92	7,274
1973	181,418.64	105,922	102,281	106,350	34.43	3,089
1974	179,333.82	102,457	98,935	107,299	34.94	3,071

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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 68-R1.5						
NET SALVAGE PERCENT.. -15						
1975	160,144.42	89,468	86,392	97,774	35.46	2,757
1976	265,299.79	144,767	139,790	165,305	35.99	4,593
1977	380,631.50	204,068	197,052	240,674	36.07	6,672
1978	783,383.03	409,455	395,378	505,512	36.61	13,808
1979	1,131,268.11	575,674	555,883	745,075	37.17	20,045
1980	1,452,765.14	719,061	694,341	976,339	37.72	25,884
1981	1,087,460.22	522,742	504,771	745,808	38.29	19,478
1982	1,739,058.84	810,967	783,087	1,216,831	38.86	31,313
1983	942,006.18	428,231	413,509	669,798	39.01	17,170
1984	1,660,023.84	729,630	704,546	1,204,481	39.60	30,416
1985	1,314,528.43	557,820	538,643	973,065	40.19	24,212
1986	2,298,183.43	945,634	913,124	1,729,787	40.39	42,827
1987	4,423,855.84	1,750,077	1,689,912	3,397,522	41.00	82,866
1988	3,545,123.19	1,353,936	1,307,390	2,769,502	41.23	67,172
1989	2,792,699.19	1,020,969	985,869	2,225,735	41.85	53,184
1990	2,502,351.10	878,563	848,359	2,029,345	42.10	48,203
1991	1,703,720.49	572,697	553,008	1,406,271	42.38	33,182
1992	1,860,717.85	596,797	576,280	1,563,546	42.67	36,643
1993	1,708,873.93	517,832	500,030	1,465,175	43.32	33,822
1994	2,001,070.42	573,927	554,196	1,747,035	43.64	40,033
1995	2,351,257.34	638,942	616,976	2,086,970	43.64	47,822
1996	1,858,911.36	473,084	456,820	1,680,928	43.99	38,212
1997	3,848,157.56	911,186	879,861	3,545,520	44.36	79,926
1998	3,495,010.77	768,081	741,675	3,277,587	44.45	73,736
1999	2,674,064.59	540,616	522,030	2,553,144	44.55	57,310
2000	3,556,356.25	653,552	631,084	3,458,726	44.69	77,394
2001	3,142,498.90	517,868	500,065	3,113,809	44.85	69,427
2002	3,304,600.96	481,877	465,311	3,334,980	44.78	74,475
2003	2,054,027.13	259,834	250,901	2,111,230	44.50	47,443
2004	1,966,569.60	208,742	201,566	2,059,989	44.28	46,522
2005	1,773,750.64	151,354	146,151	1,893,662	43.67	43,363
2006	2,808,555.87	178,610	172,469	3,057,370	42.75	71,517
2007	3,271,543.27	132,808	128,242	3,634,033	41.05	88,527
2008	7,042,036.39	109,328	105,570	7,992,772	36.54	218,740
	79,314,158.63	20,904,853	20,186,173	71,025,110		1,709,265
	136,589,627.37	47,475,696	45,843,547	111,234,518		2,834,717

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 39.2 2.08

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, 2008

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-S0						
NET SALVAGE PERCENT.. -10						
1923	309.61	341	341			
1928	767.52	844	844			
1929	362.87	399	399			
1933	612.49	674	674			
1937	37.55	40	41			
1938	200.20	214	220			
1939	209.66	223	231			
1940	479.64	506	528			
1941	1,260.20	1,329	1,386			
1944	28.44	29	31			
1946	416.51	424	457	1	5.07	
1947	35.00	36	39			
1948	36.11	36	39	1	5.72	
1949	926.82	928	1,000	20	5.86	3
1950	3,976.36	3,941	4,247	127	6.44	20
1951	2,152.14	2,124	2,289	78	6.60	12
1952	2,413.28	2,355	2,538	117	7.19	16
1953	2,304.45	2,237	2,411	124	7.39	17
1954	6,333.81	6,114	6,590	377	7.61	50
1955	11,667.71	11,124	11,989	845	8.23	103
1956	8,525.10	8,074	8,702	676	8.48	80
1957	4,302.67	4,046	4,361	372	8.74	43
1958	2,854.00	2,663	2,870	269	9.02	30
1959	6,065.64	5,615	6,052	620	9.32	67
1960	6,995.38	6,419	6,918	777	9.64	81
1961	8,279.54	7,485	8,067	1,040	10.30	101
1962	8,022.73	7,182	7,741	1,084	10.64	102
1963	5,533.26	4,902	5,283	804	10.99	73
1964	9,556.55	8,420	9,075	1,437	11.06	130
1965	8,617.12	7,504	8,088	1,391	11.45	121
1966	7,493.33	6,446	6,947	1,296	11.85	109
1967	5,884.34	4,996	5,385	1,088	12.26	89
1968	13,904.97	11,646	12,552	2,743	12.69	216
1969	14,190.09	11,777	12,693	2,916	12.85	227
1970	12,303.53	10,057	10,839	2,695	13.31	202
1971	65,236.54	52,744	56,846	14,914	13.52	1,103
1972	182,797.48	145,319	156,621	44,456	14.01	3,173
1973	47,297.91	37,127	40,014	12,014	14.25	843

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, 2008

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-S0						
NET SALVAGE PERCENT.. -10						
1974	15,909.76	12,317	13,275	4,226	14.52	291
1975	14,339.24	10,939	11,790	3,983	14.81	269
1976	2,878.50	2,161	2,329	837	15.12	55
1977	2,981.35	2,201	2,372	907	15.45	59
1978	7,413.49	5,372	5,790	2,365	15.80	150
1979	16,904.79	12,014	12,948	5,647	16.16	349
1980	19,195.54	13,360	14,399	6,716	16.55	406
1981	68,227.15	46,441	50,053	24,997	16.94	1,476
1982	84,553.39	56,447	60,837	32,172	17.17	1,874
1983	55,538.28	36,301	39,124	21,968	17.42	1,261
1984	102,541.36	65,218	70,290	42,505	17.87	2,379
1985	168,449.55	104,506	112,634	72,661	18.17	3,999
1986	148,336.91	89,581	96,548	66,623	18.48	3,605
1987	475,220.85	279,877	301,643	221,100	18.66	11,849
1988	287,717.35	164,163	176,930	139,559	19.02	7,337
1989	232,362.41	128,592	138,593	117,006	19.26	6,075
1990	102,313.26	54,550	58,792	53,753	19.67	2,733
1991	108,512.27	55,779	60,117	59,246	19.95	2,970
1992	140,594.62	69,409	74,807	79,847	20.26	3,941
1993	286,154.68	135,634	146,183	168,587	20.47	8,236
1994	196,697.22	89,100	96,030	120,337	20.71	5,811
1995	285,666.92	123,022	132,590	181,644	20.98	8,658
1996	182,446.74	74,256	80,031	120,660	21.28	5,670
1997	175,211.87	67,167	72,391	120,342	21.50	5,597
1998	86,724.19	31,052	33,467	61,930	21.76	2,846
1999	71,328.05	23,632	25,470	52,991	22.04	2,404
2000	62,189.41	18,901	20,371	48,037	22.27	2,157
2001	271,187.69	74,517	80,312	217,994	22.53	9,676
2002	269,436.24	66,093	71,233	225,147	22.65	9,940
2004	62,187.43	11,178	12,047	56,359	23.05	2,445
2005	89,369.54	12,908	13,912	84,394	23.17	3,642
2006	112,157.46	11,967	12,897	110,476	23.27	4,748
2007	74,482.88	4,965	5,351	76,580	23.25	3,294
2008	106,679.31	2,488	2,682	114,665	23.08	4,968
	4,838,300.25	2,332,448	2,513,586	2,808,543		138,181

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 20.3 2.86

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, 2008

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-S1						
NET SALVAGE PERCENT.. -10						
1929	20.64	23	23			
1935	168.99	186	186			
1936	95.41	105	105			
1965	522.68	540	575			
1982	6,291.95	5,338	6,921			
1983	1,594.90	1,324	1,754			
1987	246,581.04	187,209	249,971	21,268	9.65	2,204
1992	2,633.13	1,706	2,278	618	11.51	54
	257,908.74	196,431	261,813	21,886		2,258
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					9.7	0.88

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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-R1.5						
NET SALVAGE PERCENT.. -60						
1945	75.84	114	121			
1946	113.87	171	182			
1948	2,826.71	4,187	4,523			
1949	13,544.59	19,987	21,671			
1953	3,144.92	4,552	5,032			
1954	36,659.97	52,427	58,656			
1955	48,571.85	69,019	77,715			
1956	51,455.07	72,613	82,328			
1957	61,591.08	86,789	98,546			
1958	62,086.77	86,792	99,339			
1959	97,277.01	134,834	155,643			
1960	90,691.44	124,574	145,106			
1961	102,615.61	139,606	163,199	986	8.36	118
1962	106,254.80	143,095	167,277	2,731	8.75	312
1963	109,711.50	146,961	171,797	3,741	8.85	423
1964	149,892.10	198,505	232,051	7,776	9.26	840
1965	176,301.15	230,687	269,672	12,410	9.69	1,281
1966	119,592.11	155,336	181,587	9,760	9.85	991
1967	173,205.18	221,980	259,494	17,634	10.31	1,710
1968	303,917.06	384,054	448,957	37,310	10.78	3,461
1969	189,232.21	236,798	276,816	25,956	11.01	2,357
1970	188,291.98	231,976	271,179	30,088	11.50	2,616
1971	232,852.00	283,632	331,564	40,999	11.76	3,486
1972	356,673.42	427,038	499,205	71,472	12.28	5,820
1973	134,517.15	158,924	185,781	29,446	12.58	2,341
1974	129,411.06	150,013	175,364	31,694	13.12	2,416
1975	95,867.29	109,457	127,955	25,433	13.45	1,891
1976	176,051.81	196,840	230,105	51,578	14.01	3,682
1977	358,658.86	394,066	460,661	113,193	14.37	7,877
1978	468,060.97	502,510	587,432	161,466	14.95	10,800
1979	752,125.79	791,718	925,514	277,887	15.34	18,115
1980	698,566.52	719,915	841,577	276,129	15.75	17,532
1981	801,284.33	807,438	943,891	338,164	16.17	20,913
1982	804,146.37	787,677	920,790	365,844	16.79	21,789
1983	682,725.05	651,811	761,964	330,396	17.24	19,165
1984	888,659.52	825,671	965,205	456,650	17.69	25,814
1985	1,170,566.56	1,056,319	1,234,832	638,074	18.17	35,117
1986	1,186,200.08	1,037,783	1,213,163	684,757	18.65	36,716

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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-R1.5						
NET SALVAGE PERCENT.. -60						
1987	1,445,211.80	1,222,996	1,429,676	882,663	19.15	46,092
1988	1,456,297.05	1,189,503	1,390,523	939,552	19.66	47,790
1989	2,642,679.03	2,077,780	2,428,914	1,799,372	20.18	89,166
1990	2,630,545.42	1,993,322	2,330,183	1,878,690	20.56	91,376
1991	2,624,689.71	1,903,635	2,225,340	1,974,164	21.11	93,518
1992	3,044,183.39	2,113,881	2,471,116	2,399,577	21.52	111,505
1993	3,469,563.26	2,288,801	2,675,597	2,875,704	22.09	130,181
1994	3,909,575.04	2,448,958	2,862,820	3,392,500	22.54	150,510
1995	3,962,805.44	2,345,347	2,741,699	3,598,790	23.00	156,469
1996	4,010,942.12	2,238,427	2,616,710	3,800,797	23.34	162,845
1997	4,025,020.45	2,096,231	2,450,484	3,989,549	23.83	167,417
1998	3,831,524.52	1,853,845	2,167,136	3,963,303	24.22	163,638
1999	3,368,971.57	1,505,526	1,759,952	3,630,403	24.51	148,119
2000	3,733,235.88	1,523,160	1,780,566	4,192,611	24.83	168,853
2001	3,089,732.14	1,134,550	1,326,283	3,617,288	25.18	143,657
2002	3,021,371.84	983,759	1,150,010	3,684,185	25.45	144,762
2003	3,210,988.18	909,866	1,063,629	4,073,952	25.56	159,388
2004	3,475,918.60	830,884	971,299	4,590,171	25.62	179,164
2005	2,769,827.63	533,580	623,752	3,807,972	25.57	148,923
2006	2,831,582.62	407,748	476,656	4,053,876	25.28	160,359
2007	3,090,248.59	285,786	334,082	4,610,316	24.47	188,407
2008	3,695,486.10	131,855	154,138	5,758,640	21.97	262,114
	80,363,819.98	43,665,309	51,026,459	77,555,649		3,361,836

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 23.1 4.18

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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 37-R1.5						
NET SALVAGE PERCENT.. 0						
1930	21.50	22	22			
1939	164.50	161	131	34	1.42	24
1940	13.34	13	13			
1941	1,058.66	1,022	830	229	2.43	94
1942	263.60	254	206	58	2.46	24
1943	69.29	67	54	15	2.52	6
1944	34.55	33	27	8	3.07	3
1945	404.48	385	313	91	3.17	29
1946	737.08	700	568	169	3.29	51
1947	4,280.44	4,054	3,292	988	3.44	287
1948	4,561.15	4,305	3,496	1,065	3.60	296
1949	3,388.22	3,165	2,570	818	4.19	195
1950	8,400.89	7,815	6,346	2,055	4.39	468
1951	5,632.46	5,215	4,235	1,397	4.61	303
1952	3,517.84	3,240	2,631	887	4.85	183
1953	4,841.74	4,434	3,601	1,241	5.10	243
1954	15,729.07	14,317	11,626	4,103	5.38	763
1955	4,680.54	4,232	3,437	1,244	5.67	219
1956	14,126.07	12,756	10,358	3,768	5.64	668
1957	20,101.98	18,013	14,627	5,475	5.97	917
1958	42,418.27	37,701	30,615	11,803	6.32	1,868
1959	104,414.94	92,000	74,708	29,707	6.68	4,447
1960	61,008.37	53,559	43,492	17,516	6.75	2,595
1961	28,516.79	24,790	20,130	8,387	7.14	1,175
1962	40,554.16	34,889	28,331	12,223	7.55	1,619
1963	52,783.31	45,151	36,664	16,119	7.69	2,096
1964	78,412.64	66,298	53,837	24,576	8.13	3,023
1965	125,491.28	105,362	85,558	39,933	8.31	4,805
1966	91,770.64	76,060	61,764	30,007	8.78	3,418
1967	116,579.89	95,794	77,788	38,792	9.01	4,305
1968	87,870.80	71,175	57,797	30,074	9.50	3,166
1969	66,887.48	53,637	43,555	23,332	9.76	2,391
1970	216,448.25	171,665	139,399	77,049	10.04	7,674
1971	143,999.84	112,320	91,208	52,792	10.58	4,990
1972	141,096.06	108,672	88,246	52,850	10.89	4,853
1973	53,839.56	40,902	33,214	20,626	11.23	1,837
1974	39,248.58	29,385	23,862	15,387	11.58	1,329
1975	42,844.22	31,435	25,526	17,318	12.16	1,424

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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 37-R1.5						
NET SALVAGE PERCENT.. 0						
1976	12,660.48	9,135	7,418	5,242	12.55	418
1977	24,833.61	17,602	14,293	10,541	12.94	815
1978	56,369.55	39,199	31,831	24,539	13.36	1,837
1979	226,981.35	154,688	125,613	101,368	13.79	7,351
1980	308,715.76	205,883	167,185	141,531	14.24	9,939
1981	250,211.91	163,088	132,434	117,778	14.69	8,018
1982	279,621.79	177,839	144,412	135,210	15.17	8,913
1983	160,439.94	99,425	80,737	79,703	15.65	5,093
1984	162,160.79	97,734	79,364	82,797	16.15	5,127
1985	312,163.53	182,678	148,341	163,823	16.66	9,833
1986	337,418.53	191,316	155,356	182,063	17.18	10,597
1987	278,109.96	153,072	124,300	153,810	17.56	8,759
1988	361,647.92	192,035	155,940	205,708	18.11	11,359
1989	344,320.19	175,913	142,848	201,472	18.67	10,791
1990	376,878.97	185,462	150,602	226,277	19.09	11,853
1991	365,624.35	172,758	140,286	225,338	19.54	11,532
1992	277,907.51	125,642	102,026	175,882	20.00	8,794
1993	265,138.29	114,248	92,774	172,364	20.47	8,420
1994	475,662.46	194,498	157,940	317,722	20.96	15,158
1995	38,785.82	14,975	12,160	26,626	21.47	1,240
1996	607,938.66	221,168	179,597	428,342	21.86	19,595
1997	30,598.48	10,416	8,458	22,140	22.28	994
1998	653,043.84	206,427	167,627	485,417	22.72	21,365
1999	303,173.34	88,436	71,813	231,360	23.07	10,029
2000	30,029.59	7,991	6,489	23,541	23.45	1,004
2001	249,982.79	59,996	48,719	201,264	23.75	8,474
2002	172,058.84	36,683	29,788	142,271	23.99	5,930
2003	448,169.90	82,822	67,255	380,915	24.26	15,701
2004	834,777.22	130,392	105,883	728,894	24.32	29,971
2005	666,818.99	84,019	68,227	598,592	24.28	24,654
2006	373,365.90	35,208	28,590	344,776	24.02	14,354
2007	503,282.05	30,449	24,726	478,556	23.31	20,530
2008	367,789.30	8,569	6,958	360,831	20.96	17,215
	11,782,894.09	5,004,764	4,064,067	7,718,829		407,451

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 18.9 3.46

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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 37-S2						
NET SALVAGE PERCENT.. -10						
1952	6.13	6	6	1	3.38	
1955	10.84	11	10	2	3.97	1
1956	1.28	1	1			
1957	61.65	63	59	9	4.36	2
1959	4,818.24	4,827	4,536	764	4.85	158
1960	12,671.95	12,575	11,818	2,121	5.26	403
1961	9,950.10	9,827	9,235	1,710	5.41	316
1962	11,012.78	10,760	10,112	2,002	5.85	342
1963	12,796.57	12,425	11,677	2,399	6.05	397
1964	21,619.57	20,849	19,594	4,188	6.26	669
1965	30,332.41	29,028	27,280	6,086	6.50	936
1966	25,908.14	24,589	23,109	5,390	6.76	797
1967	30,453.82	28,638	26,914	6,585	7.04	935
1968	54,130.66	50,404	47,369	12,175	7.34	1,659
1969	64,677.71	59,577	55,990	15,155	7.67	1,976
1970	60,368.00	54,970	51,660	14,745	8.01	1,841
1971	69,080.85	62,121	58,381	17,608	8.37	2,104
1972	99,225.96	88,050	82,749	26,400	8.75	3,017
1973	42,139.56	37,027	34,798	11,556	8.94	1,293
1974	4,823.38	4,173	3,922	1,384	9.36	148
1975	9,639.90	8,206	7,712	2,892	9.79	295
1976	14,525.51	12,204	11,469	4,509	10.05	449
1977	20,650.65	17,030	16,005	6,711	10.52	638
1978	22,642.48	18,384	17,277	7,630	10.82	705
1979	35,670.10	28,361	26,653	12,584	11.31	1,113
1980	48,422.79	37,802	35,526	17,739	11.66	1,521
1981	82,865.80	63,169	59,366	31,786	12.18	2,610
1982	84,581.76	63,118	59,318	33,722	12.56	2,685
1983	66,085.44	48,196	45,294	27,400	12.96	2,114
1984	105,504.48	74,786	70,283	45,772	13.52	3,386
1985	158,354.77	109,304	102,723	71,467	13.95	5,123
1986	189,910.52	126,908	119,267	89,635	14.54	6,165
1987	252,025.45	162,733	152,935	124,293	15.13	8,215
1988	249,660.30	155,960	146,570	128,056	15.60	8,209
1989	324,886.72	195,127	183,379	173,996	16.21	10,734
1990	354,135.39	203,968	191,687	197,862	16.83	11,757
1991	328,273.36	180,731	169,849	191,252	17.47	10,947
1992	372,311.40	195,311	183,551	225,992	18.10	12,486

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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 37-S2						
NET SALVAGE PERCENT.. -10						
1993	357,075.96	177,185	166,517	226,267	18.86	11,997
1994	399,558.91	187,365	176,084	263,431	19.51	13,502
1995	384,127.80	168,847	158,681	263,860	20.28	13,011
1996	452,422.98	185,380	174,218	323,447	21.06	15,358
1997	230,920.58	87,634	82,358	171,655	21.83	7,863
1998	377,499.09	131,675	123,747	291,502	22.61	12,893
1999	262,549.01	83,147	78,141	210,663	23.50	8,964
2000	315,629.14	89,714	84,312	262,880	24.39	10,778
2001	234,199.36	58,943	55,394	202,225	25.29	7,996
2002	229,479.92	50,208	47,185	205,243	26.18	7,840
2003	270,062.84	49,997	46,987	250,082	27.18	9,201
2004	250,025.01	37,871	35,591	239,437	28.18	8,497
2005	126,960.84	15,013	14,109	125,548	29.07	4,319
2006	273,290.00	23,088	21,698	278,921	30.07	9,276
2007	232,032.47	11,766	11,058	244,178	31.07	7,859
2008	148,594.77	2,517	2,365	161,089	32.07	5,023
	7,818,665.10	3,571,569	3,356,529	5,244,006		260,523
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					20.1	3.33

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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						
NET SALVAGE PERCENT.. -5						
1950	235.47	239	247			
1955	115.70	114	121			
1960	65.64	63	69			
1961	136.98	131	144			
1962	288.72	275	303			
1963	276.35	261	288	2	5.01	
1964	298.06	280	309	4	5.25	1
1965	589.91	550	607	12	5.52	2
1966	1,146.05	1,059	1,170	33	5.81	6
1967	9,156.28	8,379	9,254	360	6.12	59
1968	17,103.84	15,493	17,111	848	6.45	131
1969	22,601.41	20,343	22,467	1,264	6.58	192
1970	23,580.25	20,971	23,161	1,598	6.95	230
1971	23,320.38	20,569	22,717	1,769	7.14	248
1972	31,273.26	27,209	30,050	2,787	7.55	369
1973	7,754.24	6,677	7,374	768	7.79	99
1974	3,012.80	2,554	2,821	342	8.24	42
1975	1,385.14	1,160	1,281	173	8.52	20
1976	7,730.22	6,384	7,051	1,066	8.82	121
1977	7,106.57	5,759	6,360	1,102	9.31	118
1978	9,736.21	7,764	8,575	1,648	9.66	171
1979	14,750.94	11,561	12,768	2,720	10.02	271
1980	12,208.02	9,389	10,369	2,449	10.41	235
1981	22,681.57	17,095	18,880	4,936	10.81	457
1982	40,414.55	29,802	32,914	9,521	11.23	848
1983	36,254.18	26,114	28,841	9,226	11.67	791
1984	38,438.52	26,997	29,816	10,544	12.13	869
1985	60,023.22	41,029	45,313	17,711	12.60	1,406
1986	59,219.38	39,317	43,423	18,757	13.09	1,433
1987	60,108.06	38,676	42,715	20,398	13.59	1,501
1988	46,052.52	28,549	31,530	16,825	14.22	1,183
1989	53,433.55	31,946	35,282	20,823	14.75	1,412
1990	52,110.41	29,962	33,091	21,625	15.28	1,415
1991	47,002.21	25,826	28,523	20,829	15.94	1,307
1992	60,601.84	31,708	35,019	28,613	16.61	1,723
1993	56,757.34	28,266	31,218	28,377	17.18	1,652
1994	44,952.42	21,080	23,281	23,919	17.97	1,331
1995	38,120.29	16,807	18,562	21,464	18.65	1,151

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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						
NET SALVAGE PERCENT.. -5						
1996	73,518.97	30,299	33,463	43,732	19.35	2,260
1997	15,577.74	5,944	6,565	9,792	20.15	486
1998	7,306.78	2,562	2,830	4,842	20.95	231
1999	20,842.78	6,633	7,326	14,559	21.85	666
2000	14,561.20	4,172	4,608	10,681	22.65	472
2001	16,926.69	4,292	4,740	13,033	23.56	553
2002	37,688.68	8,310	9,178	30,395	24.46	1,243
2003	322,453.79	60,165	66,447	272,129	25.46	10,688
2004	702,316.91	107,518	118,744	618,689	26.36	23,471
2005	363,882.60	43,328	47,852	334,225	27.36	12,216
2006	400,167.13	34,034	37,587	382,588	28.36	13,490
2007	327,510.66	16,713	18,458	325,428	29.36	11,084
2008	362,515.89	6,166	6,810	373,832	30.36	12,313
	3,575,312.32	930,494	1,027,633	2,726,438		109,967

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 24.8 3.08

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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 32-R4						
NET SALVAGE PERCENT.. 0						
1963	2,133.59	2,107	2,134			
1964	23.63	23	24			
1966	853.94	827	854			
1967	11,372.54	10,949	11,373			
1968	25,835.28	24,693	25,835			
1969	29,185.50	27,785	29,186			
1970	30,862.83	29,113	30,863			
1971	26,563.75	24,904	26,564			
1972	31,295.74	29,014	31,296			
1973	16,730.61	15,384	16,731			
1974	2,093.19	1,899	2,093			
1975	4,921.56	4,419	4,922			
1976	23,214.38	20,522	23,214			
1977	38,969.06	34,004	38,969			
1978	38,006.95	32,576	38,007			
1979	45,568.93	38,314	45,569			
1980	42,616.53	34,980	42,617			
1981	91,352.78	73,356	91,353			
1982	96,095.60	75,128	96,096			
1983	65,948.67	50,114	64,270	1,679	8.06	208
1984	67,038.24	49,441	63,407	3,631	8.72	416
1985	94,314.04	67,378	86,411	7,903	9.39	842
1986	69,838.87	48,245	61,873	7,966	10.07	791
1987	79,231.51	52,808	67,725	11,507	10.76	1,069
1988	68,237.33	43,645	55,974	12,263	11.55	1,062
1989	62,849.90	38,609	49,515	13,335	12.24	1,089
1990	63,907.44	37,482	48,070	15,837	13.04	1,214
1991	61,188.08	34,161	43,811	17,377	13.85	1,255
1992	85,839.85	45,469	58,313	27,527	14.65	1,879
1993	80,059.74	40,086	51,409	28,651	15.46	1,853
1994	122,269.98	57,442	73,668	48,602	16.36	2,971
1995	95,771.93	42,025	53,896	41,876	17.27	2,425
1996	145,654.87	59,354	76,120	69,535	18.17	3,827
1997	122,097.88	45,921	58,892	63,206	19.08	3,313
1998	129,614.44	44,639	57,248	72,366	19.99	3,620
1999	109,553.26	34,246	43,920	65,633	20.89	3,142
2000	40,904.07	11,474	14,715	26,189	21.80	1,201
2001	20,583.15	5,094	6,533	14,050	22.80	616

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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 32-R4						
NET SALVAGE PERCENT.. 0						
2002	92,769.19	19,964	25,603	67,166	23.71	2,833
2003	92,619.49	16,866	21,630	70,989	24.71	2,873
	2,327,988.32	1,324,460	1,640,703	687,288		38,499
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					17.9	1.65

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, 2008

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 32-O1						
NET SALVAGE PERCENT.. -5						
1949	325.52	329	287	55	2.23	25
1950	238.80	239	209	42	2.85	15
1951	41.15	41	36	7	3.10	2
1952	115.82	114	100	22	3.74	6
1955	582.41	559	488	124	4.98	25
1956	229.03	217	189	51	5.64	9
1957	3,024.38	2,846	2,485	691	5.97	116
1958	131.90	123	107	31	6.32	5
1959	4,925.15	4,531	3,956	1,215	6.99	174
1960	1,344.77	1,226	1,070	342	7.36	46
1961	3,778.03	3,411	2,978	989	7.75	128
1962	5,059.44	4,521	3,947	1,365	8.14	168
1963	4,608.22	4,051	3,537	1,302	8.85	147
1964	8,296.31	7,210	6,295	2,416	9.26	261
1965	7,222.07	6,202	5,415	2,168	9.69	224
1966	11,572.00	9,812	8,567	3,584	10.13	354
1967	12,214.70	10,273	8,970	3,855	10.31	374
1968	15,978.16	13,251	11,570	5,207	10.78	483
1969	20,809.39	17,004	14,846	7,004	11.26	622
1970	42,320.50	34,047	29,727	14,710	11.75	1,252
1971	66,066.13	52,547	45,880	23,489	12.00	1,957
1972	9,318.22	7,285	6,361	3,423	12.52	273
1973	20,579.97	15,880	13,865	7,744	12.81	605
1974	8,566.87	6,486	5,663	3,332	13.34	250
1975	5,719.09	4,265	3,724	2,281	13.67	167
1976	1,606.56	1,179	1,029	658	14.01	47
1977	6,894.21	4,971	4,340	2,899	14.37	202
1978	6,837.30	4,839	4,225	2,954	14.75	200
1980	20,397.51	13,917	12,151	9,266	15.36	603
1981	59,506.82	39,695	34,658	27,824	15.79	1,762
1982	18,028.75	11,790	10,294	8,636	16.05	538
1983	26,385.49	16,886	14,743	12,962	16.34	793
1984	78,771.75	49,246	42,998	39,712	16.65	2,385
1985	20,145.97	12,279	10,721	10,432	16.98	614
1986	32,714.06	19,476	17,005	17,345	17.18	1,010
1987	222,876.34	129,320	112,911	121,109	17.41	6,956
1988	8,762.56	4,942	4,315	4,886	17.67	277
1989	56,394.33	30,833	26,921	32,293	17.95	1,799

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, 2008

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 32-O1						
NET SALVAGE PERCENT.. -5						
1990	28,849.30	15,300	13,359	16,933	18.13	934
1991	34,755.47	17,820	15,559	20,934	18.34	1,141
1992	42,206.69	20,842	18,197	26,120	18.59	1,405
1993	40,119.83	19,066	16,647	25,479	18.75	1,359
1994	85,697.87	39,143	34,176	55,807	18.83	2,964
1995	50,966.08	22,251	19,428	34,086	18.97	1,797
1996	162,572.44	67,649	59,065	111,636	19.04	5,863
1997	106,436.90	42,032	36,699	75,060	19.08	3,934
1998	18,922.21	7,051	6,156	13,712	19.09	718
1999	50,685.20	17,695	15,450	37,769	19.07	1,981
2000	84,510.06	27,455	23,971	64,765	18.97	3,414
2001	70,442.38	21,080	18,405	55,559	18.82	2,952
2002	122,888.15	33,381	29,146	99,887	18.63	5,362
2003	54,027.67	13,104	11,441	45,288	18.31	2,473
2004	130,494.34	27,568	24,070	112,949	17.87	6,321
2005	683,582.86	120,871	105,536	612,226	17.29	35,409
2006	13,731.52	1,908	1,666	12,752	16.40	778
2007	62,815.48	5,995	5,234	60,722	15.00	4,048
2008	61,102.43	2,592	2,263	61,895	11.89	5,206
	2,717,196.56	1,068,646	933,051	1,920,004		112,933

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 17.0 4.16

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.2 OTHER EQUIPMENT - ODORIZATION

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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.. -5						
1968	823.13	833	1,041-	1,905	1.52	1,253
1969	5,441.34	5,484	6,854-	12,567	1.65	7,616
1970	9,724.53	9,710	12,136-	22,347	1.98	11,286
1971	1,906.94	1,892	2,365-	4,367	2.18	2,003
1987	10,999.06	8,716	10,894-	22,443	6.99	3,211
	28,895.00	26,635	33,290-	63,629		25,369
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					2.5	87.80

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, 2008

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-R2						
NET SALVAGE PERCENT.. -5						
1952	2,546.98	2,674	2,674			
1953	180.96	190	190			
1954	2,379.47	2,492	2,498			
1955	229.11	238	241			
1956	1,576.78	1,634	1,654	2	0.69	2
1958	2,603.11	2,664	2,696	37	1.31	28
1959	69.00	70	71	1	1.52	1
1960	2,366.02	2,398	2,427	57	1.75	33
1961	6,857.83	6,875	6,959	242	2.25	108
1962	5,834.48	5,811	5,882	244	2.52	97
1963	788.57	784	794	34	2.58	13
1965	3,941.50	3,853	3,900	239	3.23	74
1967	5,185.43	4,994	5,055	390	3.75	104
1968	1,930.26	1,839	1,861	166	4.14	40
1969	17,844.31	16,874	17,080	1,657	4.36	380
1970	5,667.91	5,316	5,381	570	4.60	124
1971	7,880.69	7,323	7,412	863	4.87	177
1972	2,479.14	2,280	2,308	295	5.17	57
1973	18,955.35	17,240	17,450	2,453	5.48	448
1974	10,221.05	9,182	9,294	1,438	5.82	247
1975	3,592.54	3,184	3,223	549	6.18	89
1976	4,877.14	4,261	4,313	808	6.56	123
1977	2,275.08	1,956	1,980	409	6.96	59
1978	10,546.65	8,917	9,026	2,048	7.38	278
1979	6,429.09	5,337	5,402	1,349	7.81	173
1980	21,305.14	17,406	17,618	4,752	8.13	585
1981	25,113.08	20,088	20,333	6,036	8.60	702
1982	13,331.68	10,425	10,552	3,446	9.09	379
1983	8,015.93	6,138	6,213	2,204	9.47	233
1984	4,716.43	3,519	3,562	1,390	9.98	139
1985	58,185.04	42,210	42,724	18,370	10.51	1,748
1986	40,325.42	28,487	28,834	13,508	10.94	1,235
1987	46,822.78	32,030	32,420	16,744	11.50	1,456
1988	100,099.14	66,363	67,172	37,932	11.97	3,169
1989	103,392.04	66,049	66,854	41,708	12.55	3,323
1990	86,849.38	53,484	54,136	37,056	13.04	2,842
1991	52,805.10	31,243	31,624	23,821	13.56	1,757
1992	129,101.06	72,916	73,804	61,752	14.17	4,358

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, 2008

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-R2						
NET SALVAGE PERCENT.. -5						
1993	69,120.15	37,239	37,693	34,883	14.71	2,371
1994	278,640.28	142,541	144,278	148,294	15.26	9,718
1995	25,291.14	12,226	12,375	14,181	15.82	896
1996	100,925.98	45,833	46,391	59,581	16.40	3,633
1998	146,116.94	57,518	58,219	95,204	17.51	5,437
1999	302,152.73	109,423	110,756	206,504	18.05	11,441
2000	93,514.64	30,802	31,177	67,013	18.60	3,603
2001	2,937.84	870	881	2,204	19.10	115
2002	602,076.98	157,413	159,331	472,850	19.61	24,113
2003	347,055.45	78,384	79,339	285,069	20.07	14,204
2004	319,462.01	60,244	60,978	274,457	20.56	13,349
2005	41,815.86	6,301	6,378	37,529	20.89	1,797
2006	48,113.24	5,345	5,410	45,109	21.14	2,134
2007	30,228.82	2,104	2,129	29,611	21.12	1,402
	3,224,772.73	1,314,987	1,330,952	2,055,059		118,794

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 17.3 3.68

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, 2008

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						
1989	21,896.13	21,349	21,292	604	0.50	604
1990	23,043.47	21,315	21,258	1,785	1.50	1,190
1991	16,870.54	14,762	14,723	2,148	2.50	859
1992	27,716.75	22,866	22,805	4,912	3.50	1,403
1993	34,703.71	26,895	26,824	7,880	4.50	1,751
1994	899,302.74	651,994	650,265	249,038	5.50	45,280
1996	107,768.25	67,355	67,176	40,592	7.50	5,412
1997	4,658.70	2,679	2,672	1,987	8.50	234
1998	23,170.37	12,164	12,132	11,038	9.50	1,162
1999	19,222.76	9,131	9,107	10,116	10.50	963
2000	11,837.49	5,031	5,018	6,819	11.50	593
2001	1,551.84	582	580	972	12.50	78
2002	21,787.36	7,081	7,062	14,725	13.50	1,091
	1,213,530.11	863,204	860,914	352,616		60,620

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 5.8 5.00

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, 2008

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						
1994	241.04	233	229	12	0.50	12
2005	13,574.97	3,167	3,116	10,459	11.50	909
	13,816.01	3,400	3,345	10,471		921
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					11.4	6.67

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, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
FULLY AMORTIZED SURVIVOR CURVE.. 5-SQUARE NET SALVAGE PERCENT.. 0						
1995	1,590.00	1,590	1,590			
1999	15,668.23	15,668	15,668			
	17,258.23	17,258	17,258			
AMORTIZED SURVIVOR CURVE.. 5-SQUARE NET SALVAGE PERCENT.. 0						
2004	120,495.22	108,446	99,758	20,737	0.50	20,737
2005	84,840.81	59,389	54,632	30,209	1.50	20,139
2006	6,847.62	3,424	3,150	3,698	2.50	1,479
2008	40,271.94	4,027	3,704	36,568	4.50	8,126
	252,455.59	175,286	161,244	91,212		50,481
	269,713.82	192,544	178,502	91,212		50,481
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					1.8	18.72

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 392 TRANSPORTATION EQUIPMENT - TRAILERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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-S3						
NET SALVAGE PERCENT.. 0						
1989	498.75	370	362	137	6.82	20
1990	1,450.00	1,041	1,019	431	7.27	59
1991	1,450.00	1,000	979	471	7.88	60
1994	16,271.69	9,698	9,493	6,779	9.83	690
1995	8,336.24	4,682	4,583	3,753	10.54	356
1996	20,764.09	10,876	10,646	10,118	11.37	890
1998	11,096.60	4,952	4,847	6,250	13.03	480
2002	11,392.00	3,177	3,110	8,282	16.81	493
2004	45,359.00	8,759	8,573	36,786	18.81	1,956
	116,618.37	44,555	43,612	73,007		5,004
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					14.6	4.29

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, 2008

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						
1984	54,229.23	53,145	52,864	1,365	0.50	1,365
1985	26,754.76	25,149	25,016	1,739	1.50	1,159
1986	85,834.76	77,251	76,842	8,993	2.50	3,597
1987	32,470.00	27,924	27,776	4,694	3.50	1,341
1988	60,621.62	49,710	49,447	11,175	4.50	2,483
1989	76,216.72	59,449	59,135	17,082	5.50	3,106
1990	57,878.76	42,830	42,603	15,276	6.50	2,350
1991	36,672.60	25,671	25,535	11,138	7.50	1,485
1992	52,486.66	34,641	34,458	18,029	8.50	2,121
1993	148,848.49	92,286	91,798	57,050	9.50	6,005
1994	208,710.04	121,052	120,412	88,298	10.50	8,409
1995	36,384.84	19,648	19,544	16,841	11.50	1,464
1996	187,442.53	93,721	93,225	94,218	12.50	7,537
1997	74,023.87	34,051	33,871	40,153	13.50	2,974
1998	142,623.01	59,902	59,585	83,038	14.50	5,727
1999	26,525.45	10,080	10,027	16,498	15.50	1,064
2000	55,442.14	18,850	18,750	36,692	16.50	2,224
2001	57,333.67	17,200	17,109	40,225	17.50	2,299
2002	213,892.58	55,612	55,317	158,576	18.50	8,572
2003	19,351.62	4,257	4,235	15,117	19.50	775
2004	87,815.91	15,807	15,723	72,093	20.50	3,517
2006	21,390.02	2,139	2,128	19,262	22.50	856
2007	16,405.23	984	979	15,426	23.50	656
2008	195,331.69	3,907	3,886	191,446	24.50	7,814
	1,974,686.20	945,266	940,265	1,034,424		78,900
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					13.1	4.00

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, 2008

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						
1993	10,054.56	9,336	6,693	3,362	1.19	2,825
1995	198,792.44	176,587	126,601	72,191	1.70	42,465
1997	121,461.07	100,995	72,407	49,054	2.33	21,053
2000	5,000.00	3,477	2,493	2,507	3.72	674
	335,308.07	290,395	208,194	127,114		67,017

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 1.9 19.99

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 395 LABORATORY EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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						
1990	526.18	487	487	39	1.50	26
1993	524.03	406	406	118	4.50	26
1997	5,095.72	2,930	2,931	2,165	8.50	255
2004	4,162.05	936	936	3,226	15.50	208
	10,307.98	4,759	4,760	5,548		515
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					10.8	5.00

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 396 POWER OPERATED EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

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-S1.5						
NET SALVAGE PERCENT.. +25						
1978	50,219.82	37,665	60,227	22,562-		
1979	6,225.00	4,669	7,466	2,797-		
1980	4,259.37	3,168	5,066	1,871-		
1981	8,278.27	6,096	9,748	3,539-		
1982	1,307.70	951	1,521	540-		
1983	25,842.03	18,583	29,714	10,332-		
1984	21,132.71	15,029	24,032	8,182-		
1985	23,235.94	16,341	26,129	8,702-		
1988	19,352.82	13,063	20,888	6,373-		
1989	4,619.03	3,060	4,893	1,429-		
1990	22,105.78	14,386	23,003	6,424-		
1991	14,584.95	9,285	14,847	3,908-		
1994	65,067.37	38,211	61,100	12,299-		
1995	3,073.01	1,742	2,785	480-		
1996	198,963.57	108,380	173,301	24,078-		
2002	83,056.36	28,872	46,166	16,126		
2004	102,490.64	26,051	41,656	35,212		
	653,814.37	345,552	552,542	62,178-		

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, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
FULLY AMORTIZED SURVIVOR CURVE.. 15-SQUARE NET SALVAGE PERCENT.. 0						
1993	3,290.19	3,290	3,290			
AMORTIZED SURVIVOR CURVE.. 15-SQUARE NET SALVAGE PERCENT.. 0						
1994	9,984.76	9,652	9,495	490	0.50	490
1996	16,655.95	13,879	13,653	3,003	2.50	1,201
1997	5,543.77	4,250	4,181	1,363	3.50	389
1999	17,422.15	11,033	10,854	6,568	5.50	1,194
2000	18,730.48	10,615	10,442	8,288	6.50	1,275
2001	5,796.64	2,898	2,851	2,946	7.50	393
2005	1,508.23	352	346	1,162	11.50	101
	75,641.98	52,679	51,822	23,820		5,043
	78,932.17	55,969	55,112	23,820		5,043

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 4.7 6.39

Columbia Gas of Kentucky
CASE NO. 2009-00141
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

Columbia Gas of Kentucky
CASE NO. 2009-00141
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:

James F. Racher

Prospectus Supplement
August 28, 2007
(To Prospectus Dated August 7, 2003)

$800,000,000

NiSource

NiSource Finance Corp.

6.40% Notes due 2018

Unconditionally Guaranteed by NiSource Inc.

The Notes will mature on March 15, 2018. The Notes will bear interest at a rate of 6.40% per year. Interest on the Notes will be paid on March 15 and September 15 of each year, beginning March 15, 2008.

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

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

Investing in the Notes involves risks. See "Risk Factors" on page S-6 of this prospectus supplement.

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

	Per Note	Total
Price to Public(1)	99.905%	$ 799,240,000
Underwriting Discount	0.650%	$ 5,200,000
Proceeds, before expenses, to us(1)	99.255%	$ 794,040,000

(1) Plus accrued interest, if any, from August 31, 2007.

The Notes will not be listed on any securities exchange or quoted on any automated dealer quotation system. 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 August 31, 2007.

Joint Book-Running Managers

Banc of America Securities LLC **BNP PARIBAS** **Deutsche Bank Securities**

Co-Managers

BMO Capital Markets
KeyBanc Capital Markets
Piper Jaffray
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.

TABLE OF CONTENTS

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. We urge you to read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus carefully, including the historical financial statements and notes to those financial statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read carefully the "Risk Factors" section on page S-6 of this prospectus supplement and the "Risk Factors" and "Information Regarding Forward-Looking Statements" sections in our Annual Report on Form 10-K for the year ended December 31, 2006 and our subsequent reports filed with the SEC for more information about important risks that you should consider before investing in the Notes. Unless the context requires otherwise, references to (1) "NiSource" refer to NiSource Inc., (2) "we," "us" or "our" refer collectively to NiSource and its subsidiaries and (3) "NiSource Finance" refer to NiSource Finance Corp.

NiSource Inc.

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

We are the largest regulated natural gas distribution company operating east of the Rocky Mountains, as measured by number of customers. Our principal subsidiaries include Columbia Energy Group, a vertically-integrated natural gas distribution, transmission and storage holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated natural gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in New England. NiSource derives substantially all its revenues and earnings from the operating results of its subsidiaries. Our primary business segments are:

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

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

Gas Distribution Operations. Our natural gas distribution operations serve more than 3.3 million customers in nine states and operate approximately 58 thousand miles of pipeline. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas to approximately 2.2 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 792 thousand customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, our subsidiaries Bay State Gas Company and Northern Utilities, Inc. distribute natural gas to more than 340 thousand customers in Massachusetts, Maine and New Hampshire.

Gas Transmission and Storage. Our gas transmission and storage subsidiaries own and operate approximately 16 thousand miles of interstate pipelines and operate one of the nation's largest underground natural gas storage systems, capable of storing approximately 637 billion cubic feet of natural gas. Through our subsidiaries Columbia Gas Transmission Corporation, Columbia Gulf Transmission Company, Crossroads Pipeline Company and Granite State Gas Transmission, Inc., we own and operate an interstate pipeline network extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard.

Together, these companies serve customers in 19 Northeastern, Mid-Atlantic, Midwestern and Southern states and the District of Columbia.

Electric Operations. Through our subsidiary Northern Indiana Public Service Company, we generate, transmit and distribute electricity to approximately 454 thousand customers in 21 counties in the northern part of Indiana and engage in wholesale and transmission transactions. Northern Indiana Public Service Company currently operates three coal-fired electric generating stations with a net capacity of 2,574 megawatts, six gas-fired generating units with a net capacity of 323 megawatts and two hydroelectric generating plants with a net capacity of 10 megawatts, totaling a net capability of 2,907 megawatts. Northern Indiana Public Service Company's transmission system, with voltages from 34,500 to 345,000 volts, consists of 3,192 circuit miles. Northern Indiana Public Service Company is interconnected with five neighboring electric utilities. During the year ended December 31, 2006, Northern Indiana Public Service Company generated 81.1% and purchased 18.9% of its electric requirements.

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

NiSource Finance Corp.

NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the 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	$800,000,000 aggregate principal amount of 6.40% Notes due 2018.
Guarantee	NiSource Inc. will fully and unconditionally guarantee all the obligations of NiSource Finance under the Notes.
Maturity Date	The Notes will mature on March 15, 2018.
Interest Rate	The interest rate on the Notes will be 6.40% per annum.
Interest Payment Dates	Each March 15 and September 15, commencing March 15, 2008.
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 0.30%.
Ranking	The Notes will be senior, unsecured obligations of NiSource Finance ranking equally in right of payment with other senior indebtedness of NiSource Finance.
	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.
	The Indenture does not limit the amount of debt that NiSource Finance, NiSource or any of its subsidiaries may incur.
Limitation on Liens	Subject to certain exceptions, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any secured debt, except intercompany indebtedness, without also securing the Notes, unless the total amount of all of the secured debt would not exceed 10% of our consolidated net tangible assets.
Use of Proceeds	The net proceeds to us from the sale of the Notes will be approximately $794 million, which we will use (1) to repay short-term bank borrowings having an annual interest rate of 5.72% or 5.8% as of August 17, 2007 under our revolving credit facility that expires on July 7, 2011, (2) to fund the repayment of $24 million of Northern Indiana Public Service Company variable rate series 1988D pollution control refunding revenue bonds due November 2007 at maturity and (3) for capital expenditures and general corporate purposes. The short-term bank borrowings were used to fund the repayment of an aggregate of $503.5 million of long-term debt and the redemption of $81.1 million of preferred stock of a subsidiary in 2006 and the first half of 2007.

For additional information regarding the Notes, see "Supplemental Description of the Notes."

RISK FACTORS

Investing in the Notes involves risk. Please see the "Risk Factors" and "Information Regarding Forward-Looking Statements" sections in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, along with the disclosure related to the risk factors contained in NiSource's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. The risks and uncertainties not presently known to NiSource or that NiSource currently deems immaterial may also impair its business operations, its financial results and the value of the Notes. In addition, the risk described below could result in a decrease in the value of the Notes and your investment therein.

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

The Notes and guarantees are obligations of NiSource Finance and NiSource, respectively, and not of our other subsidiaries. NiSource is a holding company and, accordingly, we conduct substantially all of our operations through our operating subsidiaries. NiSource Finance is a 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, depend upon the earnings of our operating subsidiaries and on the distribution of earnings, loans or other payments by such subsidiaries to NiSource and NiSource Finance.

Our operating subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due on the Notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our operating subsidiaries will also be contingent upon such subsidiaries' earnings and business considerations. As of June 30, 2007, our operating subsidiaries (which do not include NiSource Finance and NiSource Capital Markets, Inc.) had approximately $1.9 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. If any of our subsidiaries were to issue preferred stock in the future, the Notes would similarly be effectively subordinated to the rights of the preferred stockholders.

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, 2006;
- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2007 and June 30, 2007;
- our Current Reports on Form 8-K filed on January 30, 2007 and July 23, 2007; 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 to us from the sale of the Notes will be approximately $794 million, which we will use (1) to repay short-term bank borrowings having an annual interest rate of 5.72% or 5.8% as of August 17, 2007 under our revolving credit facility that expires on July 7, 2011, (2) to fund the repayment of $24 million of Northern Indiana Public Service Company variable rate series 1988D pollution control refunding revenue bonds due November 2007 at maturity and (3) for capital expenditures and general corporate purposes. The short-term bank borrowings were used to fund the repayment of an aggregate of $503.5 million of long-term debt and the redemption of $81.1 million of preferred stock of a subsidiary in 2006 and the first half of 2007.

CAPITALIZATION

The following table shows our capitalization and short-term indebtedness at June 30, 2007 (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, 2007, incorporated by reference in this prospectus supplement and accompanying prospectus. See "Incorporation by Reference."

	June 30, 2007	
	Actual	**As Adjusted**
	(in millions)	
Long-term debt (excluding amounts due within one year)	$ 5,124.3	$ 5,918.3
Common stockholders' equity	5,074.5	5,074.5
Total capitalization	$ 10,198.8	$ 10,992.8
Short-term borrowings (including current portion of long-term debt)	$ 1,078.2	$ 284.2
Cash and cash equivalents	$ 23.0	$ 23.0

RATIOS OF EARNINGS TO FIXED CHARGES

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

	Fiscal Year Ended December 31				
Six Months Ended June 30, 2007	**2006**	**2005**	**2004**	**2003**	**2002**
2.73	2.22	1.95	2.56	2.33	2.07

For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of income from continuing operations before income taxes plus fixed charges. "Fixed charges" consist of interest on all indebtedness, amortization of debt expense, the portion of rental expenses on operating leases deemed to be representative of the interest factor and preferred stock dividend requirements of consolidated subsidiaries.

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 The Bank of New York (as successor to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank), as trustee. The Indenture is described in the accompanying prospectus and is filed as an exhibit to the registration statement under which the Notes are being offered and sold.

Maturity, Interest and Payment

The Notes will mature on March 15, 2018. The Notes will bear interest from and including August 31, 2007, payable semi annually in arrears on March 15 and September 15 of each year, commencing March 15, 2008. 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 August 31, 2007 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 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 0.30%.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the redemption date to the maturity date of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Quotation Agent" means the Reference Treasury Dealer selected by 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 at any time, the trustee will select the Notes to be redeemed using a method it considers fair and appropriate.

We will redeem Notes in increments of $1,000. We will cause notices of redemption to be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount thereof to be redeemed. We will issue a Note in principal amount equal to the unredeemed portion of the original Note in the name of the holder thereof upon cancellation of the original Note. Notes called for redemption will become due on the date fixed for redemption. On or after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Forms and Denominations

The Notes will be issued as one or more global securities in the name of a nominee of The Depository Trust Company and will be available only in book-entry form. See "Description of the Debt Securities — Book-Entry Issuance" in the accompanying prospectus. The Notes are available for purchase in multiples of $1,000.

Additional Notes

We may, without the consent of the holders of the Notes of any series, 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. In addition, the statutory exemption (the "Statutory Exemption") under Section 408(b)(17) of ERISA or Section 4975(d)(20) of the Code for certain prohibited transactions between a plan and a person or entity that is a party in interest to such plan solely by reason of providing services to the plan (other than a party in interest that is a fiduciary with respect to the assets of the plan involved in the transaction, or an affiliate of such fiduciary), provided that there is adequate consideration for the transaction, may be applicable to the acquisition and holding of the Notes. 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, or the Statutory Exemption.

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

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

Underwriter		Principal Amount of Notes
Banc of America Securities LLC	$	200,000,000
BNP Paribas Securities Corp.		200,000,000
Deutsche Bank Securities Inc.		200,000,000
BMO Capital Markets Corp.		50,000,000
KeyBanc Capital Markets Inc.		50,000,000
Greenwich Capital Markets, Inc.		50,000,000
Piper Jaffray & Co.		50,000,000
Total	$	800,000,000

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

The underwriters propose to offer the Notes initially at the public offering price on the cover page of this prospectus supplement and to selling group members at that price less a selling concession of 0.40% of the principal amount per Note. The underwriters and selling group members may allow a discount of 0.25% of the principal amount per Note 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 total expenses for this offering excluding the selling concession will be approximately $150,000.

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

We have agreed to indemnify the underwriters against liabilities under the Securities Act, 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 revolving credit agreement, each of Bank of America, N.A., an affiliate of Banc of America Securities LLC, BNP Paribas, Deutsche Bank AG New York Branch, an affiliate of Deutsche Bank Securities Inc., BMO Capital Markets Financing, Inc., an affiliate of BMO Capital Markets Corp., KeyBank National Association, an affiliate of KeyBanc Capital Markets, The Royal Bank of Scotland plc, an affiliate of Greenwich Capital Markets, Inc., and U.S. Bank National Association, an affiliate of Piper Jaffray & Co., 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.

Because more than 10% of the net offering proceeds of the offering may be paid to the underwriters or their respective affiliates or associated persons, this offering is being made pursuant to the provisions of Rule 2710(h) of the Conduct Rules of the National Association of Securities Dealers.

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

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

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.

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 depositary for such global securities and the circumstances under which beneficial owners of interests in the global security may exchange such interest for securities;

- the date or dates after which holders may convert the securities into shares of NiSource common stock or preferred stock and the terms for that conversion; and

- any other terms of the securities.

The Indenture does not give holders of debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance or NiSource to incur indebtedness or to declare or pay dividends on its capital stock.

Guarantee of NiSource

NiSource will fully and unconditionally guarantee to each holder of debt securities and to the indenture trustee and its successors all the obligations of NiSource Finance under the debt securities, including the due and punctual payment of the principal of, and premium, if any, and interest, if any, on the debt securities. The guarantee applies whether the payment is due at maturity, on an interest payment date or as a result of acceleration, redemption or otherwise. The guarantee includes payment of interest on the overdue principal of and interest, if any, on the debt securities (if lawful) and all other obligations of NiSource Finance under the Indenture. The guarantee will remain valid even if the Indenture is found to be invalid. NiSource is obligated under the guarantee to pay any guaranteed amount immediately after NiSource Finance's failure to do so.

NiSource is a holding company with no independent business operations or source of income of its own. It conducts substantially all of its operations through its subsidiaries and, as a result, NiSource depends on the earnings and cash flow of, and dividends or distributions from, its subsidiaries to provide the funds necessary to meet its debt and contractual obligations. A substantial portion of NiSource's consolidated assets, earnings and cash flow is derived from the operation of its regulated utility subsidiaries, whose legal authority to pay dividends or make other distributions to NiSource is subject to 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 depositary 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 depositary 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 depositary 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 depositary). 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.

Filed Pursuant to Rule 424(b)(5)
File Nos. 333-148239 and 333-148239-01

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Aggregate Registration Fee(1)(2)
6.15% Notes due 2013	$200,000,000	$—
6.80% Notes due 2019	$500,000,000	$—
Total	$700,000,000	$27,510

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933.

(2) Pursuant to Rule 457(p) under the Securities Act of 1933, registration fees of $4,611.70 have already been paid with respect to unsold securities that were previously registered under a Registration Statement on Form S-3 (Registration Nos. 333-107421 and 333-107421-01) filed by NiSource Inc. and NiSource Finance Corp. on July 29, 2003. Such amount has been carried forward and offset against the registration fee for this offering. The remaining filing fee of $22,898.30 will be paid to the Securities and Exchange Commission by wire transfer within the time required by Rule 456(b) of the Securities Act of 1933.

Prospectus Supplement
May 15, 2008
(To Prospectus dated December 21, 2007)

$700,000,000

NiSource

NiSource Finance Corp.

$200,000,000 6.15% Notes due 2013
$500,000,000 6.80% Notes due 2019

Unconditionally Guaranteed by NiSource Inc.

The Notes due 2013 will mature on March 1, 2013. The Notes due 2013 will bear interest at a rate of 6.15% per year. Interest on the Notes due 2013 will be paid on March 1 and September 1 of each year, beginning September 1, 2008. The Notes due 2019 will mature on January 15, 2019. The Notes due 2019 will bear interest at a rate of 6.80% per year. Interest on the Notes due 2019 will be paid on January 15 and July 15 of each year, beginning January 15, 2009.

The Notes due 2013 constitute a further issuance of the $345,000,000 aggregate principal amount of our 6.15% Notes due 2013, issued on February 19, 2003, and will form a single series with these notes. The Notes due 2013 will have the same CUSIP number and will trade interchangeably with the previously issued Notes due 2013 immediately upon settlement. Upon completion of this offering, $545,000,000 aggregate principal amount of Notes due 2013 will be outstanding.

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

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

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

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

	Price to Public(1)	Underwriting Discount	Proceeds to us Before Expenses(1)
Per Note due 2013	100.378%	0.600%	99.778%
Total for Notes due 2013	$200,756,000	$1,200,000	$199,556,000
Per Note due 2019	99.724%	0.650%	99.074%
Total for Notes due 2019	$498,620,000	$3,250,000	$495,370,000

Total	$699,376,000	$4,450,000	$694,926,000

(1) Plus accrued interest, with respect to the Notes due 2013, from and including March 1, 2008 to but excluding the delivery date (totaling $2,669,166.67) and, with respect to the Notes due 2019, plus accrued interest, if any, from and including the date of original issuance of the Notes due 2019. Accrued interest must be paid by the purchasers of the Notes due 2013 and, in the event the Notes due 2019 are delivered after May 20, 2008, must be paid by the purchasers of the Notes due 2019.

The Notes will not be listed on any securities exchange or quoted on any automated dealer quotation system.

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 May 20, 2008.

Joint Book-Running Managers

Banc of America Securities LLC JPMorgan Wachovia Securities

Co-Managers

BMO Capital Markets KeyBanc Capital Markets
Commerzbank Corporates & Markets Mizuho Securities USA Inc.

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. We urge you to read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus carefully, including the historical financial statements and notes to those financial statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read carefully the "Risk Factors" section on page S-5 of this prospectus supplement and the "Risk Factors" and "Note Regarding Forward-Looking Statements" sections in our Annual Report on Form 10-K for the year ended December 31, 2007 and our subsequent reports filed with the SEC for more information about important risks that you should consider before investing in the Notes. Unless the context requires otherwise, references to (1) "NiSource" refer to NiSource Inc., (2) "we," "us" or "our" refer collectively to NiSource and its subsidiaries and (3) "NiSource Finance" refer to NiSource Finance Corp.

NiSource Inc.

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

We are the largest natural gas distribution company operating east of the Rocky Mountains, as measured by number of customers. Our principal subsidiaries include Columbia Energy Group, a vertically-integrated natural gas distribution, transmission and storage holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated natural gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in New England. NiSource derives substantially all its revenues and earnings from the operating results of its subsidiaries. Our primary business segments are:

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

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

Gas Distribution Operations. Our natural gas distribution operations serve more than 3.3 million customers in nine states and operate approximately 58 thousand miles of pipeline. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas to approximately 2.2 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 795 thousand customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, our subsidiaries Bay State Gas Company and Northern Utilities, Inc. distribute natural gas to approximately 342 thousand customers in Massachusetts, Maine and New Hampshire.

Gas Transmission and Storage. Our gas transmission and storage subsidiaries own and operate approximately 16 thousand miles of interstate pipelines and operate one of the nation's largest underground natural gas storage systems, capable of storing approximately 637 billion cubic feet of natural gas. Through our subsidiaries Columbia Gas Transmission Corporation, Columbia Gulf Transmission Company, Crossroads Pipeline Company and Granite State Gas Transmission, Inc., we own and operate an interstate pipeline

network extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, these companies serve customers in 19 Northeastern, Mid-Atlantic, Midwestern and Southern states and the District of Columbia. On December 21, 2007, NiSource Energy Partners, L.P., a master limited partnership and our subsidiary, filed an S-1 registration statement with the SEC in which it proposed making an initial public offering of common units in the master limited partnership and NiSource proposed contributing its interest in Columbia Gas Transmission Corporation to the master limited partnership.

Electric Operations. Through our subsidiary Northern Indiana Public Service Company, we generate, transmit and distribute electricity to approximately 457 thousand customers in 20 counties in the northern part of Indiana and engage in wholesale and transmission transactions. Northern Indiana Public Service Company currently operates three coal-fired electric generating stations with a net capability of 2,574 megawatts, six gas-fired generating units with a net capability of 323 megawatts and two hydroelectric generating plants with a net capability of 10 megawatts, totaling a net capability of 2,907 megawatts. Northern Indiana Public Service Company's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,778 circuit miles. Northern Indiana Public Service Company is interconnected with five neighboring electric utilities. During the year ended December 31, 2007, Northern Indiana Public Service Company generated 78.5% and purchased 21.5% of its electric requirements.

Other Operations. We participate in energy-related services including gas marketing, power and gas risk management and ventures focused on distributed power generation technologies, including the Whiting Clean Energy, Inc. cogeneration facility, fuel cells and storage systems. We also participate in real estate and other businesses.

Discontinued Operations. On February 15, 2008, we reached a definitive agreement under which Unitil Corporation will acquire our subsidiaries Northern Utilities, Inc. and Granite State Gas Transmission, Inc. for $160 million plus net working capital at the time of closing. The transaction, expected to be completed by the end of 2008, is subject to federal and state regulatory approvals. On April 18, 2008, we reached an agreement to sell all the outstanding stock of Whiting Clean Energy, Inc. to BP Alternative Energy North America Inc. for $210 million. We anticipate the closing of the transaction to occur in the second or third quarter of 2008, depending on satisfaction of various closing conditions, including required approval from the Federal Energy Regulatory Commission. During the quarter ended March 31, 2008, we accounted for Northern Utilities, Inc., Granite State Gas Transmission, Inc. and Whiting Clean Energy, Inc. as discontinued operations.

NiSource Finance Corp.

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'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	$200,000,000 aggregate principal amount of 6.15% Notes due 2013. $500,000,000 aggregate principal amount of 6.80% Notes due 2019. The Notes due 2013 constitute a further issuance of, will form a single series with, will have the same CUSIP number as and will trade interchangeably with our $345,000,000 aggregate principal amount of Notes due 2013 issued on February 19, 2003.
Guarantee	NiSource Inc. will fully and unconditionally guarantee all the obligations of NiSource Finance under the Notes.
Maturity Date	The Notes due 2013 will mature on March 1, 2013. The Notes due 2019 will mature on January 15, 2019.
Interest Rate	The interest rate on the Notes due 2013 will be 6.15% per annum. The interest rate on the Notes due 2019 will be 6.80% per annum.
Interest Payment Dates	Interest on the Notes due 2013 will be paid on March 1 and September 1 of each year, beginning September 1, 2008. Interest on the Notes due 2013 will accrue from March 1, 2008. Interest on the Notes due 2019 will be paid on January 15 and July 15 of each year, beginning January 15, 2009. Interest on the Notes due 2019 will accrue from May 20, 2008.
Current Accrued Interest of the Notes due 2013	The current accrued interest of the Notes due 2013, from and including March 1, 2008 but excluding the delivery date of May 20, 2008, is $2,699,166.67.
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 0.35% in the case of the Notes due 2013 and 0.50% in the case of the Notes due 2019.
Ranking	The Notes will be senior, unsecured obligations of NiSource Finance ranking equally in right of payment with other senior indebtedness of NiSource Finance. The guarantees will be senior, unsecured obligations of NiSource, ranking equally in right of payment with other senior indebtedness of NiSource. Because NiSource is a holding company that derives substantially all of its income from operating subsidiaries, the guarantee will effectively be subordinated to debt and preferred stock at the subsidiary level. The Indenture does not limit the amount of debt that NiSource Finance, NiSource or any of its subsidiaries may incur.

Limitation on Liens	Subject to certain exceptions, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any secured debt, except intercompany indebtedness, without also securing the Notes, unless the total amount of all of the secured debt would not exceed 10% of our consolidated net tangible assets.
Use of Proceeds	The net proceeds to us from the sale of the Notes, after deducting the underwriters' discounts but before deducting other fees and expenses related to the offering, will be approximately $694.9 million, which we will use (1) to repay short-term bank borrowings having an annual interest rate of 3.1% as of March 31, 2008 under our revolving credit facility that expires on July 7, 2011, (2) for the expansion of our capital expenditure program and (3) for general corporate purposes. The short-term bank borrowings were used to fund the redemption of $292.1 million of Whiting Clean Energy, Inc. debt due June 20, 2011 and an associated redemption premium of $40.6 million.

For additional information regarding the Notes, see "Supplemental Description of the Notes."

RISK FACTORS

Investing in the Notes involves risk. Please see the "Risk Factors" and "Note Regarding Forward-Looking Statements" sections in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, along with the disclosure related to the risk factors contained in NiSource's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. The risks and uncertainties not presently known to NiSource or that NiSource currently deems immaterial may also impair its business operations, its financial results and the value of the Notes. In addition, the risk described below could result in a decrease in the value of the Notes and your investment therein.

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

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

Our operating subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due on the Notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our operating subsidiaries will also be contingent upon such subsidiaries' earnings and business considerations. As of March 31, 2008, our operating subsidiaries (which do not include NiSource Finance and NiSource Capital Markets, Inc.) had approximately $940 million of indebtedness.

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

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, 2007;
- our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2008;
- our Current Reports on Form 8-K filed on May 6, 2008 and May 13, 2008; 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 to us from the sale of the Notes, after deducting the underwriters' discounts but before deducting other fees and expenses related to the offering, will be approximately $694.9 million, which we will use (1) to repay short-term bank borrowings having an annual interest rate of 3.1% as of March 31, 2008 under our revolving credit facility that expires on July 7, 2011, (2) for the expansion of our capital expenditure program and (3) for general corporate purposes. The short-term bank borrowings were used to fund the redemption of $292.1 million of Whiting Clean Energy, Inc. debt due June 20, 2011 and an associated redemption premium of $40.6 million.

CAPITALIZATION

The following table shows our capitalization and short-term indebtedness at March 31, 2008 (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 three months ended March 31, 2008, incorporated by reference in this prospectus supplement and accompanying prospectus. See "Incorporation by Reference."

	March 31, 2008	
	Actual	As Adjusted
	(in millions)	
Cash and cash equivalents	$ 77.4	$ 77.4
Short-term borrowings (including current portion of long-term debt)	$ 714.0	$ 19.1
Long-term debt (excluding amounts due within one year)	$ 5,383.0	$ 6,082.4
Common stockholders' equity	5,064.2	5,064.2
Total capitalization	$10,447. 2	$ 11,146.6

RATIOS OF EARNINGS TO FIXED CHARGES [1]

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

	Fiscal Year Ended December 31,				
Three Months Ended March 31, 2008	**2007**	**2006**	**2005**	**2004**	**2003**
3.95	2.14	2.30	1.95	2.58	2.35

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.

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(1) These ratios reflect the reclassification of certain operations as discontinued operations since December 31, 2007.

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 The Bank of New York (as successor to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank), as trustee. The Indenture is described in the accompanying prospectus and is filed as an exhibit to the registration statement under which the Notes are being offered and sold.

Maturity, Interest and Payment

The Notes due 2013 will mature on March 1, 2013. The Notes due 2013 will bear interest from and including March 1, 2008, payable semi-annually in arrears on March 1 and September 1 of each year, commencing September 1, 2008. Interest payable on each interest payment date for the Notes due 2013 will be paid to the persons in whose name the Notes due 2013 are registered at the close of business on each February 15 and August 15.

The Notes due 2013 constitute a further issuance of the $345,000,000 aggregate principal amount of our 6.15% Notes issued on February 19, 2003 and will form a single series with these notes. The Notes due 2013 will have the same CUSIP number and will trade interchangeably with the previously issued Notes due 2013 immediately upon settlement. Upon completion of this offering, $545,000,000 aggregate principal amount of Notes due 2013 will be outstanding.

The Notes due 2019 will mature on January 15, 2019. The Notes due 2019 will bear interest from and including May 20, 2008, payable semi-annually in arrears on January 15 and July 15 of each year, commencing January 15, 2009. Interest payable on each interest payment date for the Notes due 2019 will be paid to the persons in whose names the Notes due 2019 are registered at the close of business on each January 1 and July 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.

Optional Redemption

We may redeem all or part of the Note of either 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 of the applicable series, 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 0.35% in the case of the Notes due 2013 and 0.50% in the case of the Notes due 2019.

"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 of the applicable series.

"Quotation Agent" means the Reference Treasury Dealer selected by the trustee after consultation with us with respect to the Notes due 2013 and by us with respect to the Notes due 2019.

"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 with respect to the Notes due 2013 and by us with respect to the Notes due 2019, 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 with respect to the Notes due 2013 and to us with respect to the Notes due 2019 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 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 of either series, 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 of a series may be issued if an Event of Default has occurred and is continuing with respect to the Notes of that series.

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. In addition, the statutory exemption (the "Statutory Exemption") under Section 408(b)(17) of ERISA or Section 4975(d)(20) of the Code for certain prohibited transactions between a plan and a person or entity that is a party in interest to such plan solely by reason of providing services to the plan (other than a party in interest that is a fiduciary with respect to the assets of the plan involved in the transaction, or an affiliate of such fiduciary), provided that there is adequate consideration for the transaction, may be applicable to the acquisition and holding of the Notes. 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, or the Statutory Exemption.

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

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

Underwriter	Principal Amount of Notes due 2013	Principal Amount of Notes due 2019
Banc of America Securities LLC	$ 50,000,000	$ 125,000,000
J.P. Morgan Securities Inc.	50,000,000	125,000,000
Wachovia Capital Markets, LLC	50,000,000	125,000,000
BMO Capital Markets Corp.	12,500,000	31,250,000
Commerzbank Capital Markets Corp.	12,500,000	31,250,000
KeyBanc Capital Markets Inc.	12,500,000	31,250,000
Mizuho Securities USA Inc.	12,500,000	31,250,000
Total	$ 200,000,000	$ 500,000,000

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 2013 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 0.350% of the principal amount per Note due 2013. The underwriters and selling group members may allow a discount of 0.225% of the principal amount per Note due 2013 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 2019 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 0.400% of the principal amount per Note due 2019. The underwriters and selling group members may allow a discount of 0.250% of the principal amount per Note due 2019 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 total expenses for this offering, excluding the underwriting discount, will be approximately $150,000.

The Notes due 2013 constitute a further issuance of, will form a single series with, will have the same CUSIP number as and will trade interchangeably with the $345,000,000 aggregate principal amount of Notes due 2013, issued on February 19, 2003. The Notes due 2019 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 prices of the Notes. As a result the price of the Notes may be higher than the prices that might otherwise exist in the open market. 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 revolving credit agreement, JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities Inc., serves as a lender and a co-documentation agent, and each of Bank of America, N.A., an affiliate of Banc of America Securities LLC, Wachovia Bank, National Association, an affiliate of Wachovia Capital Markets, LLC, BMO Capital Markets Financing, Inc., an affiliate of BMO Capital Markets Corp., Commerzbank AG, an affiliate of Commerzbank Capital Markets Corp., KeyBanc National Association, an affiliate of KeyBanc Capital Markets Inc., and Mizuho Corporate Bank, Ltd., New York Branch, an affiliate of Mizuho Securities USA Inc., 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.

Because more than 10% of the net offering proceeds of the offering may be paid to the underwriters or their respective affiliates or associated persons, this offering is being made pursuant to the provisions of Rule 2710(h) of the Conduct Rules of the Financial Industry Regulatory Authority, Inc.

LEGAL MATTERS

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

EXPERTS

The consolidated financial statements and related consolidated financial statement schedules of NiSource Inc. and subsidiaries, incorporated in this prospectus by reference from NiSource Inc.'s Annual Report on Form 10-K for the year ended December 31, 2007, and the effectiveness of NiSource Inc. and subsidiaries' internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference (which reports (1) express an unqualified opinion on the consolidated financial statements and consolidated financial statement schedules and include an explanatory paragraph referring to the adoption of Financial Accounting Standards Board, or FASB, Statement No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans and (2) express an adverse opinion on the effectiveness of internal control over financial reporting due to a material weakness). Such consolidated financial statements and consolidated financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

PROSPECTUS

NiSource

NiSource Inc.

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

NiSource Finance Corp.

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

NiSource Inc. may offer, from time to time, in amounts, at prices and on terms that it will determine at the time of offering, any or all of the following:

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

NiSource Finance Corp., a wholly owned subsidiary of NiSource, may offer from time to time in amounts, at prices and on terms to be determined at the time of the offering:

- one or more series of its debt securities; and
- warrants to purchase debt securities.

NiSource will fully and unconditionally guarantee the obligations of NiSource Finance under any debt securities issued under this prospectus or any prospectus supplement.

We will provide specific terms of these securities, including their offering prices, in prospectus supplements to this prospectus. The prospectus supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest.

We may offer these securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. You can find additional information about our plan of distribution for the securities under the heading "Plan of Distribution" beginning on page 18 of this prospectus. We will also describe the plan of distribution for any particular offering of these securities in the applicable prospectus supplement. This prospectus may not be used to sell our securities unless it is accompanied by a prospectus supplement.

***Neither the Securities and Exchange Commission nor any state securities commission* has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is December 21, 2007.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, utilizing a "shelf" registration or continuous offering process. Under this process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the common stock, preferred stock, debt securities, guarantees of debt securities, warrants, stock purchase contracts and stock purchase units we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. That prospectus supplement may include a description of any risk factors or other special considerations applicable to those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in the prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and the applicable prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement, including the exhibits, can be read at the SEC website or at the SEC offices mentioned under the heading "Where You Can Find More Information."

You should rely only on the information incorporated by reference or provided in this prospectus and the accompanying prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer to sell or soliciting an offer to buy these securities in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus or the accompanying prospectus supplement is accurate as of any date other than the date on the front of the document.

References to "NiSource" refer to NiSource Inc., and references to "NiSource Finance" refer to NiSource Finance Corp. Unless the context requires otherwise, references to "we," "us" or "our" refer collectively to NiSource and its subsidiaries, including NiSource Finance. References to "securities" refer collectively to the common stock, preferred stock, debt securities, guarantees of debt securities, warrants, stock purchase contracts and stock purchase units registered hereunder.

WHERE YOU CAN FIND MORE INFORMATION

NiSource files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document NiSource files at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain additional information about the public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a site on the Internet (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, including NiSource.

The SEC allows us to "incorporate by reference" information into this prospectus. This means that we can disclose important information to you by referring you to another document that NiSource has filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus. Information that NiSource files with the SEC after the date of this prospectus will automatically modify and supersede the information included or incorporated by reference in this prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference the following documents filed with the SEC:

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

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

We also incorporate by reference any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15 (d) of the Securities Exchange Act of 1934 until we sell all of the securities.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number: Gary W. Pottorff, NiSource Inc., 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

We maintain an Internet site at http://www.nisource.com which contains information concerning NiSource and its subsidiaries. The information contained at our Internet site is not incorporated by reference in this prospectus, and you should not consider it a part of this prospectus.

We have filed this prospectus with the SEC as part of a registration statement on Form S-3 under the Securities Act of 1933. This prospectus does not contain all of the information included in the registration statement. Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual document. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

RISK FACTORS

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

FORWARD-LOOKING STATEMENTS

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

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

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

Accordingly, you should not rely on the accuracy of predictions contained in forward-looking statements. These statements speak only as of the date of this prospectus, the date of the accompanying prospectus supplement or, in the case of documents incorporated by reference, the date of those documents.

NISOURCE INC.

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

We are the largest regulated natural gas distribution company operating east of the Rocky Mountains, as measured by number of customers. Our principal subsidiaries include Columbia Energy Group, a vertically integrated natural gas distribution, transmission and storage holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated natural gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in New England. NiSource derives substantially all its revenues and earnings from the operating results of its subsidiaries. Our primary business segments are:

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

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

Gas Distribution Operations. Our natural gas distribution operations serve more than 3.3 million customers in nine states and operate approximately 58,000 miles of pipeline. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas to approximately 2.2 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 792,000 customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, our subsidiaries Bay State Gas Company and Northern Utilities, Inc. distribute natural gas to more than 340,000 customers in Massachusetts, Maine and New Hampshire.

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

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

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

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

NISOURCE FINANCE CORP.

NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the debt securities will be fully and unconditionally guaranteed by NiSource. NiSource Finance was incorporated in March 2000 under the laws of the State of Indiana.

USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement, we will use the net proceeds from the sale of securities offered by this prospectus and any applicable prospectus supplement for general corporate purposes, including additions to working capital and repayment of existing indebtedness.

RATIOS OF EARNINGS TO FIXED CHARGES

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

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

For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of income from continuing operations before income taxes plus fixed charges. "Fixed charges" consist of interest on all indebtedness, amortization of debt expense, the portion of rental expenses on operating leases deemed to be representative of the interest factor and preferred stock dividend requirements of consolidated subsidiaries.

DESCRIPTION OF CAPITAL STOCK

General

The authorized capital stock of NiSource consists of 420,000,000 shares, $0.01 par value, of which 400,000,000 are common stock and 20,000,000 are preferred stock. The board of directors has designated 4,000,000 shares of the preferred stock as Series A Junior Participating Preferred Shares. These shares were reserved for issuance upon the exercise of rights under NiSource's Shareholder Rights Plan. As of November 29, 2006, no rights may be exercised under NiSource's Shareholder Rights Plan.

Anti-Takeover Provisions

The certificate of incorporation of NiSource includes provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of management of NiSource. Members of NiSource's board of directors may be removed only for cause by the affirmative vote of 80% of the combined voting power of all of the then-outstanding shares of stock of NiSource voting together as a single class. Unless the board of directors determines otherwise or except as otherwise required by law, vacancies on the board or newly-created directorships may be filled only by the affirmative vote of directors then in office, even though less than a quorum. If the board of

directors or applicable Delaware law confers power on stockholders of NiSource to fill such a vacancy or newly-created directorship, it may be filled only by affirmative vote of 80% of the combined voting power of the outstanding shares of stock of NiSource entitled to vote. Stockholders may not cumulate their votes, and stockholder action may be taken only at a duly called meeting and not by written consent. In addition, NiSource's bylaws provide that special meetings of stockholders may be called only by a majority of the total number of authorized directors and contain requirements for advance notice of stockholder proposals and director nominations. These and other provisions of the certificate of incorporation and bylaws and Delaware law could discourage potential acquisition proposals and could delay or prevent a change in control of management of NiSource.

NiSource is subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203 prevents certain Delaware corporations, including those whose securities are listed on a national securities exchange, such as the New York Stock Exchange, from engaging, under certain circumstances, in a "business combination," which includes a merger or sale of more than 10% of the corporation's assets, with any interested stockholder for three years following the date that the stockholder became an interested stockholder. An interested stockholder is a stockholder who acquired 15% or more of the corporation's outstanding voting stock without the prior approval of the corporation's board of directors.

The following summaries of provisions of our common stock and preferred stock are not necessarily complete. You are urged to read carefully NiSource's certificate of incorporation and bylaws which are incorporated by reference as exhibits to the registration statement of which this prospectus is a part.

Common Stock

NiSource common stock is listed on the New York Stock Exchange under the symbol "NI." Common stockholders may receive dividends if and when declared by the board of directors. Dividends may be paid in cash, stock or other form. In certain cases, common stockholders may not receive dividends until obligations to any preferred stockholders have been satisfied. All common stock will be fully paid and non-assessable. Each share of common stock is entitled to one vote in the election of directors and other matters. Common stockholders are not entitled to preemptive rights or cumulative voting rights. Common stockholders will be notified of any stockholders' meeting according to applicable law. If NiSource liquidates, dissolves or winds-up its business, either voluntarily or involuntarily, common stockholders will share equally in the assets remaining after creditors and preferred stockholders are paid.

Preferred Stock

The board of directors can, without approval of stockholders, issue one or more series of preferred stock. The board can also determine the number of shares of each series and the rights, preferences and limitations of each series, including any dividend rights, voting rights, conversion rights, redemption rights and liquidation preferences, the number of shares constituting each series and the terms and conditions of issue. In some cases, the issuance of preferred stock could delay a change in control of NiSource and make it harder to remove incumbent management. Under certain circumstances, preferred stock could also restrict dividend payments to holders of common stock. All preferred stock will be fully paid and non-assessable.

The terms of the preferred stock that NiSource may offer will be established by or pursuant to a resolution of the board of directors of NiSource and will be issued under certificates of designations or through amendments to NiSource's certificate of incorporation. If NiSource uses this prospectus to offer preferred stock, an accompanying prospectus supplement will describe the specific terms of the preferred stock. NiSource will also indicate in the supplement whether the general terms and provisions described in this prospectus apply to the preferred stock that NiSource may offer.

The following terms of the preferred stock, as applicable, will be set forth in a prospectus supplement relating to the preferred stock:

- the title and stated value;
- the number of shares NiSource is offering;
- the liquidation preference per share;

- the purchase price;
- the dividend rate, period and payment date, and method of calculation of dividends;
- whether dividends will be cumulative or non-cumulative and, if cumulative, the date from which dividends will accumulate;
- the procedures for any auction and remarketing, if any;
- the provisions for a sinking fund, if any;
- the provisions for redemption or repurchase, if applicable, and any restrictions on NiSource's ability to exercise those redemption and repurchase rights;
- any listing of the preferred stock on any securities exchange or market;
- voting rights, if any;
- preemptive rights, if any;
- restrictions on transfer, sale or other assignment, if any;
- whether interests in the preferred stock will be represented by depositary shares;
- a discussion of any material or special United States federal income tax considerations applicable to the preferred stock;
- the relative ranking and preferences of the preferred stock as to dividend or liquidation rights;
- any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the series of preferred stock as to dividend or liquidation rights; and
- any other material specific terms, preferences, rights or limitations of, or restrictions on, the preferred stock.

The terms, if any, on which the preferred stock may be exchanged for or converted into shares of common stock or any other security and, if applicable, the conversion or exchange price, or how it will be calculated, and the conversion or exchange period will be set forth in the applicable prospectus supplement.

The preferred stock or any series of preferred stock may be represented, in whole or in part, by one or more global certificates, which will have an aggregate liquidation preference equal to that of the preferred stock represented by the global certificate.

Each global certificate will:

- be registered in the name of a depositary or a nominee of the depositary identified in the prospectus supplement;
- be deposited with such depositary or nominee or a custodian for the depositary; and
- bear a legend regarding the restrictions on exchanges and registration of transfer and any other matters as may be provided for under the certificate of designations.

DESCRIPTION OF THE DEBT SECURITIES

NiSource Finance may issue the debt securities, in one or more series, from time to time under an Indenture, dated as of November 14, 2000, among NiSource Finance, NiSource, as guarantor, and The Bank of New York (as successor to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank), as trustee. The Bank of New York, as trustee under the Indenture, will act as indenture trustee for the purposes of the Trust Indenture Act. We have incorporated by reference the Indenture as an exhibit to the registration statement of which this prospectus is a part.

This section briefly summarizes some of the terms of the debt securities and the Indenture. This section does not contain a complete description of the debt securities or the Indenture. The description of the debt securities is

qualified in its entirety by the provisions of the Indenture. References to section numbers in this description of the debt securities, unless otherwise indicated, are references to section numbers of the Indenture.

General

The Indenture does not limit the amount of debt securities that may be issued. The Indenture provides for the issuance of debt securities from time to time in one or more series. The terms of each series of debt securities may be established in a supplemental indenture or in resolutions of NiSource Finance's board of directors or a committee of the board.

The debt securities:

- are direct senior unsecured obligations of NiSource Finance;
- are equal in right of payment to any other senior unsecured obligations of NiSource Finance; and
- are guaranteed on a senior unsecured basis by NiSource.

NiSource Finance is a special purpose financing subsidiary formed solely as a financing vehicle for NiSource and its subsidiaries. Therefore, the ability of NiSource Finance to pay its obligations under the debt securities is dependent upon the receipt by it of payments from NiSource. If NiSource were not to make such payments for any reason, the holders of the debt securities would have to rely on the enforcement of NiSource's guarantee described below.

If NiSource Finance uses this prospectus to offer debt securities, an accompanying prospectus supplement will describe the following terms of the debt securities being offered, to the extent applicable:

- the title;
- any limit on the aggregate principal amount;
- the date or dates on which NiSource Finance will pay principal;
- the right, if any, to extend the date or dates on which NiSource Finance will pay principal;
- the interest rates or the method of determining them and the date interest begins to accrue;
- the interest payment dates and the regular record dates for any interest payment dates;
- the right, if any, to extend the interest payment periods and the duration of any extension;
- the place or places where NiSource Finance will pay principal and interest;
- the terms and conditions of any optional redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- the terms and conditions of any optional purchase or repayment, including the date after which, and the price or prices at which, holders may require NiSource Finance to purchase, or a third party may require holders to sell, securities;
- the terms and conditions of any mandatory or optional sinking fund redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- whether bearer securities will be issued;
- the denominations in which NiSource Finance will issue securities;
- the currency or currencies in which NiSource Finance will pay principal and interest;
- any index or indices used to determine the amount of payments;
- the portion of principal payable on declaration of acceleration of maturity;
- any additional events of default or covenants of NiSource Finance or NiSource applicable to the debt securities;

- whether NiSource Finance will pay additional amounts in respect of taxes and similar charges on debt securities held by a United States alien and whether NiSource Finance may redeem those debt securities rather than pay additional amounts;
- whether NiSource Finance will issue the debt securities in whole or in part in global form and, in such case, the depositary for such global securities and the circumstances under which beneficial owners of interests in the global security may exchange such interest for securities;
- the date or dates after which holders may convert the securities into shares of NiSource common stock or preferred stock and the terms for that conversion; and
- any other terms of the securities.

The Indenture does not give holders of debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance or NiSource to incur indebtedness or to declare or pay dividends on its capital stock.

Guarantee of NiSource

NiSource will fully and unconditionally guarantee to each holder of debt securities and to the indenture trustee and its successors all the obligations of NiSource Finance under the debt securities, including the due and punctual payment of the principal of, and premium, if any, and interest, if any, on the debt securities. The guarantee applies whether the payment is due at maturity, on an interest payment date or as a result of acceleration, redemption or otherwise. The guarantee includes payment of interest on the overdue principal of and interest, if any, on the debt securities (if lawful) and all other obligations of NiSource Finance under the Indenture. The guarantee will remain valid even if the Indenture is found to be invalid. NiSource is obligated under the guarantee to pay any guaranteed amount immediately after NiSource Finance's failure to do so.

NiSource is a holding company with no independent business operations or source of income of its own. It conducts substantially all of its operations through its subsidiaries and, as a result, NiSource depends on the earnings and cash flow of, and dividends or distributions from, its subsidiaries to provide the funds necessary to meet its debt and contractual obligations. A substantial portion of NiSource's consolidated assets, earnings and cash flow is derived from the operation of its regulated utility subsidiaries, whose legal authority to pay dividends or make other distributions to NiSource is subject to regulation. Northern Indiana Public Service Company's debt indenture also provides that Northern Indiana Public Service Company will not declare or pay any dividends on its common stock owned by NiSource except out of earned surplus or net profits.

NiSource's holding company status also means that its right to participate in any distribution of the assets of any of its subsidiaries upon liquidation, reorganization or otherwise is subject to the prior claims of the creditors of each of the subsidiaries (except to the extent that the claims of NiSource itself as a creditor of a subsidiary may be recognized). Since this is true for NiSource, it is also true for the creditors of NiSource (including the holders of the debt securities).

Conversion Rights

The terms, if any, on which a series of debt securities may be exchanged for or converted into shares of common stock or preferred stock of NiSource will be set forth in the applicable prospectus supplement.

Denomination, Registration and Transfer

NiSource Finance may issue the debt securities as registered securities in certificated form or as global securities as described under the heading "Book-Entry Issuance." Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue registered debt securities in denominations of $1,000 or integral multiples of $1,000. (See Section 302.)

If NiSource Finance issues the debt securities as registered securities, NiSource Finance will keep at one of its offices or agencies a register in which it will provide for the registration and transfer of the debt securities. NiSource

Finance will appoint that office or agency the security registrar for the purpose of registering and transferring the debt securities.

The holder of any registered debt security may exchange the debt security for registered debt securities of the same series having the same stated maturity date and original issue date, in any authorized denominations, in like tenor and in the same aggregate principal amount. The holder may exchange those debt securities by surrendering them in a place of payment maintained for this purpose at the office or agency NiSource Finance has appointed securities registrar. Holders may present the debt securities for exchange or registration of transfer, duly endorsed or accompanied by a duly executed written instrument of transfer satisfactory to NiSource Finance and the securities registrar. No service charge will apply to any exchange or registration of transfer, but NiSource Finance may require payment of any taxes and other governmental charges as described in the Indenture. (See Section 305.)

If debt securities of any series are redeemed, NiSource Finance will not be required to issue, register transfer of or exchange any debt securities of that series during the 15 business day period immediately preceding the day the relevant notice of redemption is given. That notice will identify the serial numbers of the debt securities being redeemed. After notice is given, NiSource Finance will not be required to issue, register the transfer of or exchange any debt securities that have been selected to be either partially or fully redeemed, except the unredeemed portion of any debt security being partially redeemed. (See Section 305.)

Payment and Paying Agents

Unless otherwise indicated in the applicable prospectus supplement, on each interest payment date, NiSource Finance will pay interest on each debt security to the person in whose name that debt security is registered as of the close of business on the record date relating to that interest payment date. If NiSource Finance defaults in the payment of interest on any debt security, it may pay that defaulted interest to the registered owner of that debt security:

- as of the close of business on a date that the indenture trustee selects, which may not be more than 15 days or less than 10 days before the date NiSource Finance proposes to pay the defaulted interest, or
- in any other lawful manner that does not violate the requirements of any securities exchange on which that debt security is listed and that the indenture trustee believes is acceptable.

(See Section 307.)

Unless otherwise indicated in the applicable prospectus supplement, NiSource Finance will pay the principal of and any premium or interest on the debt securities when they are presented at the office of the indenture trustee, as paying agent. NiSource Finance may change the place of payment of the debt securities, appoint one or more additional paying agents, and remove any paying agent.

Redemption

The applicable prospectus supplement will contain the specific terms on which NiSource Finance may redeem a series of debt securities prior to its stated maturity. NiSource Finance will send a notice of redemption to holders at least 30 days but not more than 60 days prior to the redemption date. The notice will state:

- the redemption date;
- the redemption price;
- if less than all of the debt securities of the series are being redeemed, the particular debt securities to be redeemed (and the principal amounts, in the case of a partial redemption);
- that on the redemption date, the redemption price will become due and payable and any applicable interest will cease to accrue on and after that date;
- the place or places of payment; and
- whether the redemption is for a sinking fund.

(See Section 1104.)

On or before any redemption date, NiSource Finance will deposit an amount of money with the indenture trustee or with a paying agent sufficient to pay the redemption price. (See Section 1105.)

If NiSource Finance is redeeming less than all the debt securities, the indenture trustee will select the debt securities to be redeemed using a method it considers fair and appropriate. After the redemption date, holders of redeemed debt securities will have no rights with respect to the debt securities except the right to receive the redemption price and any unpaid interest to the redemption date. (See Section 1103.)

Consolidation, Merger, Conveyance, Transfer or Lease

Neither NiSource Finance nor NiSource shall consolidate or merge with any other corporation or convey, transfer or lease substantially all of its assets or properties to any entity unless:

- that corporation or entity is organized under the laws of the United States or any state thereof;
- that corporation or entity assumes NiSource Finance's or NiSource's obligations, as applicable, under the Indenture;
- after giving effect to the transaction, NiSource Finance and NiSource are not in default under the Indenture; and
- NiSource Finance or NiSource, as applicable, delivers to the indenture trustee an officer's certificate and an opinion of counsel to the effect that the transaction complies with the Indenture.

(See Section 801.)

Limitation on Liens

As long as any debt securities remain outstanding, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any debt secured by any mortgage, security interest, pledge, lien or other encumbrance on any property owned by NiSource Finance, NiSource or that subsidiary, except intercompany indebtedness, without also securing the debt securities equally and ratably with (or prior to) the new debt, unless the total amount of all of the secured debt would not exceed 10% of the consolidated net tangible assets of NiSource and its subsidiaries (other than utilities).

In addition, the lien limitations do not apply to NiSource Finance's, NiSource's and any subsidiary's ability to do the following:

- create mortgages on any property and on certain improvements and accessions on such property acquired, constructed or improved after the date of the Indenture;
- assume existing mortgages on any property or indebtedness of an entity which is merged with or into, or consolidated with NiSource Finance, NiSource or any subsidiary;
- assume existing mortgages on any property or indebtedness of an entity existing at the time it becomes a subsidiary;
- create mortgages to secure debt of a subsidiary to NiSource or to another subsidiary;
- create mortgages in favor of governmental entities to secure payment under a contract or statute or mortgages to secure the financing of constructing or improving property, including mortgages for pollution control or industrial revenue bonds;
- create mortgages to secure debt of NiSource or its subsidiaries maturing within 12 months and created in the ordinary course of business;
- create mortgages to secure the cost of exploration, drilling or development of natural gas, oil or other mineral property;
- to continue mortgages existing on the date of the Indenture; and

- create mortgages to extend, renew or replace indebtedness secured by any mortgage referred to above provided that the principal amount of indebtedness and the property securing the indebtedness shall not exceed the amount secured by the mortgage being extended, renewed or replaced.

(See Section 1008.)

Events of Default

The Indenture provides, with respect to any outstanding series of debt securities, that any of the following events constitutes an "Event of Default":

- NiSource Finance defaults in the payment of any interest upon any debt security of that series that becomes due and payable and the default continues for 60 days;
- NiSource Finance defaults in the payment of principal of or any premium on any debt security of that series when due at its maturity, on redemption, by declaration or otherwise and the default continues for three business days;
- NiSource Finance defaults in the deposit of any sinking fund payment when due and the default continues for three business days;
- NiSource Finance or NiSource defaults in the performance of or breaches any covenant or warranty in the Indenture for 90 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;
- NiSource Finance or NiSource Capital Markets, Inc., a subsidiary of NiSource, defaults under any bond, debenture, note or other evidence of indebtedness for money borrowed by NiSource Finance or NiSource Capital Markets, or NiSource Finance or NiSource Capital Markets defaults under any mortgage, indenture or instrument under which there may be issued, secured or evidenced indebtedness constituting a failure to pay in excess of $50,000,000 of the principal or interest when due and payable, and in the event such debt has become due as the result of an acceleration, such acceleration is not rescinded or annulled or such debt is not paid within 60 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;
- the NiSource guarantee ceases to be in full force and effect in any material respect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or
- certain events of bankruptcy, insolvency or reorganization of NiSource Finance, NiSource Capital Markets or NiSource.

(See Section 501.)

If an Event of Default occurs with respect to debt securities of a particular series, the indenture trustee or the holders of 33% in principal amount of the outstanding debt securities of that series may declare the debt securities of that series due and payable immediately. (See Section 502.)

The holders of a majority in principal amount of the outstanding debt securities of a particular series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the indenture trustee under the Indenture, or exercising any trust or power conferred on the indenture trustee with respect to the debt securities of that series. The indenture trustee may refuse to follow directions that are in conflict with law or the Indenture, that expose the indenture trustee to personal liability or that are unduly prejudicial to other holders. The indenture trustee may take any other action it deems proper that is not inconsistent with those directions. (See Section 512.)

The holders of a majority in principal amount of the outstanding debt securities of any series may waive any past default under the Indenture and its consequences, except a default:

- in respect of a payment of principal of, or premium, if any, or interest on any debt security; or

- in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each affected debt security.

(See Section 513.)

At any time after the holders of the debt securities of a series declare that the debt securities of that series are due and immediately payable, a majority in principal amount of the outstanding holders of debt securities of that series may rescind and cancel the declaration and its consequences: (1) before the indenture trustee has obtained a judgment or decree for money, (2) if all defaults (other than the non-payment of principal which has become due solely by reason of the declaration) have been waived or cured, and (3) NiSource or NiSource Finance has paid or deposited with the indenture trustee an amount sufficient to pay:

- all overdue interest on the debt securities of that series;
- the principal of, and premium, if any, or interest on any debt securities of that series which are due other than by reason of the declaration;
- interest on overdue interest (if lawful); and
- sums paid or advanced by and amounts due to the indenture trustee under the Indenture.

(See Section 502.)

Modification of Indenture

NiSource Finance, NiSource and the indenture trustee may modify or amend the Indenture, without the consent of the holders of any debt securities, for any of the following purposes:

- to evidence the succession of another person as obligor under the Indenture;
- to add to NiSource Finance's or NiSource's covenants or to surrender any right or power conferred on NiSource Finance or NiSource under the Indenture;
- to add events of default;
- to add or change any provisions of the Indenture to provide that bearer securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal or premium on registered securities or of principal or premium or any interest on bearer securities, to permit registered securities to be exchanged for bearer securities or to permit the issuance of securities in uncertificated form (so long as the modification or amendment does not materially adversely affect the interest of the holders of debt securities of any series);
- to change or eliminate any provisions of the Indenture (so long as there are no outstanding debt securities entitled to the benefit of the provision);
- to secure the debt securities;
- to establish the form or terms of debt securities of any series;
- to evidence or provide for the acceptance or appointment by a successor indenture trustee or facilitate the administration of the trusts under the Indenture by more than one indenture trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture (so long as the cure or modification does not materially adversely affect the interest of the holders of debt securities of any series);
- to effect assumption by NiSource or one of its subsidiaries of NiSource Finance's obligations under the Indenture; or
- to conform the Indenture to any amendment of the Trust Indenture Act.

(See Section 901.)

The Indenture provides that we and the indenture trustee may amend the Indenture or the debt securities with the consent of the holders of a majority in principal amount of the then outstanding debt securities of each series affected by the amendment voting as one class. However, without the consent of each holder of any outstanding debt securities affected, an amendment or modification may not, among other things:

- change the stated maturity of the principal or interest on any debt security;
- reduce the principal amount of, rate of interest on, or premium payable upon the redemption of, any debt security;
- change the method of calculating the rate of interest on any debt security;
- change any obligation of NiSource Finance to pay additional amounts in respect of any debt security;
- reduce the principal amount of a discount security that would be payable upon acceleration of its maturity;
- change the place or currency of payment of principal of, or any premium or interest on, any debt security;
- impair a holder's right to institute suit for the enforcement of any payment after the stated maturity or after any redemption date or repayment date;
- reduce the percentage of holders of debt securities necessary to modify or amend the Indenture or to consent to any waiver under the Indenture;
- change any obligation of NiSource Finance to maintain an office or agency in each place of payment or to maintain an office or agency outside the United States;
- modify the obligations of NiSource under its guarantee in any way adverse to the interests of the holders of the debt securities; and
- modify these requirements or reduce the percentage of holders of debt securities necessary to waive any past default of certain covenants.

(See Section 902.)

Satisfaction and Discharge

Under the Indenture, NiSource Finance can terminate its obligations with respect to debt securities of any series not previously delivered to the indenture trustee for cancellation when those debt securities:

- have become due and payable;
- will become due and payable at their stated maturity within one year; or
- are to be called for redemption within one year under arrangements satisfactory to the indenture trustee for giving notice of redemption.

NiSource Finance may terminate its obligations with respect to the debt securities of that series by depositing with the indenture trustee, as trust funds dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the debt securities of that series. In that case, the Indenture will cease to be of further effect and NiSource Finance's obligations will be satisfied and discharged with respect to that series (except as to NiSource Finance's obligations to pay all other amounts due under the Indenture and to provide certain officers' certificates and opinions of counsel to the indenture trustee). At the expense of NiSource Finance, the indenture trustee will execute proper instruments acknowledging the satisfaction and discharge. (See Section 401.)

Book-Entry Issuance

Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue any debt securities offered under this prospectus as "global securities." We will describe the specific terms for issuing any debt security as a global security in the prospectus supplement relating to that debt security.

Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company, or DTC, will act as the depositary for any global securities. NiSource Finance will issue global securities as fully registered securities registered in the name of DTC's nominee, Cede & Co. NiSource Finance will issue one or more fully registered global securities for each issue of debt securities, each in the aggregate principal or stated amount of such issue, and will deposit the global securities with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under the provisions of Section 17A of the Securities Exchange Act. DTC also facilitates the post-trade settlement among its direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between its direct participants' accounts. This eliminates the need for physical movement of securities certificates. DTC's direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation which, in turn, is owned by a number of DTC's direct participants and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the Financial Industry Regulatory Authority. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. The DTC rules applicable to its participants are on file with the SEC.

Purchases of securities under DTC's system must be made by or through a direct participant, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security, the beneficial owner, is in turn recorded on the records of direct and indirect participants. Beneficial owners will not receive written confirmation from DTC of their purchases, but they should receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the participants through which they entered into the transactions. Transfers of ownership interest in the securities are accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all global securities that are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of global securities with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the securities; DTC's records reflect only the identity of the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the global securities. Under its usual procedures, DTC will mail an omnibus proxy to NiSource Finance as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, principal payments and any premium, interest or other payments on the global securities will be made to Cede & Co., as nominee of DTC. DTC's practice is to credit direct participants'

accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe that it will not receive payment on that date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the participant and not of DTC, NiSource Finance, NiSource or the indenture trustee, subject to any statutory or regulatory requirements in effect at the time. Payment of redemption payments, principal and any premium, interest or other payments to DTC is the responsibility of NiSource Finance and the applicable paying agent, disbursement of payments to direct participants will be the responsibility of DTC, and disbursement of payments to the beneficial owners will be the responsibility of direct and indirect participants.

If applicable, redemption notices will be sent to Cede & Co. If less than all of the debt securities of like tenor and terms are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

A beneficial owner electing to have its interest in a global security repaid by NiSource Finance will give any required notice through its participant and will effect delivery of its interest by causing the direct participant to transfer the participant's interest in the global securities on DTC's records to the appropriate party. The requirement for physical delivery in connection with a demand for repayment will be deemed satisfied when the ownership rights in the global securities are transferred on DTC's records.

DTC may discontinue providing its services as securities depositary 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 depositary 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 depositary). In that event, certificates for the securities will be printed and delivered.

We have provided the foregoing information with respect to DTC to the financial community for information purposes only. We do not intend the information to serve as a representation, warranty or contract modification of any kind. We have received the information in this section concerning DTC and DTC's system from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

Governing Law

The Indenture and the debt securities are governed by the internal laws of the State of New York.

Information Concerning the Indenture Trustee

Prior to default, the indenture trustee will perform only those duties specifically set forth in the Indenture. After default, the indenture trustee will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. The indenture trustee is under no obligation to exercise any of the powers vested in it by the Indenture at the request of any holder of debt securities unless the holder offers the indenture trustee reasonable indemnity against the costs, expenses and liability that the indenture trustee might incur in exercising those powers. The indenture trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if it reasonably believes that it may not receive repayment or adequate indemnity. (See Section 601.)

DESCRIPTION OF WARRANTS

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

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

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

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

Exercise of Warrants

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

DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

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

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

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

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

PLAN OF DISTRIBUTION

We may sell the securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. The prospectus supplement with respect to any offering of securities will describe the specific terms of the securities being offered, including:

- the name or names of any underwriters, dealers or agents;
- the purchase price of the securities and the proceeds to NiSource or NiSource Finance from the sale;
- any underwriting discounts and commissions or agency fees and other items constituting underwriters' or agents' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchange on which the offered securities may be listed.

Through Underwriters. If we use underwriters in the sale of the securities, the underwriters will acquire the offered securities for their own account. We will execute an underwriting agreement with an underwriter or underwriters once an agreement for sale of the securities is reached. The underwriters may resell the offered securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The underwriters may sell the offered securities directly or through underwriting syndicates represented by managing underwriters. Unless otherwise stated in the prospectus supplement relating to offered securities, the obligations of the underwriters to purchase those offered securities will be subject to certain conditions, and the underwriters will be obligated to purchase all of those offered securities if they purchase any of them.

Through Dealers. If we use a dealer to sell the securities, we will sell the offered securities to the dealer as principal. The dealer may then resell those offered securities at varying prices determined at the time of resale. Any initial public offering price and any discounts or concessions allowed or 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 LLP, Chicago, Illinois, will pass upon the validity of the securities offered by this prospectus for us. The opinions with respect to the securities may be subject to assumptions regarding future action to be taken by us and the trustee, if applicable, in connection with the issuance and sale of the securities, the specific terms of the securities and other matters that may affect the validity of securities but that cannot be ascertained on the date of those opinions.

EXPERTS

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