

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COLUMBIA GAS OF	)	
KENTUCKY, INC. FOR AN ORDER AUTHORIZING	)	CASE NO.
ISSUANCE AND SALE OF PROMISSORY NOTES	)	2005-00400

FIRST DATA REQUEST OF COMMISSION STAFF TO  
COLUMBIA GAS OF KENTUCKY, INC.

Columbia Gas of Kentucky, Inc. ("Columbia") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 5 copies of the following information, with a copy to all parties of record. The information requested herein is due within 10 days of the date of this request. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to pages 3-4 in Section M of the application. Columbia Gas states that it anticipates issuing unsecured notes to NiSource Finance Corporation with final maturities of 30 years. The notes will bear an interest rate that corresponds to the price offered companies with financial profiles similar to NiSource Finance Corporation reflecting market conditions at the time of issuance.

a. Explain whether Columbia Gas has reviewed forecasts of the Treasury yield and corresponding maturities for companies with a credit risk profile equivalent to that of NiSource Finance Corporation.

b. Provide Columbia Gas's credit risk profile and compare that credit risk profile to that of NiSource Finance Corporation. Identify any items in Columbia Gas's credit risk profile that compare unfavorably with NiSource Finance Corporation. Describe the impact on the interest rate for the new Notes resulting from the unfavorable items.

2. Refer to page 3 in Section J of the application. Columbia Gas states that, "in order for Columbia's indebtedness to more closely reflect the NiSource cost debt and maturity term, Columbia's current debt must be refinanced with new Promissory Notes." Explain in detail the basis for this statement.

3. Refer to page 2 in Sections H and I of the application, which refers to Refinancing of Current Notes. Explain why the proposed financing on November 28, 2005, in tranches of 7-year, 10-year, 11-year, and 20-year maturities with maximum maturities of 20 years, is preferable to longer-term bond issues.

4. Refer to page 3 in Section J of the application. The explanation implies that intercompany loans with NiSource Financial Corporation will result in equal or lower financing costs.

a. Identify the savings that Columbia Gas anticipates from the unsecured issuance of the notes represented in the table provided on Exhibit C.

b. Provide a schedule of interest rates and term of the notes available through NiSource Finance Corporation as of November 1, 2005. Include the

calculations supporting the interest rates provided in the schedule. Also identify the “Comparable Risk Companies” used to determine each interest rate.



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Beth O'Donnell  
Executive Director  
Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

DATED December 6, 2005

cc: All Parties