Columbia Gas of Kentucky, Inc.
Case No. 2016-00162

Tab	Filing Requirement	Description
1	807 KAR 5:001 Section 14-(1)	Name, Address, Facts
1	807 KAR 5:001 Section 14-(2)	Corp. - Incorporation, Good Standing
1	807 KAR 5:001 Section 14-(3)	LLC - Organized, Good Standing
1	807 KAR 5:001 Section 14-(4)	LP - Agreement
2	807 KAR 5:001 Section 16-(1)(b)1	Reason for Rate Adjustment
3	807 KAR 5:001 Section 16-(1)(b)2	Certificate of Assumed Name
4	807 KAR 5:001 Section 16-(1)(b)3	Proposed Tariff
5	807 KAR 5:001 Section 16-(1)(b)4	Proposed Tariff Changes
6	807 KAR 5:001 Section 16-(1)(b)5	Statement about Customer Notice
7	807 KAR 5:001 Section 16-(2)	Notice of Intent
8	807 KAR 5:001 Section 16-(6)(a)	Financial Data
9	807 KAR 5:001 Section 16-(6)(b)	Forecasted Adjustments
10	807 KAR 5:001 Section 16-(6)(c)	Capital, Net Investment Rate Base
11	807 KAR 5:001 Section 16-(6)(d)	No Revisions to Forecast
12	807 KAR 5:001 Section 16-(6)(e)	Alternative Forecast
13	807 KAR 5:001 Section 16-(6)(f)	Reconciliation of Rate Base and Capital
14	807 KAR 5:001 Section 16-(7)(a)	Testimony
15	807 KAR 5:001 Section 16-(7)(b)	Capital Construction Budget
16	807 KAR 5:001 Section 16-(7)(c)	Factors Used in Preparing Forecast
17	807 KAR 5:001 Section 16-(7)(d)	Annual and Monthly Budget
18	807 KAR 5:001 Section 16-(7)(e)	Statement of Attestation
19	807 KAR 5:001 Section 16-(7)(f)	Major Construction Projects
20	807 KAR 5:001 Section 16-(7)(g)	Other Construction Projects
21	807 KAR 5:001 Section 16-(7)(h)	Financial Forecasts
22	807 KAR 5:001 Section 16-(7)(h)1	Operating Income Statement
23	807 KAR 5:001 Section 16-(7)(h)2	Balance Sheet
24	807 KAR 5:001 Section 16-(7)(h)3	Statement of Cash Flows
25	807 KAR 5:001 Section 16-(7)(h)4	Revenue Requirement
26	807 KAR 5:001 Section 16-(7)(h)5	Load Forecast
27	807 KAR 5:001 Section 16-(7)(h)6	Access Line Forecast (Telephone)
28	807 KAR 5:001 Section 16-(7)(h)7	Mix of Generation (Electric)
29	807 KAR 5:001 Section 16-(7)(h)8	Mix of Gas Supply (Gas)
30	807 KAR 5:001 Section 16-(7)(h)9	Employee Level
31	807 KAR 5:001 Section 16-(7)(h)10	Labor Cost Changes
32	807 KAR 5:001 Section 16-(7)(h)11	Capital Structure Requirements
33	807 KAR 5:001 Section 16-(7)(h)12	Rate Base
34	807 KAR 5:001 Section 16-(7)(h)13	Gallons of Water Projected (Water)
35	807 KAR 5:001 Section 16-(7)(h)14	Customer Forecast (Gas, Water)
36	807 KAR 5:001 Section 16-(7)(h)15	Sales Volume Forecasts (Gas)
37	807 KAR 5:001 Section 16-(7)(h)16	Toll and Access Forecast (Telephone)
38	807 KAR 5:001 Section 16-(7)(h)17	Detailed Explanation of Other Info
39	807 KAR 5:001 Section 16-(7)(i)	FERC Audit Reports
40	807 KAR 5:001 Section 16-(7)(j)	Stock or Bond Prospectuses
41	807 KAR 5:001 Section 16-(7)(k)	FERC Form 1, 2
42	807 KAR 5:001 Section 16-(7)(l)	Annual Reports to Shareholders
43	807 KAR 5:001 Section 16-(7)(m)	Current Chart of Accounts
44	807 KAR 5:001 Section 16-(7)(n)	Monthly Managerial Reports
45	807 KAR 5:001 Section 16-(7)(o)	Monthly Budget Variance Reports

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162

Tab	Filing Requirement	Description
46	807 KAR 5:001 Section 16-(7)(p)	SEC Reports (10-Ks, 8-Ks, 10-Qs)
47	807 KAR 5:001 Section 16-(7)(q)	Independent Auditor's Annual Opinion
48	807 KAR 5:001 Section 16-(7)(r)	Quarterly Reports to Stockholders
49	807 KAR 5:001 Section 16-(7)(s)	Summary of Latest Depreciation Study
50	807 KAR 5:001 Section 16-(7)(t)	Computer, Software, Hardware, etc.
51	807 KAR 5:001 Section 16-(7)(u)	Affiliate, et. al., Allocations/Charges
52	807 KAR 5:001 Section 16-(7)(v)	Cost-of-Service Study
53	807 KAR 5:001 Section 16-(7)(w)	Incumbent Local Exchange Carriers
54	807 KAR 5:001 Section 16-(8)(a)	Financial Summaries
55	807 KAR 5:001 Section 16-(8)(b)	Rate Base Summaries
56	807 KAR 5:001 Section 16-(8)(c)	Operating Income Summaries
57	807 KAR 5:001 Section 16-(8)(d)	Summary of Income Adjustments
58	807 KAR 5:001 Section 16-(8)(e)	Federal & State Income Tax Summaries
59	807 KAR 5:001 Section 16-(8)(f)	Summary of Membership Dues, etc.
60	807 KAR 5:001 Section 16-(8)(g)	Analyses of Payroll Costs
61	807 KAR 5:001 Section 16-(8)(h)	Gross Revenue Conversion Factor
62	807 KAR 5:001 Section 16-(8)(i)	Comparative Income Statements, etc.
63	807 KAR 5:001 Section 16-(8)(j)	Cost of Capital Summary
64	807 KAR 5:001 Section 16-(8)(k)	Financial Data and Earnings Measures
65	807 KAR 5:001 Section 16-(8)(l)	Narrative Description of Tariff Changes
66	807 KAR 5:001 Section 16-(8)(m)	Revenue Summary
67	807 KAR 5:001 Section 16-(8)(n)	Typical Bill Comparison
68	807 KAR 5:001 Section 17-(1)	Sample Notices Posted
68	807 KAR 5:001 Section 17-(2)	Method of Customer Notice
68	807 KAR 5:001 Section 17-(3)	Proof of Customer Notice
68	807 KAR 5:001 Section 17-(4)	Customer Notice Information
68	807 KAR 5:001 Section 17-(5)	Abbreviated Notice

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 14-(1), 14-(2), 14-3), and 14-(4)

Description of Filing Requirement:

14(1) Each application shall state the full name, mailing address, and electronic mail address of the applicant, and shall contain fully the facts on which the application is based, with a request for the order, authorization, permission, or certificate desired and a reference to the particular law requiring or providing for the information.

14(2) If a corporation, the applicant shall identify in the application the state in which it is incorporated and the date of its incorporation, attest that it is currently in good standing in the state in which it is incorporated, and, if it is not a Kentucky corporation, state if it is authorized to transact business in Kentucky.

14(3) If a limited liability company, the applicant shall identify in the application the state in which it is organized and the date on which it was organized, attest that it is in good standing in the state in which it is organized, and, if it is not a Kentucky limited liability company, state if it is authorized to transact business in Kentucky

14(4) If the applicant is a limited partnership, a certified copy of its limited partnership agreement and all amendments, if any, shall be annexed to the application, or a written statement attesting that its partnership agreement and all amendments have been filed with the commission in a prior proceeding and referencing the case number of the prior proceeding.

Response:

14(1) Please see Application Paragraph A.

14(2) Please refer to the attachment and Application Paragraph B.

14(3) Does not apply.

14(4) Does not apply.

Commonwealth of Kentucky
Alison Lundergan Grimes, Secretary of State

Alison Lundergan Grimes
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
http://www.sos.ky.gov

Certificate of Existence

Authentication number: 176529
Visit https://app.sos.ky.gov/ftshow/certvalidate.aspx to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

COLUMBIA GAS OF KENTUCKY, INC.

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is October 11, 1905 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 16th day of May, 2016, in the 224th year of the Commonwealth.

Alison Lundergan Grimes
Secretary of State
Commonwealth of Kentucky
176529/0010555

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(1)(b)1

Description of Filing Requirement:

A statement of the reason the adjustment is required.

Response:

Please refer to the testimony of Herbert A. Miller, Jr. and Application Paragraph E.

Responsible Witness:

Herbert A. Miller, Jr.

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(1)(b)2

Description of Filing Requirement:

A certified copy of a certificate of assumed name as required by KRC 365.015 or a statement that such a certificate is not necessary.

Response:

A certificate of assumed name is not necessary.

Responsible Witness:

Herbert A. Miller, Jr.

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(1)(b)3

Description of Filing Requirement:

New or revised tariff sheets, if applicable in a format that complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed.

Response:

The proposed tariffs have been included as an attachment, Schedule L, under 807 KAR 5:001 Section 16-(8)(l).

Responsible Witness:

Judy M. Cooper

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(1)(b)4

Description of Filing Requirement:

New or revised tariff sheets, if applicable, identified in compliance with 807 KAR 5:011, shown either by:

(a) Providing the present and proposed tariffs in comparative form on the same sheet side by side or facing sheets side by side; or
(b) Providing a copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions.

Response:

The proposed tariff changes are identified and have been provided as an attachment, Schedule L, under 807 KAR 5:001 Section 16-(8)(l).

Responsible Witness:

Judy M. Cooper

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(1)(b)5

Description of Filing Requirement:

A statement that notice has been given in compliance with Section 17 of this administrative regulation with a copy of the notice.

Response:

Columbia Gas of Kentucky, Inc. has provided customer notice, as required. A copy of the customer notice is attached to Filing Requirement 17.

Responsible Witness:

Herbert A. Miller, Jr.

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(2)

Description of Filing Requirement:

A utility with gross annual revenues greater than $5,000,000 shall notify the commission in writing of its intent to file a rate application at least thirty (30) days, but not more than sixty (60) days, prior to filing its application.

(a) The notice of intent shall state if the rate application will be supported by a historical test period or fully forecasted test period.
(b) Upon filing the notice of intent, an application may be made to the commission for permission to use an abbreviated form of newspaper notice of proposed rate increases provided the notice includes a coupon that may be used to obtain a copy from the applicant of the full schedule of increases or rate changes.
(c) Upon filing the notice of intent with the commission, the applicant shall mail to the Attorney General's Office of Rate Intervention a copy of the notice of intent or send by electronic mail in a portable document format, to rateintervention@ag.ky.gov.

Response:

(a) The notice of intent was provided, as required. A copy of the notice of intent is attached.
(b) An abbreviated form of newspaper notice was not requested.
(c) A copy of the notice was transmitted to the Attorney General's Office of Rate Intervention at rateintervention@ag.ky.gov.

Responsible Witness:

Herbert A. Miller, Jr.

Columbia Gas® of Kentucky
A NiSource Company

RECEIVED
APR 27 2016
PUBLIC SERVICE COMMISSION

April 27, 2016

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Case No. 2016-00162

Dear Sir or Madam,

Pursuant to KRS Section 278.180(1) and 807 KAR 5:001 Section 16(2), Columbia Gas of Kentucky, Inc. ("Columbia") provides notice to the Commission of Columbia's intention to file an application for an increase in its base rates. The application will be filed no sooner than 30 days after the date of this letter and will be based on a fully forecasted test year.

Contemporaneously with this notice, Columbia has submitted a Notice of Election of Use of Electronic Filing Procedures. Please acknowledge receipt of this notice and assign a case number to the application to be filed.

Columbia has provided an electronic copy of this notice to the Attorney General's Office of Rate Intervention, pursuant to 807 KAR 5:001 Section 16(2)(c).

Respectfully submitted,

Brooke E. Wancheck

Brooke E. Wancheck, Assistant General Counsel

Brooke E. Wancheck, Assistant General Counsel
Stephen B. Seiple, Assistant General Counsel
Joseph M. Clark, Senior Counsel
P.O. Box 117
290 W. Nationwide Blvd.
Columbus, Ohio 43216-0117
Telephone: (614) 460-5558
E-mail: bleslie@nisource.com

sseiple@nisource.com
josephclark@nisource.com

Richard S. Taylor
225 Capital Avenue
Frankfort, Kentucky 40601
Telephone: (502) 223-8967
Fax: (502) 226-6383
Email: attysmitty@aol.com

Attorneys for Applicant
COLUMBIA GAS OF KENTUCKY, INC.

NOTICE OF ELECTION OF USE OF ELECTRONIC FILING PROCEDURES

(Complete All Shaded Areas and Check Applicable Boxes)

In accordance with 807 KAR 5:001, Section 8, Columbia Gas of Kentucky, Inc. gives notice of its intent to file an application for Adjustment of rates with the Public Service Commission no later than June 26, 2016 and to use the electronic filing procedures set forth in that regulation.

Columbia Gas of Kentucky, Inc. further states that:

		Yes	No
1.	It requests that the Public Service Commission assign a case number to the intended application and advise it of that number as soon as possible;	☑	☐
2.	It or its authorized representatives have registered with the Public Service Commission and are authorized to make electronic filings with the Public Service Commission;	☑	☐
3.	Neither it nor its authorized representatives have registered with the Public Service Commission for authorization to make electronic filings but will do so no later than seven days before the date of its filing of its application for rate adjustment;	☐	☑
4.	It or its authorized agents possess the facilities to receive electronic transmissions;	☑	☐

5. The following persons are authorized to make filings on its behalf and to receive electronic service of Public Service Commission orders and any pleadings filed by any party or the Public Service Commission Staff:

Name	Electronic Mail Address
Stephen B. Seiple	sseiple@nisource.com
Cheryl A. MacDonald	cmacdonald@nisource.com
James F. Racher	jfracher@nisource.com

		Yes	No
6.	It and its authorized representatives listed above have read and understand the procedures for electronic filing set forth in 807 KAR 5:001 and will fully comply with those procedures unless the Public Service Commission directs otherwise.	☑	☐

Signed Stephen B. Seiple

Name: Stephen B. Seiple

Title: Assistant General Counsel

Address: 290 W. Nationwide Blvd.

Columbus, Ohio 43215

Telephone Number: 614-460-4648

RECEIVED

APR 27 2016

PUBLIC SERVICE
COMMISSION

Columbia Gas of Kentucky
A NiSource Company

April 27, 2016

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Dear Sir or Madam,

Pursuant to KRS Section 807 KAR 5:001 Section 8(2)(a), Columbia Gas of Kentucky, Inc. ("Columbia") hereby submits the attached Notice of Election of Use of Electronic Filing Procedures.

Contemporaneously with this notice, Columbia has submitted its notice of its intention to file an application for an increase in base rates. Please acknowledge receipt of this notice and assign a case number to the application to be filed.

Respectfully submitted,

Brooke E. Wancheck

Brooke E. Wancheck, Assistant General Counsel

Brooke E. Wancheck, Assistant General Counsel
Stephen B. Seiple, Assistant General Counsel
Joseph M. Clark, Senior Counsel
P.O. Box 117
290 W. Nationwide Blvd.
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Telephone: (614) 460-5558
E-mail: bleslie@nisource.com
sseiple@nisource.com
josephclark@nisource.com

Richard S. Taylor
225 Capital Avenue
Frankfort, Kentucky 40601
Telephone: (502) 223-8967
Fax: (502): 226-6383
Email: attysmitty@aol.com

Attorneys for Applicant
COLUMBIA GAS OF KENTUCKY, INC.

NOTICE OF ELECTION OF USE OF ELECTRONIC FILING PROCEDURES

(Complete All Shaded Areas and Check Applicable Boxes)

In accordance with 807 KAR 5:001, Section 8, Columbia Gas of Kentucky, Inc. gives notice of its intent to file an application for Adjustment of rates with the Public Service Commission no later than June 26, 2016 and to use the electronic filing procedures set forth in that regulation.

Columbia Gas of Kentucky, Inc. further states that:

	Yes	No
1. It requests that the Public Service Commission assign a case number to the intended application and advise it of that number as soon as possible;	☑	☐
2. It or its authorized representatives have registered with the Public Service Commission and are authorized to make electronic filings with the Public Service Commission;	☑	☐
3. Neither it nor its authorized representatives have registered with the Public Service Commission for authorization to make electronic filings but will do so no later than seven days before the date of its filing of its application for rate adjustment;	☐	☑
4. It or its authorized agents possess the facilities to receive electronic transmissions;	☑	☐

5. The following persons are authorized to make filings on its behalf and to receive electronic service of Public Service Commission orders and any pleadings filed by any party or the Public Service Commission Staff:

Name	Electronic Mail Address
Stephen B. Seiple	sseiple@nisource.com
Cheryl A. MacDonald	cmacdonald@nisource.com
James F. Racher	jfracher@nisource.com

	Yes	No
6. It and its authorized representatives listed above have read and understand the procedures for electronic filing set forth in 807 KAR 5:001 and will fully comply with those procedures unless the Public Service Commission directs otherwise.	☑	☐

Signed Stephen B. Seiple

Name: Stephen B. Seiple
Title: Assistant General Counsel
Address: 290 W. Nationwide Blvd.
Columbus, Ohio 43215
Telephone Number: 614-460-4648

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(6)(a)

Description of Filing Requirement:

The financial data for the forecasted period shall be presented in the form of pro forma adjustments to the base period.

Response:

The financial data for the forecasted period is presented in the form of pro forma adjustments to the base period.

Responsible Witnesses:

Melissa J. Bell, Jana T. Croom, Panpilas W. Fischer, and S. Mark Katko

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(6)(b)

Description of Filing Requirement:

Forecasted adjustments shall be limited to the twelve (12) months immediately following the suspension period.

Response:

Forecasted adjustments have been limited to the twelve (12) months immediately following the suspension period.

Responsible Witnesses:

Melissa J. Bell, Jana T. Croom, Panpilas W. Fischer, and S. Mark Katko

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(6)(c)

Description of Filing Requirement:

Capitalization and net investment rate base shall be based on a thirteen (13) month average for the forecasted period.

Response:

Capitalization and net investment rate base are based on a thirteen (13) month average for the forecasted period.

Responsible Witness:

S. Mark Katko

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(6)(d)

Description of Filing Requirement:

After an application based on a forecasted test period is filed, there shall be no revisions to the forecast, except for the correction of mathematical errors, unless the revisions reflect statutory or regulatory enactments that could not, with reasonable diligence, have been included in the forecast on the date it was filed. There shall be no revisions filed within thirty (30) days of a scheduled hearing on the rate application

Response:

The company acknowledges this requirement.

Responsible Witness:

Herbert A. Miller, Jr.

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(6)(e)

Description of Filing Requirement:

The commission may require the utility to prepare an alternative forecast based on a reasonable number of changes in the variables, assumptions, and other factors used as the basis for the utility's forecast.

Response:

The company acknowledges this requirement.

Responsible Witness:

Herbert A. Miller, Jr.

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(6)(f)

Description of Filing Requirement:

The utility shall provide a reconciliation of the rate base and capital used to determine its revenue requirements.

Response:

Please refer to the attached.

Responsible Witness:

S. Mark Katko

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Reconciliation of Forecasted Test Period Rate Base to Capital
Forecasted Test Period Ending December 31, 2017

Line No.	Description	Rate Base 13 mo avg 12/31/2017	Adjustment from 13 mo avg	Rate Base 12/31/2017	Rate Making Adjustments	Balance Sheet 12/31/2017
		($000)	($000)	($000)	($000)	($000)
1	Gross Plant	437,890	20,961	458,851	(8,773)	450,078
2	CWIP	-	-	-	7,127	7,127
3	Accumulated Depr. & Amort.	(151,708)	(5,128)	(156,836)	2,231	(154,605)
4	Cash Working Capital	5,637	-	5,637	(5,637)	-
5	Materials & Supplies	82	-	82	8	90
6	Prepayments	470	-	470	109	579
7	Storage Gas	41,773	-	41,773	2,493	44,266
8	Deferred Income Taxes and Credits	(80,782)	(3,504)	(84,285)	(1,347)	(85,632)
9	Rate Base	253,361	12,329	265,690	(3,787)	261,903
10	Assets not in Rate Base					
11	Cash & temporary investments					-
12	Accounts receivable					22,646
13	Deferred gas cost					5,730
14	Other current assets					3,539
15	Deferred assets					4,055
16	Regulatory assets					12,107
17	Other non-current assets					4,203
18	Liabilities not in Rate Base					
19	Current Liabilities					(43,835)
20	Non-current Liabilities					(14,264)
21	Total Capitalization (Includes Short-term Debt)					256,084

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(a)

Description of Filing Requirement:

The written testimony of each witness the utility proposes to use to support its application, which shall include testimony from the utility's chief officer in charge of Kentucky operations on the existing programs to achieve improvements in efficiency and productivity, including an explanation of the purpose of the program;

Response:

Please refer to the testimonies and attachments of the following persons:

Responsible Witnesses:

Herbert A. Miller, Jr.
Judy M. Cooper
Kimra H. Cole
Danny C. Cote
Eric T. Belle
William J. Gresham
Paul R. Moul
S. Mark Katko
Jana T. Croom
Brian J. Noel
Mark P. Balmert
Chad E. Notestone
John J. Spanos
Melissa J. Bell
Austin M. Schauer
Panpilas W. Fischer

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(b)

Description of Filing Requirement:

The utility's most recent capital construction budget containing at a minimum a three (3) year forecast of construction expenditures;

Response:

Please refer to the attached.

Responsible Witness:

Eric T. Belle

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Projected Capital Expenditure Budget
Years 2016 - 2019

Line No.		2016 ($000)	2017 ($000)	2018 ($000)	2019 ($000)
1	New Business (Growth)	4,500	5,300	5,900	6,200
2	Age & Condition (Replacement)	16,200	18,200	15,200	15,200
3	Mandatory (Public Improvement, Replacement)	5,800	1,900	3,200	1,700
4	Betterment	400	1,700	300	200
5	Automated Meter Reading	85	90	100	100
6	Support Services	962	1,060	1,205	905
7	Information Technology	2,841	3,287	2,834	2,937
8	Total	30,788	31,537	28,739	27,242

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(c)

Description of Filing Requirement:

A complete description, which may be filed in written testimony form, of all factors used in preparing the utility's forecast period. All econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels shall be quantified, explained, and properly supported;

Response:

Please refer to the prefiled testimony.

Responsible Witnesses:

All

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(d)

Description of Filing Requirement:

The utility's annual and monthly budget for the twelve (12) months preceding the filing date, the base period, and forecasted period;

Response:

Please refer to the attached.

Responsible Witness:

Brian J. Noel

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Income Statement Budget
For the Twleve Months Ending May 31, 2016
($000)

Line No.	12 Months Preceding Filing Date	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Total
1	Gas Revenue	4,813	4,780	4,761	3,928	6,081	8,992	14,784	16,293	13,933	9,551	6,769	5,106	99,790
2	Gas Purchase Expense	1,039	1,019	1,019	118	1,146	2,541	6,041	5,943	4,946	2,118	1,287	632	27,850
3	Plant Revenue	3,774	3,761	3,742	3,810	4,935	6,451	8,743	10,349	8,987	7,433	5,482	4,474	71,939
4	O&M Expenses	2,797	2,896	3,006	2,848	3,042	3,125	3,076	3,475	3,301	3,330	3,265	3,347	37,507
5	Depreciation & Amortization	697	705	710	715	720	725	730	727	731	739	743	747	8,690
6	Other Taxes	306	304	300	296	309	324	311	353	347	338	337	348	3,874
7	Plant Expenses	3,800	3,905	4,016	3,859	4,071	4,174	4,117	4,556	4,380	4,407	4,345	4,442	50,071
8	Operating Income Before Income Taxes	(25)	(144)	(275)	(50)	864	2,278	4,625	5,794	4,606	3,026	1,137	32	21,868
9	Income Taxes	(163)	(219)	(270)	(186)	159	730	1,869	2,214	1,779	1,113	354	(85)	7,295
10	Net Operating Income	138	75	(5)	136	705	1,548	2,756	3,580	2,827	1,913	783	117	14,573
11	Other Income & Deductions	86	81	79	91	116	154	725	389	373	282	206	195	2,778
12	Income Before Interest Expense	224	156	75	228	822	1,702	3,481	3,968	3,200	2,196	989	312	17,351
13	Interest Expense	451	473	472	492	544	526	542	474	390	433	417	431	5,643
14	Net Income	(227)	(317)	(397)	(264)	278	1,176	2,939	3,494	2,810	1,763	572	(119)	11,707

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Income Statement Budget
For the Twelve Months Ending August 31, 2016
($000)

Line No.	Base Period	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Total
1	Gas Revenue	3,928	6,081	8,992	14,784	16,293	13,933	9,551	6,769	5,106	4,361	4,390	4,311	98,497
2	Gas Purchase Expense	118	1,146	2,541	6,041	5,943	4,946	2,118	1,287	632	385	369	354	25,881
3	Plant Revenue	3,810	4,935	6,451	8,743	10,349	8,987	7,433	5,482	4,474	3,976	4,021	3,957	72,616
4	O&M Expenses	2,848	3,042	3,125	3,076	3,475	3,301	3,330	3,265	3,347	3,493	3,434	3,426	39,163
5	Depreciation & Amortization	715	720	725	730	727	731	739	743	747	757	761	765	8,860
6	Other Taxes	296	309	324	311	353	347	338	337	348	348	347	340	3,998
7	Plant Expenses	3,859	4,071	4,174	4,117	4,556	4,380	4,407	4,345	4,442	4,598	4,542	4,530	52,021
8	Operating Income Before Income Taxes	(50)	864	2,278	4,625	5,794	4,606	3,026	1,137	32	(622)	(521)	(574)	20,595
9	Income Taxes	(186)	159	730	1,869	2,214	1,779	1,113	354	(85)	(347)	(312)	(326)	6,962
10	Net Operating Income	136	705	1,548	2,756	3,580	2,827	1,913	783	117	(275)	(209)	(248)	13,633
11	Other Income & Deductions	91	116	154	725	389	373	282	206	195	172	186	205	3,095
12	Income Before Interest Expense	228	822	1,702	3,481	3,968	3,200	2,196	989	312	(103)	(23)	(43)	16,728
13	Interest Expense	492	544	526	542	474	390	433	417	431	426	451	456	5,581
14	Net Income	(264)	278	1,176	2,939	3,494	2,810	1,763	572	(119)	(529)	(474)	(498)	11,147

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Income Statement Budget
For the Twelve Months Ending December 31, 2017
($000)

Line No.	Forecasted Period	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total
1	Gas Revenue	20,002	16,767	11,045	7,658	5,531	4,585	4,619	4,535	5,005	7,471	11,364	18,198	116,778
2	Gas Purchase Expense	9,990	7,974	3,633	2,171	1,069	590	590	569	910	2,148	4,765	9,351	43,760
3	Plant Revenue	10,012	8,793	7,412	5,487	4,462	3,995	4,029	3,966	4,095	5,323	6,599	8,847	73,018
4	O&M Expenses	3,679	3,517	3,590	3,530	3,684	3,773	3,690	3,721	3,728	3,729	3,675	3,854	44,170
5	Depreciation & Amortization	853	853	853	853	853	853	853	853	853	853	853	853	10,238
6	Other Taxes	391	385	374	373	384	385	384	376	374	387	395	388	4,596
7	Plant Expenses	4,923	4,755	4,818	4,757	4,922	5,011	4,927	4,950	4,955	4,968	4,923	5,095	59,004
8	Operating Income Before Income Taxes	5,089	4,038	2,594	730	(459)	(1,016)	(897)	(984)	(860)	354	1,676	3,752	14,015
9	Income Taxes	1,909	1,525	916	170	(300)	(523)	(482)	(512)	(466)	22	552	1,358	4,169
10	Net Operating Income	3,180	2,513	1,678	560	(159)	(493)	(415)	(472)	(394)	332	1,124	2,394	9,846
11	Other Income & Deductions	376	368	273	199	195	175	187	206	206	279	312	323	3,099
12	Income Before Interest Expense	3,556	2,882	1,951	759	36	(319)	(228)	(266)	(188)	612	1,436	2,716	12,945
13	Interest Expense	543	473	500	479	494	491	516	524	530	563	556	573	6,241
14	Net Income	3,013	2,408	1,451	280	(459)	(810)	(744)	(790)	(718)	49	880	2,143	6,704

FR 16-(7)(d)

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Capital Expenditure Budget by Major Category
For the Twelve Months Ending May 31, 2016, Base Period and the Forecasted Test Period
($000)

Line No.	12 Months Preceding Filing Date	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Total
1	12 Months Preceding Filing Date	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Total
2	New Business (Growth)	616	501	484	804	453	664	313	200	356	379	485	400	5,656
3	Age & Condition (Replacement)	1,574	1,349	1,596	1,044	1,615	855	1,426	640	320	400	600	1,000	12,419
4	Mandatory (Public Improvement, Replacement)	558	501	602	366	587	544	765	24	246	480	400	360	5,434
5	Betterment	375	643	401	419	416	220	217	-	10	15	50	80	2,846
6	Automated Meter Reading	14	7	(4)	20	(2)	3	(19)	25	5	5	5	10	69
7	Support Services	156	175	114	102	114	241	253	(22)	(22)	(22)	(22)	(22)	1,046
7	Information Technology	94	68	252	(84)	256	(45)	295	174	211	276	263	267	2,028
8	Contributions and Reimbursements*	(348)	(0)	(24)	24	(49)	(112)	(587)	4	-	2	(11)	(0)	(1,100)
9	Total	3,040	3,245	3,421	2,696	3,391	2,369	2,664	1,045	1,126	1,535	1,770	2,095	28,397

Line No.	Base Period	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Total
10	Base Period	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Total
11	New Business (Growth)	804	453	664	313	200	356	379	485	400	400	473	357	5,285
12	Age & Condition (Replacement)	1,044	1,615	855	1,426	640	320	400	600	1,000	1,400	1,400	2,500	13,200
13	Mandatory (Public Improvement, Replacement)	366	587	544	765	24	246	480	400	360	740	1,050	900	6,462
14	Betterment	419	416	220	217	-	10	15	50	80	80	60	80	1,647
15	Automated Meter Reading	20	(2)	3	(19)	25	5	5	5	10	5	5	5	67
16	Support Services	102	114	241	253	(22)	(22)	(22)	(22)	(22)	(22)	(17)	78	640
17	Information Technology	(84)	256	(45)	295	174	211	276	263	267	228	222	263	2,326
18	Contributions and Reimbursements*	24	(49)	(112)	(587)	-	-	(55)	(55)	(155)	(10)	(255)	(120)	(1,374)
19	Total	2,696	3,391	2,369	2,664	1,041	1,126	1,478	1,725	1,940	2,821	2,938	4,062	28,252

Line No.	Forecasted Period	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total
20	Forecasted Period	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total
21	New Business (Growth)	235	418	445	569	470	470	556	419	543	539	386	352	5,400
22	Age & Condition (Replacement)	719	360	449	674	1,123	1,573	1,573	2,809	2,741	2,809	1,685	1,685	18,200
23	Mandatory (Public Improvement, Replacement)	10	101	196	164	147	303	430	368	286	286	327	82	2,700
24	Betterment	-	43	64	213	340	340	255	340	64	43	-	-	1,700
25	Automated Meter Reading	26	5	5	5	11	5	5	5	5	5	5	5	90
26	Support Services	(30)	(30)	5	5	121	63	86	121	178	121	213	207	1,060
27	Information Technology	210	249	319	310	296	261	258	289	272	241	258	325	3,287
28	Contributions and Reimbursements*	-	-	(150)	(50)	(150)	-	(250)	(100)	(150)	(50)	-	-	(900)
29	Total	1,170	1,145	1,333	1,890	2,358	3,014	2,912	4,250	3,941	3,994	2,875	2,657	31,537

*Includes Contributions and Reimbursements for Growth and Public Improvement

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(e)

Description of Filing Requirement:

A statement of attestation signed by the utility's chief officer in charge of Kentucky operations, which shall provide:

1. That the forecast is reasonable, reliable, made in good faith, and that all basic assumptions used in the forecast have been identified and justified;
2. That the forecast contains the same assumptions and methodologies as used in the forecast prepared for use by management, or an identification and explanation for differences that exist, if applicable; and
3. That productivity and efficiency gains are included in the forecast.

Response:

Please refer to the attached.

Responsible Witness:

Herbert A. Miller, Jr.

STATEMENT OF ATTESTATION OF THE OFFICER IN CHARGE OF KENTUCKY OPERATIONS

1. The forecast presented in this rate application is reasonable, reliable, made in good faith, and all basic assumptions used in the forecast have been identified and justified; and

2. The forecast contains the same assumptions and methodologies as used in the forecast prepared for use by management, and any differences that exist have been identified and explained; and

3. Productivity and efficiency gains have been included in the forecast.

Herbert A. Miller

Herbert A. Miller, Jr.
President, Columbia Gas of Kentucky

COMMONWEALTH OF KENTUCKY

COUNTY OF FAYETTE

SUBSCRIBED AND SWORN to before me by Herbert A. Miller, Jr. on this the 23rd day of May, 2016.

Leitha Pash-Lewis

Notary Public

My Commission expires: LEITHA PASH-LEWIS
NOTARY PUBLIC
Kentucky, State At Large
My Commission Expires 4/25/2017
I.D. # 488090

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(f)

Description of Filing Requirement:

For each major construction project that constitutes five (5) percent or more of the annual construction budget within the three (3) year forecast, the following information shall be filed:

1. The date the project was started or estimated starting date;
2. The estimated completion date;
3. The total estimated cost of construction by year exclusive and inclusive of allowance for funds used during construction ("AFUDC") or interest during construction credit; and
4. The most recent available total costs incurred exclusive and inclusive of AFUDC or interest during construction credit.

Response:

Please refer to the attached.

Responsible Witness:

Eric T. Belle

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Most Recent Capital Expenditure Budget
($000)

				Estimate Inclusive of AFUDC			
Estimated Start Date	Estimated End Date	Class Category	Project Name	Annual 2016	Annual 2017	Annual 2018	Annual 2019
		Total Projects > 5% of Annual Construction					
2/1/2017	10/1/2017	Mandatory (Public Improvement, Replacement)	US 68 Relocation		1,920		
			Total	-	1,920	-	-

				Estimate Exclusive of AFUDC			
				Annual 2016	Annual 2017	Annual 2018	Annual 2019
		Total Projects > 5% of Annual Construction					
2/1/2017	10/1/2017	Mandatory (Public Improvement, Replacement)	US 68 Relocation		1,766	-	-
			Total	-	1,766	-	-

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(g)

Description of Filing Requirement:

For all construction projects that constitute less than five (5) percent of the annual construction budget within the three (3) year forecast, the utility shall file an aggregate of the information requested in paragraph (f)3 and 4 of this subsection;

Response:

Please refer to the attached.

Responsible Witness:

Eric T. Belle

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Most Recent Capital Expenditure Budget
($000)

Class Category	Total Cost Incurred YTD April 2016	Estimate Inclusive of AFUDC Annual 2016	Annual 2017	Annual 2018	Annual 2019
Total Projects < 5% of Annual Construction					
	11,125	30,788	29,617	28,739	27,242
Total	11,125	30,788	29,617	28,739	27,242

	Total Cost Incurred YTD April 2016	Estimate Exclusive of AFUDC Annual 2016	Annual 2017	Annual 2018	Annual 2019
Total Projects < 5% of Annual Construction					
	11,000	28,314	27,236	26,429	25,053
Total	11,000	28,314	27,236	26,429	25,053

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)

Description of Filing Requirement:

A financial forecast corresponding to each of the three (3) forecasted years included in the capital construction budget. The financial forecast shall be supported by the underlying assumptions made in projecting the results of operations and shall include the following information:

1. Operating income statement (exclusive of dividends per share or earnings per share);
2. Balance sheet;
3. Statement of cash flows;
4. Revenue requirements necessary to support the forecasted rate of return;
5. Load forecast including energy and demand (electric);
6. Access line forecast (telephone);
7. Mix of generation (electric);
8. Mix of gas supply (gas);
9. Employee level;
10. Labor cost changes;
11. Capital structure requirements;
12. Rate base;
13. Gallons of water projected to be sold (water);
14. Customer forecast (gas, water);
15. Sales volume forecasts – cubic feet (gas);
16. Toll and access forecast of number of calls and number of minutes (telephone); and
17. A detailed explanation of other information provided, if applicable

Response:

Please refer to the following pages for the detailed requirements.

Responsible Witness:

None

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)1

Description of Filing Requirement:

Operating income statement (exclusive of dividends per share or earnings per share);

Response:

Please refer to the attached.

Responsible Witness:

Brian J. Noel

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Forecasted Income Statement Summary
Calendar Years 2016 - 2019

Line No.	Description	2016 (000)	2017 (000)	2018 (000)	2019 (000)
1	Gas Revenue	$ 105,271	$ 116,778	$ 122,135	$ 124,948
2	Gas Purchase Expense	31,700	43,760	49,064	51,860
3	Plant Revenue	73,571	73,018	73,071	73,088
4	O&M Expenses	40,754	44,170	45,072	45,971
5	Depreciation	9,087	10,238	11,135	12,035
6	Other Taxes	4,154	4,596	5,000	5,405
7	Plant Expenses	53,995	59,004	61,207	63,411
8	Operating Income Before Taxes	19,576	14,015	11,864	9,678
9	Income Taxes	6,613	4,169	2,517	1,401
10	Net Operating Income	12,963	9,846	9,347	8,277
11	Other Income	3,130	3,099	1,671	1,658
12	Income Before Interest	16,093	12,945	11,018	9,935
13	Interest Expense	5,515	6,241	6,945	7,614
14	Net Income from Subsidiaries	-	-	-	-
15	Net Income	$ 10,578	$ 6,704	$ 4,073	$ 2,321

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)2

Description of Filing Requirement:

Balance sheet;

Response:

Please refer to the attached.

Responsible Witness:

Brian J. Noel

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Forecasted Balance Sheets
Calendar Years 2016 - 2019

Line No.	Description	2016 (000)	2017 (000)	2018 (000)	2019 (000)
	Assets				
1	Property, Plant and Equipment	$ 428,440	$ 457,205	$ 483,294	$ 507,899
2	Accumulated Depreciation	(147,139)	(154,605)	(163,089)	(172,486)
3	Net Plant	281,301	302,600	320,205	335,412
4	Investment in Subsidiaries	174	174	174	174
5	Income from Subidiaries	344	344	344	344
6	Current Assets	74,584	79,898	79,780	76,319
7	Deferred Assets	8,509	8,718	9,045	9,194
8	Regulatory Assets	9,653	9,059	8,583	7,343
9	Other Non-current Assets	4,029	4,029	4,029	4,029
10	Other Non-current Assets	8	8	8	8
11	Total Other Assets	97,302	102,230	101,963	97,411
12	Total Assets	$ 378,603	$ 404,831	$ 422,168	$ 432,823
	Capitalization and Liabilities				
13	Common Stock	$ 23,806	$ 23,806	$ 23,806	$ 23,806
14	Additional Paid-in Capital	6,519	6,519	6,519	6,519
15	Retained Earnings	82,677	89,381	88,454	79,276
16	Total Equity	113,002	119,706	118,779	109,601
17	Short-term Debt	-	-	-	-
18	Long-term Debt	100,375	107,375	114,375	121,375
19	Total Debt	100,375	107,375	114,375	121,375
20	Total Capitalization	213,377	227,081	233,154	230,976
21	Current Liabilities	67,675	73,958	80,638	90,786
22	Non-current Liabilities	97,551	103,792	108,376	111,061
23	Total Liabilities	165,226	177,749	189,014	201,847
24	Total Capitalization and Liabilities	$ 378,603	$ 404,831	$ 422,168	$ 432,823
	Assets less Capitalization & Liabilities	-	-	-	-

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)3

Description of Filing Requirement:

Statement of cash flows;

Response:

Please refer to the attached.

Responsible Witness:

Brian J. Noel

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Forecasted Statements of Cash Flow
Calendar Years 2016 - 2019

Line No.	Description	2016 (000)	2017 (000)	2018 (000)	2019 (000)
1	**Cash Flow from Operations**				
2	Net Income	$ 10,578	$ 6,704	$ 4,073	$ 2,321
3	Income from Subsidiaries	-	-	-	-
4	Depreciation	9,087	10,238	11,135	12,035
5	AFUDC	-	-	-	-
6	Cash flow from operations	19,666	16,941	15,208	14,356
7	Change in Deferred Assets	(1,126)	(209)	(327)	(149)
8	Change in Regulatory Assets	871	594	476	1,241
9	Change in Other Non-current Assets	(0)	-	-	-
10	Change in Non-current Liabilities	6,213	6,241	4,584	2,685
11	Change in Current Assets	(17,193)	(5,313)	118	3,461
12	Change in Current Liabilities	1,770	(806)	1,111	(294)
13	Total from Balance Sheet Accounts	(9,466)	507	5,962	6,944
14	**Net Cash from Operations**	10,199	17,448	21,170	21,300
15	**Cash Flow from Investing Activities**				
16	Net Capital Expenditures	(30,788)	(31,537)	(28,739)	(27,242)
17	Total Cash from Investing	(30,788)	(31,537)	(28,739)	(27,242)
18	**Cash from Financing Activity**				
19	Net Financing Activity	20,589	14,089	7,569	5,943
20	Total Cash from Financing	20,589	14,089	7,569	5,943
21	Total Increase/(Decrease) in Cash	-	-	-	-
22	Beginning Cash	751	751	751	751
23	Ending Cash	$ 751	$ 751	$ 751	$ 751

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)4

Description of Filing Requirement:

Revenue requirements necessary to support the forecasted rate of return;

Response:

Please refer to the attached.

Responsible Witness:

Jana T. Croom

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Revenue Requirements Necessary to Support the Forecasted Rate of Return
For the Twelve Months Ended December 31, 201X

Line No.	Description	2016 (000)	2017 (000)	2018 (000)	2019 (000)
1	13 Month Average Rate Base	$ 239,050	$ 253,362	$ 267,558	$ 280,514
2	Operating Income	$ 9,121	$ 5,956	$ 4,776	$ 3,573
3	Earned Rate of Return	3.82%	2.35%	1.78%	1.27%
4	Required Rate of Return	8.42%	8.41%	8.41%	8.41%
5	Required Operating Income (1 x 4)	$ 20,138	$ 21,308	$ 22,502	$ 23,591
6	Operating Income Deficiency (5 - 2)	$ 11,017	$ 15,352	$ 17,726	$ 20,018
7	Gross Revenue Conversion Factor	1.655089	1.655089	1.655089	1.655089
8	Revenue Deficiency (6 x 7)	$ 18,234	$ 25,409	$ 29,338	$ 33,132
9	Operating Revenues	$ 81,175	$ 92,682	$ 98,039	$ 100,852
10	Revenue Requirements (8 + 9)	$ 99,409	$ 118,091	$ 127,377	$ 133,984

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)5

Description of Filing Requirement:

Load forecast including energy and demand (electric);

Response:

Not applicable to a gas utility.

Responsible Witness:

None

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)6

Description of Filing Requirement:

Access line forecast (telephone);

Response:

Not applicable to a gas utility.

Responsible Witness:

None

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)7

Description of Filing Requirement:

Mix of generation (electric);

Response:

Not applicable to a gas utility.

Responsible Witness:

None

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)8

Description of Filing Requirement:

Mix of gas supply (gas);

Response:

Please refer to the attached.

Responsible Witness:

Brian J. Noel

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Forecasted Mix of Gas Supply
Calendar Years 2016 - 2019

Line No.	Description	2016 (000)	2017 (000)	2018 (000)	2019 (000)
	Sales Volumes (Mcf)				
1	Local Purchases	301	300	300	300
2	Flowing Supply	9,057	9,764	9,723	9,701
3	Storage	820	(10)	13	14
4	Total Gas Supply	10,178	10,054	10,036	10,015

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)9

Description of Filing Requirement:

Employee level;

Response:

Please refer to the attached.

Responsible Witness:

Brian J. Noel

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Employee Level
Calendar Years 2016-2019

Line No.		2016	2017	2018	2019
1	Year End	156	158	158	158
2	Average	155	158	158	158

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)10

Description of Filing Requirement:

Labor cost changes;

Response:

Please refer to the attached.

Responsible Witness:

Brian J. Noel

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Forecasted Labor Cost Changes
Calendar Years 2016-2019

Line No.		2016	2017	2018	2019
1	Net Labor Expense	$ 8,844,014	$ 9,358,726	$ 9,636,887	$ 9,926,018
2	Annual Change		$ 514,712	$ 278,161	$ 289,131
3	Percent Change		5.8%	3.0%	3.0%

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)11

Description of Filing Requirement:

Capital structure requirements;

Response:

Please refer to the attached.

Responsible Witness:

Paul R. Moul

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Capital Structure Requirements
Thirteen Month Average Balances Ending December 31, 201X

Line No.	Description	2016 ($000)	2017 ($000)	2018 ($000)	2019 ($000)
1	Short-Term Debt	5,057	3,114	3,022	893
2	Long-Term Debt	97,447	114,699	116,529	123,529
3	Total Debt	102,505	117,813	119,551	124,422
4	Common Stock	23,806	23,806	23,806	23,806
5	Retained Earnings	88,026	99,453	111,090	118,259
6	Additional Paid-in Capital	6,519	6,519	6,519	6,519
7	Total Equity	118,351	129,778	141,415	148,584
8	Total Capitalization	220,856	247,592	260,966	273,007
9	Total Debt %	46.41%	47.58%	45.81%	45.57%
10	Total Equity %	53.59%	52.42%	54.19%	54.43%
11	Total	100.00%	100.00%	100.00%	100.00%

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)12

Description of Filing Requirement:

Rate base;

Response:

Please refer to the attached.

Responsible Witness:

S. Mark Katko

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162
Forecasted Jurisdictional Rate Base
Thirteen Month Average Rate Base Ending December 31, 201X

Line No.	Description	2016 (000)	2017 (000)	2018 (000)	2019 (000)
1	Property, Plant and Equipment	$ 418,536	$ 444,285	$ 474,455	$ 499,968
2	Accumulated Depreciation and Amortization	(144,320)	(151,708)	(159,038)	(167,977)
3	Construction Work in Progress	(6,395)	(6,395)	(6,395)	(6,395)
4	Net Plant in Service (Line 1 through Line 3)	267,820	286,182	309,023	325,596
5	Cash Working Capital	5,094	5,637	5,634	5,746
6	Other Working Capital Items (13 mo avg):				
7	Gas Stored Underground	43,283	41,773	41,662	41,641
8	Materials and Supplies	90	82	90	90
9	Prepayments	579	470	579	579
10	Deferred Income Taxes	(77,816)	(80,782)	(89,429)	(93,137)
11	Rate Base (Line 4 through Line 10)	$ 239,050	$ 253,362	$ 267,558	$ 280,514

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)13

Description of Filing Requirement:

Gallons of water projected to be sold (water);

Response:

Not applicable to a gas utility.

Responsible Witness:

None

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)14

Description of Filing Requirement:

Customer forecast (gas, water);

Response:

Please refer to the attached.

Responsible Witness:

William J. Gresham

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2016-00162
CUSTOMER FORECAST
CALENDAR YEARS 2016 - 2019

DATA:______BASE PERIOD___X___FORECASTED PERIOD
TYPE OF FILING:___X____ORIGINAL________UPDATED

LINE NO.	DESCRIPTION	PROJECT CALENDAR YEARS [2] 2016	2017	2018	2019
1	SALES CUSTOMERS BY CLASS				
2	RESIDENTIAL	97,305	97,362	97,465	97,595
3	COMMERCIAL [1]	9,953	9,980	10,009	10,041
4	INDUSTRIAL [1]	104	104	104	104
5	PUBLIC UTILITIES INCLUDED IN COMMERCIAL				
6	OTHER	-	-	-	-
7	TOTAL SALES CUSTOMERS	107,362	107,446	107,578	107,740
8	TRANSPORTATION CUSTOMERS BY CLASS				
9	RESIDENTIAL	23,530	23,543	23,568	23,599
10	COMMERCIAL	4,236	4,247	4,258	4,271
11	INDUSTRIAL	75	75	75	75
12	TOTAL TRANSPORTATION CUSTOMERS	27,841	27,865	27,901	27,945
13	TOTAL CUSTOMERS	135,203	135,311	135,479	135,685

[1] Customer class includes fallback schedule for transportation customers.
[2] Projected customer counts are at year end.

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)15

Description of Filing Requirement:

Sales volume forecasts – cubic feet (gas);

Response:

Please refer to the attached.

Responsible Witness:

William J. Gresham

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2016-00162
SALES VOLUME FORECASTS - HUNDRED CUBIC FEET (GAS)
FOR CALENDAR YEARS 2016 - 2019

DATA:______BASE PERIOD___X___FORECASTED PERIOD
TYPE OF FILING:___X____ORIGINAL________UPDATED

LINE NO.	DESCRIPTION	ANNUAL VOLUME [1] 2016	2017	2018	2019
1	SALES VOLUMES BY CLASS				
2	RESIDENTIAL	63,390,000	62,530,000	62,450,000	62,300,000
3	COMMERCIAL	31,190,000	31,220,000	31,130,000	31,090,000
4	INDUSTRIAL	1,220,000	1,220,000	1,220,000	1,220,000
5	PUBLIC UTILITIES INCLUDED IN COMMERCIAL	-	-	-	-
6	OTHER	-	-	-	-
7	TOTAL SALES VOLUMES	95,800,000	94,970,000	94,800,000	94,610,000
8	TRANSPORTATION VOLUMES BY CLASS				
9	RESIDENTIAL	17,300,000	17,070,000	17,030,000	16,980,000
10	COMMERCIAL	45,300,000	45,200,000	45,170,000	45,150,000
11	INDUSTRIAL	163,200,000	162,690,000	162,850,000	159,850,000
12	TOTAL TRANSPORTATION VOLUMES	225,800,000	224,960,000	225,050,000	221,980,000
13	TOTAL THROUGHPUT	321,600,000	319,930,000	319,850,000	316,590,000

[1] Forecasted throughput does not include unbilled volumes.

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)16

Description of Filing Requirement:

Toll and access forecast of number of calls and number of minutes (telephone); and

Response:

Not applicable to a gas utility.

Responsible Witness:

None

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(h)17

Description of Filing Requirement:

A detailed explanation of other information provided, if applicable

Response:

Not applicable.

Responsible Witness:

None

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(i)

Description of Filing Requirement:

The most recent Federal Energy Regulatory Commission or Federal Communications Commission audit reports;

Response:

Columbia Gas of Kentucky, Inc. is not audited by the Federal Energy Regulatory Commission.

Responsible Witness:

None

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(j)

Description of Filing Requirement:

The prospectuses of the most recent stock or bond offerings;

Response:

Please refer to the attached.

Responsible Witness:

Jana T. Croom

NISOURCE INC/DE

FORM 424B5
(Prospectus filed pursuant to Rule 424(b)(5))

Filed 10/04/13

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

Filed Pursuant to Rule 424(b)(5)
File Nos. 333-170385 and 333-170385-01

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
5.65% Notes due 2045	$500,000,000	$64,400

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933. The fee will be paid by wire transfer within the time required by Rule 456(b) of the Securities Act of 1933

Filed Pursuant to Rule 424(b)(5)
File Nos. 333-170385 and 333-170385-01

Prospectus Supplement
(To Prospectus dated November 5, 2010)

$500,000,000

NiSource Finance Corp.

5.65% Notes due 2045

Unconditionally Guaranteed by NiSource Inc.

The Notes will mature on February 1, 2045. The Notes will bear interest at a rate of 5.65% per year. Interest on the Notes will be paid semi-annually in arrears on February 1 and August 1 of each year, beginning February 1, 2014.

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 issued in denominations of $1,000 and integral multiples of $1,000 in excess thereof.

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.

	Per Note	Total
Price to Public (1)	99.341%	$496,705,000
Underwriting Discount	0.875%	$ 4,375,000
Proceeds, before expenses, to us (1)	98.466%	$492,330,000

(1) Plus accrued interest, if any, from October 10, 2013.

The Notes will constitute a new issue of securities without an established trading market. The Notes will not be listed on any securities exchange or quoted on any automated dealer quotation system. Currently, there is no 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 October 10, 2013.

Joint Book-Running Managers

Citigroup **Mitsubishi UFJ Securities** **Wells Fargo Securities**

Senior Co-Managers

BBVA **BNP PARIBAS** **Mizuho Securities**

Co-Managers

Fifth Third Securities, Inc. **Huntington Investment Company** **PNC Capital Markets LLC**

The date of this prospectus supplement is October 3, 2013.

Table of Contents

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 prospectus supplement or to which we or the underwriters have referred you. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. This prospectus supplement and the accompanying prospectus may only be used where it is legal to sell these securities. The information in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein may only be accurate as of their respective dates. Our business, financial condition, prospects and results of operations may have changed since those dates.

TABLE OF CONTENTS

SUMMARY

This summary highlights certain information contained in this prospectus supplement. 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 carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including the historical financial statements and notes to those financial statements contained 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 NiSource's Annual Report on Form 10-K for the year ended December 31, 2012 and in NiSource's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013 for more information about important risks that you should consider before investing in the Notes. References to "NiSource" refer to NiSource Inc., and references to "NiSource Finance" refer to NiSource Finance Corp. Unless the context requires otherwise, "we," "us" or "our" refer collectively to NiSource and its subsidiaries, including NiSource Finance.

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. 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; NiSource Gas Distribution Group, Inc., a natural gas distribution company providing services to customers in the Midwest, the Mid-Atlantic and Massachusetts; and Northern Indiana Public Service Company, a vertically-integrated natural gas and electric company providing service to customers in northern Indiana. NiSource derives substantially all its revenues and earnings from the operating results of its subsidiaries. Our primary business segments are:

- Gas Distribution Operations;
- Columbia Pipeline Group 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 seven states and operate approximately 58 thousand miles of pipeline. Through our wholly-owned subsidiaries, NiSource Gas Distribution Group, Inc. and, Columbia Energy Group, we own six distribution subsidiaries that provide natural gas to approximately 2.5 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland and Massachusetts. We also distribute natural gas to approximately 798 thousand customers in northern Indiana through our wholly-owned subsidiary Northern Indiana Public Service Company.

Columbia Pipeline Group Operations. Our Columbia Pipeline Group operations own and operate approximately 15 thousand miles of pipeline and operate one of the nation's largest underground natural gas storage systems, capable of storing approximately 637.8 billion cubic feet of natural gas. Through our subsidiaries Columbia Gas Transmission LLC, Columbia Gulf Transmission, LLC, NiSource Midstream

Services, LLC and Crossroads Pipeline Company, we own and operate an interstate pipeline network extending from the Gulf of Mexico to New York and the eastern seaboard. Together, these companies serve customers in 16 Northeastern, Mid-Atlantic, Midwestern and Southern states and the District of Columbia. Our subsidiary NiSource Energy Ventures (NEVCO) manages the company's mineral rights positions in the Marcellus and Utica shale areas.

Electric Operations. Through our subsidiary Northern Indiana Public Service Company, we generate, transmit and distribute electricity to approximately 458 thousand customers in 20 counties in the northern part of Indiana and engage in wholesale and transmission transactions. Northern Indiana Public Service Company owns and operates three coal-fired electric generating stations. The three operating facilities have a net capability of 2,540 megawatts. Northern Indiana Public Service Company also owns and operates Sugar Creek, a combined cycle gas turbine plant with a net capability of 535 megawatts, four gas-fired generating units located at Northern Indiana Public Service Company's coal-fired electric generating stations with a net capability of 206 megawatts and two hydroelectric generating plants with a net capability of 10 megawatts. These facilities provide for a total system operating net capability of 3,291 megawatts. Northern Indiana Public Service Company's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,800 circuit miles. Northern Indiana Public Service Company is interconnected with five neighboring electric utilities. During the year ended December 31, 2012, Northern Indiana Public Service Company generated 74.1% and purchased 25.9% of its electric requirements.

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.

Table of Contents

The Offering

Issuer	NiSource Finance Corp.
Securities Offered	$500,000,000 aggregate principal amount of 5.65% Notes due 2045.
Guarantee	NiSource Inc. will fully and unconditionally guarantee all the obligations of NiSource Finance under the Notes.
Maturity Date	The Notes will mature on February 1, 2045.
Interest Rate	The interest rate on the Notes will be 5.65% per annum.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on February 1 and August 1 of each year, commencing February 1, 2014.
Optional Redemption	Prior to August 1, 2044, we may redeem some or all of the Notes at any time at a redemption price equal to the greater of (1) the principal amount of the Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date and (2) a “make-whole” amount based on the yield of a comparable U.S. Treasury security plus 0.30%. On or after August 1, 2044, we may redeem some or all of the Notes at any time at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date. See the “Supplemental Description of the Notes — Optional Redemption” section of this prospectus supplement for more information.
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 underwriting discount but before deducting other fees and expenses related to the offering, will be approximately $492.3 million. We intend to use the net proceeds from the offering to repay short-term borrowings under our commercial paper program and for general corporate purposes. See the “Use of Proceeds” section of this prospectus supplement for more information.
Conflict of Interest	Because 5% or more of the net proceeds may be paid to one or more underwriters participating in this offering or their affiliates, there is a “conflict of interest” under Rule 5121 of the Financial Industry Regulatory Authority, Inc. Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121. See the “Use of Proceeds” and “Underwriting—Conflict of Interest” sections of this prospectus supplement for more information.
Additional Notes	We may, without the consent of the holders of the Notes, create and issue additional Notes of a series ranking equally with the Notes 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 and would have the same terms as to status, redemption or otherwise as the Notes. See the “Supplemental Description of the Notes” section of this prospectus supplement for more information.

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, 2012 and in NiSource's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013, 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. In addition, the risks 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 June 30, 2013 our operating subsidiaries (which do not include NiSource Finance, NiSource Capital Markets, Inc. and NiSource Development Company) had approximately $788.7 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.

There is no prior public market for the Notes, and we cannot assure you that any public market will develop or be sustained after the offering.

The Notes will constitute a new issue of securities without an established trading market. We have been advised by the underwriters that they may make a market in the Notes, but they have no obligation to do so and may discontinue market making at any time without providing notice. There can be no assurance that a market for the Notes will develop or, if it does develop, that it will continue. If an active public market does not develop, the market price and liquidity of the Notes may be adversely affected. Furthermore, we do not intend to apply for listing of the Notes on any securities exchange or automated quotation system.

INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" information into this prospectus supplement and the accompanying 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 supplement and the accompanying prospectus. Information that NiSource files with the SEC after the date of this prospectus supplement will automatically modify and supersede the information contained or incorporated by reference in this prospectus supplement and the accompanying 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, 2012;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013;
- our Current Reports on Form 8-K filed January 25, 2013, April 12, 2013, May 16, 2013 and October 1, 2013; and
- any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") until we sell all of the securities offered by this 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: Robert E. Smith, 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 underwriting discount but before deducting other fees and expenses related to the offering, will be approximately $492.3 million. We intend to use the net proceeds from this offering (1) to repay short-term borrowings under our commercial paper program having a weighted average annual interest rate of 0.67% as of September 30, 2013, and (2) for general corporate purposes. As of September 30, 2013, the outstanding amount of short term borrowings under our commercial paper program was $612.5 million. Affiliates of one or more of the underwriters may hold our commercial paper and may, in such capacities, receive a portion of the net proceeds from this offering through the repayment of borrowings outstanding under our commercial paper program. See the "Underwriting—Conflict of Interest" section of this prospectus supplement for more information.

Table of Contents

CAPITALIZATION

The following table shows our capitalization and short-term indebtedness at June 30, 2013 (1) on an actual consolidated basis and (2) on a consolidated basis as adjusted to reflect (i) the issuance and sale of $500 million principal amount of the Notes and (ii) the use of the net proceeds as set forth under "Use of Proceeds" in this prospectus supplement. This table should be read in conjunction with our consolidated financial statements and related notes for the six months ended June 30, 2013 incorporated by reference in this prospectus supplement and accompanying prospectus. See "Incorporation by Reference" in this prospectus supplement.

	June 30, 2013	
	Actual	As Adjusted (1)
	(in millions)	
Cash and cash equivalents	$ 44.5	$ 44.5
Short-term borrowings (including current portion of long-term debt)	$ 448.4	$ 0.0
Long-term debt (excluding amounts due within one year)	$ 7,616.7	$ 8,065.1
Common stockholders' equity	$ 5,702.7	$ 5,702.7
Total capitalization	$13,319.4	$ 13,767.8

(1) Assumes that all proceeds are used to repay short-term borrowings, which, at September 30, 2013, aggregated $612.5 million. Because short-term borrowings as of June 30, 2013 were less than the net proceeds, in the table above, the proceeds in excess of short-term borrowings ($43.9 million) were applied to reduce long-term debt.

RATIOS OF EARNINGS TO FIXED CHARGES

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

Six Months Ended June 30, 2013	Fiscal Year Ended December 31, 2012	2011	2010	2009	2008
2.92	2.38	2.07	1.97	1.87	2.26

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 (before allowance for borrowed funds used during construction), 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 as of November 14, 2000, that we have entered into with The Bank of New York Mellon (as successor in interest 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 February 1, 2045, subject to earlier redemption at our option as described under "— Optional Redemption." The Notes will bear interest at a rate of 5.65% per annum from and including October 10, 2013, payable semi-annually in arrears on February 1 and August 1 of each year, beginning February 1, 2014. Interest payable on each interest payment date for the Notes will be paid to the persons in whose name the Notes are registered at the close of business on each January 15 and July 15 (whether or not a business day).

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

Prior to August 1, 2044 (the date that is six months prior to the stated maturity of the Notes), we may redeem some or all of the Notes at any time at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date and (2) the Make-Whole Amount. On or after August 1, 2044, we may redeem some or all of the Notes at any time at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

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 and unpaid 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 assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) 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 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 us, 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 us 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 will be issued in denominations of $1,000 and integral multiples of $1,000 in excess thereof.

Additional Notes

We may, without the consent of the holders of the Notes, create and issue additional Notes ranking equally with the Notes 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 and would have the same terms as to status, redemption or otherwise as the Notes. No additional Notes may be issued if an Event of Default under the Indenture 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, holding or disposition (including by way of redemption) 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, held and disposed of 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 transactions involving insurance company pooled separate accounts; PTCE 91-38, respecting transactions involving bank collective investment funds; PTCE 95-60, respecting transactions involving 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 an ERISA Plan and a person or entity that is a party in interest to such ERISA Plan solely by reason of providing services to the ERISA Plan or an affiliation with such a service provider (other than a party in interest that is a fiduciary with respect to the assets of the ERISA Plan involved in the transaction, or an affiliate of such a fiduciary), provided that the ERISA Plan pays no more than, and receives no less than, adequate consideration in connection with the transaction, may be applicable to the acquisition, holding and disposition of the Notes. There can be no assurance that all of the conditions for relief under any of the foregoing exemptions will be satisfied in connection with a particular ERISA Plan's acquisition, holding or disposition of the Notes, or that such relief will be available for all prohibited transactions that might arise in connection with a particular ERISA Plan's investment in the Notes.

Because of the foregoing, the Notes should not be acquired by any person investing “plan assets” of any Plan, unless the purchase, holding and disposition (including by way of redemption) of the Notes 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 either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Note constitutes assets of any Plan, or (ii) the purchase, holding and disposition (including by way of redemption) 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 violate any applicable similar laws.

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, holding and disposition (including by way of redemption) of the Notes.

Table of Contents

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 each of the underwriters has 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
Citigroup Global Markets Inc.	$ 125,000,000
Mitsubishi UFJ Securities (USA), Inc.	$ 125,000,000
Wells Fargo Securities, LLC	$ 125,000,000
BBVA Securities Inc.	$ 25,000,000
BNP Paribas Securities Corp.	$ 25,000,000
Mizuho Securities USA Inc.	$ 25,000,000
Fifth Third Securities, Inc.	$ 16,667,000
The Huntington Investment Company	$ 16,667,000
PNC Capital Markets LLC	$ 16,666,000
Total	$ 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 initially at the public offering price on the cover page of this prospectus supplement and to certain dealers at that price less a selling concession of 0.525% of the principal amount per Note. The underwriters may allow and those certain dealers may reallow a discount of 0.315% of the principal amount per Note on sales to certain other dealers. After the initial public offering of the Notes, the public offering price and other selling terms may be changed.

We estimate that our total expenses for this offering, excluding the underwriting discount, 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 of 1933, as amended 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 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 underwriters 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 prices that might otherwise exist in the open market. The underwriters are not required to engage in these transactions and these transactions, if commenced, may be discontinued at any time.

It is expected that delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this prospectus supplement, which is the fifth business day following the date of this prospectus supplement (such settlement cycle being referred to as "T+5"). Under Rule 15(c)6-1 under the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this prospectus supplement or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of this prospectus supplement or the next succeeding business day should consult their own advisors.

Other Relationships

Certain of the underwriters and their affiliates have provided and in the future may continue to provide investment banking, commercial banking, corporate trust and other financial services, including the provision of credit facilities, to us and our affiliates in the ordinary course of business for which they have received and will receive customary compensation.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own accounts and for the accounts of their customers, and such investments and securities activities may involve our securities and/or instruments. Certain of the underwriters and their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect to such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Conflict Of Interest

We intend to use a portion of the net proceeds to us from the sale of the Notes to repay short-term borrowings under our commercial paper program. Affiliates of one or more of the underwriters may hold our commercial paper. Because 5% or more of the net proceeds may be paid to one or more underwriters participating in this offering or their affiliates, there is a "conflict of interest" under Rule 5121 of the Financial Industry Regulatory Authority, Inc. Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121. Any underwriter participating in the offering that receives 5% or more of the net proceeds will not confirm any sales to accounts over which it exercises discretionary authority without first receiving specific written approval for the transaction from those accounts. See the "Use of Proceeds" section of this prospectus supplement for more information.

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 Hunton & Williams LLP, New York, New York.

EXPERTS

The consolidated financial statements and related financial statement schedules, incorporated in this prospectus supplement by reference from NiSource Inc.’s Annual Report on Form 10-K, 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. Such consolidated financial statements and 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.

Table of Contents

PROSPECTUS

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 November 5, 2010.

TABLE OF CONTENTS

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's public reference room 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, 2009;

- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2010, June 30, 2010 and September 30, 2010;
- our Current Reports on Form 8-K dated January 28, 2010, February 19, 2010, February 26, 2010, May 14, 2010, August 26, 2010 and September 14, 2010; 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.

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. You should read carefully 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, 2009 and in NiSource's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010, 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 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, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, and the matters set forth in the "Risk Factors" sections of NiSource's 2009 Form 10-K and 2010 Forms 10-Q, 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. 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 Columbia Gas of Massachusetts (formerly known as Bay State Gas Company), a natural gas distribution company serving customers in Massachusetts. 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 seven 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 subsidiary Columbia Gas of Massachusetts distributes natural gas to approximately 294 thousand customers in Massachusetts.

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 639 billion cubic feet of natural gas. Through our subsidiaries Columbia Gas Transmission LLC, Columbia Gulf Transmission Company and Crossroads Pipeline

Company, we own and operate an interstate pipeline network extending from the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, these companies serve customers in 16 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 457 thousand customers in 20 counties in the northern part of Indiana and engage in wholesale and transmission transactions. Northern Indiana Public Service Company owns four and operates three coal-fired electric generating stations. The three operating facilities have a net capability of 2,574 megawatts. Northern Indiana Public Service Company also operates Sugar Creek, a combined cycle gas turbine plant with a 535 megawatt capability rating, four gas-fired generating units located at Northern Indiana's coal fired electric generating stations with a net capability of 203 megawatts and two hydroelectric generating plants with a net capability of 10 megawatts. These facilities provide for a total system operating net capability of 3,322 megawatts. Northern Indiana Public Service Company's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,792 circuit miles. Northern Indiana Public Service Company is interconnected with five neighboring electric utilities. During the year ended December 31, 2009, Northern Indiana Public Service Company generated 85.2% and purchased 14.8% of its electric requirements.

Our executive offices are located at 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

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	Fiscal Year Ended December 31				
September 30, 2010	2009	2008	2007	2006	2005
2.21	1.91	2.31	2.14	2.30	1.95

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.

Table of Contents

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 the stockholders of NiSource to fill such a vacancy or newly-created directorship, it may be filled only by the 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 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 Mellon (as successor in interest to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank), as trustee. The Bank of New York Mellon, 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 regulatory restrictions. Such regulatory restrictions include a requirement imposed in the August 25, 2010 order of the Indiana Utility Regulatory Commission issued in the electric rate case filed by Northern Indiana Public Service Company. This order provides that, before Northern Indiana Public Service Company may declare or pay any dividend, it must file a report with the IURC detailing the proposed dividend and certain financial information. If within 20 calendar days the IURC does not initiate a proceeding to further explore the implications of the proposed dividend, it will be deemed approved. In addition, Northern Indiana Public Service Company's debt indenture 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.

Table of Contents

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 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 and related financial statement schedules of NiSource Inc. and subsidiaries, incorporated in this prospectus by reference from NiSource Inc.'s Annual Report on Form 10-K, 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. Such consolidated financial statements and 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.

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(k)

Description of Filing Requirement:

The most recent Federal Energy Regulatory Commission Form 1 (electric), Federal Energy Regulatory Commission Form 2 (gas), or Public Service Commission Form T (telephone);

Response:

Please refer to the attached.

Responsible Witness:

Jana T. Croom

Check appropriate box:

☒ An Original Signed Form

☐ Conformed Copy

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

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

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

Exact Legal Name of Respondent (Company)	Year of Report
Columbia Gas of Kentucky, Inc.	December 31, 2015

GENERAL INFORMATION

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

Statement of Income	114-116
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122

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 copies 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 from the original submission. Submit the same number of copies as required for filing the form. Include with the

resubmission the Identification and Attestation, page 1. Mail dated resubmissions to:
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."

FERC FORM NO. 2:
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, 2015
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 Linda L. Moore	06 Title of Contact Person Assistant Controller - Columbia Gas
07 Address of Contact person *(Street, City, State, Zip Code)* 290 W. Nationwide Blvd., Columbus, OH 43215	

08 Telephone of Contact Person, Including Area Code (614) 460-4883	09 This report is [X] An Original [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* March 31, 2016

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 Linda L. Moore	12 Title Assistant Controller - Columbia Gas
13 Signature Linda L Moore	14 Date Signed 3/24/2016

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.

Valerie Johnson

Valerie J. Johnson
Notary Public
My Comm. ... 5/11/19

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, 2016	Dec. 31, 2015

List of Schedules (Natural Gas Company)

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

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
	GENERAL CORPORATE INFORMATION and FINANCIAL STATEMENTS			
1	General Information	101		
2	Control over Respondent	102		
3	Security Holders and Voring Powers	107		
4	Important Changes During thre Year	108		
5	Comparative Balance Sheet	110-113		
6	Statement of Income for the Year	114-116		
7	Statement of Accumulated Comprehensive Income and Hedging Activities	117		
8	Statement of Retained Earnings for the Year	118-119		
9	Statement of Cash Flows	120-121		
10	Notes to Financial Statements	122		
	BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)			
11	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
12	Gas Plant in Service	204-209		
13	Gas Property and Capacity Leased from Others	212		
14	Gas Property and Capacity Leased to Others	213		
15	Gas Plant Held for Future Use	214		
16	Construction Work in Progress - Gas	216		
17	General Description of Construction Ovehead Procedures	218		
18	Accumulated Provision for Depreciation of Gas Utility Plant	219		
19	Gas Stored	220		
20	Investments	222-223		
21	Investments in Subsidiary Companies	224-225		
22	Prepayments	230		
23	Extraordinary Property Losses	230		
24	Unrecovered Plant and Regulatory Study Costs	230		
25	Other Regulatory Assets	232		
26	Miscellaneous Deferred Debits	233		
27	Accumulated Deferred Income Taxes	234-235		
	BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)			
28	Capital Stock	250-251		
29	Conversion, Premium on Capital Stock, and Installments Received on Captial Stock	252		
30	Other Paid in Capital	253		
31	Discount on Capital Stock	254		
32	Capital Stock Expense	254		
33	Securities issued or Assumed and Securities Refunded or Retired during the Year	255		
34	Long-Term Debt	256-257		
35	Unamortized Debt Expense, Premium, and Discount on Long-Term Debt	258-259		
36	Unamortized Loss and Gain on Reacquired Debt	260		

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, 2016	Dec. 31, 2015

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".

☐ Four copies will be submitted

☐ No annual report for stockholders is prepared

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, 2016	Dec. 31, 2015

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.

Linda L. Moore, Assistant Controller-Columbia Gas
290 W. Nationwide Blvd
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, Kentucky, 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	This Report Is:	Date of Report (Mo,Da,Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	03/31/2016	End of 2015/Q4

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	NiSource Inc.	M	Delaware	100%
2	NiSource Gas Distribution Group, Inc.	D	Delaware	100%

Next page is 107

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, 2016	Dec 31, 2015

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:
July 1, 2015 Sole Shareholder Election of Directors	Total: 952,248 By proxy: ---	July 1, 2015 By Unanimous Written Consent

Line No.	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES 4. Number of votes as of (d of December 31, 2015 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	NiSource Gas Distribution Group, Inc.				
10	290 W. Nationwide Blvd.				
11	Columbus, OH 43215				
12					
13					
14					
15					
16					
17					

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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, 2016	Dec. 31, 2015

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. None
7. None
8. None

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, 2016	Dec. 31, 2015

IMPORTANT CHANGES DURING THE YEAR (Continued)

9. None
10. None
11. None

Next page is 110

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	3/31/2016	End of 2015/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)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	393,846,282	364,022,347
3	Construction Work in Progress (107)	200-201	6,925,340	6,116,231
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	400,771,622	370,138,578
5	*(Less)* Accum Provision for Depr, Amort, Depl (108,111,115)		141,164,274	135,601,420
6	Net Utility Plant (Total of line 4 less 5)		259,607,348	234,537,158
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)		259,607,348	234,537,158
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	518,431	499,003
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)		0	0
28	Long - Term Portion of Derivative Assets (175)		0	0
29	Long - Term Portion of Derivative Assets - Hedges (176)		0	0
30	TOTAL Other Property and Investments (Total of lines 17-20, 22-29)		518,431	499,003
31	**CURRENT AND ACCRUED ASSETS**			
32	Cash (131)		733,988	1,019,403
33	Special Deposits (132-134)		0	0
34	Working Funds (135)		0	0
35	Temporary Cash Investments (136)	222-223	16,923	794,512
36	Notes Receivable (141)		0	0
37	Customer Accounts Receivable (142)		8,411,690	12,996,809
38	Other Accounts Receivable (143)		(2,224,029)	3,308,568
39	*(Less)* Accum Provision for Uncollectible Accounts - Credit (144)		388,637	546,488
40	Notes Receivable from Associated Companies (145)		0	0
41	Accounts Receivable from Associated Companies (146)		5,794,133	6,658,863
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*) 3/31/2016	Year of Report End of 2015/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)		90,458	80,167
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	46,381,520	50,985,513
53	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	0	0
54	Prepayments (165)	230	579,096	590,328
55	Advances for Gas (166 thru 167)		0	0
56	Interest and Dividends Receivable (171)		0	0
57	Rents Receivable (172)		0	0
58	Accrued Utility Revenues (173)		7,751,296	13,399,424
59	Miscellaneous Current and Accrued Assets (174)		3,252,373	2,883,867
60	Derivative Instrument Assets (175)		0	0
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)		70,398,811	92,170,966
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	13,571,036	11,147,970
70	Preliminary Survey and Investigation Charges (Electric) (183)		0	0
71	Prelim. Survey and Investigation Charges (Gas) (183.1 and 183.2)		607,091	719,721
72	Clearing Accounts (184)		0	0
73	Temporary Facilities (185)		0	0
74	Miscellaneous Deferred Debits (186)	233	3,422,129	3,119,302
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	8,125,459	9,688,144
79	Unrecovered Purchased Gas Costs (191)		(12,304,136)	1,255,725
80	TOTAL Deferred Debits (Total of lines 66 thru 79)		13,421,579	25,930,862
81	TOTAL Assets and Other Debits (Total of lines 10-15, 30,64 and 80)		343,946,169	353,137,989

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	3/31/2016	End of 2015/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	6,518,524	5,717,473
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	84,098,593	80,976,942
12	Unappropriated Undistributed Subsidiary Earnings (216 1)	118-119	0	0
13	*(Less)* Reacquired Capital Stock (217)	250-251	0	0
14	Accumulated Other Comprehensive Income (219)	117	0	0
15	TOTAL Proprietary Capital (Total of lines 2 thru 14)		114,423,317	110,500,615
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	87,585,000	98,335,000
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)		87,585,000	98,335,000
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)		101,201	104,416
29	Accumulated Provision for Pensions and Benefits (228 3)		7,473,194	6,416,076
30	Accumulated Miscellaneous Operating Provisions (228 4)		0	0
31	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	3/31/2016	End of 2015/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)			
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)		7,574,395	6,520,492
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Current Portion of Long-term Debt		0	0
38	Notes Payable (231)		0	0
39	Accounts Payable (232)		7,612,728	17,118,375
40	Notes Payable to Associated Companies (233)		10,750,000	0
41	Accounts Payable to Associated Companies (234)		3,328,858	5,367,314
42	Customer Deposits (235)		2,470,240	2,597,046
43	Taxes Accrued (236)	262-263	3,191,930	4,628,085
44	Interest Accrued (237)		2,261	2,151
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)		1,121,017	1,857,679
49	Miscellaneous Current and Accrued Liabilities (242)	268	20,817,496	27,958,630
50	Obligations Under Capital Leases - Current (243)		0	0
51	Derivative Instrument Liabilites (244)		0	687,600
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)		49,294,530	60,216,880
56	**DEFERRED CREDITS**			
57	Customer Advances for Construction (252)		3,419,199	3,102,127
58	Accumulated Deferred Investment Tax Credits (255)		211,813	278,185
59	Deferred Gains from Disposition of Utility Plant (256)		0	0
60	Other Deferred Credits (253)	269	934,116	1,038,489
61	Other Regulatory Credits (254)	278	4,831,498	5,350,186
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)		73,311,187	65,404,984
65	Accumulated Deferred Income Taxes - Other (283)		2,361,114	2,391,031
66	TOTAL Deferred Credits (Total of lines 57 thru 65)		85,068,927	77,565,002
67	TOTAL Liabilities and Other Credits (Total of lines 15,24,35,55 and 66)		343,946,169	353,137,989

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	03/31/2016	End of 2015/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)	 Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Gas Operating Revenues (400)	300-301	131,959,955	168,058,852
3	Operating Expenses			
4	Operation Expenses (401)	317-325	94,775,108	130,503,384
5	Maintenance Expenses (402)	317-325	3,774,971	2,925,021
6	Depreciation Expense (403)	336-338	7,270,278	6,687,567
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338		
8	Amort. & Depl. of Utility Plant (404-405)	336-338	1,090,764	910,947
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	3,761,012	3,400,268
15	Income Taxes - Federal (409.1)	262-263	(1,755,540)	(752,545)
16	Income Taxes - Other (409.1)	262-263	111,760	535,882
17	Provision for Deferred Income Taxes (410.1)	234-235	26,533,960	19,951,249
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234-235	16,811,558	12,363,518
19	Investment Tax Credit Adj. - Net (411.4)		(66,372)	(74,700)
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		118,684,383	151,723,555
	(Enter Total of lines 4 thru 24)			
26	Net Utility Operating Income (Enter Total of		13,275,572	16,335,297
	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	03/31/2016	End of 2015/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.
[redacted]						1
		131,959,955	168,058,852		-	2
[redacted]						3
		94,775,108	130,503,384	-	-	4
		3,774,971	2,925,021	-	-	5
		7,270,278	6,687,567	-	-	6
						7
		1,090,764	910,947	-	-	8
		0	0	-	-	9
		0	0	-	-	10
		0	0	-	-	
		0	0	-	-	11
		0	0	-	-	12
		0	0	-	-	13
		3,761,012	3,400,268	-	-	14
		(1,755,540)	(752,545)	-	-	15
		111,760	535,882	-	-	16
		26,533,960	19,951,249	-	-	17
		16,811,558	12,363,518	-	-	18
		(66,372)	(74,700)	-	-	19
		0	0	-	-	20
		0	0	-	-	21
		0	0	-	-	22
		0	0	-	-	23
						24
		118,684,383	151,723,555	-	-	25
		13,275,572	16,335,297	-	-	26

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	03/31/2016	End of 2015/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 End of Previous Year (In Dollars) (d)
27	Net Utility Operating Income (Carried Forward from page 114)		13,275,572	16,335,297
28	OTHER INCOME AND DEDUCTIONS			
29	Other Income			
30	Nonutility Operating Income			
31	Revenues From Merchandising, Jobbing and Contract Work (415)		0	0
32	(Less) Costs and Exp. Of Merchandising, Job & Contract Work (416)		0	0
33	Revenues From Nonutility Operations (417)		447,088	533,952
34	(Less) Expenses of Nonutility Operations (417.1)		0	0
35	Nonoperating Rental Income (418)		0	0
36	Equity in Earnings of Subisidiary Companies (418.1)	119	13,410	26,319
37	Interest and Dividend Income (419)		319,354	475,497
38	Allowance for Other Funds Used During Construction (419.1)		0	0
39	Miscellaneous Nonoperations Income (421)		2,250,773	1,174,676
40	Gain on Disposition of Property (421.1)		0	0
41	TOTAL Other Income (Total of Lines 31 Thru 40)		3,030,625	2,210,444
42	OTHER INCOME DEDUCTIONS			
43	Loss on Disposition of Property (421.2)		0	0
44	Miscellaneous Amortization (425)		(4,585)	0
45	Donations (426.1)	340	159,760	178,508
46	Life Insurance (426.2)		0	0
47	Penalties (426.3)		96	129
48	Expenditures for Certain Civic, Political and Related Activities (426.4)		0	0
49	Other Deductions (426.5)		250,675	236,965
50	TOTAL Other Income Deductions (Total of Lines 43 Thru 49)	340	405,946	415,602
51	TAXES APPLIC TO OTHER INCOME AND DEDUCTIONS			
52	Taxes Other Than Income Taxes (408.2)	262-263	0	0
53	Income Taxes - Federal (409.2)	262-263	(474,411)	676,595
54	Income Taxes - Other (409.2)	262-263	132,225	106,474
55	Provision for Deferred Income Taxes (410.2)	234-235,274-277	559,475	6,793
56	(Less) Provision for Deferred Income Taxes - Credit (411.2)	234-235,274-277	1,053,570	92,780
57	Investment Tax Credit Adj. - Net (411.5)		0	0
58	(Less) Investment Tax Credits (420)		0	0
59	TOTAL Taxes on Other Income and Deductions (Total of Lines 52-58)		(836,281)	697,082
60	NET Other Income and Deductions (Total of Lines 41, 50, 59)		3,460,960	1,097,760
61	INTEREST CHARGES			
62	Interest on Long Term Debt (427)		0	0
63	Amort. Of Debt Disc. and Expense (428)	258-259	0	0
64	Amortization of Loss on Reaquired Debt (428.1)		0	0
65	(Less) Amort. of Premium on Debt-Credit (429)	258-259	0	0
66	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)		0	0
67	Interest on Debt to Associated Companies (430)	340	5,723,520	5,510,994
68	Other Interest Expense (431)	340	(2,455)	1,961
69	(Less) Allowance for Borrowed Funds Used During Const. - Cr. (432)		106,184	151,872
70	NET Interest Charges (Total of Lines 62 Thru 69)		5,614,881	5,361,083
71	Income Before Extraordinary Items (Total of Lines 27, 60, 70)		11,121,651	12,071,974
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)		11,121,651	12,071,974

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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, 2016	Year of Report Dec. 31, 2015

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				
6	Balance of Account 219 at Beginning of Current Year				
7	Current Year Reclassifications from Account 219 to Net Income				
8	Current Year Changes in Fair Value				
9	Total (lines 7 and 8)				
10	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, 2016	Year of Report Dec. 31, 2015

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 78) (i)	Total Comprehensive Income (j)
1				[redacted]	[redacted]
2				[redacted]	[redacted]
3				[redacted]	[redacted]
4				12,071,974	12,071,974
5				[redacted]	[redacted]
6				[redacted]	[redacted]
7				[redacted]	[redacted]
8				[redacted]	[redacted]
9				11,121,651	11,121,651
10				[redacted]	[redacted]

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, 2016	Dec. 31, 2015

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

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

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Year Amount (in dollars) (c)	Previous Year Amount (in dollars) (d)
	UNAPPROPRIATED RETAINED EARNINGS			
1	Balance-Beginning of Year		80,976,942	70,904,968
2	Changes(Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)* *see footnote at bottom*			
4	TOTAL Credits to Retained Earnings (Account 439) (footnote details)		0	0
5	TOTAL Debits to Retained Earnings (Account 439) (footnote details)		0	0
6	Balance Transferred from Income (Acct 433 less Acct 418 1)		11,121,651	12,071,974
7	Appropriations of Retained Earnings (Account 436)			
8	TOTAL Appropriations of Retained Earnings (Account 436)			
9	Dividends Declared- Preferred Stock (Account 437)			
10	TOTAL Dividends Declared -Preferred Stock (Account 437)			
11	Dividends Declared - Common Stock (Account 438)			
11 01	Common Stock Dividends		8,000,000	2,000,000
11 02				
11 03				
12	TOTAL Dividends Declared -Common Stock (Account 438) (Total of Lines 11 01 thru 11 03)		8,000,000	2,000,000
12a	Rounding Adjustment		0	0
13	Transfers from Account 216 1, Unappropriated Undistributed Subsidiary Earnings			
14	Balance-End of Year (Total of lines 1,4,5,6,8,10,12 and 13)		84,098,593	80,976,942
	APPROPRIATED RETAINED EARNINGS (Account 215)			
15	TOTAL Appropriated Retained Earnings (Account 215)(footnote)			
	APPROPRIATED RETAINED EARNINGS-AMORTIZED RESERVE,FEDERAL(Account 215.1)			
16	TOTAL Appropriated Retained Earnings-Amortization Reserve,Federal (Account 215.1)			
17	TOTAL Appropriated Retained Earnings(Accounts 215,215.1) Total of Lines			
18	Total Retained Earnings (Accounts 215,215.1,216)(Totals of Line 14 and 18)		84,098,593	80,976,942
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS(Account 216.1)			
19	Balance-Beginning of Year(Debit or Credit)			
20	Equity in Earnings for Year(Credit)(Account 418.1)			
21	(Less)Dividends Received(Debit)			
22	Other Changes (Explain)			
23	Balance-End of Year (Total of lines 1,4,5,6,8,10,12 and 13)			

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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, 2016	Year of Report Dec. 31, 2015

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)	11,121,651	12,071,974
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	7,270,278	6,687,567
5	Amortization of (Specify) Other Gas Plant & Acquisition Adjustments	1,090,764	910,947
6	Deferred Income Taxes (Net)	8,677,337	7,068,799
7	Investment Tax Credit Adjustments (Net)	(66,372)	(74,700)
8	Net (Increase) Decrease in Receivables	10,824,595	15,954,200
9	Net (Increase) Decrease in Inventory	(10,291)	15,014
10	Net (Increase) Decrease in Allowances Inventory		
11	Net Increase (Decrease) in Payables and Accrued Expenses	(18,685,237)	(2,887,641)
12	Net (Increase) Decrease in Other Regulatory Assets	(2,423,066)	(1,438,907)
13	Net Increase (Decrease) in Other Regulatory Liabilities	(518,688)	(2,745,869)
14	(Less) Allowance for Other Funds Used During Construction		
15	(Less) Undistributed Earnings from Subsidiary Companies		
16	Other: (See Notes on Page 122)	23,087,257	(4,679,981)
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of lines 2 thru 16)	40,368,228	30,881,403
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	(33,431,232)	(33,398,699)
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)	(33,431,232)	(33,398,699)
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, 2016		Dec. 31, 2015

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)	(33,431,232)	(33,398,699)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)	0	5,000,000
54	Preferred Stock		
55	Common Stock		
56	Other:		
57	Net Increase in Short-Term Debt (c)		
58	Other:		
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	0	5,000,000
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)	0	0
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	(8,000,000)	(2,000,000)
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	(8,000,000)	3,000,000
72	Adjustment to Retained Earnings for 2012	0	0
73			
74	Net Increase (Decrease) in Cash and Cash Equivalents		
75	(Total of lines 18, 49 and 71)	(1,063,004)	482,704
76			
77	Cash and Cash Equivalents at Beginning of Year	1,813,915	1,331,211
78			
79	Cash and Cash Equivalents at End of Year	750,911	1,813,915

NOTES TO FINANCIAL STATEMENT

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	13,559,861
Gas Stored Underground - Current	4,603,993
Prepayments	11,232
Accrued Utility Revenues	5,648,128
Miscellaneous Current and Accrued Assets	(368,506)
Miscellaneous Deferred Debits	(322,255)
Preliminary Surveying and Investigation Charges	112,630
Accumulated Deferred Income Taxes - Asset	1,562,685
Accumulated Provision for Injuries and Damages	(3,215)
Obligations for Capital Leases	-
Obligations Under Capital Leases - Noncurrent	-
Customer Deposits	(126,806)
Accrued Taxes	(1,436,155)
Customer Advances for Construction	317,072
Other Deferred Credits	(840,925)
Derivitive Instrument Assets - Credit	(687,600)
Derivitive Instrument Assets - Debit	-
Accumulated Other Comprehensive Income	-
Accumulated Provision for Pension and Benefits	1,057,118
Other Special Funds	-
Other	-
	$ 23,087,257
Cash Paid for Interest During 2014	$ 5,619,293
Cash Paid for Income Taxes (net of refunds) During 2014	$ 1,356,810

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

Cash and Cash Equivalents at End of Year: Line 79

Cash (Account 131)	$	733,988
Working Funds (Account 135)		-
Temporary Cash Investments (Account 136)		16,923
	$	750,911

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' final cash balance. Columbia's funding policy complies with Federal law and tax regulations. No Cash contributions for pension plans were made in 2015. Accounting for pension plans is in compliance with Accounting Standards Codification (ASC) No. 715.

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. No cash contributions were made for retiree life insurance and medical costs in 2015. Accounting for other post-retirement benefits is in compliance with ASC No. 715.

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. Cash contributions for other post-employment benefits were $400,000 in 2015. Accounting for other post-employment benefits is in compliance with ASC No. 712.

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, 2016	Dec. 31, 2015

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)	387,548,677
4	Property Under Capital Leases	*
5	Plant Purchased or Sold	-
6	Completed Construction not Classified	7,074,697
7	Experimental Plant Unclassified	-
8	TOTAL Utility Plant (Total of lines 3 thru 7)	394,623,374
9	Leased to Others	-
10	Held for Future Use	-
11	Construction Work in Progress	** 6,925,340
12	Acquisition Adjustments	(777,092)
13	TOTAL Utility Plant (Total of lines 8 thru 12)	400,771,622
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	(141,164,274)
15	Net Utility Plant (Total of lines 13 and 14)	259,607,348
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION	
17	In Service:	
18	Depreciation	137,254,298
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	3,917,832
22	TOTAL In Service (Total of lines 18 thru 21)	141,172,130
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	(7,856)
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22,26,30,31,	141,164,274

* 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, 2016	Dec. 31, 2015

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

Electric (c)	Gas (d)	Other (Specify) (e)	Common (f)	Line No.
[redacted]				1
				2
	387,548,677			3
	*			4
	-			5
	7,074,697			6
				7
	394,623,374			8
	-			9
	-			10
	6,925,340			11
	(777,092)			12
	400,771,622			13
	(141,164,274)			14
	259,607,348			15
[redacted]				16
				17
	137,254,298			18
[redacted]	-	[redacted]		19
[redacted]		[redacted]		20
	3,917,832			21
	141,172,130			22
[redacted]				23
	-			24
	-			25
	-			26
[redacted]				27
	-			28
	-			29
	-			30
[redacted]	-	[redacted]		31
	(7,856)			32
	141,164,274			33

* Net of Accumulated Amortization

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, 2016	Dec. 31, 2015

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	4,671,046	793,564
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	4,671,567	793,564
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		

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, 2016	Dec. 31, 2015

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 a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
-	-	-	521	2
-	-	-	-	3
123,991	-	-	5,340,619	4
123,991	-	-	5,341,141	5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
-	-	-	-	26
				27
				28
				29
				30
				31
				32
				33

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2016	Year of Report Dec. 31, 2015

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)*	-	-
39	TOTAL Production Plant (Enter Total of lines 37 thru 38)	-	-
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, 2016	Year of Report Dec. 31, 2015

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				34
				35
				36
				37
-	-	-	-	38
-	-	-	-	39
[redacted]	[redacted]	[redacted]	[redacted]	40
				41
				42
				43
				44
				45
				46
				47
				48
				49
				50
				51
				52
				53
-	-	-	-	54
[redacted]	[redacted]	[redacted]	[redacted]	55
				56
				57
				58
				59
				60
				61
				62
				63
				64
-	-	-	-	65
[redacted]	[redacted]	[redacted]	[redacted]	66
				67
				68
				69
				70
				71
				72
				73
				74
				75
-	-	-	-	76
[redacted]	[redacted]	[redacted]	[redacted]	77
				78
				79
				80

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2016	Year of Report Dec. 31, 2015

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	4,205,569	1,004
89	375 Structures and Improvements	8,997,969	1,164,915
90	376 Mains	183,904,139	15,230,042
91	377 Compressor Station Equipment	-	
92	378 Meas. and Reg. Sta. Equip.-General	6,167,133	3,947,986
93	379 Meas. and Reg. Sta. Equip.-City Gate	254,901	
94	380 Services	108,042,402	8,322,997
95	381 Meters	20,379,485	1,840,540
96	382 Meter Installations	8,514,077	507,395
97	383 House Regulators	5,311,104	195,968
98	384 House Reg. Installations	2,282,264	1,930
99	385 Industrial Meas. and Reg. Sta. Equipment	2,955,907	160,999
100	386 Other Prop. on Customers' Premises	-	
101	387 Other Equipment	3,902,139	607,405
102	TOTAL Distribution Plant (Enter Totals of lines 88-101)	354,917,089	31,981,181
103	GENERAL PLANT		
104	389 Land and Land Rights	-	-
105	390 Structures and Improvements	-	-
106	391 Office Furniture and Equipment	852,326	549,294
107	392 Transportation Equipment	120,240	
108	393 Stores Equipment	-	
109	394 Tools, Shop, and Garage Equipment	3,083,805	254,799
110	395 Laboratory Equipment	9,258	
111	396 Power Operated Equipment	258,255	
112	397 Communication Equipment	-	
113	398 Miscellaneous Equipment	109,808	-
114	Subtotal (Enter total of lines 104 thru 113)	4,433,692	804,093
115	399 Other Tangible Property	-	-
116	TOTAL General Plant	4,433,692	804,093
117	TOTAL (Accounts 101 and 106)	364,022,348	33,578,838
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**	364,022,348	33,578,838

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
729			4,205,844	88
64,461			10,098,423	89
724,952		-	198,409,229	90
			-	91
122,567		-	9,992,552	92
			254,901	93
1,107,393			115,258,006	94
244,031			21,975,994	95
29,640			8,991,832	96
2,355			5,504,717	97
26,672			2,257,522	98
69,542			3,047,364	99
			0	100
48,376			4,461,168	101
2,440,718	-	-	384,457,552	102
				103
-	-	-	-	104
-	-	-	-	105
1,186	-	-	1,400,434	106
-	-	-	120,240	107
	-	-	0	108
393,187	-	-	2,945,417	109
	-	-	9,258	110
	-	-	258,255	111
-	-	-	0	112
18,730	-	-	91,078	113
413,103	-	-	4,824,682	114
-	-	-	-	115
413,103	-	-	4,824,682	116
2,977,812	-	-	394,623,374	117
-	-	-	-	118
	-	-	-	119
-	-	-	-	120
2,977,812	-	-	394,623,374	121

* Does not include Capitalized Leases

COLUMBIA GAS OF KENTUCKY, INC.					YEAR ENDED DECEMBER 31, 2015	
GAS PLANT IN SERVICE						
DEVELOPMENT OF ADDITIONS FOR YEAR 2015 - COLUMN (c)						
		Completed Construction Not Classified - Account 106			Transferred from	2015 Additions
Line No.	Account (a)	Year 2014 (b)	Year 2015 (c)	(c)-(b) (d)	Account 107 (e)	Column (c) (f)
1	1. Intangible Plant					
2	301 Organization					
3	302 Franchises and Consents					
4	303 Miscellaneous Intangible Plant	0	0	-	793,564	793,564
5	TOTAL Intangible Plant	0	0	-	793,564	793,564
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, 2015

GAS PLANT IN SERVICE

DEVELOPMENT OF ADDITIONS FOR YEAR 2015 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106 Year 2014 (b)	Year 2015 (c)	(c)-(b) (d)	Transferred from Account 107 (e)	2015 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

COLUMBIA GAS OF KENTUCKY, INC. YEAR ENDED DECEMBER 31, 2015

GAS PLANT IN SERVICE

DEVELOPMENT OF ADDITIONS FOR YEAR 2015 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106 Year 2014 (b)	Year 2015 (c)	(c)-(b) (d)	Transferred from Account 107 (e)	2015 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	**(3,563)**	**0**	3,563	4,567	**1,004**
90	375 Structures and Improvements	**(291,241)**	**100,258**	391,499	1,556,414	**1,164,915**
91	376 Mains	**(5,601,098)**	**1,158,961**	6,760,059	21,990,101	**15,230,042**
92	377 Compressor Station Equipment			-	-	
93	378 Meas. and Reg. Sta. Equip.-General	**114,573**	**873,755**	759,182	4,707,168	**3,947,986**
94	379 Meas. and Reg. Sta. Equip.-City Gate			-	-	
95	380 Services	**27,043**	**(34,689)**	(61,732)	8,261,265	**8,322,997**
96	381 Meters		**265**	265	1,840,805	**1,840,540**
97	382 Meter Installations	**22,701**	**2,222**	(20,479)	486,916	**507,395**
98	383 House Regulators			-	195,968	**195,968**
99	384 House Reg. Installations			-	1,930	**1,930**
100	385 Industrial Meas. and Reg. Sta. Equipment	**(203,444)**	**(11,286)**	192,158	353,157	**160,999**
	386 Other Prop. on Customers' Premises			-	-	
	387 Other Equipment	**(3,782)**	**341,954**	345,736	953,141	**607,405**
103	TOTAL Distribution Plant	**(5,938,811)**	**2,431,440**	**8,370,251**	**40,351,432**	**31,981,181**

COLUMBIA GAS OF KENTUCKY, INC. YEAR ENDED DECEMBER 31, 2015

GAS PLANT IN SERVICE

DEVELOPMENT OF ADDITIONS FOR YEAR 2015 - COLUMN (c)

Line No		Account (a)	Completed Construction Not Classified - Account 106 Year 2014 (b)	Year 2015 (c)	(c)-(b) (d)	Transferred from Account 107 (e)	2015 Additions Column (c) (f)
104		6. General Plant					
105	389	Land and Land Rights	-	-	-	-	-
106	390	Structures and Improvements	-	-	-	-	-
107	391	Office Furniture and Equipment	-	-	-	549,294	**549,294**
108	392	Transportation Equipment	-	-	-	-	
109	393	Stores Equipment	-	-	-	-	
110	394	Tools, Shop, and Garage Equipment	-	-	-	254,799	**254,799**
111	395	Laboratory Equipment	-	-	-	-	
112	396	Power Operated Equipment	-	-	-	-	
113	397	Communication Equipment	-	-	-	-	
114	398	Miscellaneous Equipment	**4,263**	**(4,263)**	(8,526)	(8,526)	-
115		Subtotal	**4,263**	**(4,263)**	**(8,526)**	**795,567**	**804,093**
116	399	Other Tangible Property	-	-	-	-	-
117		TOTAL General Plant	**4,263**	**(4,263)**	**(8,526)**	**795,567**	**804,093**
118		TOTAL	**(5,934,548)**	**2,427,177**	**8,361,725**	**41,940,563**	**33,578,838**

1000b/106 1000b/106 1000b 101//106

GAS PLANT IN SERVICE

DEVELOPMENT OF ADDITIONS FOR YEAR 2015 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106: 2014 (b)	2015 (c)	(c)-(b) (d)	Transferred from Account 107 (e)	2015 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 212

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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, 2016	Year of Report Dec. 31, 2015

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				
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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, 2016	Year of Report Dec. 31, 2015

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				
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34				
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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, 2016	Year of Report Dec. 31, 2015

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				
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42				
43				
44				
45	TOTAL			

Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	March 31, 2016	Dec. 31, 2015

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 Account 107 of the Uniform System of Accounts).
3. Minor projects (less than $1,000,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	PRODUCTION PLANT		
2	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	**67,259**	7,398
12	375 Structures and Improvements	**181,517**	19,967
13	376 Mains	**4,965,083**	546,159
14	378 Measuring and Regulating Equipment-General	**304,406**	33,485
15	380 Service Lines	**111,118**	12,223
16	381 Meters	**6,321**	695
17	382 Meter Installations	**(19,638)**	(2,160)
18	383 House Regulators	**6,020**	662
19	384 House Regulator Installations	-	0
20	385 Industrial Measuring and Regulating Equipment	**88,510**	9,736
21	387 Communications	**250,192**	27,521
22	Total Distribution Plant	**5,960,788**	655,686
23			
24			
25	General Plant		
26			
27	391 Office Furniture and Equipment	**63,880**	
28	394 Tools and Equipment	**113**	
29	396 Power Operated Equipment	**-**	
30	397 Miscellaneous Equipment	**-**	
31			
32	Total General Plant	**63,993**	-
33			
34			
35	Intangible Plant		
36			
37	303 Miscellaneous Intangible Plant	**900,559**	99,062
38	Total Intangible Plant	**900,559**	99,062
39			
40			
41			
42	**TOTAL**	**6,925,340**	**754,748**

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, 2016	December 31, 2015

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	59,591			
(2) Short-Term Interest				s	0.80%
(3) Long-Term Debt	D	98,335,000	47.09%	d	5.82%
(4) Preferred Stock	P	0	0.00%	p	0.00%
(5) Common Equity	C	110,500,615	52.91%	c	10.13%
(6) Total Capitalization		208,835,615	100.00%		
(7) Average Construction Work In Progress Balance	W	7,243,655			

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

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

4. Weighted Average Rate Actually Used for the Year:
   - a. Rate for Borrowed Funds - **2.72%**
   - b. Rate for Other Funds - **5.31%**

(A) Amounts used in computation are based on the capitalization and cost rates of Columbia Gas of Kentucky

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 (401K).
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 2014, Allowance for Funds Used During Construction was capitalized at a cost rate of 8.03% 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, 2016	Dec. 31, 2015

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	132,583,970	132,583,970		
2	Depreciation Provision for Year, Charged to				
3	(403) Depreciation Expense	7,270,278	7,270,278		
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)	7,270,278	7,270,278	0	0
9	Net Charges for Plant Retired:				
10	Book Cost of Plant Retired	2,775,378	2,775,378		
11	Cost of Removal	1,115,297	1,115,297		
12	Salvage (Credit)	(95,413)	(95,413)		
13	TOTAL Net Chrgs. for Plant Ret. (Total of lines 10 thru 12)	3,795,262	3,795,262	0	0
14	Other Debit or Credit Items (Describe): Primarily CPG Transfer		1,074,321		
14.01	Retirement of Amortization	0	0		
14.02	Intercompany Transfer of Meters	120,990	120,990		
14.03	Transfers between 108 and 111	0			
15	Balance End of Year (Total of lines 1, 8, 13, 14 to 14.03)	136,179,976	137,254,297	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	137,047,313	137,047,313		
24	General	206,985	206,985		
25	TOTAL (Total of lines 16 thru 24)	137,254,298	137,254,298	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, 2016	Dec. 31, 2015

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					50,985,513	0		50,985,513
2	Gas Delivered to Storage (contra Account)					27,014,320	0		27,014,320
3	Gas Withdrawn from Storage (contra Account)					31,618,313	0		31,618,313
4	Other Debits or Credits (Net)					0			0
5	Balance at End of Year					46,381,520	0		46,381,520
6	Mcf					8,549,536	0		8,549,536
6a	Dth					8,772,389	0		8,772,389
7	Amount per Mcf					5.43	-		5.43
7a	Amount per Dth					5.29	-		5.29

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

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo,Da,Yr) March 31, 2016	Year of Report Dec. 31, 2015

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**		499,003	28,719
3	(Commercial Paper, Acct 123XXXXX)			
4				
5	**Liquid Money Market Instruments**		12,112	7,241,958
6	(Commercial Paper, Acct 13600001)			
7				
8	**Temporaray Cash Investment**		782,400	684,983
9	(Hedging Account, Acct 13601000)			
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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, 2016	Dec. 31, 2015

INVESTMENTS (ACCOUNT 123, 124, AND 136) (Continued)

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.
3 Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.
4 If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.
5 Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.
6 In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment 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
9,291		518,431			2
					3
					4
7,237,147		16,923			5
					6
					7
1,467,383		0	782		8
					9
					10
					11
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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, 2016	Year of Report Dec. 31, 2015

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		499,003
2	Transmission			
3				
4				
5				
6				
7				
8				
9				
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40	**Total Cost of Account 123.1**			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo,Da,Yr) March 31, 2016	Year of Report Dec. 31, 2015

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 authorization, and case or docket number.
6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustments includible in column (f).
8. Report on Line 40, column (a) the total cost of Account 123.1.

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)	Line No.
19,428		518,431		1
				2
				3
				4
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19,428	0	518,431		40

Next page is 230

Name of Respondent Columbia Gas of Kentucky, Inc.	This Report is: (x) An Original ( ) A Resubmission	Date of Report March 31, 2016	Year Ending December 31, 2015

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

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	459,898
2	Prepaid Rents	0
3	Prepaid Taxes	119,198
4	Prepaid Regulatory Comission Fees	0
5	Miscellaneous Prepayments	0
6	TOTAL	579,096

Name of Respondent Columbia Gas of Kentucky, Inc.	This Report is: (x) An Original ( ) A Resubmission	Date of Report March 31, 2016	Year Ending December 31, 2015

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 at End of Year
					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, 2016	Year Ending December 31, 2015

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.	Balance at the Beginning of Year	Total Amount of Charges	Costs Recognized During Year	WRITTEN OFF DURING YEAR		Balance at End of Year
					Account Charged	Amount	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	TOTAL						

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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, 2016	Year Ending Dec. 31, 2015

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	235,787		107/926	58,947	176,840
4	(amortized over 5 years - beginning 01/14)					
5						
6						
7	Hedging Program	687,600	392,160	244	1,079,760	0
8						
9	Gas Cost Incentive Program	529,927	4,838,549	480/481	2,609,950	2,758,526
10				489		
11						
12	Rate Case Expense	303,716	159,012	928	307,261	155,467
13	(amortized over 3 years - beginning 01/14)					
14						
15						
16	IBM Related Costs	260,072	0	923	260,072	0
17	(amortized over 8 years - began 9/07)					
18						
19	RIP Expense - OCI	9,089,417	2,020,138	Various	707,890	10,401,665
20						
21						
22	Minor Regulatory Assets					
23	Less than $250,000 (1 item)	41,451	580,071	Various	542,984	78,538
24						
25						
26						
27						
28						
29						
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32						
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39						
	Total	11,147,970	7,989,930		5,566,864	13,571,036

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, 2016	Dec. 31, 2015

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		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1						
2	Customer Advances	3,106,657	572,979	107	259,525	3,420,111
3						
4	Other Misc. Deferred Debits	12,645	77,987	Various	88,614	2,018
5	Less than $250,000 (1 Item)					
6						
7						
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11						
12						
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39						
40	**Total**	3,119,302	650,966		348,139	3,422,129

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.) April 30, 2016	Dec. 31, 2015

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	Uncollectible Accounts	212,584	298,053	236,649
4.02	Future FIT Benefits- State Income Tax	0	0	0
4.03	Interest on Fed. Income Tax Liability	0	0	0
4.04	Section 461 (H) - Rate Refunds	2,785	14,371	18,949
4.05	TCO Penalty Credits	159,147	0	0
4.06	Vacation Accrual	440,635	43,578	139,177
4.07	Injuries and Damages	40,617	16,045	14,795
4.08	Gas Cost Uncollectible Charge	46,018	85,359	207,260
4.09	Accrued Legal Reserves	0	0	0
4.10	Off System Sales	(50,311)	209,811	260,121
4.11	Customer Advances	1,177,567	73,649	196,990
4.12	Restricted Stock	36,877	680	35
4.13	Contingent Stock	(90,867)	124,749	272,866
4.14	Capitalized Inventory Costs	162,532	22,459	36,367
4.15	Gross-up on Regulatoy Amounts	170,211	0	0
4.16	Salary Continuation/Deferred Compensation	0	0	0
4.17	CMEP	46,903	12,413	26,782
4.18	OFO/OMO	0	0	0
4.18	LIFO Tax Adjustment	2,884,588	374,188	56,169
4.19	Retention Agreements	0	0	0
4.20	Rate Base 1% Increment	29,160	0	0
4.21	Environmental Costs	0	0	0
4.22	Federal NOL Carryforward	1,413,800	1,037,068	450,119
4.23	Post Employee Benefits	293,685	0	0
4.24	OPEB	1,363,120	1,902,353	1,660,732
4.25	Deferred Compensation	0	165,819	530,402
4.26	Pension Restoration	1,049	13,274	13,546
4.27	Company Interest Rate Refunds	0	0	0
4.28	R & D Credit Carryforward	86,123	0	0
4.29	Consolidated Adj: AMT Allocation	1,261,921	1,261,922	0
4.29	Deferred NOL Carryforward	0	0	0
5	Total (Total of lines 2 thru 4)	9,688,144	5,655,791	4,120,959
6	Other (Rounding)	0	0	0
7	Total Account 190 (Total of lines 5 thru 6)	9,688,144	5,655,791	4,120,959
8	Classification of TOTAL			
9	Federal Income Tax	8,619,169	5,190,847	3,607,577
10	State Income Tax	1,068,975	464,944	513,382
11	Local Income Tax			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Repo (Mo.Da.Yr.) April 30, 2016	Year of Report Dec. 31, 2015

ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)

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

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

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	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		0	151,180	4.01
0	0		0		0	0	4.02
0	0		0		0	0	4.03
0	0		0		0	7,363	4.04
0	0		0		0	159,147	4.05
0	0		0		0	536,234	4.06
0	0		0		0	39,367	4.07
0	0		0		0	167,919	4.08
0	0		0		0	0	4.09
0	0		0		0	(1)	4.10
0	0	19005200	1,461	19005200	1) 4,442	1,297,927	4.11
0	0		0		0	36,232	4.12
0	0		0		0	57,250	4.13
0	0		0		0	176,440	4.14
0	0	25405050	2,182	25405050	2) 42,793	129,600	4.15
0	0		0		0	0	4.16
0	0		0		0	61,272	4.17
0	0		0		0	0	4.18
0	0		0		0	2,566,569	4.18
0	0		0		0	0	4.19
0	0	19005000	1) 4,442	19005000	1,461	32,141	4.20
0	0		0		0	0	4.21
0	0		0		0	826,851	4.22
0	0		0		0	293,685	4.23
0	0		0		0	1,121,499	4.24
0	0		0		0	364,583	4.25
0	0		0		0	1,321	4.26
0	0		0		0	0	4.27
11,944	24,702		0		0	98,881	4.28
0	0		0		0	(1)	4.29
0	0		0		0	0	4.29
11,944	24,702		8,085		48,696	8,125,459	5
0	0		0		0	0	6
11,944	24,702		8,085		48,696	8,125,459	7
							8
11,944	24,702		8,085		42,277	7,014,465	9
0	0		0		6,419	1,110,994	10
							11

NOTES

1) 1% Increment/Offset for the writeup of deferred account to 35%.
2) Regulatory Liability balance sheet entries.

Next page is 250

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, 2016	Dec. 31, 2015

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, 2016	Year of Report December 31, 2015

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, 2016	Year of Report Dec. 31, 2015

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, 2016	Dec. 31, 2015

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	Paid-in Capital Transferred to Columbia Gas of Kentucky	
23	as of June 2015	777,092
24		
25	Transfer Parent Company Federal Tax Savings	3,509,230
26		
27	Adjustment to Reverse Federal Benefit of NiSource De/Finance Tax Savings	
28	Allocation of APIC	2,000,550
29		
30		
31		
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39		
40	TOTAL	6,518,524

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, 2016	Dec. 31, 2015

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				
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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			
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	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, 2016	Dec. 31, 2015

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

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, 2016	Dec. 31, 2015

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	NiSource Gas Distribution Group, Inc.:			
5	Installment Promissory Notes	*	*	87,585,000
6				
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21	* See Page 257-A			
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40	**Total**			87,585,000

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, 2016	Dec. 31, 2015

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). Explain in a footnote any difference between the total of column (f) and the total Account 427, Interest on Long Term Debt and Account 430, Interest on Debt to Associated Companies.
9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

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
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*	5,723,520				5
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	5,723,520				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 RATE (g)	INTEREST FOR YEAR AMOUNT (h)	COMMISSION AUTHORITY FILE NUMBER (i)	COMMISSION AUTHORITY DATE (j)
Account 223 - Installment Promissory Notes									
2006	2016	10,750,000	-	10,750,000	0	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
2010	2030	10,000,000	-	-	10,000,000	6.020%	602,000	CKY7	12/16/2010
2013	2043	20,000,000	-	-	20,000,000	5.770%	1,154,000	CKY8	1/7/2013
2013	2043	20,000,000	-	-	20,000,000	6.200%	1,240,000	CKY9	12/23/2013
2014	2044	5,000,000	-	-	5,000,000	4.430%	221,500	CKY10	12/16/2014
TOTAL ACCOUNT 223		98,335,000	0	10,750,000	87,585,000		5,723,520		
Item 9 - Schedule 257									
Additional Borrowing Authorized But Not Yet Issued									
None									

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2016	Year of Report Dec. 31, 2015

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				
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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, 2016	Year of Report Dec. 31, 2015

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			
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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, 2016	Year of Report Dec. 31, 2015

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					
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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, 2016	Year of Report End of 2015/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)	$11,121,651
2	Reconciling Items for the Year	
3		
4	Income (Loss) Items	
5	SEE PAGE 261-A	($128,810)
6		
7		
8		
9	Expense/Deduction Items	
10	SEE PAGE 261-A	($13,073,220)
11		
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14		
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26		
27	Federal Tax Net Income	($2,080,379)
28	Show Computation of Tax:	
29	Separate Return Tax @ 35% of Line 27	(728,133)
30	Books to Return	(310,771)
31	Prior Year RAR	(1,191,047)
32		
33	Net Taxes Charged	(2,229,951)

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, 2016	End of 2015/Q4

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

Income (Loss) Items	
Equity Income from Subsidiaries	(13,410)
Customer Advances	317,073
Loss on Disposal of Assets	(920,175)
Deferred Intercompany Gains	(322,011)
Deferred Gas Costs	1,255,725
Contributions In Aid	42,547
Off System Sales	(51,712)
Gas Cost Incentive Plan	340,703
Gas Cost Uncollectible Charge	351,218
LIFO Tax Adjustment to Inventories	(908,018)
Sec 263 Inventory Capitalization	(50,368)
Section 263A Interest- AFUDC Equity	(182,152)
Sect. 461(h) Supplier Refunds	11,770
Total	($128,810)

Expense/Deduction Items	
Federal Income Taxes - Current	(2,229,950)
Federal Income Taxes - Deferred	8,396,178
Sec 461(h) Economic Performance: Taxes	2,167,241
State Income Taxes - Deferred	765,757
Stock Compensation Expense	(133,803)
Business Meals & Entertainment	63,081
Pension Expense	172,245
SFAS 112	(105,144)
OPEB	(521,924)
Compensation: Vacation Accrual	264,563
Compensation: Bonus Accrual	753,679
Sec 263 Mixed Service Costs	(2,412,000)
Tax/Book Depreciation - Net	1,375,356
Tax Depreciation Bonus	(12,162,182)
Fines and Penalties	96
Repairs of Gas Pipeline	(6,630,000)
Bad Debt Expense	(157,851)
CMEP/DAP	6,666
Customer Assistance Plan	(435,873)
Rate Case Expense	408,321
Builder Incentives Amortization	(10,814)
Injuries and Damages	(3,215)
PBRA	(2,569,302)
Gas Audit Costs	(37,086)
Rent Expense Leased Autos	130
Prepaid Assets	11,232
Property Removal	(51,400)
Employee Stock Purchase Plan	2,779
Total	($13,073,220)

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, 2016	End of 2015/Q4

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

Reconcilement of 2015 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 on tax assigned to group members, basis allocations and sharing of consolidated tax is not available at this time as the Consolidated Tax Return has not yet been filed.

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) [X] An Original (2) [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2016	End of 2015/Q4

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)
Columbia Pipeline Group, Inc.
NiSource Corporate Group, Inc.
EnergyUSA Inc. (IN)
EnergyUSA-TPC Corp.
Columbia Remainder Corporation
IWC Resources Corp.
Darlington Water Works
Harbour Water Corp.
Indianapolis Water Company
Irishman's Run Acquisition Corp.
IWC Morgan Water Corp.
Liberty Water Corp.
NiSource Capital Markets, Inc.
NiSource Corporate Services Company
NiSource Development Company, Inc.
Lake Erie Land Company
NDC Douglas Properties, Inc.
NiSource Energy Technologies, Inc.
NiSource Finance Corp.
Primary Energy, Inc.
Whiting Leasing LLC
NiSource Retail Services, Inc.
Nisource Insurance Corporation, Inc
NiSource Gas Distribution Group, Inc.
Columbia of Massachusetts
Columbia Gas of Kentucky, Inc.
Columbia Gas of Maryland, Inc.
Columbia Gas of Ohio, Inc.

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, 2016	End of 2015/Q4

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

Name of Group Members Filing Consolidated Federal Income Tax Return:

Columbia Gas of Ohio Receivables Corp.
Columbia Gas of Pennsylvania, Inc.
Columbia Gas of Pennsylvania Receivables Corp.
Columbia Gas of Virginia, Inc.
Columbia Energy Group
Central Kentucky Transmission
Columbia Gulf Transmission Company
Columbia Pipeline Group Services Company
CNS Microwave, Inc.
Crossroads Pipeline Company
Northern Indiana Public Service Company
NIPSCO Accounts Receivable

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	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	[X] An Original [ ] A Resubmission	(Mo.Da.Yr.) March 31, 2016	End of 2015/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)
1	Federal Taxes:	Income:		2007	-	
2				2010	-	
3				2011	-	
4				2012	-	
5				2013	-	
6				2014	780,146	
7				2015	-	
8		Unemployment:		2014	430	
9				2015	-	
10		FICA:		2014	63,346	
11				2015		
12	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		-		(1,261,921)
2		76,090		
3		(5,216)		
4		-		
5		-		
6		(341,197)		30,426
7		(1,485,217)		757,084
8		-		
9		13,066		
10		-		
11		567,301		
12	TOTAL (Continued on Page 262-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, 2016	End of 2015/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.
(1,261,921)	(1,261,921)		-		1
76,090	63,538	(12,552)	-		2
(5,216)	(5,216)		-		3
	(1,956)	(1,956)	-		4
	(2,240)	(2,240)	-		5
(310,771)	468,157	(1,218)	-		6
(728,133)	1,618,000		(2,346,133)		7
	430		-		8
19,171	17,953		1,218		9
	63,346		-		10
907,927	844,696		63,231		11
			(Continued on Page 263-A)		12

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
			6,105	9
			-	10
			340,626	11
			(Continued on Page 263-A)	12

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, 2016	End of 2015/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)
13	Federal Taxes (cont'd) Excise:	2014	-	
14		2015	-	-
15	Total Federal Taxes		843,922	-
16	State Taxes: Income:	2011	-	
17		2014	124,325	
18		2015	-	
19				
20				
21				
22				
23				
24				
25				
26	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)
13				
14		4,079		-
15		(1,171,094)	-	(474,411)
16		(11,592)		-
17		57,768		2,784
18		65,584		129,441
19				
20				
21				
22				
23				
24				
25				
26	TOTAL (Continued on Page 262-B)			

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.
					13
4,079	4,079	-	-		14
(1,298,774)	1,808,866	(17,966)	(2,281,684)		15
(11,592)	(11,592)		-		16
60,552	193,640	8,763	-		17
195,025	296,400	(8,025)	(109,400)		18
					19
					20
					21
					22
					23
					24
					25
		(Continued on Page 263-B)			26

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.
			-	13
			-	14
-	-	-	346,731	15
			-	16
			-	17
			-	18
				19
				20
				21
				22
				23
				24
				25
			(Continued on Page 263-B)	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, 2016	End of 2015/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)
27	State Taxes (Cont'd) Property:			
28		2012	-	
29		2013	102,950	
30		2014	625,996	
31		2015	2,926,000	
32		2016	-	
33	Sales and Use:	2015	4,817	
34	Unemployment:	2014	76	
35		2015	-	
36	Capital Stock & Franchise:	2015	-	
37	**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)
27				-
28		-		-
29		(2,530)		-
30		42,133		-
31		3,115,899		-
32		-		-
33		8,240		-
34		-		-
35		12,824		-
36		-		-
37	**TOTAL** (Continued on Page 262-C)			

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, 2016	End of 2015/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.
					27
-			-		28
(2,530)	100,463		(43)		29
42,133	544,873		123,256		30
210,606	974,467		2,162,139		31
3,273,800			3,273,800		32
96,932	77,996		23,753		33
	76		-		34
18,481	18,371		110		35
			-		36
			(Continued on Page 263-C)		37

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.
				27
			-	28
			-	29
			-	30
			(2,905,293)	31
			3,273,800	32
			88,692	33
			-	34
			5,657	35
			-	36
			(Continued on Page 263-C)	37

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, 2016	End of 2015/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.

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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)
38			
39	Total State Taxes	3,784,164	-
40			
41	Other: Adjustment Due to Rounding	-	
42			
43			
44			
45			
46			
47	**TOTAL TAXES**	4,628,086	-

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)
38				
39	-	3,288,326	-	132,225
40				
41		-		-
42		-		
43				
44				
45				
46				
47	**TOTAL TAXES**	2,117,232	-	(342,186)

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, 2016	End of 2015/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.
					38
3,883,407	2,194,694	738	5,473,615	-	39
					40
-	-	-	-		41
					42
					43
					44
					45
					46
2,584,633	4,003,560	(17,228)	3,191,931	-	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.
				38
-	-	-	462,856	39
				40
				41
				42
				43
				44
				45
				46
-	-	-	809,587	47

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, 2016	End of 2015/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

Detail of Schedule 263, Column (f)

Description		Amount
Federal Taxes		
Income Taxes		
APIC - Consolidated Tax Savings - Lines 2, 4-6	$	(17,941)
Federal Fuels Tax Credit - Line 6	$	(25)
Total Federal Tax Adjustments - Page 263-A, Line 15	$	(17,966)
State Taxes:		
Income Taxes		
Transfer prior Overpayment to Current year - Line 17	$	8,025
Transfer from Capital Stock to Current year - Line 17	$	738
Transfer prior Overpayment to Current year - Line 18	$	(8,025)
Transfer prior Overpayment to Current year - Line 22	$	0
Total State Adjustments - Page 263-C, Line 42	$	738
Total Adjustments - Page 263-C, Line 50, Column (f)	$	(17,228)

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, 2016	End of 2015/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

Detail of Schedule 263, Column (p)

Kind of Tax	Account Charged	Amount
Federal Taxes: Unemployment	107	4,935
	108	371
	143	391
	146	619
	163 - 183	176
	183	49
	186	24
	234	(460)
	253	0
Total Page 263, Line 7		6,105
F.I.C.A.	107	295,829
	108	20,279
	142	0
	143	7,074
	146	22,472
	163 - 182	9,104
	234	688
	183	1,306
	186	(16,126)
Total Page 263, Line 9		340,626
State Taxes: Deferred Property Tax Expense		
Amortize 2015 estimate to exp	174	(2,905,293)
Establish estimated 2016 liab	174	3,273,800
Total Page 263-B, Lines 34-35		368,507
Use Tax, Current Year	VARIOUS	88,692
Total Page 263-B, Line 36		88,692
Unemployment	107	4,593
	108	352
	143	296
	146	564
	163 - 183	226
	183	3
	186	3
	234	(380)
	253	0
Total Page 263-B, Line 38		5,657
Capital Stock Reclass, Page 263B, Line 39	236	0
Total Federal and State Taxes, Page 263-C, Line 50		809,587

Next page is 268

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, 2016	Dec. 31, 2015

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	985,530
2	Exchange Gas	5,804,899
3	Unclaimed Funds	218,343
4	Dental Assistance Plan	15,100
5	Medical Plan	142,414
6	Post Employee Benefits	124,834
7	Customer A/R Credit Balances	12,263,254
8	Wages Payable	986,071
9	Rate Refunds	18,930
10	Profit Sharing Plan	110,686
11	Other Miscellaneous and Accrued Liabilities	147,435
12	Less than $250,000 (11 Items)	
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	**TOTAL**	20,817,496

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (*Mo.Da.Yr.*) March 31, 2016	Year Ending Dec. 31, 2015

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	629,369	242/926	104,373	0	524,996
2						
3	Nicole Energy Reserve	409,120	144	0	0	409,120
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
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29						
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31						
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33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43	**Total**	1,038,489		104,373	0	934,116

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	April 30, 2016	Dec. 31, 2015

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	32,506,579	42,908	865,406
4.02	Gas Depreciation- Bonus	27,089,452	5,501,451	281,782
4.03	Gas Depreciation - State Nonconforming Bonus	(2,928,741)	499,494	821,064
4.04	Property Removal Costs	515,163	23,778	1,218
4.05	Gain/Loss on Retirements	6,157,367	493,297	25,266
4.06	Contribution in Aid of Construction	(1,985,551)	103,626	136,068
4.07	Builder Incentive	(20,042)	4,434	227
4.08	Capitalized interest - Section 263(A)	240,350	531	10,369
4.09	Software Costs	3,641,427	2,976,405	1,676,465
4.10	Deferred Tax on Non-Rate Base Items	(2,791,492)	34,050	0
4.11	Rate Base 1% Increment	991,585	31,060	0
4.12	1% Offset	97,640	1,461	303
4.13	Repairs	1,891,247	2,758,100	916,276
5	Total (Total of lines 2 thru 4)	65,404,984	12,470,595	4,734,444
6	Other (Rounding)	0	0	0
7	Total Account 282 (Total of lines 5 thru 6)	65,404,984	12,470,595	4,734,444
8	Classification of TOTAL			
9	Federal Income Tax	57,653,374	10,498,765	3,507,182
10	State Income Tax	7,751,610	1,971,830	1,227,262
11	Local Income Tax			

NOTES 0 0

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	This Report Is:	Date of Report	Year of Report
	[X] An Original	(Mo.Da.Yr.)	
COLUMBIA GAS OF KENTUCKY, INC.	[ ] A Resubmission	April 30, 2016	Dec. 31, 2015

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			Balance at End of Year	Line No.
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	28205200	1)	1,253	28205200	1)	18,055	31,700,883	4.01
0	0			0			0	32,309,121	4.02
0	0			0			0	(3,250,311)	4.03
0	0	28205200	1)	545			0	537,178	4.04
0	0	28205200	1)	11,310			0	6,614,088	4.05
0	0	28205200	1)	2,222	28205200	1)	3,006	(2,017,209)	4.06
0	0			0			0	(15,835)	4.07
0	0			0			0	230,512	4.08
0	0	28205200	1)	66,445	28205000	1)	35,033	4,909,955	4.09
0	0	25405000	2)	47,300	25405000	2)	217,355	(2,587,387)	4.10
0	0	28205000	1)	73,910	28205000	1)	144,097	1,092,832	4.11
0	0			0			0	98,798	4.12
0	0	28205200	1)	62,322	28205200	1)	17,813	3,688,562	4.13
0	0			265,307			435,359	73,311,187	5
0	0			0			0	0	6
0	0			265,307			435,359	73,311,187	7
									8
0	0			256,373			396,403	64,784,987	9
0	0			8,934			38,956	8,526,200	10
									11

NOTES

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1) 1% Increment/Offset for the writeup of deferred accounts to 35%.
2) Regulatory Liability balance sheet entries.

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	April 30, 2016	Dec. 31, 2015

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	Balance at Beginning of Year	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1
	(a)	(b)	(c)	(d)
1	Account 283			
2	Electric			
3	Gas (See Other)			
4	Other (Define)			
4.01	Property Taxes	(54,280)	2,704,584	3,547,641
4.02	Unrecovered Gas Costs	488,475	26,370	514,847
4.03	Retirement Income Plan	0	0	0
4.04	Deferred Intercompany Gains	(961,986)	1,031,384	69,398
4.05	Interest Income - Prior Years	5	0	0
4.06	Customer Assistance Plan	(410,756)	312,768	143,213
4.07	Legal Liability on Civic Center Bldg.	0	0	0
4.08	Rate Case Costs	235,437	53,066	197,477
4.09	Retirement Income Plan	2,177,018	2,174,168	2,240,899
4.10	Gas Cost Incentive Plan	206,141	11,931	144,465
4.11	Uncollectible Accounts	0	0	0
4.12	Prepaid Assets	229,638	440,714	445,083
4.13	Intercompany Gain	705,519	0	0
4.14	Accelerated Charitable Contributions	(224,180)	0	0
4.15	PBRA	0	1,053,414	53,955
4.16	Global Hedging	0	592,711	592,711
4.15	PSP	0	6,465	6,465
5	Total (Total of lines 2 thru 4)	2,391,031	8,407,575	7,956,154
6	Other (Rounding)	0	0	0
7	Total Account 283 (Total of lined 5 thru 6)	2,391,031	8,407,575	7,956,154
8	Classification of TOTAL			
9	Federal Income Tax	2,096,476	7,233,754	6,851,961
10	State Income Tax	294,555	1,173,821	1,104,193
11	Local Income Tax			
			(0)	(0)

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			Balance at End of Year	Line No.
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			0	(897,337)	4.01
0	0			0			0	(2)	4.02
0	0			0			0	0	4.03
0	0			0			0	0	4.04
0	0			0			0	5	4.05
0	0			0			0	(241,201)	4.06
0	0			0			0	0	4.07
0	0			0			0	91,026	4.08
0	0			0			0	2,110,287	4.09
0	0			0			0	73,607	4.10
0	0			0			0	0	4.11
0	0			0			0	225,269	4.12
47,318	752,836			0			0	1	4.13
500,213	276,032			0			0	1	4.14
0	0			0			0	999,459	4.15
0	0			0			0	0	4.16
0	0			0			0	0	4.15
547,531	1,028,868			0			0	2,361,114	5
0	0			0			0	0	6
547,531	1,028,868			0			0	2,361,114	7
									8
547,531	1,028,868			0			0	1,996,932	9
0	0			0			0	364,182	10
									11

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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, 2016	Dec. 31, 2015

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 (a)	Balance at Beginning of Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1						
2	Regulatory Effect of					
3	Adopting SFAS No. 96	2,927,661	190	229,573	18,907	2,716,995
4						
5	Reclassification of Regulatory	1,055,921	182	857,223	421,351	620,049
6	Assets With Negative Balances					
7						
8	Off System Sales-Unbilled	51,712	Various	800,152	748,440	0
9						
10	Demand Side Management	40,309	Various	1,277,648	1,570,311	332,972
11						
12	Gas Cost Uncollectible Charge	77,990	904	353,172	373,878	98,696
13						
14	OPEB - OCI	1,196,593	228	603,034	469,227	1,062,786
15						
16						
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45						
46						
47	**Total**	5,350,186		4,120,802	3,602,114	4,831,498

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2016	Year of Report Dec. 31, 2015

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, 2016	Dec. 31, 2015

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	Amount for Prior Year	Amount for Current Year	Amount for Prior Year	Amount for Current Year	Amount for Prior Year
(f)	(g)	(h)	(i)	(j)	(k)
105,788,719	117,490,424	105,788,719	117,490,424	10,900,140	12,059,367
				[redacted]	
557,742	658,401	557,742	658,401		
122,945	149,786	122,945	149,786		
21,572,375	22,595,856	21,572,375	22,595,856	25,412,141	26,279,626
				[redacted]	
105,667	213,853	105,667	213,853		
3,812,507	26,950,532	3,812,507	26,950,532	–	–
131,959,955	168,058,852	131,959,955	168,058,852	36,312,281	38,338,993
				–	–
131,959,955	168,058,852	131,959,955	168,058,852	36,312,281	38,338,993

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, 2016	Dec. 31, 2015

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					
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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, 2016	Dec. 31, 2015

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						
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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, 2016	Year of Report Dec. 31, 2015

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

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

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

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, 2016	Dec. 31, 2015

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						
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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, 2016	Dec. 31, 2015

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, 2016	Year of Report Dec. 31, 2015

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)
1						
2						
3						
4						
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6						
7						
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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, 2016	Dec. 31, 2015

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	8,616,285
2	Unbilled Revenue	(5,562,000)
3	Choice Marketer Fees	558,979
4	Columbia Pipeline Group Penalty Revenue	142,748
5	Miscellaneous - Other Gas Revenues	56,495
6		
7		
8		
9		
10		
11		
12		
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25		
26	TOTAL	3,812,507

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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, 2016	Dec. 31, 2015

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 index 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)*	2,092	1,220
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)

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, 2016	Dec. 31, 2015

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	2,092	1,220
6	723 Fuel For Liquefied Petroleum Gas Process		
7	728 Liquefied Petroleum Gas		
8	736 Rents		
9	Total Operation	2,092	1,220
10	Maintenance		
11	741 Structures and Improvements		
12	742 Production Equipment		
13	TOTAL Maintenance		
14	TOTAL Manufactured Gas Production Expenses	2,092	1,220

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, 2016	Dec. 31, 2015

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)		

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, 2016	Dec. 31, 2015

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	390,051	671,837
71	802 Natural Gas Gasoline Plant Outlet Purchases		
72	803 Natural Gas Transmission Line Purchases	48,237,812	113,953,438
73	804 Natural Gas City Gate Purchases	1,088,942	1,543,737
74	804.1 Liquefied Natural Gas Purchases		
75	805 Other Gas Purchases (excluding 805.1)		
76	805.1 Purchases Gas Costs Adjustments	13,551,403	329,840
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	63,268,208	116,498,852
78	806 Exchange Gas	(5,032,617)	(10,151,121)
79	Purchased Gas Expenses		
80	807.1 Well Expense-Purchased Gas		
81	807.2 Operation of Purchased Gas Measuring Stations	196,418	
82	807.3 Maintenance of Purchased Gas Measuring Stations		
83	807.4 Purchased Gas Calculations Expenses		
84	807.5 Other Purchased Gas Expenses	89,600	274,448
85	Total Purchased Gas Expenses (Total of lines 80 thru 84)	286,018	274,448

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, 2016	Dec. 31, 2015

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	31,618,314	37,283,646
87	(Less) 808.2 Gas Delivered to Storage-Credit	27,014,318	46,010,738
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	63,310	93,775
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	63,310	93,775
95	813 Other Gas Supply Expenses	-	4,331
96	TOTAL Other Gas Supply Exp.(Total of lines 77,78,85,86 thru 89, 94,95)	63,062,295	97,805,643
97	TOTAL Production Expenses (Total of lines 3,30,58,65, and 96)	63,064,387	97,806,863
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)	-	-

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, 2016	Dec. 31, 2015

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)		

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, 2016	Dec. 31, 2015

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)		

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, 2016	Dec. 31, 2015

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	731,319	698,832
205	871 Distribution Load Dispatching	69,876	35,167
206	872 Compressor Station Labor and Expenses		
207	873 Compressor Station Fuel and Power		

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, 2016	Dec. 31, 2015

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	4,303,231	4,001,630
209	875 Measuring and Regulating Station Expenses-General	156,478	281,718
210	876 Measuring and Regulating Station Expenses-Industrial	55,920	57,363
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	-	-
212	878 Meter and House Regulator Expenses	1,410,138	1,152,714
213	879 Customer Installations Expenses	1,741,050	1,767,648
214	880 Other Expenses	1,482,573	1,610,122
215	881 Rents	82,510	81,758
216	TOTAL Operation (Total of lines 204 thru 215)	10,033,095	9,830,534
217	Maintenance		
218	885 Maintenance Supervision and Engineering	8,965	14,388
219	886 Maintenance of Structures and Improvements	180,135	141,258
220	887 Maintenance of Mains	2,261,646	1,657,535
221	888 Maintenance of Compressor Station Equipment		
222	889 Maintenance of Measuring and Regulating Station Equipment-General	237,695	222,702
223	890 Maintenance of Meas. And Reg. Station Equipment-Industrial	59,350	63,427
224	891 Maintenance of Meas. And Reg. Station Equip-City Gate Check Station		
225	892 Maintenance of Services	423,676	408,403
226	893 Maintenance of Meters and House Regulators	125,820	131,164
227	894 Maintenance of Other Equipment	272,084	286,064
228	TOTAL Maintenance (Total of lines 218 thru 227)	3,569,371	2,924,941
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	13,602,466	12,755,475
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	0	7,156
233	902 Meter Reading Expenses	401,861	1,392,196
234	903 Customer Records and Collection Expenses	3,087,176	3,142,884

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, 2016	Dec. 31, 2015

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
235	904 Uncollectible Accounts	1,031,049	1,567,725
236	905 Miscellaneous Customer Accounts Expenses	1,128	2,125
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	4,521,214	6,112,086
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision	26,979	20,656
241	908 Customer Assistance Expenses	809,396	1,176,316
242	909 Informational and Instructional Expenses	53,655	58,440
243	910 Miscellaneous Customer Service and Informational Expenses	219,655	322,262
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	1,109,685	1,577,674
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	-	-
248	912 Demonstrating and Selling Expenses	45,139	57,199
249	913 Advertising Expenses	75,705	36,887
250	916 Miscellaneous Sales Expenses	-	-
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	120,844	94,086
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	3,723,331	1,299,693
255	921 Office Supplies and Expenses	802,426	513,608
256	(Less) 922 Administrative Expenses Transferred-Credit	-	-
257	923 Outside Services Employed	6,698,052	10,868,149
258	924 Property Insurance	59,985	85,716
259	925 Injuries and Damages	846,250	812,440
260	926 Employee Pensions and Benefits	2,852,726	1,165,841
261	927 Franchise Requirements	-	-
262	928 Regulatory Commission Expenses	467,056	438,394
263	(Less) 929 Duplicate Charges-Credit	-	-
264	930.1 General Advertising Expenses	20,788	-
265	930.2 Miscellaneous General Expenses	(82,055)	(113,562)
266	931 Rents	537,324	11,862
267	TOTAL Operation (Total of lines 254 thru 266)	15,925,883	15,082,141
268	Maintenance		
269	932 Maintenance of General Plant	205,600	80
270	TOTAL Admistrative and General Expenses (Total of lines 267 and 269)	16,131,483	15,082,221
271	TOTAL Gas O & M Expenses (Total of lines 97,177,201,229,237,244,251 and 270)	98,550,079	133,428,405

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo,Da,Yr) March 31, 2016	Year of Report Dec. 31, 2015

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 by rate schedule. Minor transactions (less than 100,000 Dth) may be grouped.

Line No.	Zone/Rate Schedule	Gas Received from Others		Gas Delivered to Others	
		Amount	DTH	Amount	DTH
	(a)	(b)	(c)	(d)	(e)
1	Off System Sales			(2,266,671)	(147,500)
2	Transportation Imbalances with Pipelines				
3	Transportation Imbalances with End Users	(2,765,946)	54,165		
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	TOTAL	(2,765,946)	54,165	(2,266,671)	(147,500)

Next page is 331

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, 2016	Dec. 31, 2015

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:					
		805	1,518	5,789		
		874	1,518	5,789		
		875	1,062	4,051		
		880	11,761	44,868		
		921	737	2,813		
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
	TOTAL		16,596	63,310		

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY , INC	(X) An Original ( ) A Resubmission	March 31, 2016	Dec. 31, 2015

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, 2016	Dec. 31, 2015

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		
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	0

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, 2016	Dec. 31, 2015

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	79,513
2	Rent Allocation for NiSource Corporate Services	(161,568)
3		
4		
5		
6		
7		
8		
11		
12		
13		
14		
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16		
17		
18		
19		
20		
21		
22		
23		
24		
25	TOTAL	(82,055)

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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, 2016	Dec. 31, 2015

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	7,266,743		
10	General plant	3,535		
11	Common plant - gas	0		
12	TOTAL	7,270,278	0	0

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, 2016	Dec. 31, 2015

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.
774,076		774,076	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
58,686		7,325,429	Distribution plant	9
258,002		261,537	General plant	10
		0	Common plant - gas	11
1,090,764	0	8,361,042	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, 2016	Dec. 31, 2015

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	4,629	5.65%
9	Liquefied Petroleum Gas - Air Plant		0
10	Distribution Plant	368,810	1.9862%
11			
12			
13			
14			
15	Total	373,439	2.03%

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
	[X] An Original	(Mo.Da.Yr.)	
COLUMBIA GAS OF KENTUCKY, INC.	[ ] A Resubmission	March 31, 2016	Dec. 31, 2015

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	(4,585)
3		
4	TOTAL ACCOUNT 425	(4,585)
5		
6	ACCOUNT 426	
7	CONTRIBUTIONS	129,270
8	ENERGY ASSISTANCE PROGRAM	30,490
9	SHAREHOLDER PORTION OF ENERGY ASSISTANCE PROGRAM	174,996
10	OTHER	75,775
11		
12		
13		
14	TOTAL ACCOUNT 426	410,531
15	ACCOUNT 430	
16	INSTALLMENT PROMISSORY NOTES (SEE PAGE 257)	5,723,520
17		
18		
19		
20	TOTAL ACCOUNT 430	5,723,520
21		
22	ACCOUNT 431	
23	RATE REFUNDS	(5,441)
24	CUSTOMER DEPOSITS	2,986
25		
26		
27		
28		
29	TOTAL ACCOUNT 431	(2,455)
30		
31		
32		
33		
34		

Name of Respondent Columbia Gas of Kentucky, Inc.	This Report is: [x] An Original [ ] A Resubmission	Date of Report (*Mo. Da. Yr.*) March 31, 2016	Year Ending Dec 31, 2015

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					
3	Assessment Fees Based on Revenue	467,056		467,056	
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23	TOTAL	467,056	0	467,056	-

	Name of Respondent Columbia Gas of Kentucky, Inc.	This Report is: [x] An Original [ ] A Resubmission	Date of Report *(Mo, Da, Yr)* March 31, 2016	Year Ending Dec 31, 2015

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	Gas	928	467,056				
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23			467,056				

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY	(X) An Original ( ) A Resubmission	March 31, 2016	Dec. 31, 2015

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)	0		
30	Other Gas Supply	0		
31	Storage, LNG Terminaling and Processing	0		
32	Transmission	0		
33	Distribution	3,972,031		
34	Customer Accounts	639,297		
35	Customer Service and Informational	9,659		
36	Sales	0		
37	Administrative and General	1,384,085		
38	TOTAL Operation (Total of lines 28 thru 37)	6,005,072		
39	Maintenance			
40	Production - Manufactured Gas	0		
41	Production - Natural Gas (Including Exploration and Development)	0		
42	Other Gas Supply	0		
43	Storage, LNG Terminaling and Processing	0		
44	Transmission	0		
45	Distribution	1,147,280		
46	Administrative and General	0		
47	TOTAL Maintenance (Total of lines 40 thru 46)	1,147,280		

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2016	Year of Report Dec. 31, 2015

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)	0	-	0
52	Storage, LNG Terminaling and Processing	-	-	-
	(Lines 31 and 43)	-	-	-
53	Transmission (Lines 32 and 44)	-	-	-
54	Distribution (Lines 33 and 45)	5,119,311	57,771	5,177,082
55	Customer Accounts (Line 34)	639,297	3,542	642,839
56	Customer Service and Informational (Line 35)	9,659	-	9,659
57	Sales (Line 36)	-	-	0
58	Administrative and General (Lines 37 and 46)	1,384,085	1,275	1,385,360
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)	7,152,352	62,588	7,214,940
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	7,152,352	62,588	7,214,940
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	-	-	-
66	Gas Plant	2,906,836	33,864	2,940,700
67	Other	-	-	-
68	TOTAL Construction (Total of Lines 65 thru 67)	2,906,836	33,864	2,940,700
69	Plant Removal (By Utility Departments)			
70	Electric Plant	-	-	-
71	Gas Plant	250,443	2,742	253,185
72	Other	119,760	-	119,760
73	TOTAL Plant Removal (Total of lines 70 thru 72)	370,203	2,742	372,945
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	10,429,391	99,194	10,528,585

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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, 2016	Dec. 31, 2015

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		2,963,837
20		426		978
21		807		284,944
22		870		598,636
23		874		148,134
24		875		15,485
25		876		12,670
26		878		70,312
27		879		67,809
28		880		16,283
29		887		43,273
30		889		15,485
31		890		34,572
32		892		22,233
33		893		34,295
34		894		63,175
35		903		1,670,386
36		907		64
37		908		65,375
38		909		52,573
39		910		219,656
40		912		45,139
41		913		16,010
42		920		2,339,247
43		921		319,519
44		923		6,106,678
45		924		48
46		925		40,245
47		926		1,358,313
48		930		54,256
49		931		525,857
50		932		201,846
51				
52		TOTAL		17,407,333
53				
54	Service Agreement effective November 1, 1962 may be terminated upon not less			
55	than thirty days written notice.			
56				
57				

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, 2016	(Mo.Da.Yr.) Dec. 31, 2015

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES (Continued)

2. ANNUAL PAYMENTS OVER $250,000

Payee Name	Type of Service & Basis	Account		Amount
Bermex Inc.	Meter Readings	878		2,695
P.O. Box 633102		902		242,414
Cincinatti, OH 45263		903		41,126
		Total	$	286,235
CJ Hughes Construction Co. Inc.	Pipeline Construction &			
P. O. Box 7305	Maintenance	107		2,576,982
Huntington , WV 25776		108		12,131
		183		1,164
		874		7,284
		887		187
		887		166,833
		892		3,345
		Total	$	2,767,926
Dupler Office	Furniture & Equipment	107		463,966
330 W SPRING ST STE 150	Maintenance	874		172
Columbus, OH 43215		878		172
		879		159
		880		636
		887		119
		892		40
		903		51
		Total	$	465,315
Premier Utility Locating, LLC	Pipeline Construction &	107		1,356,890
100 Marcus Blvd. Suite 3	Maintenance	108		195,923
Hauppauge, NY 11788		186		2,397
		874		1,103,724
		878		1,038
		879		87,021
		886		778
		887		381,477
		892		190,349
		Total	$	3,319,597
Stanley Pipeline , Inc.	Pipeline Construction &			
5425 Paris Road	Maintenance	107		4,639,303
Winchester , Ky 40391		108		136,643
		874		182
		878		73
		887		182,362
		892		32,903
		Total	$	4,991,466

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		5,188,232
Corporate Processing Department		108		145,251
Columbus , OH 43271-0746		183		216,255
		874		48,423
		875		3,660
		879		3,131
		880		1,438
		887		107,097
		892		2,681
		894		1,137
		Total	$	5,717,305
Timberline Arbor Services Inc	Pipeline Construction &	107		223,206
109 Burley Way	Maintenance	108		15,652
Somerset, KY 42502		183		11,173
		874		382,585
		887		1,307
		892		231
		Total	$	634,154

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, 2016	Dec. 31, 2015

Compressor Stations

1. Report below details concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stat 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				

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, 2016	Dec. 31, 2015

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)	

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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, 2016	Dec. 31, 2015

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	124,538	-	124,538
3	February	38,817	-	38,817
4	March	79,953	-	79,953
5	April	1,284,211	-	1,284,211
6	May	1,989,115	-	1,989,115
7	June	672,501	-	672,501
8	July	1,446,704	-	1,446,704
9	August	1,543,189	-	1,543,189
10	September	1,182,671	-	1,182,671
11	October	520,168	-	520,168
12	November	169,032	-	169,032
13	December	35,419	-	35,419
14	TOTAL (Enter Total of Lines 2 Thru 13)	9,086,318	-	9,086,318
15	Gas Withdrawn from Storage			
16	January	3,594,962	-	3,594,962
17	February	2,085,957	-	2,085,957
18	March	1,609,922	-	1,609,922
19	April	58,472	-	58,472
20	May	242	-	242
21	June	78,874	-	78,874
22	July	144,850	-	144,850
23	August	174	-	174
24	September	(11,311)	-	(11,311)
25	October	254,993	-	254,993
26	November	758,003	-	758,003
27	December	1,502,453	-	1,502,453
28	TOTAL (Enter Total of Lines 16 Thru 27)	10,077,591	-	10,077,591

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: [X] An Original [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2016	Year Ending Dec. 31, 2015

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, 2016	Year Ending Dec. 31, 2015

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	Not Applicable		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
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25			

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY	(X) An Original ( ) A Resubmission	March 31, 2016	Dec. 31, 2015

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	This Report is:	Date of Report (*Mo. Da. Yr.*)	Year of Report
Columbia Gas of Kentucky, Inc.	[x] An Original [ ] A Resubmission	March 31, 2016	Dec. 31, 2015

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						
13						
14						
15						
16						
17						
18						
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21						
22						
23						
24						
25						
26						

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, 2016	Dec. 31, 2015

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)		13,052,319
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	25,412,141
7	Gas of Others Received for Contract Storage (Account 489.4)	307	-
8	Exchanged Gas Received from Others (Account 806)	328	54,165
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	10,077,591
12	Gas Received from Shippers as Compressor Station Fuel		-
13	Gas Received from Shippers as Lost and Unaccounted for		-
14	Other Receipts (Specify):		-
14.01	Unbilled Gas Received for Distribution		(164,473)
15	Total Receipts (Total of Lines 3 thru 14)		48,431,743
16	GAS DELIVERED		
17	Gas Sales (Accounts 480-484)	301	10,900,140
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	25,412,141
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	147,500
24	Deliveries of Gas to Others for Transportation (Account 858)	332	-
25	Other Gas Delivered to Storage	512	9,086,318
26	Gas Used for Compressor Station Fuel	509	-
27	Other Deliveries (Specify):		-
27.01	Unbilled Gas Sales		(416,800)
27.02	Unbilled Gas Transportation		(164,473)
27.03	Off System Sales		3,369,174
27.04	Natural Gas Used by Respondent	331	16,596
27.05	Municipal Free and Line Damage		(3,614)
28	Total Deliveries (Total of Lines 17 thru 27.04)		48,346,982
29	GAS UNACCOUNTED FOR		
30	Production System Losses		-
31	Gathering System Losses		-
32	Transmission System Losses		-
33	Distribution System Losses		84,761
34	Storage System Losses		-
35	Other Losses (Specify)		-
36	Total Unaccounted for (Total of Lines 30 thru 35)		84,761
37	Total Deliveries & Unaccounted For (Total of Lines 28 and 36)		48,431,743

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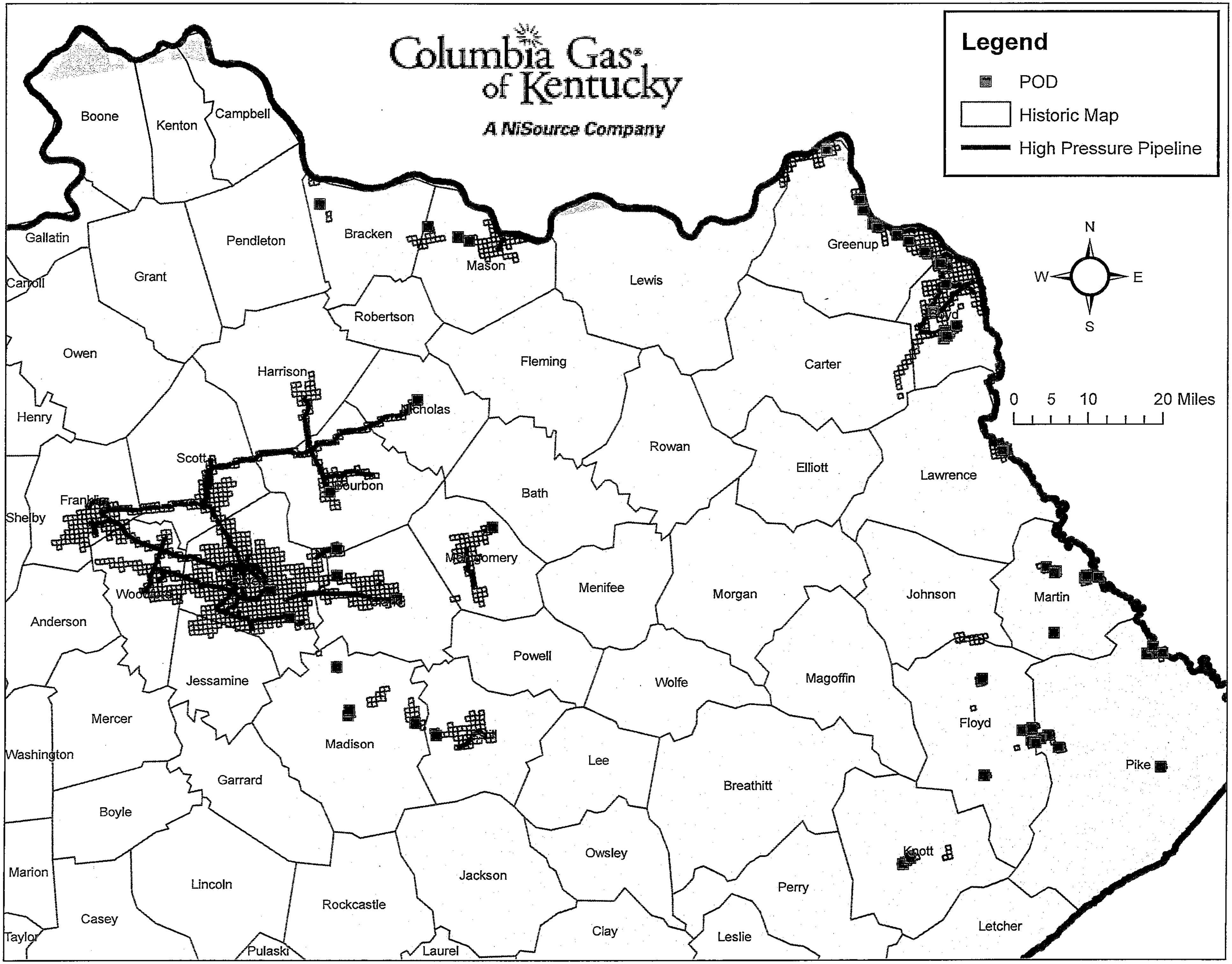
Name of Respondent	This Report Is:	Date of Report	Year of Report
Columbia Gas of Kentucky , Inc.	(1) X An Original (2) A Resubmission	March 31, 2016	December 31, 2015

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



Columbia Gas of Kentucky
A NiSource Company
Legend
POD
Historic Map
High Pressure Pipeline
N
W
E
S
0 5 10 20 Miles
Boone
Kenton
Campbell
Gallatin
Carroll
Grant
Pendleton
Bracken
Mason
Robertson
Lewis
Greenup
Boyd
Carter
Owen
Harrison
Fleming
Henry
Nicholas
Rowan
Elliott
Lawrence
Scott
Bourbon
Bath
Franklin
Shelby
Montgomery
Menifee
Morgan
Johnson
Martin
Woodford
Anderson
Powell
Jessamine
Wolfe
Magoffin
Mercer
Floyd
Washington
Madison
Lee
Breathitt
Pike
Garrard
Boyle
Owsley
Knott
Marion
Lincoln
Jackson
Perry
Rockcastle
Letcher
Casey
Clay
Leslie
Taylor
Pulaski
Laurel

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	March 31, 2016	Dec. 31, 2015

FOOTNOTE DATA

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

Other Accounts (Specify)

Preliminary Survey and Investigation		5,177
Maintenance and Jobbing work in Progress		15,424
Other Miscellaneous		99,159
	Total	119,760

INDEX

Supplemental Gas Information

Revenues, Customers and MCF/DTH Sales

		For Reporting Year 2015		
		Revenue	DTH of Natural Gas Sold	Customers
480	Residential	73,659,595	7,103,125	97,855
481	Commercial & Industrial Sales			
	Small (or Commercial)	30,564,719	3,557,573	10,078
	Large (or Industrial)	1,467,112	226,036	103
482	Other Sales To Public Authorities	-	-	-
484	Interdepartmental Sales	-	-	-
	TOTAL Sales to Ultimate Customers	105,691,426	10,886,734	108,036
483	Sales for Resale	97,293	13,405	2
	TOTAL Natural Gas Service	105,788,719	10,900,139	108,038

ADDITIONAL INFORMATION TO BE FURNISHED WITH ANNUAL REPORT
December 31, 2015

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	130,892	390,051	Tie to Pg. 319 line 70
Various Local Companies	12,054,020	-	
Various Non-Local Companies	(231,351)	32,428,432	
Pipeline Expenses - Transp.	(174,743)	11,691,773	
Pipeline Expenses - Storage	-	4,117,607	
Total Account 803	11,647,926	48,237,812	Tie to Pg 319 line 72
Various Local Companies	297,749	1,088,942	
Various Non-Local Companies	-	-	
City Gate Gas Purchases - Account 804	297,749	1,088,942	Tie to Pg 319 line 73
Propane Expenses	-	-	
Miscellaneous Purchases	-	-	
Deferred Purchased Gas Adj. -	-	13,551,403	
Account 805	-	13,551,403	Tie to Pg 319 line 76
Total	12,076,567	63,268,208	Tie to Pg 319 line 77

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2015

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 NiSource Gas Distribution Group, Inc. of which respondent is a subsidiary (see page 102).

Name of Respondent: COLUMBIA GAS OF KENTUCKY, INC.
Year of Report: December 31, 2015

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

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	224-225	-	X		
111	46	agrees with	227	-	X		
111	52	agrees with	220	5	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	61 (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	118	18	X		
112	12	agrees with	118	23	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	43 (b)	X		
113	60	agrees with	269	43 (f)	X		
113	61	agrees with	278	47 (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	47 (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. 425 & 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	65	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	121 (g)	X		
200	10	agrees with	214	45	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		
325	262 (b)	agrees with	350	23 (d)	X		
335	25	agrees with	325	265 (b)	X		

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(l)

Description of Filing Requirement:

The annual report to shareholders or members and the statistical supplements covering the most recent two (2) years from the application filing date;

Response:

The annual report to shareholders includes Form 10-K. Please refer to the attached for reports from 2014 and 2015.

Responsible Witness:

Jana T. Croom

CREATING TWO PREMIER ENERGY INFRASTRUCTURE COMPANIES

NiSource®

2014 ANNUAL REPORT TO STOCKHOLDERS

2014: A Watershed Year

Continued Strong Execution of Core Infrastructure and Customer Programs

Transformational Growth Projects and Strategic Initiatives

~32% Total Shareholder Return*

~$3 Billion Market Cap Increase

~29% Share Price Increase

~4% Dividend Increase

~$12-$15 Billion Gas Pipeline Infrastructure Investment Opportunities Over 10 Years

~$30 Billion Utility Infrastructure Investment Opportunities Over 20-Plus Years

~207% Cumulative Total Shareholder Return* Over Past Five Years

Earned the Edison Electric Institute's Index Award for Five-Year Shareholder Returns

Named to Dow Jones Sustainability Index - North America

Designated a World's Most Ethical Company by The Ethisphere Institute

* Represents share price appreciation plus dividends.

A Message from Bob Skaggs, NiSource President and CEO

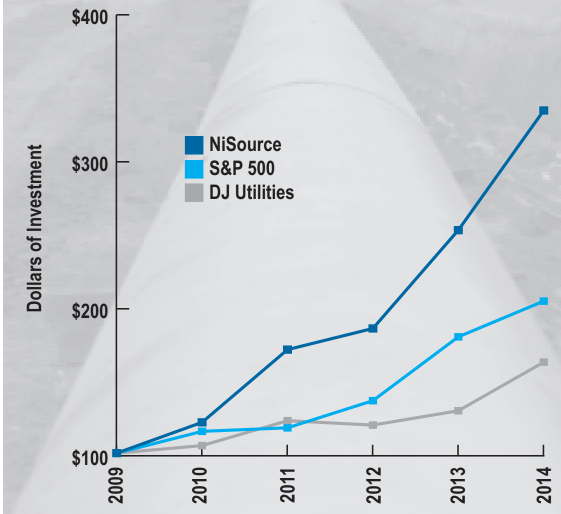
Fellow Stockholder:

By almost any measure, 2014 was a watershed year for NiSource. Our Team again delivered strong financial, operational and customer service results, while executing on a record capital investment program. It was a year in which we originated and advanced transformational growth projects, executed on a growing array of long-term system enhancement programs and announced a fundamental repositioning of NiSource and Columbia Pipeline Group as **independent premier energy companies**.

You will see details of these achievements throughout this year's annual report, but here are just a few of the Team's notable achievements during 2014:

- We successfully executed on a record $2.2 billion capital investment program, delivering a broad array of customer-focused infrastructure enhancements, system expansions and environmental upgrades.
- We added more than 1.1 billion cubic feet of new gas transmission capacity to our pipeline system, while originating major new projects that we anticipate will drive the expected tripling of our pipeline business net asset base by 2020. In fact, across all three NiSource business units, our Teams identified enhanced infrastructure investment opportunities of nearly $50 billion over the next 20-plus years.
- We continued to systematically enhance our core natural gas distribution and transmission assets, and starting in 2014, our NIPSCO electric system, as part of well-defined – and stakeholder-aligned – long-term modernization programs.
- We successfully completed regulatory proceedings – virtually all via collaborative settlement – resulting in recovery of more than $70 million in increased annual revenues, while continuing to advance key energy efficiency, conservation and customer assistance programs.
- We delivered earnings that exceeded our guidance range, increased NiSource's common stock dividend and generated a total shareholder return that once again exceeded the major utility indices. And we did so while maintaining our core commitment to investment grade credit – and in fact received a ratings upgrade from Moody's Investor Services.

INVESTMENT-DRIVEN GROWTH



	NI	S&P 500	DJ Utilities
2014	$336.92	$205.11	$162.90
2013	$254.18	$180.41	$129.29
2012	$186.21	$136.26	$119.39
2011	$171.58	$117.49	$122.43
2010	$121.29	$115.06	$105.22
2009	$100.00	$100.00	$100.00

STOCK PRICE PERFORMANCE

Underpinning these accomplishments is NiSource's **well-established business strategy** and **industry-leading platforms for growth**. That strong foundation positions our Team to deliver strong, sustainable performance and significant value for: **Our Customers** through modern, efficient energy services and infrastructure; **the Communities We Serve** through job creation, community involvement and economic development; and **Our Shareholders** through consistent investment returns and value creation.

On behalf of our Team, I'm proud to provide this "look back" at a remarkable 12 months, and to share a "look ahead" at what promises to be a historic year for NiSource and Columbia Pipeline Group.

Creating Two Premier Energy Companies

During the third quarter of 2014, we announced a major strategic initiative designed to better position NiSource's core gas and electric utility businesses, as well as our rapidly growing natural gas pipeline, storage and midstream unit, for even stronger performance and ongoing success.

In September, we launched a plan, approved in principle by NiSource's Board of Directors, to **separate Columbia Pipeline Group (CPG) from NiSource's natural gas and electric utilities**. In sync with that announcement, we initiated the creation of a new master limited partnership (MLP), Columbia Pipeline Partners LP, to provide equity funding for CPG's robust growth plan.

The decision to separate CPG and NiSource into stand-alone public companies is clearly a significant development in NiSource's history and a logical step in the evolution of our proven, long-term growth strategy. Following the separation – on track to be completed in mid-2015 – both NiSource and CPG are expected to move forward as independent, investment-grade, pure-play entities with experienced Teams **focused on executing – and elevating – our well-established platforms for growth**.

- **Columbia Pipeline Group** will be a growth-oriented natural gas pipeline, midstream and storage company. As an independent company, CPG will be financially strong and strategically positioned to execute on a growing inventory of transformational growth and modernization investments.

- **NiSource** will continue to include the Columbia Gas distribution companies and the NIPSCO natural gas and electric business. The company will remain one of America's largest fully regulated utilities, with a large customer base, strong and respected stakeholder relationships, and approximately $30 billion of identified long-term investment opportunities.

Separating CPG from NiSource is relatively straightforward and has proceeded according to plan. We have announced experienced management Teams for both companies – virtually all drawn from NiSource's current leadership ranks – and initiated necessary financing to **establish strong financial foundations for both companies**. We also are on track for the recapitalization of both companies, which is on schedule for the second quarter of 2015. Notably, one of the key tenets of this transaction is that both companies are

NYSE: NI
NISOURCE
Pure-Play Natural Gas & Electric Utility

BENEFITS OF THE NISOURCE-CPG SEPARATION

- Creates Two Pure-Play Entities
- Distinct Business Strategies, Investment Opportunities and Customers
- Experienced Leadership for Both Companies
- Each Company Uniquely Positioned to Realize Growth Opportunities
- Premier Projected Growth Rates
- Aligned with Investor and Stakeholder Interests
- Expected Tax-Free Transaction

NYSE: CPGX
COLUMBIA PIPELINE GROUP
Pure-Play Pipeline, Midstream & Storage Company

OPPORTUNITY TO UNLOCK THE FULL POTENTIAL OF BOTH COMPANIES

expected to **maintain investment-grade credit ratings following the separation**.

As NiSource shareholders, at the time of separation, you will retain your current shares of NiSource stock and receive a pro-rata dividend of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and shareholders. The actual number of CPG shares to be distributed to shareholders will be determined closer to the separation date.

Columbia Pipeline Partners

As noted above, a separate but closely related part of CPG's future growth was the creation of Columbia Pipeline Partners LP, an MLP that owns approximately 15.7 percent of Columbia OpCo's assets. Columbia OpCo owns essentially all of the assets of CPG, including Columbia Gas Transmission, Columbia Gulf Transmission and Columbia Midstream Group.

NYSE: CPPL

On February 11, 2015, Columbia Pipeline Partners successfully completed its **$1.2 billion initial public offering**, the largest-ever MLP IPO to date. The MLP will act as the primary equity funding source for CPG's growth projects, which are highlighted throughout this report. Additional information about Columbia Pipeline Partners can be found at www.columbiapipelinepartners.com.

Transformational Pipeline, Storage & Midstream Progress

Our CPG Team delivered on a truly unprecedented agenda in 2014 by placing more than $300 million in system expansion projects in service during the year, which added about 1.1 billion cubic feet of new capacity to CPG's interstate pipeline system. Meanwhile, our Columbia Midstream Team placed an additional $200 million in new projects in service, providing new gathering and processing services for Marcellus and Utica Shale gas producers. Concurrent with these investments, the CPG Team delivered on the second year of the comprehensive Columbia Transmission system modernization program, representing an investment of about $320 million. In total for 2014, we added more than $800 million in new revenue-generating assets in service – all on time and on budget.

The largest CPG growth project placed in service during the year was the approximately $200 million **West Side Expansion** project. That project involved making a portion of the approximately 3,400-mile Columbia Gulf system bi-directional and capable of transporting 540 million cubic feet per day of Marcellus Shale production to Gulf Coast and southeast markets. When this important project is paired with subsequent projects under development, we expect that **by the end of 2017, the entire Columbia Gulf system will be fully bi-directional**, providing a major and much-needed market outlet for Appalachian shale gas.

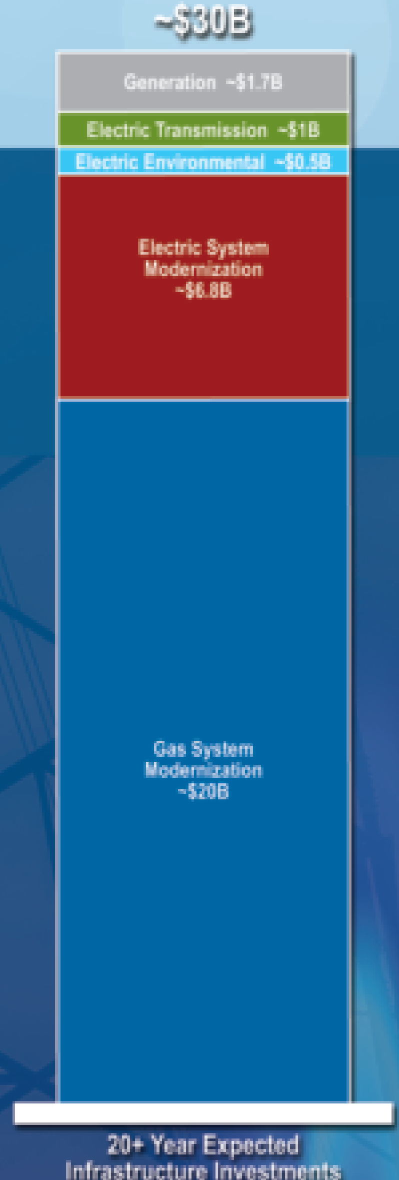
Another growth project benefiting from CPG's strategic asset location is the **Hickory Bend gathering and processing facility** in eastern Ohio and western Pennsylvania. That project, which was placed in service in the first half of 2014, involved construction of about 45 miles of gathering pipeline and related facilities. The facility now provides about **500 million cubic feet per day of gathering pipeline capacity and about 200 million cubic feet per day of processing capacity**, with ready capability for future expansion. Our Team also completed a **natural gas liquids pipeline** that connects the Hickory Bend facility to the UEO Kensington facility in Columbiana County, Ohio. This new line is capable of delivering 45,000 barrels of liquids per day with expansion potential up to 90,000 barrels per day. Both projects are part of our Pennant Midstream, LLC partnership, a joint venture with units of Hilcorp Energy Company. NiSource owns a 50 percent interest and is the operator of the facilities.

Looking ahead, **the CPG Team is in full execution mode on several transformational growth projects** supporting

Continues on Page 6

ONE PREMIER COMPANY TO BECOME TWO

In September 2014, NiSource announced plans to separate Columbia Pipeline Group (CPG) into a stand-alone, publicly traded company in mid-2015. With the benefit of strategic clarity and focus, NiSource and CPG will be better able to realize growth opportunities and execute on their robust, long-term investment plans. Both companies are expected to be well capitalized and maintain investment-grade credit ratings.



NYSE: NI

BY THE NUMBERS

- **~4 Million Electric & Natural Gas Customers Across Seven States**
- **~58,000 Miles of Distribution Pipeline**
- **3,300 Megawatts of Generation**
- **~2,800 Circuit Miles of Electric Transmission**
- **100% Regulated Business Model**
- **~$7.4 Billion Rate Base**
- **>80% Non-Volumetric Revenue Streams**
- **~75% of Investments Are Expected to Be Revenue Producing**
- **~$30 Billion of Long-Term Infrastructure Investment Opportunities**

After the planned separation, **NiSource will remain one of the largest natural gas utility companies in the United States**, serving more than 3.4 million customers in seven states under the Columbia Gas and NIPSCO brands. The company also will continue to provide electric distribution, generation and transmission services for approximately 460,000 NIPSCO electric customers in northern Indiana. The company will continue to be listed on the New York Stock Exchange under the symbol "NI."

NiSource's growth strategy focuses on the systematic modernization and replacement of its utility infrastructure, paired with complementary system expansions, customer programs and regulatory initiatives. Under this strategy, the company is investing in **electric system environmental upgrades and transmission expansions; natural gas system replacements and expansions; and enhancement of customer services**.

NiSource's core business strategy is expected to drive stable long-term earnings and dividend growth, **supported by stable revenue streams, contemporary rate designs and approximately $30 billion in infrastructure investment opportunities spanning the next 20-plus years**.

"As a pure-play utilities company, we expect NiSource will continue to be well capitalized, with significant customer and rate base scale, and a deep inventory of infrastructure investment opportunities. The company's strong foundation, supported by a proven track record of execution on core system enhancement, regulatory and legislative programs, should enable NiSource to continue delivering safe, reliable and efficient service to its customers, as well as sustainable growing value to shareholders."

Joe Hamrock will serve as NiSource's president and CEO following the planned separation. He currently serves as group CEO of NiSource's Gas Distribution business unit.

NEW LOOK, CLASSIC TWIST

As part of the separation process, Columbia Pipeline Group unveiled a new logo that draws from the organization's rich history. The navy blue and three-star design comes from a previous version of the Columbia logo, dating back nearly a century.

BY THE NUMBERS

NYSE: CPGX

- 15,000 Miles of Transmission Pipeline
- 1.3 Trillion Cubic Feet of Throughput per Year
- 35 Storage Fields with 300 Billion Cubic Feet of Working Capacity
- >90 Percent of Revenues Generated Under Long-Term, Fixed-Fee Agreements
- ~$4 Billion Net Investment as of 2013, Expected to Triple by 2020
- $12-$15 Billion of Long-Term Infrastructure Investment Opportunities

CPG, which is expected to be listed on the New York Stock Exchange under the symbol "CPGX," will include Columbia Pipeline Partners, Columbia Gas Transmission, Columbia Gulf Transmission, Columbia Midstream Group, and other current NiSource natural gas pipeline, storage and midstream holdings. In total, the **new independent CPG will operate more than 15,000 miles of natural gas transmission pipelines, nearly 300 billion cubic feet of underground natural gas storage working capacity and a growing portfolio of midstream and related facilities**.

The CPG system provides access to U.S. energy markets stretching from the Southeast through the Northeast, as well as strategic asset positions throughout the Marcellus and Utica Shale production regions. The CPG Team continues to leverage these assets to develop a deep inventory of supply- and market-driven growth projects, many of which are in advanced stages of development.

These projects, when paired with the company's long-term system modernization program, represent a **potential capital investment opportunity of $12-$15 billion over the next 10 years, positioning the company to provide enhanced long-term growth**.

More than 90 percent of CPG's annual revenues are generated under long-term, fixed-fee agreements, and the company has developed a strong track record for disciplined project and capital program management execution.

"As an independent company, CPG will be well positioned to execute on a significant number of value-creating growth opportunities resulting from the expansion of natural gas drilling in its geographic territories, its landmark system modernization program, as well as increased demand associated with liquefied natural gas exports and gas-fired electric generation – all of which is expected to benefit our customers, investors and other key stakeholders. We are committed to unlocking significant value and enabling even greater investment to fuel growth in the CPG business that would not have been possible without the CPG separation and associated MLP."

Bob Skaggs will serve as CPG's chairman and CEO following the planned separation.

Continued from Page 3

LNG export, gas-fired generation, Marcellus and Utica production and our core gas utility customers. Highlights of those efforts include:

- In December, the Federal Energy Regulatory Commission approved the construction of CPG's **East Side Expansion** project, which will provide approximately 315 million cubic feet per day of additional capacity for Marcellus supplies to reach growing northeastern and Mid-Atlantic markets. This $275 million project is expected to be placed in service in the third quarter of 2015.

- CPG's **Rayne XPress and Leach XPress** projects, which collectively involve about $1.8 billion in system expansion, will create major new pathways for transporting shale production to attractive markets and liquid trading points. With a capacity of approximately 1.5 billion cubic feet per day on the Columbia Transmission system and 1 billion cubic feet per day on Columbia Gulf, the projects involve construction of approximately 160 miles of new transmission pipeline and 165,000 horsepower of additional compression, with an expected in-service date of year-end 2017.

- The **Cameron Access Project**, a roughly $310 million investment, involves the construction of new pipeline facilities to connect the CPG system with the Cameron LNG terminal in southern Louisiana. The project will offer an initial capacity of up to 800 million cubic feet per day and is expected to be in service in early 2018.

- The **WB XPress Project** is an approximately $870 million project to transport about 1.3 billion cubic feet per day of shale gas to East Coast markets and various pipeline interconnects, including access to the Cove Point LNG terminal. This project is expected to be in service by the fourth quarter of 2018.

- Columbia Midstream's $120 million **Washington County Gathering** project, anchored by a long-term agreement with a subsidiary of Range Resources Corp., will transport production into the Columbia Transmission system starting in the second half of 2015, while its **Big Pine Gathering System Expansion** will add another 175 million cubic feet of capacity to the existing, fully subscribed system in the third quarter of 2015.

In addition to these ongoing initiatives, CPG also is in advanced discussions with customers regarding the potential **Mountaineer XPress** – and complementary **Gulf XPress** – projects. Capacity levels for these major projects are still being refined, but they could provide upwards of 2.5 billion cubic feet of additional transportation capacity for Marcellus and Utica Shale producers, underpinned with long-term firm transportation agreements.

This impressive agenda is a testament to our Team's ability to originate high-value projects for customers and the strategic nature of the CPG asset footprint. In fact, given the extent of CPG investment programs and projects in various stages of development, **we now expect CPG's growth investment opportunities to reach $12-$15 billion over the next 10 years, with approximately $1.1 billion planned for 2015**. With this level of investment, we expect to triple CPG's net asset base by 2020.

Premier Utility Performance

In 2014, NiSource's utilities continued to set the standard for disciplined project execution, paired with **foundational commitments to safety, customer value and stakeholder engagement**. In nearly every state where we operate, NiSource Teams made significant progress in advancing core priorities – safety, system reliability, modernization and expansion – while delivering complementary customer programs. In the process, NiSource's natural gas and electric utilities successfully deployed nearly $1.3 billion of capital during 2014. Below are a few of our execution highlights from across our seven utilities.

At NIPSCO, our Indiana electric and natural gas utility, the Team delivered on the first year of its **seven-year natural gas and electric infrastructure modernization programs**, which are expected to reach an investment level of nearly $2 billion. During the year, the Team completed about $120 million of projects that are helping ensure **long-term system reliability, flexibility and safety**, as well as providing improved rural access to natural gas service. Another NIPSCO milestone in 2014 was the completion of the second and remaining **flue gas desulfurization (FGD) unit** at the company's R. M. Schahfer electric generation facility. This unit, like a parallel unit placed in service during the fourth quarter of 2013, was delivered on time and on budget. A third FGD unit, at NIPSCO's Michigan City generation facility, is on schedule to be placed in service by the end of 2015.

Following the completion of the Michigan City unit, all of NIPSCO's coal-burning facilities will be fully scrubbed – which will reduce the company's sulfur dioxide emissions from those units by about 90 percent. The Michigan City project also includes the installation of technology that will reduce particulates, acid gases and mercury emissions from the flue gas. These investments are part of **more than $850 million in environmental enhancements**, including water quality and other emission-control projects, recently completed and planned at NIPSCO's electric generating facilities.

Progress also continued on **two major NIPSCO electric transmission projects** that will further enhance the region's electric grid reliability, flexibility and supply options. The projects in process include a 100-mile, 345-kilovolt transmission line, and a 66-mile, 765-kilovolt line. Right-of-way acquisition and permitting are under way for both projects, with preliminary construction scheduled to begin on the 345-kilovolt line in the first half of this year. These projects represent an investment of about $500 million for NIPSCO.

MANAGEMENT TEAM

Robert C. Skaggs, Jr.
President & CEO

Stephen P. Smith
Executive Vice President & CFO

Carrie J. Hightman
Executive Vice President & CLO

Joseph Hamrock
Executive Vice President & Group CEO, Gas Distribution

Glen L. Kettering
Executive Vice President & Group CEO, Columbia Pipeline Group

Jim L. Stanley
Executive Vice President & Group CEO, NIPSCO

Karl Brack
Senior Vice President, Corporate Affairs

Robert D. Campbell
Senior Vice President, Human Resources

Violet G. Sistovaris
Senior Vice President & CIO

Larry J. Francisco
Vice President, Audit

NIPSCO also received approval for the extension of programs that support conservation and renewable energy options. These include the continuation of NIPSCO's **electric energy efficiency programs and the Green Power Rate program**. The Green Power Rate program, introduced in early 2013, allows customers to designate a portion or all of their monthly electric usage to be attributable to power generated by renewable energy sources. NIPSCO also is in the process of extending its Feed-in Tariff (FIT) program. Originally introducted in 2012, the FIT program allows customers to generate their own electricity via small-scale renewable resources and sell it back to the company.

NiSource's Columbia Gas utilities also achieved significant operational, customer and regulatory progress during 2014, punctuated with successful completion of a record **capital investment level**. The largest portion of that investment was committed to infrastructure modernization programs, under which our gas distribution Teams replaced more than 330 miles of priority pipelines and related facilities last year.

In tandem with these investments, our Columbia Gas distribution Teams delivered on a broad range of complementary regulatory and legislative initiatives.

In November, the Pennsylvania Public Utility Commission approved a settlement in Columbia Gas of Pennsylvania's (CPA) base rate case. The case provides for recovery of CPA's investments in its well-established infrastructure modernization program and will **increase annual revenues by approximately $33 million**. New rates went into effect in December.

Also in December, Columbia Gas of Virginia (CGV) reached a settlement with customers for its base rate, which is pending final approval by the Virginia State Corporation Commission. The case would increase base rates by approximately $25 million and **provide for recovery of costs related to CGV's significant capital investments to improve its system and accommodate growth**, as well as costs incurred related to a number of initiatives designed to improve system safety and reliability.

Earlier in the year, the Team also completed a rate case in Massachusetts that will increase annual revenues by approximately $19 million and provide for **continued recovery of investments related to our ongoing infrastructure programs**, which are designed to maintain and improve the safety and reliability of our systems.

Our Columbia Gas of Massachusetts (CMA) Team also played a key role in advancing state legislation, enacted during 2014, **authorizing accelerated recovery of gas infrastructure modernization investments**. Under the legislation, utilities can file an annual Gas System Enhancement Plan with the Department of Public Utilities, and seek simultaneous recovery in rates. CMA's 2015 enhancement plan is expected to increase annual revenues by approximately $2.6 million.

In Ohio, our Columbia Gas of Ohio (COH) Team helped advance two important **new laws designed to ensure customer safety and enhance economic development in the state**. The Damage Prevention Enforcement Mechanism is the most significant update to Ohio's underground protection statutes in more than 20 years. It grants the Public Utilities

Commission of Ohio the authority to enforce Ohio's underground utility protection laws. A separate new law, the Enhanced Economic Development Opportunities Act, gives local gas distribution companies the ability to apply for a rider to recover the costs of infrastructure investments associated with economic development projects. This law supports COH's economic development efforts and will assist the state in attracting companies and jobs to Ohio.

With a clearly defined strategy in place, NiSource's utilities are on track to complete **approximately $1.3 billion in capital investments during 2015 as part of identified infrastructure investment opportunities of approximately $30 billion** over the next 20-plus years.

Our Focus in 2015

Without question, our fundamental focus in 2015 continues to be safely and reliably operating our core utility and pipeline systems and delivering for our customers each and every day. At the same time we will continue to prepare for the separation of NiSource and CPG – positioning both companies with a strong financial foundation and the resources and systems to operate independently and successfully.

As I reflect on my last shareholder letter as the CEO of the combined NiSource entity, I can say without a doubt that the Team we've assembled is best-in-class. As we execute the separation in the coming months, **I'm certain that both companies will be positioned with the right leadership, the right focus and the right attitude to unlock their full potential and deliver enduring value for their stakeholders**.

Thank you for your support of our plans and your continued investment in NiSource and CPG.

Bob

Bob Skaggs
President & CEO
NiSource Inc.

BOARD OF DIRECTORS

Richard L. Thompson
Chairman of the Board, NiSource Inc.

Richard A. Abdoo
President, R.A. Abdoo & Co. LLC

Aristides S. Candris
Retired President & CEO, Westinghouse

Sigmund L. Cornelius
President and COO, Freeport LNG, LLC

Michael E. Jesanis
Principal, Serrafix

Marty R. Kittrell
Retired Executive Vice President & CFO, Dresser, Inc.

W. Lee Nutter
Retired Chairman, President & CEO, Rayonier, Inc.

Deborah S. Parker
Retired Senior Vice President, Quality & Environmental, Health & Safety, Alstom Power

Robert C. Skaggs, Jr.
President & CEO, NiSource Inc.

Teresa A. Taylor
CEO, Blue Valley Advisors, LLC

Carolyn Y. Woo
President & CEO, Catholic Relief Services

Letter from the Chairman

As Bob describes in his letter, 2014 was truly a landmark year for NiSource. With the oversight and endorsement of the entire Board, the NiSource Team delivered a series of transformational initiatives designed to benefit customers and shareholders now and for the foreseeable future.

In addition to NiSource's significant operational, financial and commercial successes, the company initiated a plan to separate Columbia Pipeline Group (CPG) into a stand-alone company. This separation announcement comes from a position of strength and is fully aligned with our goal of delivering increased long-term shareholder value. Developed and executed in close coordination with the full Board of Directors, this plan is expected to create two premier, pure-play companies and unlock the full potential of both entities.

With proven, experienced leaders in place, NiSource and CPG will be well positioned to thrive and grow as independent entities. As evidenced by their strong leadership track records, Bob Skaggs, Joe Hamrock and their respective Teams are ideally suited to provide the clarity of vision, depth of experience and strength of character needed to execute on the distinct and well-established growth strategies of both NiSource and CPG.

We also are privileged to have highly experienced and respected individuals prepared to serve on the respective Boards of both NiSource and CPG. These Boards will each bring a depth of experience, a range of perspectives and a continuity of focus vital to managing the distinct opportunities and challenges of each company. I am confident these Boards will provide sound independent judgment and guidance to each company's management Team as they work to expand and grow these companies.

After more than a decade of service on this Board, I can say that I have never been more confident in management's plan for the future and the Team's ability to deliver on that strategy.

As always, the Board will continue to represent the interests of shareholders through a high level of engagement with Bob, Joe and their respective Teams. We also will test and validate the company's core strategies and plans – including the company's planned $2.4 billion in infrastructure investments in 2015 – on an ongoing basis.

Thank you for your continued investment and support.

Rich Thompson
Chairman of the Board
NiSource Inc.

NiSource earned, for the fourth consecutive year, the designation as one of the World's Most Ethical Companies by Ethisphere Institute

STOCKHOLDER INFORMATION

This document contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this document include statements and expectations regarding the timing of the separation, as well as NiSource's business following the separation and the leadership of NiSource and Columbia Pipeline Group following the separation. The potential distribution of CPG shares is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that such distribution will in fact occur. Future earnings and other financial projections are illustrative only and do not constitute guidance by the Company.

For a discussion of factors that could cause actual results to differ materially from those contained in such statements, please see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the NiSource Inc. Annual Report on Form 10-K included herein.

NiSource Inc. common stock is listed and traded on the New York Stock Exchange ("NYSE") under the symbol NI. The shares are listed in financial stock quotations as NISOURCE. As of December 31, 2014, NiSource had 25,233 registered common stockholders.

Anticipated Dividend Record & Payment Dates – NI Common Stock*

Record Date	Payment Date
04/30/15	05/20/15
07/31/15	08/20/15
10/30/15	11/20/15
02/08/16	02/19/16

*While the post-separation dividends for NI and CPG have not yet been determined, it is expected that the initial combined dividend will be at least equal to the current NI dividend.

Common Stock Dividend Declared

On February 20, 2015, the Company paid a quarterly dividend of $0.26 per share, equivalent to $1.04 per share on an annual basis.

Investor & Financial Information

Financial analysts and investment professionals should direct written and telephone inquiries to NiSource Investor Relations at 801 East 86th Avenue, Merrillville, IN 46410 or (219) 647-6209.

Copies of NiSource's financial reports are available by writing or calling the Investor Relations department at the address or phone number listed above. The materials are also available at www.nisource.com.

Stockholder Services

Questions about stockholder accounts, stock certificates, transfer of shares, dividend payments, automatic dividend reinvestment and stock purchase plan, and electronic deposit may be directed to Computershare at the following:

Computershare
P.O. Box 30170
College Station, Texas 77842-3170
or
211 Quality Circle, Suite 210
College Station, Texas 77845

(888) 884-7790

TDD for Hearing Impaired
(800) 231-5469

Foreign Stockholders
(201) 680-6578

TDD Foreign Stockholders
(201) 680-6610

www.computershare.com/investor

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Computershare
Shareowner Services
(888) 884-7790

Analyst Inquiries
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Corporate
Communications
(219) 647-5581

[redacted]

NISOURCE INC/DE

FORM 10-K
(Annual Report)

Filed 02/18/15 for the Period Ending 12/31/14

Address	801 EAST 86TH AVE
	MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ______to ______

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 East 86th Avenue Merrillville, Indiana	46410
(Address of principal executive offices)	(Zip Code)

(877) 647-5990
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock	New York

Securities registered pursuant to Section 12(g) of the Act: None

I ndicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12-b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of Common Stock (based upon the June 30, 2014 , closing price of $39.34 on the New York Stock Exchange) held by non-affiliates was approximately $12,354,419,322 .

There were 316,211,929 shares of Common Stock, $0.01 Par Value outstanding as of February 10, 2015 .

Documents Incorporated by Reference

Part III of this report incorporates by reference specific portions of the Registrant's Notice of Annual Meeting and Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 12, 2015 .

CONTENTS

DEFINED TERMS

The following is a list of abbreviations or acronyms that are used in this report:

NiSource Subsidiaries and Affiliates	
Capital Markets	NiSource Capital Markets, Inc.
CER	Columbia Energy Resources, Inc.
CEVCO	Columbia Energy Ventures, LLC
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia Gulf	Columbia Gulf Transmission, LLC
Columbia Midstream	Columbia Midstream Group, LLC
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
Columbia Transmission	Columbia Gas Transmission LLC
CPG	Columbia Pipeline Group, Inc.
CPPL	Columbia Pipeline Partners LP
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
Hardy Storage	Hardy Storage Company, LLC
Kokomo Gas	Kokomo Gas and Fuel Company
Millennium	Millennium Pipeline Company, L.L.C.
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corporation
Northern Indiana Fuel and Light	Northern Indiana Fuel and Light Company Inc.
Pennant	Pennant Midstream, LLC
Abbreviations	
AFUDC	Allowance for funds used during construction
AMI	Area of Mutual Interest
AMRP	Accelerated Main Replacement Program
AOC	Administrative Order by Consent
AOCI	Accumulated Other Comprehensive Income
ARP	Alternative Regulatory Plan
ARRs	Auction Revenue Rights
ASC	Accounting Standards Codification
BBA	British Banker Association
Bcf	Billion cubic feet

DEFINED TERMS

BNS	Bank of Nova Scotia
Board	Board of Directors
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
BTU	British Thermal Unit
CAA	Clean Air Act
CCGT	Combined Cycle Gas Turbine
CCRM	Capital Cost Recovery Mechanism
CCRs	Coal Combustion Residuals
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CO_2	Carbon Dioxide
CSAPR	Cross-State Air Pollution Rule
Day 2	Began April 1, 2005 and refers to the operational control of the energy markets by MISO, including the dispatching of wholesale electricity and generation, managing transmission constraints, and managing the day-ahead, real-time and financial transmission rights markets
DSIC	Distribution System Improvement Charge
DPU	Department of Public Utilities
DSM	Demand Side Management
Dth	Dekatherm
Dth/d	Dekatherm per day
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GAF	Gas Adjustment Factor
GCIM	Gas Cost Incentive Mechanism
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
Hilcorp	Hilcorp Energy Company
hp	Horsepower
IBM	International Business Machines Corp.
IDEM	Indiana Department of Environmental Management
INDIEC	Indiana Industrial Energy Consumers, Inc.
IPO	Initial Public Offering
IRP	Infrastructure Replacement Program
IRS	Internal Revenue Service
IURC	Indiana Utility Regulatory Commission

DEFINED TERMS

kV	Kilovolt
LDAF	Local Distribution Adjustment Factor
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas
MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet
MMcf/d	Million cubic feet per day
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
MMDth/d	Million dekatherms per day
mw	Megawatts
mwh	Megawatt hours
NAAQS	National Ambient Air Quality Standards
NGL	Natural Gas Liquids
NOV	Notice of Violation
NO_2	Nitrogen dioxide
NOx	Nitrogen oxides
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement and Postemployment Benefits
OUCC	Indiana Office of Utility Consumer Counselor
Partnership	CPPL
PCB	Polychlorinated biphenyls
PEF	Pension Expense Factor
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank N.A.
ppb	Parts per billion
Proposed Separation	On September 28, 2014, NiSource announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company.
PSC	Public Service Commission
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RAAF	Residential Assistance Adjustment Factor
RBS	Royal Bank of Scotland PLC
RDAF	Revenue decoupling adjustment factor
RTO	Regional Transmission Organization
SAVE	Steps to Achieve Virginia’s Energy
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO_2	Sulfur dioxide

DEFINED TERMS

Sugar Creek	Sugar Creek electric generating plant
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TIRF	Targeted Infrastructure Reinvestment Factor
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entity
VSCC	Virginia State Corporation Commission

ITEM 1. BUSINESS

NISOURCE INC.

NiSource (the “Company”) is an energy holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. NiSource is the successor to an Indiana corporation organized in 1987 under the name of NIPSCO Industries, Inc., which changed its name to NiSource on April 14, 1999.

NiSource is one of the nation’s largest natural gas distribution companies, as measured by number of customers. NiSource’s principal subsidiaries include NiSource Gas Distribution Group, Inc., a natural gas distribution holding company, and Columbia Pipeline Group, Inc. ("CPG"), a transmission and storage holding company, whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; NIPSCO, a gas and electric company providing service to customers in northern Indiana. NiSource derives substantially all of its revenues and earnings from the operating results of its thirteen direct subsidiaries. NiSource's subsidiary CPG was recently formed to be the holding company under which Columbia is organized in connection with the Proposed Separation (as defined below).

NiSource’s business segments are: Gas Distribution Operations; Columbia Pipeline Group Operations; and Electric Operations. Following is a summary of the business for each reporting segment. Refer to Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 22, "Segments of Business," in the Notes to Consolidated Financial Statements for additional information for each segment.

On September 28, 2014, NiSource announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company (the “Proposed Separation”). If completed, the Proposed Separation will result in two energy infrastructure companies: NiSource , a fully regulated natural gas and electric utilities company, and CPG, a natural gas pipeline, midstream and storage company. The Proposed Separation is expected to occur in mid-2015. The Proposed Separation is subject to various conditions, and there is no assurance that the transaction will be completed in mid-2015 or at all. Refer to the "Consolidated Review" under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," for additional information on the Proposed Separation. In connection with the Proposed Separation, CPG has filed with the SEC a registration statement under the Securities Exchange Act of 1934 that is not yet effective.

Under the plan for the Proposed Separation, NiSource stockholders would retain their current shares of NiSource stock and receive a *pro rata* distribution of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its stockholders for U.S. federal income tax purposes.

On February 11, 2015, CPPL (the "Partnership") completed its IPO of 53.8 million common units representing limited partnership interests, constituting 53.5% of the Partnership's outstanding limited partnership interests. The Partnership received $1,170.0 million of net proceeds for the IPO. NiSource, through CPG, owns the general partner of the Partnership, all of the Partnership's subordinated units and the incentive distribution rights. The assets of the Partnership consist of a 15.7 percent limited partner interest in Columbia OpCo, which consists of substantially all of the Columbia Pipeline Group Operations segment. The operations of the Partnership will be consolidated in NiSource's results as long as the Partnership remains a subsidiary. If the Proposed Separation occurs, CPG would no longer be a subsidiary of NiSource and, thus, NiSource would cease to own (a) any interest in Columbia OpCo, (b) the general partner of the Partnership, (c) any of the limited partner interests in the Partnership or (d) any of the incentive distribution rights in the Partnership.

Gas Distribution Operations

NiSource’s natural gas distribution operations serve approximately 3.4 million customers in seven states and operate approximately 58,000 miles of pipeline. Through its wholly-owned subsidiary NiSource Gas Distribution Group, Inc., NiSource owns six distribution subsidiaries that provide natural gas to approximately 2.6 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland and Massachusetts. Additionally, NiSource also distributes natural gas to approximately 807,000 customers in northern Indiana through its wholly-owned subsidiary NIPSCO.

Columbia Pipeline Group Operations

NiSource’s Columbia Pipeline Group Operations subsidiaries own and operate approximately 15,000 miles of interstate pipelines and operate one of the nation’s largest underground natural gas storage systems, capable of operationally storing approximately 622 Bcf of natural gas. Through its subsidiaries, Columbia Transmission, Columbia Gulf, Columbia Midstream and Crossroads Pipeline, NiSource owns and operates an interstate pipeline network extending from the Gulf of Mexico to New York and the eastern seaboard. Together, these companies serve customers in 16 northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia.

ITEM 1. BUSINESS

NISOURCE INC.

NiSource's Columbia Pipeline Group Operations continue to develop a range of growth initiatives, including mineral leasing and optimization, midstream projects and traditional pipeline expansion opportunities that leverage NiSource's strategically positioned pipeline and storage assets. A number of Columbia Pipeline Group Operations' new growth projects are designed to support increasing Marcellus and Utica Shale production, while the segment also has continued to grow and adapt its system to provide critical transportation and storage services to markets across its high-demand service territory.

Columbia Midstream is an unregulated business that provides natural gas producer services including gathering, treating, conditioning, processing, compression and liquids handling in the Appalachian Basin. Columbia Midstream owns approximately 103 miles of natural gas gathering pipeline and one compressor station with 6,800 horsepower of installed capacity and also owns a 50% ownership interest in Pennant, which owns approximately 80 miles of wet natural gas gathering pipeline infrastructure, a cryogenic processing plant and an NGL pipeline. Columbia Midstream supports the growing production in the Utica and Marcellus resource plays.

CEVCO is an unregulated business that manages the company's mineral rights positions in the Marcellus and Utica Shale areas. CEVCO owns production rights to approximately 460,000 acres and has sub-leased the production rights in four storage fields and has also contributed its production rights in one other field. CEVCO has entered into multiple transactions to develop its minerals position and as a result receives revenue through working interests and/or overriding royalty interests.

CEVCO has also retained the right to participate as a non-operating working interest owner in one of the fields it has subleased. CEVCO may participate up to a 12.5% interest in any unit that includes acres that have been subleased to a producer. This option was exercised in 2013 with positive results and CEVCO plans to continue to participate in additional drilling opportunities.

The Columbia Pipeline Group Operations subsidiaries are also involved in the other joint ventures, Millennium and Hardy Storage, which effectively expand their facilities and throughput. Millennium, which includes 253 miles of 30-inch-diameter pipe across New York's Southern Tier and lower Hudson Valley, has the capability to transport natural gas to markets along its route, as well as to the New York City markets through its pipeline interconnections. Millennium is jointly owned by affiliates of NiSource, DTE Energy and National Grid. Hardy Storage, which consists of underground natural gas storage facilities in West Virginia, has a working storage capacity of 12 Bcf and the ability to deliver 176,000 Dth/d of natural gas. Hardy Storage is jointly owned by affiliates of Columbia Transmission and Piedmont.

Electric Operations

NiSource generates, transmits and distributes electricity through its subsidiary NIPSCO to approximately 461,000 customers in 20 counties in the northern part of Indiana and engages in wholesale and transmission transactions. NIPSCO owns and operates three coal-fired electric generating stations. The three operating facilities have a net capability of 2,540 mw. NIPSCO also owns and operates Sugar Creek, a CCGT plant with net capacity of 535 mw, three gas-fired generating units located at NIPSCO's coal-fired electric generating stations with a net capability of 196 mw and two hydroelectric generating plants with a net capability of 10 mw. These facilities provide for a total system operating net capability of 3,281 mw. NIPSCO's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,802 circuit miles. NIPSCO is interconnected with five neighboring electric utilities. During the year ended December 31, 2014, NIPSCO generated 77.3% and purchased 22.7% of its electric requirements.

NIPSCO participates in the MISO transmission service and wholesale energy market. The MISO is a nonprofit organization created in compliance with FERC regulations to improve the flow of electricity in the regional marketplace and to enhance electric reliability. Additionally, the MISO is responsible for managing the energy markets, managing transmission constraints, managing the day-ahead, real-time and FTR markets and managing the ancillary market. NIPSCO transferred functional control of its electric transmission assets to the MISO and transmission service for NIPSCO occurs under the MISO Open Access Transmission Tariff.

Divestiture of Non-Core Assets

In recent years, NiSource sold certain businesses judged to be non-core to NiSource's strategy. Lake Erie Land, a wholly-owned subsidiary of NiSource, is pursuing the sale of the real estate assets it owns. NDC Douglas Properties, a subsidiary of NiSource Development Company, is in the process of exiting its low income housing investments. NiSource sold the service plan and leasing business lines of its Retail Services business in January 2013. NiSource also sold the commercial and industrial natural gas portfolio of its unregulated natural gas marketing business in September 2013.

Business Strategy

NiSource focuses its business strategy on its core, rate-regulated asset-based businesses with most of its operating income generated from the rate-regulated businesses. With one of the nation's largest natural gas pipelines, one of the largest natural gas distribution networks, as measured by number of customers, and one of the nation's largest natural gas storage networks, NiSource operates throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in the Midwest, Mid-Atlantic, New England and Northeast. This corridor includes over 30% of the nation's population and close to 31% of its natural gas consumption. NiSource continues to position its assets to meet the corridor's growing energy needs.

Competition and Changes in the Regulatory Environment

The regulatory frameworks applicable to NiSource's operations, at both the state and federal levels, continue to evolve. These changes have had and will continue to have an impact on NiSource's operations, structure and profitability. Management continually seeks new ways to be more competitive and profitable in this changing environment, including providing gas customers with increased choices for products and services.

Natural Gas Competition . Open access to natural gas supplies over interstate pipelines and the deregulation of the commodity price of gas has led to tremendous change in the energy markets. LDC customers and marketers purchase gas directly from producers and marketers as an open, competitive market for gas supplies has emerged. This separation or "unbundling" of the transportation and other services offered by pipelines and LDCs allows customers to purchase the commodity independent of services provided by the pipelines and LDCs. The LDCs continue to purchase gas and recover the associated costs from their customers. NiSource's Gas Distribution Operations' subsidiaries are involved in programs that provide customers the opportunity to purchase their natural gas requirements from third parties and use the NiSource Gas Distribution Operations' subsidiaries for transportation services. The Columbia Pipeline Group Operations compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price under tariff provisions.

Electric Competition . Indiana electric utilities generally have exclusive service areas under Indiana regulations and retail electric customers in Indiana do not have the ability to choose their electric supplier. NIPSCO faces non-utility competition from other energy sources, such as self-generation by large industrial customers and other distributed energy sources.

Financing Subsidiary

NiSource Finance is a 100% owned, consolidated finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance was incorporated in March 2000 under the laws of the state of Indiana. Prior to 2000, the function of NiSource Finance was performed by Capital Markets. NiSource Finance obligations are fully and unconditionally guaranteed by NiSource.

Other Relevant Business Information

NiSource's customer base is broadly diversified, with no single customer accounting for a significant portion of revenues.

As of December 31, 2014, NiSource had 8,982 employees of whom 3,323 were subject to collective bargaining agreements.

For a listing of certain subsidiaries of NiSource refer to Exhibit 21.

NiSource electronically files various reports with the Securities and Exchange Commission (SEC), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports. The public may read and copy any materials that NiSource files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports and information statements, and other information regarding issuers that file electronically with the SEC at *http://www.sec.gov* . NiSource makes all SEC filings available without charge to the public on its web site at *http://www.nisource.com* .

ITEM 1A. RISK FACTORS

NISOURCE INC.

There are many factors that could have a material adverse effect on NiSource’s operating results, financial condition and cash flows. Each of the risks described below could adversely impact the value of NiSource’s securities.

NiSource has substantial indebtedness which could adversely affect its financial condition.

NiSource had total consolidated indebtedness of $9,999.4 million outstanding as of December 31, 2014. The substantial indebtedness could have important consequences to investors. For example, it could:

- limit the ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit the flexibility in planning for, or reacting to, changes in the business and the industries in which the Company operates;
- lead parties with whom NiSource does business to require additional credit support, such as letters of credit, in order for NiSource to transact such business;
- place NiSource at a competitive disadvantage compared to competitors that are less leveraged;
- increase vulnerability to general adverse economic and industry conditions; and
- limit the ability of the Company to execute on its growth strategy, which is dependent upon access to capital to fund its substantial investment program.

Some of NiSource’s debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. NiSource’s failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations. Additionally, a drop in NiSource’s credit rating could adversely impact the cost for NiSource to issue new debt securities.

A drop in NiSource’s credit rating could adversely impact NiSource’s liquidity.

The announcement of the Proposed Separation on September 28, 2014 triggered ratings reviews by Standard & Poor’s ("Standard & Poor's"), Moody’s Investors Service ("Moody's"), and Fitch Ratings Inc. ("Fitch"). On September 29, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and the existing ratings of its other rated subsidiaries at BBB- and the NiSource Finance commercial paper rating of A-3, placing the company’s ratings on watch positive. On September 29, 2014, Moody's Investors Service affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO’s Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On September 29, 2014, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by either Standard & Poor's or Fitch would result in a rating that is below investment grade.

Certain NiSource affiliates have agreements that contain “ratings triggers” that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $39.3 million . In addition to agreements with ratings triggers, there are other agreements that contain “adequate assurance” or “material adverse change” provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business. A credit downgrade could also adversely affect the availability and cost of capital needed to fund the growth investments that are a central element of NiSource's long-term business strategy.

These requirements, combined with other potential negative effects on NiSource’s liquidity in the event of a credit downgrade below an investment grade rating, could have a material adverse effect on earnings potential and cash flows. Lastly, a credit downgrade could adversely affect the availability and cost of capital needed to fund the growth investments which are a central element of the Company’s long-term business strategy.

NiSource may not be able to execute its growth strategy as planned.

Because of changes in the business or regulatory environment, NiSource may not be able to execute its business plan as intended. NiSource’s commercial and regulatory initiatives may not achieve planned results; levels of commercial growth and expansion of the gas transmission and storage business may be less than its plan has anticipated; natural gas production activity, including production facilitated by hydraulic fracturing and horizontal drilling, could be less than anticipated, which could adversely affect NiSource’s gas transmission, storage and midstream business expansion opportunities; and, therefore, the actual results of

ITEM 1A. RISK FACTORS

NISOURCE INC.

NiSource's financial management of the balance sheet, and process and expense management, could deviate materially from planned outcomes. In addition, NiSource's growth plan relies on the continued view of natural gas as an economically and ecologically attractive fuel. Any developments that cause natural gas no longer to be seen as a favored fuel could adversely affect our results of operations and growth prospects.

Adverse economic and market conditions or increases in interest rates could reduce net revenue growth, increase costs, decrease future net income and cash flows and impact capital resources and liquidity needs.

While the national economy is experiencing some recovery from the recent downturn, NiSource cannot predict how robust the recovery will be or whether or not it will be sustained.

Continued sluggishness in the economy impacting NiSource's operating jurisdictions could adversely impact NiSource's ability to grow its customer base and collect revenues from customers, which could reduce net revenue growth and increase operating costs. An increase in the interest rates NiSource pays would adversely affect future net income and cash flows. In addition, NiSource depends on debt to finance its operations, including both working capital and capital expenditures, and would be adversely affected by increases in interest rates. If the current economic recovery remains slow or credit markets again tighten, NiSource's ability to raise additional capital or refinance debt at a reasonable cost could be negatively impacted. Refer to Note 14, "Long-Term Debt," in the Notes to Consolidated Financial Statements for information related to outstanding long-term debt and maturities of that debt.

Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings.

The performance of the capital markets affects the value of the assets that are held in trust to satisfy future obligations under defined benefit pension and other postretirement benefit plans. NiSource has significant obligations in these areas and holds significant assets in these trusts. These assets are subject to market fluctuations and may yield uncertain returns, which fall below NiSource's projected rates of return. A decline in the market value of assets may increase the funding requirements of the obligations under the defined benefit pension and other postretirement benefit plans. Additionally, changes in interest rates affect the liabilities under these benefit plans; as interest rates decrease, the liabilities increase, which could potentially increase funding requirements. Further, the funding requirements of the obligations related to these benefits plans may increase due to changes in governmental regulations and participant demographics, including increased numbers of retirements or changes in life expectancy assumptions. Ultimately, significant funding requirements and increased pension expense could negatively impact NiSource's results of operations and financial position.

The majority of NiSource's net revenues are subject to economic regulation and are exposed to the impact of regulatory rate reviews and proceedings.

Most of NiSource's net revenues are subject to economic regulation at either the federal or state level. As such, the net revenues generated by those regulated companies are subject to regulatory review by the applicable federal or state authority. These rate reviews determine the rates charged to customers and directly impact revenues. NiSource's financial results are dependent on frequent regulatory proceedings in order to ensure timely recovery of costs. Additionally, the costs of complying with future changes in environmental laws and regulations are expected to be significant, and their recovery through rates will be contingent on regulatory approval.

As a result of efforts to introduce market-based competition in certain markets where the regulated businesses conduct operations, NiSource may compete with independent marketers for customers. This competition exposes NiSource to the risk that certain stranded costs may not be recoverable and may affect results of NiSource's growth strategy and cash flows.

NiSource's costs of compliance with environmental laws are significant. The costs of compliance with future environmental laws and the recognition of environmental liabilities could impact cash flow and profitability.

NiSource's subsidiaries are subject to extensive federal, state and local environmental requirements that, among other things, regulate air emissions, water usage and discharges, remediation and the management of chemicals, hazardous waste, solid waste, and coal combustion residuals. Compliance with these legal obligations requires NiSource to make expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees and permits at many of NiSource's facilities. These expenditures are significant, and NiSource expects that they will continue to be significant in the future. Furthermore, if NiSource's subsidiaries fail to comply with environmental laws and regulations or cause harm to the environment or persons, even if caused by factors beyond NiSource's control, that failure or harm may result in the assessment of civil or criminal penalties and damages against NiSource and its subsidiaries.

Existing environmental laws and regulations may be revised and new laws and regulations seeking to protect the environment may be adopted or become applicable to NiSource's subsidiaries. Revised or additional laws and regulations could result in significant additional expense and operating restrictions on NiSource's facilities or increased compliance costs, which may not be fully recoverable from customers and would, therefore, reduce net income. Moreover, such costs could materially affect the continued economic viability of one or more of NiSource's facilities.

Because NiSource's operations deal with natural gas and coal fossil fuels, emissions of GHGs are an expected aspect of the business. While NiSource attempts to reduce GHG emissions through efficiency programs, leak detection, and other programs, GHG emissions cannot be entirely eliminated. The current administration has made it clear that it is focused on reducing GHG emissions, through legislation and/or regulation. Imposing statutory or regulatory restrictions and/or costs on GHG emissions could increase NiSource's cost of producing energy, which could impact customer demand or NiSource's profitability. Compliance costs associated with these requirements could also affect NiSource's cash flow. The cost impact of any new or amended GHG legislation or regulations would depend upon the specific requirements enacted and cannot be determined at this time.

Even in instances where legal and regulatory requirements are already known, the original estimates for cleanup and environmental capital projects can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including the nature and extent of contamination, the method of cleanup, the cost of raw materials, contractor costs, and the availability of cost recovery from customers. Changes in costs and the ability to recover under regulatory mechanisms could affect NiSource's financial position, operating results and cash flows.

A significant portion of the gas and electricity NiSource sells is used by residential and commercial customers for heating and air conditioning. Accordingly, the operating results fluctuate depending on the weather and, to a certain extent, usage of gas or electricity.

Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on normal weather, which represents a long-term historical average. Significant variations from normal weather could have, and have had, a material impact on energy sales. Additionally, residential usage, and to some degree commercial usage, have shown to be sensitive to fluctuations in commodity costs for gas and electricity, whereby usage declines with increased costs, thus affecting NiSource's financial results. Lastly, residential and commercial customers' usage has shown to be sensitive to economic conditions and the impact of macro-economic drivers such as unemployment, consumption and consumer confidence, which could also affect NiSource's financial results.

NiSource's business operations are subject to economic conditions in certain industries.

Business operations throughout NiSource's service territories have been and may continue to be adversely affected by economic events at the national and local level where it operates. In particular, sales to large industrial customers may be impacted by economic downturns. The U.S. manufacturing industry continues to adjust to changing market conditions including international competition, increasing costs, and fluctuating demand for its products.

Fluctuations in the price of energy commodities or their related transportation costs may have a negative impact on NiSource's financial results.

NiSource's electric generating fleet is dependent on coal and natural gas for fuel, and its gas distribution operations purchase and resell much of the natural gas they deliver. These energy commodities are vulnerable to price fluctuations and fluctuations in associated transportation costs. Hedging activities have been deployed in order to offset fluctuations in commodity supply prices and NiSource relies on regulatory recovery mechanisms in the various jurisdictions in order to fully recover the costs incurred in operations. However, while NiSource has historically been successful in recovery of costs related to such commodity prices, there can be no assurance that such costs will be fully recovered through rates in a timely manner. Additionally, increased gas and electricity costs could result in reduced demand from customers as a result of increased conservation activities.

NiSource is exposed to risk that customers will not remit payment for delivered energy or services, and that suppliers or counterparties will not perform under various financial or operating agreements.

NiSource's extension of credit is governed by a Corporate Credit Risk Policy, involves considerable judgment and is based on an evaluation of a customer or counterparty's financial condition, credit history and other factors. Credit risk exposure is monitored by obtaining credit reports and updated financial information for customers and suppliers, and by evaluating the financial status of its banking partners and other counterparties through the use of market-based metrics such as credit default swap pricing levels,

and also through traditional credit ratings provided by the major credit rating agencies. Continued adverse economic conditions could increase credit risk and could result in a material adverse effect on NiSource.

NiSource has significant goodwill and definite-lived intangible assets. An impairment of goodwill or definite-lived intangible assets could result in a significant charge to earnings.

In accordance with GAAP, NiSource tests goodwill for impairment at least annually and reviews its definite-lived intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill also is tested for impairment when factors, examples of which include reduced cash flow estimates, a sustained decline in stock price or market capitalization below book value, indicate that the carrying value may not be recoverable. NiSource would be required to record a charge in the financial statements during the period in which any impairment of the goodwill or definite-lived intangible assets is determined, negatively impacting the results of operations. A significant charge could impact the capitalization ratio covenant under certain financing agreements. NiSource is subject to a financial covenant under its five-year revolving credit facility and its term loans, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of December 31, 2014, the ratio was 62% .

Changes in taxation and the ability to quantify such changes could adversely affect NiSource's financial results.

NiSource is subject to taxation by the various taxing authorities at the federal, state and local levels where it does business. Legislation or regulation which could affect NiSource's tax burden could be enacted by any of these governmental authorities. NiSource cannot predict the timing or extent of such tax-related developments which could have a negative impact on the financial results. Additionally, NiSource uses its best judgment in attempting to quantify and reserve for these tax obligations. However, a challenge by a taxing authority, NiSource's ability to utilize tax benefits such as carryforwards or tax credits, or a deviation from other tax-related assumptions may cause actual financial results to deviate from previous estimates.

Changes in accounting principles may adversely affect NiSource's financial results.

Future changes in accounting rules and associated changes in regulatory accounting may negatively impact the way NiSource records revenues, expenses, assets and liabilities. These changes in accounting standards may adversely affect its financial condition and results of operations.

Transportation and storage of natural gas, as well as generation, transmission and distribution of electricity involve numerous risks that may result in accidents and other operating risks and costs.

NiSource's gas distribution and gas transmission and storage activities, as well as generation, transmission, and distribution of electricity, involve a variety of inherent hazards and operating risks, such as gas leaks, downed power lines, accidents, including third-party damages, large scale outages, and mechanical problems, which could cause substantial financial losses. In addition, these risks could result in serious injury or loss of life to employees and the general public, significant damage to property, environmental pollution, impairment of its operations, adverse regulatory rulings and reputational harm, which in turn could lead to substantial losses to NiSource. In accordance with customary industry practice, NiSource maintains insurance against some, but not all, of these risks and losses. The location of pipelines and storage facilities, or generation, transmission, substations and distribution facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from these risks. The occurrence of any of these events could adversely affect NiSource's financial position and results of operations.

Aging infrastructure may lead to increased costs and disruptions in operations that could negatively impact NiSource's financial results.

NiSource has risks associated with aging infrastructure assets. The age of these assets may result in a need for replacement, a higher level of maintenance costs and unscheduled outages despite diligent efforts by NiSource to properly maintain these assets through inspection, scheduled maintenance and capital investment. The failure to operate these assets as desired could result in NiSource's inability to meet firm service obligations, adversely impact revenues, and result in increased capital expenditures and expenses, which may not be fully recoverable from customers.

ITEM 1A. RISK FACTORS

NiSource Inc.

Climate change, natural disasters, acts of terrorism or other catastrophic events may disrupt operations and reduce the ability to service customers.

A disruption or failure of natural gas transmission, storage or distribution systems or within electric generation, transmission or distribution systems in the event of a major hurricane, tornado, terrorist attack or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. NiSource has experienced disruptions in the past from hurricanes and tornadoes and other events of this nature. The cost, availability and sufficiency of insurance for these risks could adversely affect NiSource’s results of operations, financial position and cash flows.

There is also a concern that climate change may exacerbate the risks to physical infrastructure associated with heat and extreme weather conditions. Climate change and the costs that may be associated with its impacts have the potential to affect NiSource’s business in many ways, including increasing the cost NiSource incurs in providing its products and services, impacting the demand for and consumption of its products and services (due to change in both costs and weather patterns), and affecting the economic health of the regions in which NiSource operates.

A cyber-attack on any of NiSource's or certain third-party computer systems upon which NiSource relies may adversely affect its ability to operate.

NiSource is reliant on technology to run its businesses, which are dependent upon financial and operational computer systems to process critical information necessary to conduct various elements of its business, including the generation, transmission and distribution of electricity, operation of its gas pipelines and storage facilities and the recording and reporting of commercial and financial transactions to regulators, investors and other stakeholders. Any failure of NiSource’s computer systems, or those of its customers, suppliers or others with whom it does business, could materially disrupt NiSource’s ability to operate its business and could result in a financial loss and possibly do harm to NiSource’s reputation.

Additionally, NiSource's information systems experience ongoing, often sophisticated, cyber-attacks by a variety of sources with the apparent aim to breach NiSource's cyber-defenses. Although NiSource attempts to maintain adequate defenses to these attacks and works through industry groups and trade associations to identify common threats and assess NiSource's countermeasures, a security breach of NiSource's information systems could (i) impact the reliability of NiSource's generation, transmission, storage and distribution systems and potentially negatively impact NiSource's compliance with certain mandatory reliability standards, (ii) subject NiSource to harm associated with theft or inappropriate release of certain types of information such as system operating information or information, personal or otherwise, relating to NiSource's customers or employees, or (iii) impact NiSource's ability to manage NiSource's businesses.

NiSource's capital projects subject it to construction risks and natural gas costs and supply risks.

NiSource’s Columbia Pipeline Group Operations continues to complete and advance customer-driven expansion projects across its system and develop its midstream business through gathering and processing activities, primarily surrounding the Marcellus and Utica shale production area in the states of Pennsylvania, Ohio and West Virginia. Additionally, NiSource is executing on its comprehensive interstate natural gas pipeline modernization program. These modernization projects include constructing or replacing pipelines and other facilities, which subjects NiSource to construction risks and risks that gas supplies may not be available. Some expansion projects may also be subject to risks related to fluctuation in construction and gas costs. Both modernization and expansion projects are reliant on the contractual performance of vendors and suppliers of materials and supplies and services. Nonperformance or underperformance could subject NiSource to increased costs. Further, NiSource is subject to regulatory approval of various projects. Delays in this process could increase costs of the projects.

NiSource competes for these projects with companies of varying size and financial capabilities, including some that may have advantages competing for natural gas and liquid gas supplies, as well as acquisitions and other business opportunities. Similarly, NiSource Gas Distribution Operations is engaged in an intrastate natural gas pipeline modernization program to maintain system integrity and enhance service reliability and flexibility. NIPSCO also is currently engaged in a number of capital projects, including air-quality related improvements to its electric generating stations, as well as the construction of new transmission facilities. As NiSource undertakes these projects, it may not be able to complete them on schedule or at the anticipated costs. Additionally, NiSource may construct or purchase some of these projects to capture anticipated future growth in natural gas production, which may not materialize, and may cause the construction to occur over an extended period of time. NiSource also may not receive material increases in revenue and cash flows until after the completion of the projects.

ITEM 1A. RISK FACTORS

NISOURCE INC.

Sustained extreme weather conditions may negatively impact NiSource's operations.

NiSource conducts its operations across a wide geographic area subject to varied and potentially extreme weather conditions, which may from time to time persist for sustained periods of time. Despite preventative maintenance efforts, persistent weather related stress on NiSource's infrastructure may reveal weaknesses in its systems not previously known to the Company or otherwise present various operational challenges across all business segments. Although NiSource makes every effort to plan for weather related contingencies, adverse weather may affect its ability to conduct operations in a manner that satisfies customer expectations or contractual obligations. The Company endeavors to minimize such service disruptions, but may not be able to avoid them altogether.

Growing competition in the gas transportation and storage industries could result in the failure by customers to renew existing contracts.

As a consequence of the increase in competition and the shift in natural gas production areas, customers such as LDCs and other end users, may be reluctant to enter into long-term service contracts. The renewal or replacement of existing contracts with NiSource's customers at rates sufficient to maintain current or projected revenues and cash flows depends on a number of factors beyond its control, including competition from other pipelines, gatherers, the proximity of supplies to the markets, and the price of, and demand for, natural gas. The inability of NiSource to renew, or replace its current contracts as they expire and respond appropriately to changing market conditions could materially impact its financial results and cash flows.

NiSource is a holding company and is dependent on cash generated by subsidiaries to meet its debt obligations and pay dividends on its common stock.

NiSource is a holding company and conducts its operations primarily through its subsidiaries. Substantially all of NiSource's consolidated assets are held by its subsidiaries. Accordingly, NiSource's ability to meet its debt obligations or pay dividends on its common stock is largely dependent upon cash generated by these subsidiaries. In the event a major subsidiary is not able to pay dividends or transfer cash flows to NiSource, NiSource's ability to service its debt obligations or pay dividends could be negatively affected.

Following the Proposed Separation, all of the entities that make up NiSource's Columbia Pipeline Group Operations will be separated from NiSource into a separately publicly traded company. The related assets will no longer be held by subsidiaries of NiSource, which may negatively affect NiSource's ability to service its debt obligations or pay dividends.

The Proposed Separation may not be completed on the currently contemplated timeline or terms, or at all, and may not achieve the intended benefits.

The Proposed Separation is subject to conditions, including, without limitation, final NiSource Board of Directors approval and the receipt by NiSource of a legal opinion to the effect that the distribution of CPG shares to NiSource stockholders will qualify as tax-free under Section 355 of the U.S. Internal Revenue Code. Unanticipated developments or changes in market conditions may delay the Proposed Separation, and the Proposed Separation may not occur on the currently contemplated timeline or at all.

NiSource cannot predict with certainty when the benefits expected from the Proposed Separation will occur or the extent to which they will be achieved, if at all. Furthermore, there are various uncertainties and risks relating to the process of the Proposed Separation that could have a negative impact on our financial condition, results of operations and cash flows, including disruption of our operations and impairment of our relationship with regulators, key personnel, customers and vendors.

If the Proposed Separation is successfully completed, NiSource will face new and unique risks, including having fewer assets, reduced financial resources and less diversification of revenue sources, which may adversely impact NiSource's financial condition, results of operations and cash flows. In addition, the changes in our operational and financial profile may not meet some or all of our stockholders' investment strategies, which could cause investors to sell their NiSource shares and otherwise decrease demand for shares of NiSource common stock. Excess selling will cause the relative market price of NiSource common stock to decrease, and the market price of NiSource common stock may be subject to greater volatility following the completion of the Proposed Separation.

A condition to the Proposed Separation is the receipt by NiSource of a legal opinion to the effect that the distribution of CPG shares to NiSource stockholders will qualify as tax-free under Section 355 of the U.S. Internal Revenue Code. However, even if we receive such an opinion, the Internal Revenue Service could determine on audit that the distribution is taxable. Both NiSource and our stockholders could incur significant U.S. federal income tax liabilities if taxing authorities conclude the distribution is taxable.

ITEM 1A. RISK FACTORS

NiSource Inc.

Following the Proposed Separation, both NiSource and CPG expect to initially receive an investment grade credit rating from Standard & Poor’s Rating Service, Moody’s Investor Service and Fitch Ratings Inc. (Ratings from credit agencies are not recommendations to buy, sell or hold our securities, and each rating should be evaluated independently of any other rating.) We may not initially receive such ratings or, if received, our credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. There is no assurance that we will continue to maintain such investment grade credit ratings in the future. If a rating agency were to downgrade our rating below investment grade, our borrowing costs would increase and our funding sources could decrease. In addition, a failure by us to maintain an investment grade rating could affect our business relationships with suppliers and operating partners. See "A drop in NiSource's credit rating could adversely impact NiSource's liquidity" above.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

NISOURCE INC.

Discussed below are the principal properties held by NiSource and its subsidiaries as of December 31, 2014.

Gas Distribution Operations. NiSource's Gas Distribution Operations subsidiaries own and operate a total of 58,414 miles of pipelines and certain related facilities. This includes: (i) for the six distribution companies of its Columbia system, 40,726 miles of pipelines, 1,350 reservoir acres of underground storage, eight storage wells, liquid propane facilities with a capacity of 2.6 million gallons, LNG facilities with a total capacity of 22.3 million gallons and one compressor station with 775 hp of installed capacity, and (ii) for its NIPSCO system, 17,688 miles of pipelines, 27,129 reservoir acres of underground storage, 55 storage wells, one compressor station with a total of 4,000 hp of installed capacity and two LNG facilities with a storage capacity of 53.6 million gallons. The physical properties of the NiSource gas utilities are located throughout Ohio, Indiana, Pennsylvania, Virginia, Kentucky, Maryland, and Massachusetts.

Columbia Pipeline Group Operations. Columbia Pipeline Group subsidiaries own and operate 15,121 miles of natural gas transmission pipeline. Columbia Transmission owns and leases approximately 819,470 acres of underground storage, 3,436 storage wells, 11,395 miles of pipeline and 89 compressor stations with 635,371 hp of installed capacity. Columbia Transmission's operations are located in Delaware, Kentucky, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia, and West Virginia. Columbia Gulf has 3,341 miles of transmission pipeline and 11 compressor stations with 470,238 hp of installed capacity. Columbia Gulf's operations are located in Kentucky, Louisiana, Mississippi, Tennessee, Texas and Wyoming. Crossroads Pipeline has 202 miles of transmission pipeline and one compressor station with 3,000 hp of installed capacity. Crossroads Pipeline's operations are located in Indiana and Ohio. Columbia Midstream owns 103 miles of gathering pipeline and one compressor station with 6,800 hp of installed capacity. CEVCO owns production rights associated with Columbia Transmission's storage fields located in Ohio, Pennsylvania, and West Virginia. Columbia Pipeline Group Operations' offices are headquartered in Houston, Texas.

Electric Operations. NiSource generates, transmits and distributes electricity through its subsidiary NIPSCO to approximately 461,000 customers in 20 counties in the northern part of Indiana and engages in wholesale and transmission transactions. NIPSCO operates three coal-fired electric generating stations. The three operating facilities have a net capability of 2,540 mw. NIPSCO also owns and operates Sugar Creek, a CCGT plant with a 535 mw capacity rating, three gas-fired generating units located at NIPSCO's coal-fired electric generating stations with a net capability of 196 mw and two hydroelectric generating plants with a net capability of 10 mw. These facilities provide for a total system operating net capability of 3,281 mw. NIPSCO's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,802 circuit miles. NIPSCO is interconnected with five neighboring electric utilities. During the year ended December 31, 2014, NIPSCO generated 77.3% and purchased 22.7% of its electric requirements.

Corporate and Other Operations. NiSource owns the Southlake Complex, its 325,000 square foot headquarters building located in Merrillville, Indiana, and other residential and development property.

Character of Ownership. The principal offices and properties of NiSource and its subsidiaries are owned free from encumbrances, subject to minor exceptions, none of which are of such a nature as to impair substantially the usefulness of such properties. Many of the offices in various communities served are occupied by subsidiaries of NiSource under leases. All properties are subject to routine liens for taxes, assessments and undetermined charges (if any) incidental to construction. It is NiSource's practice regularly to pay such amounts, as and when due, unless contested in good faith. In general, the electric lines, gas pipelines and related facilities are located on land not owned by NiSource and its subsidiaries, but are covered by necessary consents of various governmental authorities or by appropriate rights obtained from owners of private property. NiSource does not, however, generally have specific easements from the owners of the property adjacent to public highways over, upon or under which its electric lines and gas distribution pipelines are located. At the time each of the principal properties was purchased a title search was made. In general, no examination of titles as to rights-of-way for electric lines, gas pipelines or related facilities was made, other than examination, in certain cases, to verify the grantors' ownership and the lien status thereof.

ITEM 3. LEGAL PROCEEDINGS

NISOURCE INC.

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT

NiSource Inc.

The following is a list of the Executive Officers of the Registrant, including their names, ages and offices held, as of February 1, 2015.

Name	Age	Office(s) Held in Past 5 Years
Robert C. Skaggs, Jr.	60	Chief Executive Officer of NiSource since July 2005.
		President of NiSource since October 2004.
Carrie J. Hightman	57	Executive Vice President and Chief Legal Officer of NiSource since December 2007.
Stephen P. Smith	53	Executive Vice President and Chief Financial Officer of NiSource since August 2008.
Jim L. Stanley	59	Executive Vice President and Group Chief Executive Officer of NiSource since October 2012.
		Senior Vice President, Duke Energy from June 2010 to September 2012.
		President, Duke Energy Indiana from November 2006 to May 2010.
Joseph Hamrock	51	Executive Vice President and Group Chief Executive Officer of NiSource since May 2012.
		President and Chief Operating Officer, American Electric Power Company - Ohio from 2008 to May 2012.
Robert D. Campbell	55	Senior Vice President, Human Resources, of NiSource since May 2006.
Glen L. Kettering	60	Executive Vice President and Group Chief Executive Officer of NiSource since April 2014.
		Senior Vice President, Corporate Affairs, of NiSource from March 2006 to April 2014.
Joseph W. Mulpas	43	Vice President and Chief Accounting Officer of NiSource since May 2014.
		Assistant Controller, FirstEnergy Corp from November 2012 to April 2014.
		Vice President, Controller and Chief Accounting Officer, Maxum Petroleum Inc. from August 2012 to October 2012.
		Vice President and Chief Accounting Officer, DPL and the Dayton Power and Light Company from May 2009 to June 2012.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

NISOURCE INC.

NiSource's common stock is listed and traded on the New York Stock Exchange under the symbol "NI." The table below indicates the high and low sales prices of NiSource's common stock, on the composite tape, during the periods indicated.

	2014		2013	
	High	**Low**	High	Low
First Quarter	**36.82**	**32.11**	29.38	24.85
Second Quarter	**39.69**	**34.36**	31.39	27.11
Third Quarter	**41.70**	**36.00**	31.48	28.27
Fourth Quarter	**44.91**	**37.58**	33.48	30.09

As of December 31, 2014 , NiSource had 25,233 common stockholders of record and 316,037,421 shares outstanding.

Holders of shares of NiSource's common stock are entitled to receive dividends when, as and if declared by NiSource's Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. NiSource paid quarterly common dividends totaling $1.02, $0.98 and $0.94 per share for the years ended December 31, 2014, 2013 and 2012, respectively. At its January 30, 2015 meeting, the Board declared a quarterly common dividend of $0.26 per share, payable on February 20, 2015 to holders of record on February 9, 2015.

Although the Board currently intends to continue the payment of regular quarterly cash dividends on common shares, the timing and amount of future dividends will depend on the earnings of NiSource's subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the Board.

ITEM 6. SELECTED FINANCIAL DATA

NISOURCE INC.

The selected data presented below as of and for the years ended December 31, 2014 , 2013 , 2012 , 2011 and 2010 are derived from the Consolidated Financial Statements of NiSource. The data should be read in connection with the Consolidated Financial Statements including the related notes included in Item 8 of this Form 10-K.

Year Ended December 31, (*dollars in millions except per share data*)	**2014**	2013	2012	2011	2010
Statement of Income Data:					
Gross Revenues					
Gas Distribution	**$ 2,597.8**	$ 2,226.3	$ 1,959.8	$ 2,917.9	$ 3,094.0
Gas Transportation and Storage	**1,872.7**	1,643.2	1,462.4	1,354.6	1,261.4
Electric	**1,672.0**	1,563.4	1,507.7	1,427.7	1,379.3
Other	**328.1**	224.4	101.0	50.8	51.2
Total Gross Revenues	**6,470.6**	5,657.3	5,030.9	5,751.0	5,785.9
Net Revenues (Gross Revenues less Cost of Sales, excluding depreciation and amortization)	**4,246.4**	3,841.8	3,514.0	3,447.5	3,406.2
Operating Income	**1,262.4**	1,143.4	1,040.1	914.4	899.0
Income from Continuing Operations	**530.7**	490.9	408.8	309.6	281.0
Results from Discontinued Operations - net of taxes	**(0.7)**	41.2	7.3	(10.5)	1.6
Net Income	**530.0**	532.1	416.1	299.1	282.6
Balance Sheet Data:					
Total Assets	**24,866.3**	22,653.9	21,844.7	20,708.3	19,913.4
Capitalization					
Common stockholders' equity	**6,175.3**	5,886.6	5,554.3	4,997.3	4,897.5
Long-term debt, excluding amounts due within one year	**8,155.9**	7,593.2	6,819.1	6,267.1	5,936.1
Total Capitalization	**$ 14,331.2**	$ 13,479.8	$ 12,373.4	$ 11,264.4	$ 10,833.6
Per Share Data:					
Basic Earnings (Loss) Per Share ($)					
Continuing operations	**$ 1.68**	$ 1.57	$ 1.40	$ 1.10	$ 1.01
Discontinued operations	**—**	0.13	0.03	(0.04)	0.01
Basic Earnings Per Share	**$ 1.68**	$ 1.70	$ 1.43	$ 1.06	$ 1.02
Diluted Earnings (Loss) Per Share ($)					
Continuing operations	**$ 1.67**	$ 1.57	$ 1.36	$ 1.07	$ 1.00
Discontinued operations	**—**	0.13	0.03	(0.04)	0.01
Diluted Earnings Per Share	**$ 1.67**	$ 1.70	$ 1.39	$ 1.03	$ 1.01
Other Data:					
Dividends paid per share ($)	**$ 1.02**	$ 0.98	$ 0.94	$ 0.92	$ 0.92
Shares outstanding at the end of the year (in thousands)	**316,037**	313,676	310,281	281,854	278,855
Number of common stockholders	**25,233**	26,965	28,823	30,663	32,313
Capital expenditures ($ in millions)	**$ 2,183.5**	$ 2,046.0	$ 1,585.1	$ 1,125.2	$ 803.8
Number of employees	**8,982**	8,477	8,286	7,957	7,604

- During 2012, NiSource began marketing to sell the service plan and leasing business lines of its Retail Services business. As of December 31, 2012, the assets and liabilities of the business lines met the criteria to be classified as held for sale in accordance with GAAP. Additionally, the results of operations and cash flows are classified as discontinued operations for all periods presented. The sale of the business lines closed in January 2013 resulting in an after tax gain on disposition of $36.4 million for the year ended December 31, 2013.

- Effective June 1, 2012, NiSource received approval from the FERC to implement a new surcharge to recover the costs of certain operational purchases and sales of natural gas required to ensure a sufficient amount of flowing supply into Columbia Transmission's system in northern Ohio in order to both meet its firm service obligations to customers and its storage operational requirements. Net revenues associated with this service, recorded in other revenue and offset in expense, were $249.6 million, $170.5 million and $53.6 million for 2014, 2013 and 2012, respectively.

ITEM 6. SELECTED FINANCIAL DATA

NiSource Inc.

- On September 4, 2012, Columbia Transmission filed a customer settlement with the FERC in support of its comprehensive pipeline modernization program, which was approved on January 24, 2013. As a result of this settlement, Columbia Transmission's 2012 gross revenues decreased $81.7 million, partially offset by a decrease in depreciation costs of $33.4 million.

- On February 14, 2012, Columbia of Ohio held its first standard choice offer auction which resulted in a retail price adjustment of $1.53 per Mcf. On February 14, 2012, the PUCO issued an entry that approved the results of the auction with the new retail price adjustment level effective April 1, 2012. As a result of the implementation of the standard choice offer, Columbia of Ohio reports lower gross revenues and lower cost of sales. There is no impact on net revenues.

- On November 14, 2011, NiSource Finance commenced a cash tender offer for up to $250.0 million aggregate principal amount of its outstanding 10.75% notes due 2016 and 6.15% notes due 2013. A condition of the offering was that all validly tendered 2016 notes would be accepted for purchase before any 2013 notes were accepted. On December 13, 2011, NiSource Finance announced that approximately $125.3 million aggregate principal amount of its outstanding 10.75% notes due 2016 were validly tendered and accepted for purchase. In addition, approximately $228.7 million aggregate principal amount of outstanding 6.15% notes due 2013 were validly tendered, of which $124.7 million were accepted for purchase. NiSource Finance recorded a $53.9 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums and unamortized discounts and fees.

- On December 30, 2010, NiSource Finance finalized a cash tender offer for $273.1 million aggregate principal amount of its outstanding 10.75% notes due in 2016. As a result of this tender offer, NiSource Finance incurred $96.7 million in early redemption fees, primarily attributable to early redemption premiums and unamortized discounts and fees, which is recorded as a loss on the early extinguishment of long-term debt reducing income from continuing operations.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NiSource Inc.

Note regarding forward-looking statements

The Management’s Discussion and Analysis, including statements regarding market risk sensitive instruments, contains “forward-looking statements,” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource’s plans, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, the Proposed Separation, the Columbia Pipeline Partners LP initial public offering 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.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Annual Report on Form 10-K include, 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, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, the timing to consummate the Proposed Separation; the risk that a condition to the Proposed Separation is not satisfied; disruption to operations as a result of the Proposed Separation, the inability of one or more of the businesses to operate independently following the completion of the Proposed Separation and the matters set forth in Item 1A, “Risk Factors” of this report, many of which risks are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

CONSOLIDATED REVIEW

Planned Separation of Columbia Pipeline Group and Initial Public Offering of Columbia Pipeline Partners LP

On September 28, 2014, NiSource announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company (the “Proposed Separation”). If completed, the Proposed Separation will result in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and Columbia Pipeline Group Inc., a natural gas pipeline, midstream and storage company (“CPG”). The Proposed Separation is expected to occur in mid-2015.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NISOURCE INC.

Under the plan for the Proposed Separation, NiSource stockholders would retain their current shares of NiSource stock and receive a *pro rata* distribution of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its stockholders for U.S. federal income tax purposes.

The Proposed Separation is subject to various conditions, including, without limitation, the receipt by NiSource of a legal opinion on the tax-free nature of the distribution and final approval of the NiSource Board of Directors. NiSource shareholder approval of the transaction is not required. There is no assurance that the transaction will be completed in mid-2015 or at all.

The Proposed Separation announcement triggered ratings reviews by Standard & Poor's, Moody's, and Fitch. On September 29, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and the existing ratings of its other rated subsidiaries at BBB- and the NiSource Finance commercial paper rating of A-3, placing the company's ratings on watch positive. On September 29, 2014, Moody's Investors Service affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On September 29, 2014, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by either Standard & Poor's or Fitch would result in a rating that is below investment grade.

In addition, prior to the Proposed Separation, CPG expects to issue its own long-term notes and use the proceeds from that offering to repay intercompany debt and pay a special dividend to NiSource who plans to reduce its net debt prior to the Proposed Separation.

On February 11, 2015, CPPL (the "Partnership") completed its IPO of 53.8 million common units representing limited partnership interests, constituting 53.5% of the Partnership's outstanding limited partnership interests. The Partnership received $1,170.0 million of net proceeds for the IPO. NiSource, through CPG, owns the general partner of the Partnership, all of the Partnership's subordinated units and the incentive distribution rights. The assets of the Partnership consist of a 15.7 percent limited partner interest in Columbia OpCo, which consists of substantially all of the Columbia Pipeline Group Operations segment. The operations of the Partnership will be consolidated in NiSource's results as long as the Partnership remains a subsidiary. If the Proposed Separation occurs, CPG would no longer be a subsidiary of NiSource and, thus, NiSource would cease to own (a) any interest in Columbia OpCo, (b) the general partner of the Partnership, (c) any of the limited partner interests in the Partnership or (d) any of the incentive distribution rights in the Partnership.

Executive Summary

NiSource is an energy holding company whose subsidiaries are engaged in the transmission, storage and distribution of natural gas in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England and the generation, transmission and distribution of electricity in Indiana. NiSource generates most of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant than in other months.

For the twelve months ended December 31, 2014 , NiSource reported income from continuing operations of $530.7 million , or $1.68 per basic share, compared to $490.9 million , or $1.57 per basic share for the same period in 2013 .

Increases in income from continuing operations were due primarily to the following items:

- Regulatory and service programs at Gas Distribution Operations increased net revenues by $93.4 million primarily due to the impacts of the rate settlement in 2013 at Columbia of Pennsylvania, the rate case at Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements for more information.

- Net revenues at Columbia Pipeline Group Operations increased by $54.7 million due to increased demand margin revenue primarily as a result of growth projects placed in service and new firm contracts. Refer to the Columbia Pipeline Group Operations' segment discussion for further information on growth projects.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NISOURCE INC.

- The Company recognized higher gains of $27.2 million from the conveyance of mineral interests at Columbia Pipeline Group Operations. As of December 31, 2014, remaining gains of approximately $19.6 million recorded in "Deferred revenue" on the Consolidated Balance Sheets will be recognized in earnings upon performance of future obligations.

- Additional conveyances and increased third-party drilling activity resulted in an increase in mineral rights royalty revenue at Columbia Pipeline Group Operations of $22.6 million. The Company expects to invest approximately $20 million a year in its mineral rights positions.

- Net revenues increased by $21.9 million as a result of higher industrial usage at Electric Operations primarily due to large industrial customers expanding plant operations and using less internal generation. Refer to the Electric Operations' segment discussion for further information.

Increases in income from continuing operations were partially offset by the following items:

- Employee and administrative expense increased by $64.6 million due primarily to greater labor expense due to a growing workforce, timing of outages and maintenance and IT support and enhancement projects.

- Outside service costs increased by $49.7 million primarily due to costs associated with the Proposed Separation and Gas Distribution Operations' pipeline safety initiatives.

- Depreciation and amortization increased $28.2 million primarily as a result of higher capital expenditures related to projects placed in service. NiSource's capital expenditures were approximately $2.2 billion in 2014 and are projected to be approximately $2.4 billion in 2015.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

Platform for Growth
NiSource's business plan will continue to center on commercial and regulatory initiatives, commercial growth and expansion of the gas transmission and storage business, and financial management of the balance sheet.

Commercial and Regulatory Initiatives
Rate Development and Other Regulatory Matters . NiSource is moving forward with regulatory initiatives across several gas distribution company markets. Whether through full rate case filings or other approaches, NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs to enhance its infrastructure.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. On October 29, 2014, the IURC issued an order on ECR-24 approving NIPSCO's request to begin earning a return on $658.4 million of net capital expenditures for the period ended June 30, 2014. On January 30, 2015, NIPSCO filed ECR-25 which included $734.0 million of net capital expenditures for the period ended December 31, 2014.

NIPSCO has approval from the IURC to recover certain electric costs for transmission and distribution system improvements. On February 17, 2014, the IURC issued an order approving NIPSCO's electric seven-year plan of eligible investments totaling approximately $1.1 billion. On November 25, 2014, the IURC approved, on an interim basis and subject to refund pending the outcome of appeals, NIPSCO's requested TDSIC factors associated with the eligible investments, which included $19.4 million of net capital expenditures for the period ended June 30, 2014.

NIPSCO has approval from the IURC to recover certain gas costs for transmission, distribution and storage system improvements. On January 28, 2015, the IURC issued an order approving NIPSCO's gas TDSIC-1 and a revised gas TDSIC seven-year plan of eligible investments for a total of approximately $840 million with the IURC. The Order also approved $4.4 million of net capital expenditures for the period ended June 30, 2014 and granted ratemaking relief and accounting treatment.

On April 30, 2014, Columbia of Virginia filed a base rate case with the VSCC seeking an annual revenue increase of $31.8 million, which includes $6.9 million in annual revenues currently collected as a separate infrastructure replacement rider on customers' bills under the Virginia SAVE Act. On December 10, 2014, Columbia of Virginia presented at hearing a Stipulation and Proposed Recommendation ("Stipulation") executed by certain parties to the rate proceeding, including the Staff of the VSCC and the Division of Consumer Counsel of the Office of the Attorney General of the Commonwealth of Virginia. The Stipulation includes a base revenue increase of $25.2 million, recovery of costs related to the implementation of pipeline safety programs, and the proposed change to thermal billing. On January 13, 2015 the Hearing Examiner issued a report that recommended that the VSCC approve the Stipulation.

On November 25, 2014, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. The Notice of Intent states that Columbia of Ohio will file its application by February 28, 2015, in which it will request authority to increase revenues by approximately $31.8 million.

On March 21, 2014, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of approximately $54.1 million annually. The case was driven by Columbia of Pennsylvania's capital investment program which exceeds $180 million in both 2014 and 2015 as well as new pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania's request for rate relief included the recovery of costs that were projected to be incurred after the implementation of new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. On September 5, 2014, the parties to the rate case filed a joint petition, seeking approval of a full settlement, including an increase to annual base revenues of $32.5 million. On November 12, 2014, the Pennsylvania PUC approved the settlement and new rates went into effect on December 20, 2014.

On September 16, 2013, Columbia of Massachusetts filed its Peak Period GAF for the period November 1, 2013 through April 30, 2014, and its Peak Period 2012-2013 GAF Reconciliation. On January 17, 2014, Columbia of Massachusetts filed a revision to the GAF effective February 1, 2014, and on February 18, 2014, Columbia of Massachusetts filed its second revision to the GAF effective March 1, 2014, to eliminate Columbia of Massachusetts's projected Peak Period under-collection of $50.0 million. On February 28, 2014, the Massachusetts DPU approved a revised GAF subject to further review and reconciliation to recover approximately $25 million of the anticipated under-collection and defer recovery of the remaining $25 million to November 2014 through April 2015, and thus, this deferred amount has been incorporated into the GAF as approved, subject to further review and reconciliation by the Massachusetts DPU, for the 2014-2015 Peak Period.

On November 25, 2013, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 28, 2014, requesting authority to increase revenues by approximately $25.5 million . The parties settled all issues, and on April 7, 2014 filed a stipulation providing for a revenue increase of approximately $25.5 million. On April 23, 2014, Columbia of Ohio received approval of its annual infrastructure replacement and demand-side management rider request from the PUCO. New rates became effective April 30, 2014.

On April 16, 2013, Columbia of Massachusetts submitted a filing with the Massachusetts DPU requesting an annual revenue requirement increase of $30.1 million . Pursuant to the procedural schedule for this case, on September 3, 2013, Columbia of Massachusetts filed its updated revenue requirement of $29.5 million and on October 16, 2013, filed an updated cost of service for $30 million . A final revenue requirement update of $29.9 million was filed on December 16, 2013. On February 28, 2014, the Massachusetts DPU issued an order granting an annual revenue requirement increase of $19.3 million effective March 1, 2014, and the compliance filing associated with the order has been approved.

On January 29, 2015, Columbia Transmission received FERC approval of its December 2014 filing to recover costs associated with the second year of its comprehensive system modernization program. Total program adjusted spend to date is $618.1 million. The program includes replacement of bare steel and wrought iron pipeline and compressor facilities, enhancements to system inspection capabilities and improvements in control systems.

Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements for a complete discussion of regulatory matters.

Commercial Growth and Expansion of the Gas Transmission and Storage Business

During 2014, Columbia Pipeline Group Operations placed into service strategic growth projects, primarily serving the Utica and Marcellus Shale production area. Below is a discussion of these projects as well as projects that are currently ongoing.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

N I S OURCE I NC .

Warren County Project. The Columbia Pipeline Group Operations segment recently completed construction of approximately 2.5 miles of new 24-inch pipeline and modifications to existing compressor stations for a total capital cost of approximately $37 million. This project has expanded the system in order to provide up to nearly 250,000 Dth/d of transportation capacity under a long-term, firm contract. The project commenced commercial operations in April 2014.

West Side Expansion (Columbia Transmission-Smithfield III) . This project is designed to provide a market outlet for increasing Marcellus supply originating from the Waynesburg, Pennsylvania and Smithfield, Pennsylvania areas on the Columbia Transmission system. The Columbia Pipeline Group Operations segment invested approximately $87 million in new pipeline and compression, which will provide up to 444,000 Dth/d of incremental, firm transport capacity and is supported by long-term, firm contracts. The project was placed in service during the fourth quarter of 2014.

West Side Expansion (Columbia Gulf-Bi-Directional). Under this project the Columbia Pipeline Group Operations segment invested approximately $113 million in system modifications and horsepower to provide a firm backhaul transportation path from the Leach, Kentucky interconnect with Columbia Transmission to Gulf Coast markets on the Columbia Gulf system. This investment will increase capacity up to 540,000 Dth/d to transport Marcellus production originating in West Virginia. The project is supported by long-term firm contracts and was placed in service in the fourth quarter of 2014. The Alexandria Compression portion of Columbia Gulf's West Side Expansion (approximately $75 million in capital costs) will be placed in service in the third quarter of 2015.

Giles County Project . The Columbia Pipeline Group Operations segment invested approximately $25 million for the construction of approximately 12.9 miles of 8-inch pipeline, which will provide 46,000 Dth/d of firm service to a third party located off its Line KA system and into Columbia of Virginia's system. The Columbia Pipeline Group Operations has secured a long-term firm contract for the full delivery volume and the project was placed in service in the fourth quarter of 2014.

Line 1570 Expansion. The Columbia Pipeline Group Operations segment replaced approximately 19 miles of existing 20-inch pipeline with a 24-inch pipeline and added compression at an approximate cost of $18 million. The project, which was placed in service during the fourth quarter of 2014, creates nearly 99,000 Dth/d of capacity and is supported by long-term, firm contracts.

In addition to the growth projects discussed above, Columbia Midstream continued to capitalize on NiSource's strategic position in the Marcellus and Utica shale production regions. Pennant invested in the construction of 20-24 inch wet gas gathering pipeline facilities with a capacity of approximately 500 MMcf/d. In addition, Pennant installed a gas processing facility in New Middletown, Ohio that has an initial capacity of 200 MMcf/d and an NGL pipeline with an initial capacity of 45,000 barrels per day that can be expanded to 90,000 barrels per day. Consistent with the terms of the joint venture, Columbia Midstream is operating the gas processing facility, NGL pipeline and associated wet gas gathering system. The joint venture is designed and anticipated to serve other producers with significant acreage development in the area with an interest in obtaining capacity on the system. The facilities allow Pennant to be a full-service solution for providers in the northern Utica shale region, offering access to wet gas gathering and processing as well as residue gas and NGL takeaway to attractive market destinations. Columbia Midstream's initial investment in this area, including the gathering pipeline, related laterals, NGL pipeline and the processing plant, is approximately $195 million. Portions of the facilities were placed in service in the fourth quarter of 2013 and the second quarter of 2014, with the remainder placed in service in October 2014.

Financial Management of the Balance Sheet

NiSource remains committed to maintaining its liquidity position through management of capital spending, working capital and operational requirements, and its financing needs. NiSource has executed on its plan by taking the following actions:

- On August 20, 2014, NiSource Finance negotiated a $ 750,000,000.0 million three -year bank term loan with a syndicate of banks which carries a floating interest rate of BBA LIBOR plus 100 basis points.

- On July 15, 2014, NiSource Finance redeemed $ 500,000,000.0 million of 5.40% senior unsecured notes at maturity. Contemporaneous with this redemption, $500,000,000.0 million of associated fixed-to-floating interest rate swaps expired.

Credit Ratings . On September 29, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and the existing ratings of its other rated subsidiaries at BBB- and the NiSource Finance commercial paper rating of A-3, placing the company's ratings on watch positive. On September 29, 2014, Moody's affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On September 29, 2014, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by either Standard & Poor's or Fitch would result in a rating that is below investment grade.

Ethics and Controls

NiSource has had a long term commitment to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-K and the monitoring of the Company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program in which employees at every level throughout the organization participate.

Refer to "Management's Report on Internal Control over Financial Reporting" included in Item 9A.

Results of Operations

Income from Continuing Operations and Net Income

For the year ended December 31, 2014 , NiSource reported income from continuing operations of $530.7 million , or $1.68 per basic share, compared to $490.9 million , or $1.57 per basic share in 2013 . Income from continuing operations for the year ended December 31, 2012 was $408.8 million , or $1.40 per basic share.

Including results from discontinued operations, NiSource reported 2014 net income of $530.0 million , or $1.68 per basic share, 2013 net income of $532.1 million , or $1.70 per basic share, and 2012 net income of $416.1 million , or $1.43 per basic share.

Comparability of line item operating results was impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses were offset by increases in net revenues and had essentially no impact on income from continuing operations. An increase in operating expenses of $137.3 million and $118.7 million for the years ended 2014 and 2013, respectively, were offset by a corresponding increase to net revenues reflecting these tracked costs.

Net Revenues

NiSource analyzes the operating results using net revenues. Net revenues are calculated as revenues less the associated cost of sales (excluding depreciation and amortization). NiSource believes net revenues is a better measure to analyze profitability than gross operating revenues since the majority of the cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in gross operating revenues.

Total consolidated net revenues for the year ended December 31, 2014 , were $4,246.4 million , a $404.6 million increase compared with 2013 . Net revenues increased primarily due to increased Gas Distribution Operations' net revenues of $197.1 million, higher Columbia Pipeline Group Operations' net revenues of $167.5 million and increased Electric Operations' net revenues of $41.3 million.

- Gas Distribution Operations' net revenues increased primarily due to an increase of $93.4 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania, the rate case at Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Furthermore, there was an increase in regulatory and tax trackers, which are offset in expense, of $49.2 million and the effects of colder weather of $18.4 million. Additionally, there was higher commercial, residential and industrial usage of $14.6 million, an increase in large customer revenue of $6.5 million, higher revenue of $5.9 million due to increased customer count and an increase in off-system sales of $5.6 million. Also, there were higher net revenues from the recovery of storage inventory costs of $3.8 million and a settlement of $3.2 million at Columbia of Massachusetts in 2013. These increases were partially offset by a decrease of $5.6 million resulting from NIPSCO's GCIM.

- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of $88.4 million and increased demand margin revenue of $54.7 million primarily as a result of growth projects placed in service and new firm contracts. Additionally, there was an increase in net revenues as a result of higher mineral rights royalty revenue of $22.6 million due to additional conveyances and increased third-party drilling activity.

- Electric Operations' net revenues increased primarily due to higher industrial usage of $21.9 million and an increase in the return on the environmental capital investment recovery of $19.8 million due to an increased plant balance eligible for recovery. Additionally, there were increased net revenues of $5.9 million as a result of two electric transmission projects authorized by the MISO and higher off-system sales of $4.7 million. These increases were partially offset by a decrease in transmission upgrade revenue of $6.5 million included in net revenue in the prior year and the effects of weather of $5.3 million.

Total consolidated net revenues for the twelve months ended December 31, 2013 were $3,841.8 million , a $327.8 million increase compared with 2012 . Net revenues increased primarily due to increased Columbia Pipeline Group Operations' net revenues of $179.0 million, higher Gas Distribution Operations' net revenues of $140.3 million and increased Electric Operations' net revenues of $8.6 million.

- Columbia Pipeline Group Operations’ net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of $119.5 million, the current period impacts of the 2012 customer settlement at Columbia Transmission, which resulted in an increase in net revenues of $50.3 million, higher demand margin and commodity revenue of $11.9 million from new growth projects placed into service and increased mineral rights royalty revenue and condensate revenue of $7.0 million. These increases were partially offset by lower shorter term transportation services of $7.6 million.

- Gas Distribution Operations’ net revenues increased primarily due to an increase of $53.8 million for regulatory and service programs, including the impact from the rate cases at Columbia of Pennsylvania and Columbia of Massachusetts and the implementation of rates under Columbia of Ohio’s approved infrastructure replacement program, the effects of colder weather of $47.6 million, increased trackers, which are offset in expense, of $18.7 million, an increase in residential, commercial and industrial usage of $10.8 million, and higher revenue of $5.3 million due to an increase in residential and commercial customers.

- Electric Operations’ net revenues increased primarily due to an increase in the return on environmental capital investment recovery of $28.9 million due to an increased plant balance eligible for recovery, higher industrial, commercial and residential margins of $17.5 million, transmission upgrade revenue of $6.2 million, increased off-system sales of $4.9 million, higher revenue of $2.2 million due to an increase in commercial and residential customers and an increase in a RTO recovery mechanism of $2.1 million, which is offset in expense. These increases were partially offset by lower environmental cost trackers, which are offset in expense, of $19.5 million, decreased revenue related to emission allowances of $11.9 million, the effects of colder weather of $10.0 million, a decrease of $6.6 million related to the final reconciliation of the revenue credit recorded in 2012 and higher fuel handling costs of $4.3 million.

Expenses

Operating expenses were $3,030.6 million in 2014 , an increase of $296.3 million from the comparable 2013 period. This increase was primarily due to an increase in operation and maintenance expenses of $262.4 million, higher depreciation and amortization of $28.2 million and increased other taxes of $19.7 million, partially offset by an increase in the gain on sale of assets of $14.0 million. The increase in operation and maintenance is due primarily to increased regulatory trackers, which are offset in net revenues, of $128.7 million, higher employee and administrative costs of $64.6 million due primarily to greater labor expense due to a growing workforce, timing of outages and maintenance and IT support and enhancement projects, increased outside services of $49.7 million primarily due to costs associated with the Proposed Separation and Gas Distribution Operations' pipeline safety initiatives, higher electric generation costs of $15.2 million as a result of maintenance related outages, increased materials and supplies of $7.5 million, higher uncollectibles of $6.6 million and an insurance reserve adjustment of $3.4 million. These increases were partially offset by lower software data conversion costs of $8.9 million and a decrease in environmental costs of $6.4 million. The increase in depreciation and amortization is primarily due to increased capital expenditures related to projects placed in service. The increase in gain on the sale of assets is primarily resulting from the increased gains on conveyance of mineral interests of $27.2 million, offset by the gain on the sale of storage base gas in 2013 of $11.1 million.

Operating expenses were $2,734.3 million in 2013 , an increase of $228.2 million from the comparable 2012 period. This increase was primarily due to an increase in operation and maintenance expenses of $213.6 million, higher depreciation and amortization of $15.4 million and increased other taxes of $12.9 million, partially offset by an increase in the gain on sale of assets of $13.7 million. The increase in operation and maintenance is due primarily to increased regulatory trackers, which are offset in net revenues, of $130.0 million, higher employee and administrative costs of $60.5 million due primarily to greater labor expense due to a growing workforce, timing of outages and maintenance and IT support and enhancement projects, increased outside services of $10.2 million, software data conversion costs of $8.9 million and a mark-to-market adjustment of corporate owned life insurance assets primarily in the prior year of $5.7 million. These increases were partially offset by lower electric generation costs of $13.1 million as a result of the timing of planned and unplanned outages. The increase in depreciation and amortization is primarily due to increased capital expenditures related to projects placed in service. The increase in gain on the sale of assets is primarily from the sale of storage base gas of $11.1 million and conveyances of mineral rights of $7.3 million, both at Columbia Pipeline Group Operations.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were $46.6 million in 2014 , an increase of $10.7 million compared with 2013 . Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Pennant, and Hardy Storage which are integral to the Columbia Pipeline Group Operations business. Equity earnings increased primarily from increased earnings at Millennium attributable to growth projects placed in service.

Equity Earnings in Unconsolidated Affiliates were $35.9 million in 2013 , an increase of $3.7 million compared with 2012 . Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Pennant, and Hardy Storage which are integral to the Columbia Pipeline Group Operations business. Equity earnings increased primarily from increased earnings at Millennium.

Other Income (Deductions)

Other Income (Deductions) in 2014 reduced income $421.3 million compared to a reduction of $390.6 million in 2013 . The increase in deductions is primarily due to an increase in interest expense of $28.8 million in 2014 compared to 2013. This increase is primarily attributable to the issuance of $500.0 million of long-term debt in October 2013, $750.0 million of long-term debt in April 2013 and the expiration of $500.0 million of fixed-to-variable interest rate swaps in July 2014. These increases were partially offset by the maturity of $500.0 million of long-term debt in July 2014.

Other Income (Deductions) in 2013 reduced income $390.6 million compared to a reduction of $416.6 million in 2012 . The decrease in deductions is primarily due to an increase in Other, net of $22.5 million in 2013 compared to 2012. This increase is primarily attributable to a gain from insurance proceeds and AFUDC earnings. Interest expense of $414.8 million was recorded in 2013, a decrease of $3.5 million compared to the prior year. The decrease resulted from the maturity of $420.3 million of long-term debt in March 2013 and $315.0 million of long-term debt in November 2012, increased AFUDC rates and lower average short-term borrowings partially offset by higher interest expense from the issuance of $500.0 million of long-term debt in October 2013, $750.0 million of long-term debt in April 2013 and $750.0 million of long-term debt in June 2012.

Income Taxes

The effective income tax rates were 36.9% , 34.8% and 34.4% in 2014 , 2013 and 2012 , respectively. The 2.1% increase in the overall effective tax rate in 2014 versus 2013 was primarily the result of a $7.1 million increase due to Indiana state taxes, $5.5 million Pennsylvania regulatory changes, and $4.1 million additional deferred state income tax related to corporate restructuring. The change in the overall effective tax rate in 2013 versus 2012 was minimal. Refer to Note 9, "Income Taxes," in the Notes to Consolidated Financial Statements for further discussion of income taxes.

Discontinued Operations

Discontinued operations reflected net loss of $0.7 million in 2014 compared to net income of $6.3 million in 2013 and net income of $7.3 million in 2012 . The decrease in net income in 2014 compared to 2013 is primarily due to a prior year settlement at NiSource's former exploration and production subsidiary, CER. A gain on the disposition of discontinued operations of $34.9 million was recorded in 2013 as a result of a gain on the sale of the service plan and leasing business lines of NiSource's Retail Services business partially offset by a loss on the sale of NiSource's unregulated marketing business.

Liquidity and Capital Resources

A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and electric businesses, are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolver, commercial paper program, long-term debt agreements and NiSource's ability to access the capital markets there is adequate capital available to fund its operating activities and capital expenditures in 2015 .

Operating Activities

Net cash from operating activities for the year ended December 31, 2014 was $1,319.6 million , a decrease of $117.2 million from a year ago. The decrease in net cash from operating activities was primarily attributable to an income tax refund received in 2013.

Net cash from operating activities for the year ended December 31, 2013 was $1,436.8 million , an increase of $161.3 million from the prior year. The increase in net cash from operating activities was primarily due to an increase in working capital from income tax receivables of $255.9 million primarily due to a refund from the IRS received in 2013.

Pension and Other Postretirement Plan Funding . In 2014 , NiSource contributed $55.9 million to its pension plans and $35.1 million to its postretirement medical and life plans. In 2015 , NiSource expects to make contributions of approximately $3.5 million to its pension plans and approximately $34.8 million to its postretirement medical and life plans. At December 31, 2014 , NiSource's pension and other post-retirement benefit plans were underfunded by $421.1 million and $251.0 million , respectively.

Investing Activities

The tables below reflect actual capital expenditures and certain other investing activities by segment for 2012 , 2013 and 2014 , and estimates for 2015 .

(in millions)	2015E	**2014**	2013	2012
Gas Distribution Operations	$ 891.9	**$ 860.3**	$ 790.8	$ 649.4
Columbia Pipeline Group Operations	1,058.7	**843.9**	797.5	489.6
Electric Operations	391.3	**438.8**	426.3	422.8
Corporate and Other Operations	62.9	**40.5**	31.4	23.3
Total [(1)]	$ 2,404.8	**$ 2,183.5**	$ 2,046.0	$ 1,585.1

[(1)] Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures included in current liabilities, contributions to equity method investees, and AFUDC Equity.

For 2015 , the projected capital program and certain other investing activities are expected to be $2,404.8 million , which is $221.3 million higher than the 2014 capital program. This increased spending is mainly due to increased spending in the Columbia Pipeline Group Operations segment due to an increase in system growth and equity investments as a result of the current profile of identified growth projects in 2015 partially offset by a decrease in the modernization and maintenance spend attributed to advanced spend for the modernization program in 2014.

For 2014 , the capital expenditures and certain other investing activities were $2,183.5 million , which is $137.5 million higher than the 2013 capital program. This increased spending is mainly due to continued spending on infrastructure replacement programs in the Gas Distribution Operations segment and increased spending in the Columbia Pipeline Group Operations segment due to system growth and equity investments in the Marcellus and Utica shale areas.

For 2013 , capital expenditures and certain other investing activities were $2,046.0 million , an increase of $460.9 million compared to 2012 . This increased spending is mainly due to higher expenditures for the modernization program and system growth and equity investments in the Marcellus and Utica Shale areas in the Columbia Pipeline Group Operations segment and increased spending in the Gas Distribution Operations segment due to increased spending on infrastructure replacement programs. Capital spending in the Electric Operations segment in 2013 was comparable to 2012 due to continued spending on the environmental tracker capital projects in the generation fleet.

Restricted cash was $24.9 million and $8.0 million as of December 31, 2014 and 2013 , respectively. The increase in restricted cash was primarily a result of higher margin requirements due to open derivative contracts.

NiSource received insurance proceeds for capital repairs of $11.3 million , $6.4 million and $6.5 million in 2014 , 2013 and 2012 , respectively.

Contributions to equity investees were $69.2 million , $125.4 million , and $20.4 million for 2014 , 2013 and 2012 , respectively. The $56.2 million decrease in 2014 was primarily the result of lower contributions made by Columbia Midstream to Pennant. The increase in 2013 was the result of higher contributions by Columbia Midstream to Pennant. Refer to the Columbia Pipeline Group Operations segment discussion in the Management's Discussion and Analysis of Financial Condition and Results of Operations for information on these contributions.

Financing Activities

Long-term Debt. Refer to Note 14, "Long-Term Debt," in the Notes to Consolidated Financial Statements for information on long-term debt.

Credit Facilities. NiSource Finance currently maintains a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. In December 2014, with an effective date pending the Proposed Separation of NiSource and CPG, NiSource Finance revised the $2.0 billion revolver to $1.5 billion and extend the termination date to the fifth anniversary of the effective date. Contemporaneous with the revision to NiSource Finance's revolving credit facility, revolving credit facilities were established for CPG and CPPL in the amount of $1.5 billion and $500 million, respectively. As of December 31, 2014 NiSource has deferred $8.7 million of debt issuance costs related to the credit facility revision.

The $1.5 billion CPG credit facility will be effective with the Proposed Separation.

CPPL's $500 million revolving credit facility, of which $50 million will be available for issuance of letters of credit, became effective upon the closing of the IPO. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. Additionally, $50 million will be available for issuance of letters of credit.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's $2.0 billion unsecured revolving credit facility, which expires in September 2018. The aforementioned pending revolver amendment for NiSource Finance and pending revolver for CPG are expected to support commercial paper borrowings of $1.5 billion each. CPPL is not expected to issue commercial paper.

NiSource Finance had $500.0 million borrowings outstanding under its revolving credit facility at December 31, 2014 at a weighted average interest rate of 1.44% and no borrowings at December 31, 2013 . In addition, NiSource Finance had $792.6 million in commercial paper outstanding at December 31, 2014 , at a weighted average interest rate of 0.82% and $433.6 million in commercial paper outstanding at December 31, 2013 , at a weighted average interest rate of 0.70% .

As of December 31, 2014 and December 31, 2013 , NiSource had $284.3 million and $265.1 million , respectively, of short-term borrowings recorded on the Consolidated Balance Sheets relating to its accounts receivable securitization facilities. See Note 17, "Transfers of Financial Assets" in the Notes to Consolidated Financial Statements.

As of December 31, 2014 , NiSource had $30.9 million of stand-by letters of credit outstanding of which $14.7 million were under the revolving credit facility. At December 31, 2013 , NiSource had $31.6 million of stand-by letters of credit outstanding of which $14.3 million were under the revolving credit facility.

As of December 31, 2014 , an aggregate of $692.7 million of credit was available under the credit facility.

Debt Covenants . NiSource is subject to a financial covenant under its revolving credit facility and its three-year term loans, which require NiSource to maintain a debt to capitalization ratio that does not exceed 70% . A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75% . As of December 31, 2014 , the ratio was 62% .

NiSource is also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to $150 million . An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of NiSource or any of its subsidiaries in a principal amount of $50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of $5 million to $50 million , and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

CPPL's revolving credit facility contains various covenants and restrictive provisions which, among other things, limit CPPL's and its restricted subsidiaries' ability to incur additional indebtedness, guarantees and/or liens; consolidate, merge or transfer all or substantially all of their assets; make certain investments or restricted payments; modify certain material agreements; engage in certain types of transactions with affiliates; dispose of assets; and prepay certain indebtedness, each of which is subject to customary and usual exceptions and baskets, including an exception to the limitation on restricted payments for distributions of available cash, as permitted by CPPL's organizational documents. If CPPL fails to perform its obligations under these and other covenants, the revolving credit commitment could be terminated and any outstanding borrowings, together with accrued interest, under the revolving credit facility could be declared immediately due and payable. The CPPL revolving credit facility also contains customary events of default, including cross default provisions that apply to any other indebtedness CPPL may have with an outstanding principal amount in excess of $50 million.

CPPL's revolving credit facility also contains certain negative financial covenants that will require CPPL (a) to maintain a consolidated total leverage ratio that does not exceed (i) 5.75 to 1.00 for the test period ending December 31, 2015, (ii) 5.50 to 1.00 for any test period ending after December 31, 2015 and on or before December 31, 2017, and (iii) 5.00 to 1.00 for any test period ending after December 31, 2017, provided that after December 31, 2017 and during a Specified Acquisition Period (as defined in CPPL's revolving credit facility), then the leverage ratio may not exceed 5.50 to 1.00 and (b) until CPG has received an investment grade rating, to maintain a Consolidated Interest Coverage Ratio (as defined in the MLP revolving credit facility) of no less than 3.00 to 1.00.

A breach by CPPL of any of these covenants could result in a default in respect of the related debt. If a default occurred, the relevant lenders could elect to declare the debt, together with accrued interest and other fees, to be immediately due and payable and proceed against CPPL or any guarantor, including NiSource.

Sale of Trade Accounts Receivables . Refer to Note 17, "Transfers of Financial Assets," in the Notes to Consolidated Financial Statements for information on the sale of trade accounts receivable.

All accounts receivable sold to the commercial paper conduits are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined, in part, by required loss reserves under the agreements.

Credit Ratings . The announcement of the Proposed Separation on September 28, 2014 triggered ratings reviews by Standard & Poor's, Moody's, and Fitch. On September 29, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and the existing ratings of its other rated subsidiaries at BBB- and the NiSource Finance commercial paper rating of A-3, placing the company's ratings on watch positive. On September 29, 2014, Moody's affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On September 29, 2014, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by either Standard & Poor's or Fitch would result in a rating that is below investment grade.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $39.3 million . In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Contractual Obligations . NiSource has certain contractual obligations requiring payments at specified periods. The obligations include long-term debt, lease obligations, energy commodity contracts and service obligations for various services including pipeline capacity and IBM outsourcing. The total contractual obligations in existence at December 31, 2014 and their maturities were:

(in millions)	Total	2015	2016	2017	2018	2019	After
Long-term debt [(1)]	$ 8,282.0	$ 230.0	$ 746.5	$ 1,339.5	$ 800.0	$ 541.0	$ 4,625.0
Capital leases [(2)]	286.2	48.6	20.1	19.4	19.2	19.1	159.8
Interest payments on long-term debt	5,524.3	433.0	407.2	377.8	315.2	271.4	3,719.7
Operating leases [(3)]	111.0	22.7	15.4	15.4	12.8	10.9	33.8
Energy commodity contracts	576.2	190.1	103.2	76.0	67.5	68.6	70.8
Service obligations:							
Pipeline service obligations	1,398.3	260.8	234.1	214.5	165.1	128.3	395.5
IBM service obligations	570.2	100.8	100.8	96.4	92.4	90.4	89.4
Other service obligations	180.8	66.0	59.1	55.2	0.5	—	—
Other liabilities	38.3	38.3	—	—	—	—	—
Total contractual obligations	$ 16,967.3	$ 1,390.3	$ 1,686.4	$ 2,194.2	$ 1,472.7	$ 1,129.7	$ 9,094.0

(1) Long-term debt balance excludes unamortized discounts of $49.9 million and non-recourse debt of $2.1 million related to NDC Douglas Properties.

(2) Capital lease payments shown above are inclusive of interest totaling $97.9 million.

(3) Operating lease balances do not include amounts for fleet leases that can be renewed beyond the initial lease term. The Company anticipates renewing the leases beyond the initial term, but the anticipated payments associated with the renewals do not meet the definition of expected minimum lease payments and therefore are not included above. Expected payments are $32.7 million in 2015, $32.8 million in 2016, $27.8 million in 2017, $22.0 million in 2018, $13.8 million in 2019 and $9.3 million thereafter.

NiSource calculated estimated interest payments for long-term debt as follows: for the fixed-rate debt, interest is calculated based on the stated coupon and payment dates; for variable-rate debt, interest rates are used that are in place as of December 31, 2014 . For 2015 , NiSource projects that it will be required to make interest payments of approximately $449.1 million, which includes $433.0 million of interest payments related to its long-term debt outstanding as of December 31, 2014 . At December 31, 2014 , NiSource also had $1,576.9 million in short-term borrowings outstanding.

NiSource Corporate Services has a license agreement with Rational Systems, LLC for pipeline business software requiring a payment of $25.6 million in 2015 which is recorded as a capital lease.

NiSource's subsidiaries have entered into various energy commodity contracts to purchase physical quantities of natural gas, electricity and coal. These amounts represent the minimum quantities of these commodities NiSource is obligated to purchase at both fixed and variable prices.

In July 2008, the IURC issued an order approving NIPSCO's purchase power agreements with subsidiaries of Iberdrola Renewables, Buffalo Ridge I LLC and Barton Windpower LLC. These agreements provide NIPSCO the opportunity and obligation to purchase up to 100 mw of wind power generated commencing in early 2009. The contracts extend 15 and 20 years, representing 50 mw of wind power each. No minimum quantities are specified within these agreements due to the variability of electricity generation from wind, so no amounts related to these contracts are included in the table above. Upon any termination of the agreements by NIPSCO for any reason (other than material breach by Buffalo Ridge I LLC or Barton Windpower LLC), NIPSCO may be required to pay a termination charge that could be material depending on the events giving rise to termination and the timing of the termination. NIPSCO began purchasing wind power in April 2009.

NiSource has pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2015 to 2045, require NiSource to pay fixed monthly charges.

On December 31, 2013, NiSource Corporate Services signed a seven year agreement with IBM to continue to provide business process and support functions to NiSource under a combination of fixed or variable charges, with the variable charges fluctuating based on the actual need for such services. The agreement was effective January 1, 2014 with a commencement date of April 1, 2014 and includes some targeted service enhancements as well as continued existing IT support services and a few additional support services. Under the agreement, at December 31, 2014, NiSource Corporate Services expects to pay approximately $570.2 million to IBM in service and project fees as shown in the table above. Upon any termination of the agreement by NiSource for any reason (other than material breach by IBM), NiSource may be required to pay IBM a termination charge that could include a breakage fee, repayment of IBM's capital investments not yet recovered and IBM's wind-down expenses. This termination fee could be material depending on the events giving rise to the termination and the timing of the termination.

NIPSCO has contracts with three major rail operators providing for coal transportation services for which there are certain minimum payments. These service contracts extend for various periods through 2018 and are included within “Other service obligations” in the table of contractual obligations.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. Services under this contract commenced on July 1, 1992 and expired on June 30, 2012. The agreement was renewed effective July 1, 2012 for ten years and NIPSCO will continue to pay for the services under a combination of fixed and variable charges. In accordance with GAAP, the renewed agreement was evaluated to determine whether the arrangement qualified as a lease. Based on the terms of the agreement, the arrangement qualified for capital lease accounting. As the effective date of the new agreement was July 1, 2012, NiSource capitalized this lease beginning in the third quarter of 2012. Future payments for this capital lease are included within “Capital leases” in the table of contractual obligations.

NiSource’s expected payments included within “Other liabilities” in the table of contractual commitments above contains employer contributions to pension and other postretirement benefits plans expected to be made in 2015. Plan contributions beyond 2015 are dependent upon a number of factors, including actual returns on plan assets, which cannot be reliably estimated at this time. In 2015, NiSource expects to make contributions of approximately $3.5 million to its pension plans and approximately $34.8 million to its postretirement medical and life plans. Refer to Note 10, “Pension and Other Postretirement Benefits,” in the Notes to Consolidated Financial Statements for more information.

Not included in the table above are $24.2 million of estimated federal and state income tax liabilities, including interest. If or when such amounts may be settled is uncertain and cannot be estimated at this time. Refer to Note 9, “Income Taxes,” in the Notes to Consolidated Financial Statements for more information.

NiSource cannot reasonably estimate the settlement amounts or timing of cash flows related to long-term obligations classified as “Other Liabilities and Deferred Credits” on the Consolidated Balance Sheets, other than those described above.

NiSource also has obligations associated with income, property, gross receipts, franchise, payroll, sales and use, and various other taxes and expects to make tax payments of approximately $351.1 million in 2015, which are not included in the table above.

Off Balance Sheet Items

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.
NiSource has purchase and sale agreement guarantees totaling $25.6 million , which guarantee purchaser performance or seller performance under covenants, obligations, liabilities, representations or warranties under the agreements. No amounts related to the purchase and sale agreement guarantees are reflected in the Consolidated Balance Sheets. Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has other guarantees outstanding. Refer to Note 18-A, “Guarantees and Indemnities,” in the Notes to Consolidated Financial Statements for additional information about NiSource’s off balance sheet arrangements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NISOURCE INC.

Market Risk Disclosures

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's energy businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These include but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps and options. NiSource is not involved in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

NiSource subsidiaries are required to make cash margin deposits with their brokers to cover actual and potential losses in the value of outstanding exchange traded derivative contracts. The amount of these deposits, which are reflected in NiSource's restricted cash balance, may fluctuate significantly during periods of high volatility in the energy commodity markets.

There are no material commodity price risk assets or liabilities as of December 31, 2014 and 2013 .

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, term loan, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by $20.0 million and $14.2 million for the years 2014 and 2013 , respectively.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the Corporate Credit Risk function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to NiSource at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash and letters of credit.

NiSource closely monitors the financial status of its banking credit providers. NiSource evaluates the financial status of its banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, NiSource may utilize models to measure fair value. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures.

Refer to Note 16, "Fair Value," in the Notes to the Consolidated Financial Statements for additional information on NiSource's fair value measurements.

Other Information

Critical Accounting Policies

NiSource applies certain accounting policies based on the accounting requirements discussed below that have had, and may continue to have, significant impacts on NiSource's results of operations and Consolidated Balance Sheets.

Basis of Accounting for Rate-Regulated Subsidiaries. ASC Topic 980, *Regulated Operations* , provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. The total amounts of regulatory assets and liabilities reflected on the Consolidated Balance Sheets were $1,889.9 million and $1,736.2 million at December 31, 2014 , and $1,665.0 million and $1,730.0 million at December 31, 2013 , respectively. For additional information, refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements.

In the event that regulation significantly changes the opportunity for NiSource to recover its costs in the future, all or a portion of NiSource's regulated operations may no longer meet the criteria for the application of ASC Topic 980, *Regulated Operations* . In such event, a write-down of all or a portion of NiSource's existing regulatory assets and liabilities could result. If transition cost recovery is approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If unable to continue to apply the provisions of ASC Topic 980, *Regulated Operations* , NiSource would be required to apply the provisions of ASC Topic 980-20, *Discontinuation of Rate-Regulated Accounting* . In management's opinion, NiSource's regulated subsidiaries will be subject to ASC Topic 980, *Regulated Operations* for the foreseeable future.

Certain of the regulatory assets reflected on NiSource's Consolidated Balance Sheets require specific regulatory action in order to be included in future service rates. Although recovery of these amounts is not guaranteed, NiSource believes that these costs meet the requirements for deferral as regulatory assets. Regulatory assets requiring specific regulatory action amounted to $183.9 million at December 31, 2014 . If NiSource determined that the amounts included as regulatory assets were not recoverable, a charge to income would immediately be required to the extent of the unrecoverable amounts.

Pensions and Postretirement Benefits. NiSource has defined benefit plans for both pensions and other postretirement benefits. The calculation of the net obligations and annual expense related to the plans requires a significant degree of judgment regarding the discount rates to be used in bringing the liabilities to present value, long-term returns on plan assets and employee longevity, among other assumptions. Due to the size of the plans and the long-term nature of the associated liabilities, changes in the assumptions used in the actuarial estimates could have material impacts on the measurement of the net obligations and annual expense recognition. For further discussion of NiSource’s pensions and other postretirement benefits, see Note 10, “Pension and Other Postretirement Benefits,” in the Notes to Consolidated Financial Statements.

Goodwill. NiSource’s goodwill assets at December 31, 2014 were $3,666.2 million , most of which resulted from the acquisition of Columbia on November 1, 2000. In addition, NIPSCO Gas Distribution Operations’ goodwill assets at December 31, 2014 , related to the purchase of Northern Indiana Fuel and Light in March 1993 and Kokomo Gas in February 1992 were $17.8 million . As required, NiSource tests for impairment of goodwill on an annual basis and on an interim basis when events or circumstances indicate that a potential impairment may exist. NiSource’s annual goodwill test takes place in the second quarter of each year and was most recently finalized as of May 1, 2014.

NiSource completed a quantitative ("step 1") fair value measurement of its reporting units during the May 1, 2012 goodwill test. The test indicated that the fair value of each of the reporting units that carry or are allocated goodwill substantially exceeded their carrying values, indicating that no impairment existed under the step 1 annual impairment test. A qualitative ("step 0") test was performed as of May 1, 2014 and 2013. NiSource assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units in its baseline May 1, 2012 test. The results of this assessment indicated that it is not more likely than not that its reporting unit fair values are less than the reporting unit carrying values and no impairments are necessary.

Although there was no goodwill asset impairment as of May 1, 2014, an interim impairment test could be triggered by the following: actual earnings results that are materially lower than expected, significant adverse changes in the operating environment, an increase in the discount rate, changes in other key assumptions which require judgment and are forward looking in nature, or if NiSource’s market capitalization stays below book value for an extended period of time. No impairment triggers were identified subsequent to May 1, 2014.

During the first quarter of 2013, as part of the sale of the service plan and leasing business lines of its Retail Services business, NiSource allocated $10.0 million of goodwill from Columbia Distribution Operations to the sale and allocated $1.0 million of goodwill from NIPSCO Gas Distribution Operations to the sale. Refer to Note 3, "Discontinued Operations and Assets and Liabilities Held for Sale" for more information.

Refer to Notes 1-J and 5, “Goodwill and Other Intangible Assets,” in the Notes to Consolidated Financial Statements for additional information.

Revenue Recognition. Revenue is recorded as products and services are delivered. Utility revenues are billed to customers monthly on a cycle basis. Revenues are recorded on the accrual basis and include estimates for electricity and gas delivered but not billed. Refer to Note 1-L, “Revenue Recognition,” in the Notes to Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Consolidated Financial Statements.

Environmental Matters

NiSource is subject to regulation by various federal, state and local authorities in the areas of air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to NiSource’s business and operations. Refer to Note 18-D, “Environmental Matters,” in the Notes to Consolidated Financial Statements for additional information regarding environmental matters.

Bargaining Unit Contract

As of December 31, 2014, NiSource had 8,982 employees of whom 3,323 were subject to collective bargaining agreements. Agreements were reached with the respective unions whose collective bargaining agreements were set to expire during 2014. Two additional collective bargaining contracts, covering approximately 100 employees, are set to expire during 2015.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

Operating segments are components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The NiSource Chief Executive Officer is the chief operating decision maker.

NiSource's operations are divided into three primary business segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Columbia Pipeline Group Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in 16 northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia along with unregulated businesses that include midstream services and development of mineral rights positions. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Gas Distribution Operations

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Net Revenues			
Sales revenues	**$ 3,593.9**	$ 3,053.8	$ 2,660.7
Less: Cost of gas sold (excluding depreciation and amortization)	**1,762.7**	1,419.7	1,166.9
Net Revenues	**1,831.2**	1,634.1	1,493.8
Operating Expenses			
Operation and maintenance	**900.3**	824.8	757.3
Depreciation and amortization	**217.6**	201.4	189.9
(Gain) Loss on sale of assets and impairment, net	**(0.2)**	1.2	0.6
Other taxes	**176.5**	161.3	154.7
Total Operating Expenses	**1,294.2**	1,188.7	1,102.5
Operating Income	**$ 537.0**	$ 445.4	$ 391.3
Revenues			
Residential	**$ 2,286.3**	$ 1,901.0	$ 1,685.2
Commercial	**800.6**	654.0	549.0
Industrial	**231.3**	194.3	174.3
Off-System Sales	**199.4**	266.4	176.2
Other	**76.3**	38.1	76.0
Total	**$ 3,593.9**	$ 3,053.8	$ 2,660.7
Sales and Transportation (MMDth)			
Residential sales	**295.2**	272.3	226.5
Commercial sales	**189.6**	172.9	156.2
Industrial sales	**512.9**	494.5	478.2
Off-System Sales	**44.9**	70.4	61.5
Other	**(0.1)**	0.4	0.3
Total	**1,042.5**	1,010.5	922.7
Heating Degree Days	**6,176**	5,698	4,799
Normal Heating Degree Days	**5,610**	5,610	5,664
% Colder (Warmer) than Normal	**10%**	2%	(15)%
Customers			
Residential	**3,098,052**	3,079,575	3,058,839
Commercial	**282,749**	281,535	280,842
Industrial	**7,637**	7,663	7,552
Other	**15**	22	22
Total	**3,388,453**	3,368,795	3,347,255

Competition

Gas Distribution Operations competes with investor-owned, municipal, and cooperative electric utilities throughout its service area, and to a lesser extent, with other regulated natural gas utilities and propane and fuel oil suppliers. Gas Distribution Operations continues to be a strong competitor in the energy market as a result of strong customer preference for natural gas. Competition with providers of electricity is generally strongest in the residential and commercial markets of Kentucky, southern Ohio, central Pennsylvania and western Virginia where electric rates are primarily driven by low-cost, coal-fired generation. In Ohio and Pennsylvania, similar gas provider competition is also common. Natural gas competes with fuel oil and propane in the Massachusetts market mainly due to the installed base of fuel oil and propane-based heating which, over time, has comprised a declining percentage of the overall market.

NISOURCE INC.
Gas Distribution Operations (continued)

Market Conditions
During 2014, spot prices at the Henry Hub for the winter through December 2014 have primarily been in the $2.745 - $4.280/Dth range compared to prices in the $3.360 - $4.520/Dth range experienced during the winter through December 2013.

Entering the 2014-2015 winter season, national storage levels were 238 Bcf below the prior year and 261 Bcf below the 5 year average inventory levels (based on November 6, 2014 Energy Information Administration storage report). During the summer of 2014, prices ranged between $3.515 and $4.835/Dth which were higher than those prices experienced in the summer of 2013.

All NiSource Gas Distribution Operations companies have state-approved recovery mechanisms that provide a means for full recovery of prudently incurred gas costs. Gas costs are treated as pass-through costs and have no impact on the net revenues recorded in the period. The gas costs included in revenues are matched with the gas cost expense recorded in the period and the difference is recorded on the Consolidated Balance Sheets as under-recovered or over-recovered gas cost to be included in future customer billings.

The Gas Distribution Operations companies have pursued non-traditional revenue sources within the evolving natural gas marketplace. These efforts include the sale of products and services upstream of the companies' service territory, the sale of products and services in the companies' service territories, and gas supply cost incentive mechanisms for service to their core markets. The upstream products are made up of transactions that occur between an individual Gas Distribution Operations company and a buyer for the sales of unbundled or rebundled gas supply and capacity. The on-system services are offered by NiSource to customers and include products such as the transportation and balancing of gas on the Gas Distribution Operations company system. The incentive mechanisms give the Gas Distribution Operations companies an opportunity to share in the savings created from such things as gas purchase prices paid below an agreed upon benchmark and its ability to reduce pipeline capacity charges with their customers. Certain Gas Distribution Operations companies continue to offer choice opportunities, where customers can choose to purchase gas from a third-party supplier, through regulatory initiatives in their respective jurisdictions.

Capital Expenditures and Other Investing Activities
The table below reflects actual capital expenditures and other investing activities by category for 2012, 2013 and 2014 and estimates for 2015.

(in millions)	2015E	**2014**	2013	2012
System Growth	$ 152.7	**$ 175.9**	$ 166.8	$ 126.4
Maintenance and Other	739.2	**684.4**	624.0	523.0
Total	$ 891.9	**$ 860.3**	$ 790.8	$ 649.4

The Gas Distribution Operations segment's capital expenditures and other investing activities were $ 860.3 million in 2014 and are projected to be $ 891.9 million in 2015. The estimated 2015 capital expenditures are $31.6 million higher than 2014 primarily due to increased TDSIC spend. Capital expenditures for 2014 were higher than 2013 by approximately $69.5 million primarily due to increased spending on infrastructure replacement projects.

The Gas Distribution Operations segment's capital expenditures for 2013 were higher than 2012 by approximately $141.4 million primarily due to increased spending on infrastructure replacement projects.

Regulatory Matters
Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Usage for the year ended December 31, 2014 increased from the same period last year primarily due to colder weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design

NISOURCE INC.
Gas Distribution Operations (continued)

which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment charge. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters
Currently, various environmental matters impact the Gas Distribution Operations segment. As of December 31, 2014 , reserves have been recorded to cover probable environmental response actions. Refer to Note 18-D, "Environmental Matters," in the Notes to Consolidated Financial Statements for additional information regarding environmental matters for the Gas Distribution Operations segment.

Springfield, MA Incident
On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. The Massachusetts DPU has concluded its investigation. Columbia of Massachusetts is fully cooperating with the Occupational Safety & Health Administration in its investigation of this incident. Columbia of Massachusetts believes any costs associated with damages, injuries, and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements.

Weather
In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations service territories for 2014 was about 10% colder than normal and was about 8% colder than 2013, increasing net revenues by approximately $18 million for the year ended December 31, 2014 compared to 2013.

Weather in the Gas Distribution Operations service territories for 2013 was about 2% colder than normal and was about 19% colder than 2012, increasing net revenues by approximately $48 million for the year ended December 31, 2013 compared to 2012.

Throughput
Total volumes sold and transported for the year ended December 31, 2014 were 1,042.5 MMDth, compared to 1,010.5 MMDth for 2013. This increase is primarily attributable to colder weather compared to the prior year.

Total volumes sold and transported for the year ended December 31, 2013 were 1,010.5 MMDth, compared to 922.7 MMDth for 2012. This increase is primarily attributable to colder weather experienced in 2013 compared to 2012.

NiSource throughput reported does not directly correlate to the results of Gas Distribution Operations due to rate design.

NISOURCE INC.
Gas Distribution Operations (continued)

Net Revenues
Net revenues for 2014 were $1,831.2 million, an increase of $197.1 million from the same period in 2013. The increase in net revenues is due primarily to an increase of $93.4 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania, the rate case at Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Furthermore, there was an increase in regulatory and tax trackers, which are offset in expense, of $49.2 million and the effects of colder weather of $18.4 million. Additionally, there was higher commercial, residential and industrial usage of $14.6 million, an increase in large customer revenue of $6.5 million, higher revenue of $5.9 million due to increased customer count and an increase in off-system sales of $5.6 million. Also, there were higher net revenues from the recovery of storage inventory costs of $3.8 million and a settlement of $3.2 million at Columbia of Massachusetts in 2013. These increases were partially offset by a decrease of $5.6 million resulting from NIPSCO's GCIM.

Net revenues for 2013 were $1,634.1 million, an increase of $140.3 million from the same period in 2012, due primarily to an increase of $53.8 million for regulatory and service programs, including the impact from the rate cases at Columbia of Pennsylvania and Columbia of Massachusetts and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, the effects of colder weather of $47.6 million, increased trackers, which are offset in expense, of $18.7 million, an increase in residential, commercial and industrial usage of $10.8 million, and higher revenue of $5.3 million due to an increase in residential and commercial customers.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustments to Other gross revenues for the twelve months ended December 31, 2014 and 2013 were a revenue increase of $34.2 million and a revenue decrease of $8.1 million, respectively.

Operating Income
For 2014, Gas Distribution Operations reported operating income of $537.0 million, an increase of $91.6 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were $105.5 million higher than the comparable period reflecting increased regulatory and tax trackers, which are offset in net revenues, of $49.2 million, higher employee and administrative expenses of $21.9 million primarily due to a growing workforce and increased IT support and enhancements projects. Additionally, there was increased depreciation of $16.2 million due to increased capital expenditures, increased outside service costs of $13.7 largely due to Columbia of Pennsylvania's pipeline safety initiatives, higher other taxes of $6.0 million and increased uncollectibles of $5.1 million. These increases were partially offset by a decrease in environmental costs of $6.7 million.

For 2013, Gas Distribution Operations reported operating income of $445.4 million, an increase of $54.1 million from the comparable 2012 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased $86.2 million due to higher employee and administrative expenses of $27.1 million primarily due to a growing workforce and increased IT support and enhancement projects. Additionally, there were increased regulatory and tax trackers, which are offset in net revenues, of $18.7 million, higher depreciation of $11.5 million due to an increase in capital expenditures placed in service, increased other taxes, excluding trackers described above, of $8.7 million, higher outside services of $8.4 million, increased environmental expense of $5.6 million and higher materials and supplies of $2.2 million.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Columbia Pipeline Group Operations

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Net Revenues			
Transportation revenues	**$ 837.1**	$ 774.7	$ 721.8
Storage revenues	**197.2**	196.4	196.7
Other revenues	**312.9**	208.7	83.0
Total Sales Revenue	**1,347.2**	1,179.8	1,001.5
Less: Cost of sales (excluding depreciation and amortization)	**0.3**	0.4	1.1
Net Revenues	**1,346.9**	1,179.4	1,000.4
Operating Expenses			
Operation and maintenance	**751.6**	623.4	476.3
Depreciation and amortization	**118.6**	106.9	99.3
Gain on sale of assets, net	**(34.5)**	(18.6)	(0.6)
Other taxes	**67.1**	62.2	59.2
Total Operating Expenses	**902.8**	773.9	634.2
Equity Earnings in Unconsolidated Affiliates	**46.6**	35.9	32.2
Operating Income	**$ 490.7**	$ 441.4	$ 398.4
Throughput (MMDth)			
Columbia Transmission	**1,379.4**	1,354.3	1,305.7
Columbia Gulf	**626.7**	643.0	894.3
Crossroads Gas Pipeline	**16.7**	16.9	15.7
Intrasegment eliminations	**(128.7)**	(239.4)	(422.6)
Total	**1,894.1**	1,774.8	1,793.1

Growth Projects Placed into Service

Warren County Project. The Columbia Pipeline Group Operations segment recently completed construction of approximately 2.5 miles of new 24-inch pipeline and modifications to existing compressor stations for a total capital cost of approximately $37 million. This project has expanded the system in order to provide up to nearly 250,000 Dth/d of transportation capacity under a long-term, firm contract. The project commenced commercial operations in April 2014.

West Side Expansion (Columbia Transmission-Smithfield III) . This project is designed to provide a market outlet for increasing Marcellus supply originating from the Waynesburg, Pennsylvania and Smithfield, Pennsylvania areas on the Columbia Transmission system. The Columbia Pipeline Group Operations segment invested approximately $87 million in new pipeline and compression, which will provide up to 444,000 Dth/d of incremental, firm transport capacity and is supported by long-term, firm contracts. The project was placed in service during the fourth quarter of 2014.

West Side Expansion (Columbia Gulf-Bi-Directional). Under this project the Columbia Pipeline Group Operations segment invested approximately $113 million in system modifications and horsepower to provide a firm backhaul transportation path from the Leach, Kentucky interconnect with Columbia Transmission to Gulf Coast markets on the Columbia Gulf system. This investment will increase capacity up to 540,000 Dth/d to transport Marcellus production originating in West Virginia. The project is supported by long-term firm contracts and was placed in service in the fourth quarter of 2014. The Alexandria Compression portion of Columbia Gulf's West Side Expansion (approximately $75 million in capital costs) will be placed in service in the third quarter of 2015.

Giles County Project . The Columbia Pipeline Group Operations segment invested approximately $25 million for the construction of approximately 12.9 miles of 8-inch pipeline, which will provide 46,000 Dth/d of firm service to a third party located off its Line KA system and into Columbia of Virginia's system. The Columbia Pipeline Group Operations has secured a long-term firm contract for the full delivery volume and the project was placed in service in the fourth quarter of 2014.

Line 1570 Expansion. The Columbia Pipeline Group Operations segment replaced approximately 19 miles of existing 20-inch pipeline with a 24-inch pipeline and added compression at an approximate cost of $18 million. The project, which was placed in service during the fourth quarter of 2014, creates nearly 99,000 Dth/d of capacity and is supported by long-term, firm contracts.

Growth Projects in Progress

Chesapeake LNG . The project involves the investment of approximately $33 million to replace 120,000 Dth/d of existing LNG peak shaving facilities nearing the end of their useful lives. This project is expected to be placed in service in the second quarter of 2015.

Big Pine Expansion . The Columbia Pipeline Group Operations segment is investing approximately $65 million to make a connection to the Big Pine pipeline and add compression facilities that will add incremental capacity. The additional approximately 10-mile 20-inch pipeline and compression facilities will support Marcellus shale production in western Pennsylvania. Approximately 50% of the increased capacity generated by the project is supported by a long-term fee-based agreement with a regional producer, with the remaining capacity expected to be sold to other area producers in the near term. This project is expected to be placed in service by the third quarter of 2015.

East Side Expansion . The Columbia Pipeline Group Operations segment has received FERC authorization to construct facilities for this project, which will provide access for production from the Marcellus shale to the northeastern and mid-Atlantic markets. Supported by long-term firm contracts, the project will add up to 312,000 Dth/d of capacity and is expected to be placed in service by the end of the third quarter of 2015. The Columbia Pipeline Group Operations segment plans to invest up to approximately $275 million in this project.

Washington County Gathering . A large producer has contracted with the Columbia Pipeline Group Operations segment to build a 21-mile dry gas gathering system consisting of 8-inch, 12-inch, and 16-inch pipelines, as well as compression, measurement and dehydration facilities. The Columbia Pipeline Group Operations segment expects to invest approximately $120 million beginning in 2014 through 2018 and expects to commence construction in early 2015. The initial wells are expected to come on-line in the fourth quarter of 2015. The project is supported with minimum volume commitments and further enhances Columbia Midstream's relationship with a producer that has a large Marcellus acreage position.

Kentucky Power Plant Project . The Columbia Pipeline Group Operations segment expects to invest approximately $24 million to construct 2.7 miles of 16-inch greenfield pipeline and other facilities to a third-party power plant from Columbia Transmission's Line P. This project will provide up to 72,000 Dth/d of new firm service, is supported by a long-term firm contract, and will be placed in service by the end of the second quarter of 2016.

Utica Access Project . The Columbia Pipeline Group Operations segment intends to invest approximately $51 million to construct 4.7 miles of 20-inch greenfield pipeline to provide 205,000 Dth/d of new firm service to allow Utica production access to liquid trading points on our system. This project is expected to be in service by the end of the fourth quarter of 2016. The Columbia Pipeline Group Operations segment has secured firm contracts for the full delivery volume.

Leach XPress . The Columbia Pipeline Group Operations segment finalized agreements for the installation of approximately 124 miles of 36-inch pipeline from Majorsville to the Crawford compressor station ("Crawford CS") located on the Columbia Transmission system, and 27 miles of 36-inch pipeline from Crawford CS to the McArthur compressor station located on the Columbia Transmission system, and approximately 101,700 horsepower across multiple sites to provide approximately 1.5 MMDth/d of capacity out of the Marcellus and Utica production regions to the Leach compressor station ("Leach CS") located on the Columbia Gulf system, TCO Pool, and other markets on the Columbia Transmission system. Virtually all of the project's capacity has been secured with long-term firm contracts. The Columbia Pipeline Group Operations segment expects the project to go in service during the fourth quarter of 2017 and will invest approximately $1.4 billion in this project.

Rayne XPress. This project would transport approximately 1 MMDth/d of growing southwest Marcellus and Utica production away from constrained production areas to markets and liquid transaction points. Capable of receiving gas from Columbia Transmission's Leach XPress project, gas would be transported from the Leach, Kentucky interconnect with Columbia Transmission in a southerly direction towards the Rayne compressor station in southern Louisiana to reach various Gulf Coast markets. The project also includes the creation of a new compressor station. The Columbia Pipeline Group Operations segment has secured definitive agreements for firm service for the project's capacity and expect the project to be placed in service by the end of the fourth quarter of 2017. The Columbia Pipeline Group Operations segment expects to invest approximately $383 million on the Rayne XPress project to modify existing facilities and to add new compression.

Cameron Access Project. The Columbia Pipeline Group Operations segment is investing approximately $310 million in an 800,000 Dth/d expansion of the Columbia Gulf system through improvements to existing pipeline and compression facilities, a new state-of-the-art compressor station near Lake Arthur, Louisiana, and the installation of a new 26-mile pipeline in Cameron Parish to provide for a direct connection to the Cameron LNG Terminal. The Columbia Pipeline Group Operations segment expects the project to be placed in service by the first quarter of 2018 and has secured long-term firm contracts for approximately 90% of the increased volumes.

WB XPress . The Columbia Pipeline Group Operations segment expects to invest approximately $870 million in this project to expand the WB system through looping and added compression in order to transport approximately 1.3 MMDth/d of Marcellus Shale production on the Columbia Transmission system to pipeline interconnects and East Coast markets, which includes access to the Cove Point LNG terminal. The Columbia Pipeline Group Operations segment expects this project to be placed in service by the fourth quarter of 2018.

Equity Investments

Pennant. Columbia Midstream entered into a 50:50 joint venture in 2012 with affiliates of Hilcorp to construct new wet natural gas gathering pipeline infrastructure and NGL processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. Columbia Midstream and Hilcorp jointly own Pennant with Columbia Midstream serving as the operator of Pennant and the facilities. NiSource accounts for the joint venture under the equity method of accounting.

Pennant invested in the construction of 20-24 inch wet gas gathering pipeline facilities with a capacity of approximately 500 MMcf/d. In addition, Pennant constructed a gas processing facility in New Middletown, Ohio that will have an initial capacity of 200 MMcf/d and is constructing a NGL pipeline with an initial capacity of 45,000 barrels per day that can be expanded to 90,000 barrels per day. Consistent with the terms of the joint venture, Columbia Midstream operates the gas processing facility, NGL pipeline and associated wet gas gathering system. The joint venture is designed and anticipated to serve other producers with significant acreage development in the area with an interest in obtaining capacity on the system. The facilities allow Pennant to be a full-service solution for providers in the northern Utica Shale region, offering access to wet gas gathering and processing as well as residue gas and NGL takeaway to attractive market destinations. Columbia Midstream's initial investment in this area, including the gathering pipeline, related laterals, NGL pipeline and the processing plant, is approximately $195 million. Portions of the facilities were placed in service in the fourth quarter of 2013 and the second quarter of 2014, with the remainder placed in service in October 2014.

Columbia Midstream made cash contributions to Pennant totaling $66.6 million, $108.9 million and $2.9 million in 2014, 2013 and 2012, respectively. No distributions have been received from Pennant.

Millennium. The Millennium system is a FERC-regulated interstate natural gas transportation pipeline system, which consists of approximately 253 miles of natural gas transmission pipeline and three compressor stations with approximately 43,000 hp of installed capacity. Millennium transports an average of 1 Bcf/d of natural gas sourced from the Marcellus shale to markets across New York's Southern Tier and lower Hudson Valley, as well as to the New York City markets through its pipeline interconnections. Columbia Transmission owns a 47.5% interest in Millennium and acts as operator for the pipeline in partnership with DTE Millennium Company and National Grid Millennium LLC, which each own an equal remaining share of the company.

Columbia Transmission made contributions to Millennium to fund its share of capital projects of $2.6 million, $16.6 million and $17.5 million in 2014, 2013 and 2012, respectively. For the same respective periods, Columbia Transmission received distributions of earnings of $35.6 million, $29.0 million and $31.4 million.

Millennium began two projects in 2012 that added approximately 30,000 hp of compression to its system. The first project went into service in June 2013 and increased capacity at its interconnections with Algonquin Gas Transmission, with a total investment of approximately $50 million. The second project included a total investment of approximately $40 million that increased capacity with interconnections to other third-party facilities. The second project was placed into service in March 2014. Columbia Transmission's share of the above investments was limited to its 47.5% interest in Millennium.

Hardy Storage. The Hardy Storage facility is a FERC-regulated interstate natural gas storage system, which consists of 29 storage wells in a depleted gas production field in Hampshire and Hardy counties, West Virginia, 36.7 miles of pipeline and 7,100 hp of installed capacity. The facility interconnects with Columbia Transmission and has approximately 12 MMDth of working gas capacity and 176,000 Dth/d of withdrawal capacity. Columbia Transmission owns a 50% interest in Hardy Storage and acts as operator for the system. A third party, Piedmont Natural Gas Company, Inc., owns the remaining 50% interest in Hardy Storage.

NiSource received $2.2 million, $3.1 million and $3.5 million of available accumulated earnings in 2014, 2013 and 2012, respectively. For the same respective periods, NiSource made no contributions to Hardy Storage.

Regulatory Matters
Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements for information on regulatory matters for the Columbia Pipeline Group Operations segment.

Capital Expenditures and Other Investing Activities
The table below reflects actual capital expenditures and other investing activities by category for 2012, 2013 and 2014 and estimates for 2015.

(in millions)	2015E	**2014**	2013	2012
System Growth and Equity Investments	$ 624.1	**$ 367.5**	$ 321.2	$ 235.0
Modernization and Maintenance	434.6	**476.4**	476.3	254.6
Total	$ 1,058.7	**$ 843.9**	$ 797.5	$ 489.6

Capital expenditures in the Columbia Pipeline Group Operations segment in 2014 increased by $46.4 million compared to 2013 due to system growth and equity investments in the Marcellus and Utica Shale areas. The capital expenditure program and other investing activities in 2015 are projected to be approximately $ 1,058.7 million , which is an increase of $214.8 million over 2014. The increase from 2014 to 2015 is expected due to an increase in system growth and equity investments spend as a result of the current profile of identified growth projects in 2015 partially offset by a decrease in the modernization and maintenance spend attributed to advanced spend for the modernization program in 2014.

Capital expenditures in the Columbia Pipeline Group Operations segment in 2013 increased by $307.9 million compared to 2012 due to the modernization program and system growth and equity investments in the Marcellus and Utica Shale areas.

Nature of Sales
Columbia Transmission and Columbia Gulf compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price. Columbia Gulf and Columbia Transmission provide a significant portion of total transportation services under firm contracts and derive a smaller portion of revenues through interruptible contracts, with management seeking to maximize the portion of physical capacity sold under firm contracts.

Firm service contracts require pipeline capacity to be reserved for a given customer between certain receipt and delivery points. Firm customers generally pay a "capacity reservation" fee based on the amount of capacity being reserved regardless of whether the capacity is used, plus an incremental usage fee when the capacity is used. Annual capacity reservation revenues derived from firm service contracts generally remain constant over the life of the contract because the revenues are based upon capacity reserved and not whether the capacity is actually used. The high percentage of revenue derived from capacity reservation fees mitigates the risk of revenue fluctuations within the Columbia Pipeline Group Operations segment due to changes in near-term supply and demand conditions. For the year ended December 31, 2014, approximately 94.1% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 4.0% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 93.1% and 5.0%, respectively, for the year ended December 31, 2013.

Interruptible transportation service is typically short term in nature and is generally used by customers that either do not need firm service or have been unable to contract for firm service. These customers pay a usage fee only for the volume of gas actually transported. The ability to provide this service is limited to available capacity not otherwise used by firm customers, and customers receiving services under interruptible contracts are not assured capacity in the pipeline facilities. Columbia Pipeline Group Operations provides interruptible service at competitive prices in order to capture short term market opportunities as they occur and interruptible service is viewed by management as an important strategy to optimize revenues from the gas transmission assets. For each of the years ended December 31, 2014 and 2013, approximately 1.9% of the transportation revenues were derived from interruptible contracts.

Environmental Matters

Currently, various environmental matters impact the Columbia Pipeline Group Operations segment. As of December 31, 2014, reserves have been recorded to cover probable environmental response actions. Refer to Note 18-D, "Environmental Matters," in the Notes to Consolidated Financial Statements for additional information regarding environmental matters for the Columbia Pipeline Group Operations segment.

Throughput

Columbia Transmission's throughput consists of gas transportation service deliveries to LDC city gates, to gas fired power plants, other industrial customers, or other interstate pipelines in its market area. Columbia Transmission's market area covers portions of northeastern, mid-Atlantic, Midwestern, and southern states as well as the District of Columbia. Throughput for Columbia Gulf reflects transportation services for gas delivered through its mainline and laterals. Crossroads Pipeline's throughput comes from deliveries it makes to its customers and other pipelines that are located in northern Indiana and Ohio. Intersegment eliminations represent gas delivered to affiliated pipelines within the segment.

Throughput for the Columbia Pipeline Group Operations segment totaled 1,894.1 MMDth for 2014, compared to 1,774.8 MMDth for the same period in 2013. This increase reflected increased Marcellus natural gas production and favorable pricing conditions to third-party interconnects in the Southeast region of the United States.

Throughput for the Columbia Pipeline Group Operations segment totaled 1,774.8 MMDth for 2013, compared to 1,793.1 MMDth for the same period in 2012. The colder weather, which drove a majority of the increase on the Columbia Transmission system, was more than offset by the impact from increased production of Appalachian shale gas that resulted in fewer deliveries being made by Columbia Gulf to Columbia Transmission at Leach, Kentucky.

Net Revenues

Net revenues were $1,346.9 million for 2014, an increase of $167.5 million from the same period in 2013. The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of $88.4 million and increased demand margin revenue of $54.7 million primarily as a result of growth projects placed in service and new firm contracts. Additionally, there was an increase in net revenues as a result of higher mineral rights royalty revenue of $22.6 million due to additional conveyances and increased third-party drilling activity.

Net revenues were $1,179.4 million for 2013, an increase of $179.0 million from the same period in 2012, primarily due to higher regulatory trackers, which are offset in expense, of $119.5 million, the current period impacts of the 2012 customer settlement at Columbia Transmission, which resulted in an increase in net revenues of $50.3 million, higher demand margin and commodity revenue of $11.9 million from new growth projects placed into service and increased mineral rights royalty revenue and condensate revenue of $7.0 million. These increases were partially offset by lower shorter term transportation services of $7.6 million.

Operating Income

Operating income was $490.7 million for 2014, an increase of $49.3 million from the comparable period in 2013. Operating income increased as a result of higher net revenues, as described above, and higher equity earnings partially offset by increased operating expenses. Equity earnings increased $10.7 million due to higher earnings at Millennium attributable to growth projects placed in service. Operating expenses were $128.9 million higher than the comparable period primarily as a result of increased regulatory trackers, which are offset in net revenues, of $88.4 million and higher employee and administrative expenses of $28.3 million. Additionally, there were increased outside service costs of $13.3 million, higher depreciation of $11.7 million and increased property taxes of $4.0 million. These increases were partially offset by an increase in the gain on the sale of assets of $15.9 million primarily resulting from the increased gains on conveyance of mineral interests of $27.2 million, offset by the gain on the sale of storage base gas in 2013 of $11.1 million and lower software data conversion costs of $8.9 million.

NISOURCE INC.
Columbia Pipeline Group Operations (continued)

Operating income was $441.4 million for 2013, an increase of $43.0 million from the comparable period in 2012. Operating income increased as a result of higher net revenues, as described above, and increased equity earnings partially offset by higher operating expenses. Operating expenses increased by $139.7 million primarily due to increased regulatory trackers, which are offset in net revenues, of $119.5 million, higher employee and administrative expenses of $19.0 million that included $8.5 million related to higher pension costs, software data conversion costs of $8.9 million and higher depreciation of $7.6 million primarily due to increased capital expenditures related to projects placed in service. These increases were partially offset by higher gains on the sale of assets of $18.0 million resulting from the sale of storage base gas and on conveyances of mineral interests. Equity earnings increased $3.7 million primarily from increased earnings at Millennium.

Table of Contents

NISOURCE INC.
Electric Operations

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Net Revenues			
Sales revenues	**$ 1,673.4**	$ 1,564.9	$ 1,509.7
Less: Cost of sales (excluding depreciation and amortization)	**609.7**	542.5	495.9
Net Revenues	**1,063.7**	1,022.4	1,013.8
Operating Expenses			
Operation and maintenance	**474.9**	448.6	451.9
Depreciation and amortization	**244.4**	244.4	249.7
Gain on sale of assets, net	**(0.1)**	—	—
Other taxes	**61.8**	63.9	61.4
Total Operating Expenses	**781.0**	756.9	763.0
Operating Income	**$ 282.7**	$ 265.5	$ 250.8
Revenues			
Residential	**$ 438.2**	$ 426.6	$ 410.4
Commercial	**449.4**	431.5	413.7
Industrial	**723.6**	632.7	589.3
Wholesale	**32.2**	21.0	19.0
Other	**30.0**	53.1	77.3
Total	**$ 1,673.4**	$ 1,564.9	$ 1,509.7
Sales (Gigawatt Hours)			
Residential	**3,384.2**	3,444.7	3,524.3
Commercial	**3,864.2**	3,881.9	3,863.1
Industrial	**10,114.2**	9,339.7	9,251.0
Wholesale	**675.5**	669.7	250.8
Other	**148.2**	132.0	119.1
Total	**18,186.3**	17,468.0	17,008.3
Cooling Degree Days	**663**	798	1,054
Normal Cooling Degree Days	**806**	806	814
% (Colder) Warmer than Normal	**(18)%**	(1)%	29%
Electric Customers			
Residential	**403,272**	402,638	401,177
Commercial	**54,635**	54,452	53,969
Industrial	**2,352**	2,374	2,445
Wholesale	**751**	725	725
Other	**5**	5	6
Total	**461,015**	460,194	458,322

Electric Supply
On October 31, 2014, NIPSCO submitted its 2014 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs into the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

Market Conditions

NIPSCO's mwh sales to steel-related industries accounted for approximately 61.3% and 63.6% of the total industrial mwh sales for the years ended December 31, 2014 and 2013, respectively. NIPSCO's industrial sales volumes and revenues increased slightly in 2014 as compared to 2013 as industrial activity continued to show moderate but steady improvement.

Capital Expenditures and Other Investing Activities

The table below reflects actual capital expenditures and other investing activities by category for 2012, 2013 and 2014 and estimates for 2015.

(in millions)	2015E	**2014**	2013	2012
System Growth	$ 38.5	**$ 29.3**	$ 42.5	$ 28.9
Maintenance and Other	352.8	**409.5**	383.8	393.9
Total	$ 391.3	**$ 438.8**	$ 426.3	$ 422.8

The Electric Operations' capital expenditure program and other investing activities in 2014 were $12.5 million higher when compared to 2013 due to increased TDSIC spend as well as continued spending on the environmental tracker capital projects in the generation fleet. The estimated 2015 capital expenditures are expected to be $47.5 million lower compared to 2014. The decrease in capital is primarily due to tracker program spend.

The Electric Operations' capital expenditure program and other investing activities in 2013 were comparable to 2012 due to spending on the environmental tracker capital projects in the generation fleet.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements for information on significant rate developments, MISO, and cost recovery and trackers for the Electric Operations segment.

Environmental Matters

Currently, various environmental matters impact the Electric Operations segment. As of December 31, 2014, reserves have been recorded to cover probable environmental response actions. Refer to Note 18-D, "Environmental Matters," in the Notes to Consolidated Financial Statements for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements

On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Consolidated Financial Statements.

Sales

Electric Operations sales were 18,186.3 gwh for the year ended 2014, an increase of 718.3 gwh compared to 2013. The 4.1% increase is primarily attributable to an increase in industrial usage due to large industrial customers expanding plant operations and using less internal generation.

Electric Operations sales were 17,468.0 gwh for the year ended 2013, an increase of 459.7 gwh compared to 2012. The 2.7% increase is primarily attributable to an increase in wholesale usage as a result of increased off system sales opportunities.

NiSource Inc.
Electric Operations (continued)

Net Revenues
Net revenues were $1,063.7 million for 2014, an increase of $41.3 million from the same period in 2013. The increase in net revenues is due primarily to higher industrial usage of $21.9 million and an increase in the return on the environmental capital investment recovery of $19.8 million due to an increased plant balance eligible for recovery. Additionally, there were increased net revenues of $5.9 million as a result of two electric transmission projects authorized by the MISO and higher off-system sales of $4.7 million. These increases were partially offset by a decrease in transmission upgrade revenue of $6.5 million included in net revenue in the prior year and the effects of weather of $5.3 million.

Net revenues were $1,022.4 million for 2013, an increase of $8.6 million from the same period in 2012, primarily due to an increase in the return on the environmental capital investment recovery of $28.9 million due to an increased plant balance eligible for recovery, higher industrial, commercial and residential margins of $17.5 million, transmission upgrade revenue of $6.2 million, increased off-system sales of $4.9 million, higher revenue of $2.2 million due to an increase in commercial and residential customers and an increase in a RTO recovery mechanism of $2.1 million, which is offset in expense. These increases were partially offset by lower environmental cost trackers, which are offset in expense, of $19.5 million, decreased revenue related to emission allowances of $11.9 million, the effects of colder weather of $10.0 million, a decrease of $6.6 million related to the final reconciliation of the revenue credit recorded in 2012 and higher fuel handling costs of $4.3 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the twelve months ended December 31, 2014 and 2013 were a revenue decrease of $25.5 million and a revenue increase of $4.7 million, respectively.

Operating Income
For 2014, Electric Operations reported operating income of $282.7 million, an increase of $17.2 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased $24.1 million due primarily to higher electric generation costs of $15.2 million as a result of maintenance related outages, increased employee and administrative expenses of $9.7 million and higher materials and supplies of $3.3 million. These increases were partially offset by a decrease in tree trimming costs of $4.5 million.

For 2013, Electric Operations reported operating income of $265.5 million, an increase of $14.7 million from the comparable 2012 period. Operating income increased as a result of higher net revenues, as described above, and decreased operating expenses. Operating expenses decreased $6.1 million primarily due to lower environmental trackers, which are offset in net revenues, of $19.5 million and decreased electric generation costs of $13.1 million as a result of reduced outages and maintenance. These decreases were partially offset by increased employee and administrative expenses of $16.0 million, higher depreciation and amortization, excluding trackers described above, of $3.9 million, increased other taxes of $2.5 million, and higher MISO fees of $2.1 million, which are offset in revenue by a RTO recovery mechanism.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NISOURCE INC.

Quantitative and Qualitative Disclosures about Market Risk are reported in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

NiSource Inc.

NiSource Inc.
REPORT 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, 2014 and 2013, and the related consolidated statements of income, comprehensive income, common stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedules listed in the Index at item 15. 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 NiSource Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, 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.

As discussed in Note 25 to the consolidated financial statements, on February 11, 2015 the Company completed the initial public offering of limited partner interests of Columbia Pipeline Partners LP for net proceeds of $1,170.0 million.

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, 2014, based on the criteria established in *Internal Control -Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois
February 18, 2015

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, 2014, based on criteria established in *Internal Control - Integrated Framework (2013)* 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. 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, 2014, based on the criteria established in *Internal Control -Integrated Framework (2013)* 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, 2014, of the Company and our report dated February 18, 2015 expressed an unqualified opinion on those financial statements and financial statement schedules and included an explanatory paragraph relating to the Company’s initial public offering of limited partner interests of Columbia Pipeline Partners LP which was completed on February 11, 2015.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois
February 18, 2015

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
STATEMENTS OF CONSOLIDATED INCOME

Year Ended December 31 , *(in millions, except per share amounts)*	**2014**	2013	2012
Net Revenues			
Gas Distribution	**$ 2,597.8**	$ 2,226.3	$ 1,959.8
Gas Transportation and Storage	**1,872.7**	1,643.2	1,462.4
Electric	**1,672.0**	1,563.4	1,507.7
Other	**328.1**	224.4	101.0
Gross Revenues	**6,470.6**	5,657.3	5,030.9
Cost of Sales (excluding depreciation and amortization)	**2,224.2**	1,815.5	1,516.9
Total Net Revenues	**4,246.4**	3,841.8	3,514.0
Operating Expenses			
Operation and maintenance	**2,136.3**	1,873.9	1,660.3
Depreciation and amortization	**605.5**	577.3	561.9
Gain on sale of assets and impairment, net	**(31.5)**	(17.5)	(3.8)
Other taxes	**320.3**	300.6	287.7
Total Operating Expenses	**3,030.6**	2,734.3	2,506.1
Equity Earnings in Unconsolidated Affiliates	**46.6**	35.9	32.2
Operating Income	**1,262.4**	1,143.4	1,040.1
Other Income (Deductions)			
Interest expense, net	**(443.6)**	(414.8)	(418.3)
Other, net	**22.3**	24.2	1.7
Total Other Deductions	**(421.3)**	(390.6)	(416.6)
Income from Continuing Operations before Income Taxes	**841.1**	752.8	623.5
Income Taxes	**310.4**	261.9	214.7
Income from Continuing Operations	**530.7**	490.9	408.8
(Loss) Income from Discontinued Operations - net of taxes	**(0.7)**	6.3	7.3
Gain on Disposition of Discontinued Operations - net of taxes	**—**	34.9	—
Net Income	**$ 530.0**	$ 532.1	$ 416.1
Basic Earnings Per Share			
Continuing operations	**$ 1.68**	$ 1.57	$ 1.40
Discontinued operations	**—**	0.13	0.03
Basic Earnings Per Share	**$ 1.68**	$ 1.70	$ 1.43
Diluted Earnings Per Share			
Continuing operations	**$ 1.67**	$ 1.57	$ 1.36
Discontinued operations	**—**	0.13	0.03
Diluted Earnings Per Share	**$ 1.67**	$ 1.70	$ 1.39
Basic Average Common Shares Outstanding	**315.1**	312.4	291.9
Diluted Average Common Shares	**316.6**	313.6	300.4

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

Year Ended December 31, (in millions, net of taxes)	**2014**	2013	2012
Net Income	**$ 530.0**	$ 532.1	$ 416.1
Other comprehensive income (loss):			
Net unrealized gain (loss) on available-for-sale securities [(1)]	**0.6**	(2.9)	(2.3)
Net unrealized gain on cash flow hedges [(2)]	**2.2**	2.8	3.2
Unrecognized pension and OPEB (costs) benefit [(3)]	**(9.8)**	22.0	(6.7)
Total other comprehensive (loss) income	**(7.0)**	21.9	(5.8)
Total Comprehensive Income	**$ 523.0**	$ 554.0	$ 410.3

(1) Net unrealized gain (loss) on available-for-sale securities, net of $0.3 million tax expense, and $1.5 million and $1.7 million tax benefit in 2014 , 2013 and 2012 , respectively.

(2) Net unrealized gain on derivatives qualifying as cash flow hedges, net of $1.5 million , $1.8 million and $2.1 million tax expense in 2014 , 2013 and 2012 , respectively.

(3) Unrecognized pension and OPEB (costs) benefit, net of $2.5 million tax benefit, $14.3 million tax expense, and $4.2 million tax benefit in 2014 , 2013 and 2012 , respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSource Inc.
CONSOLIDATED BALANCE SHEETS

(in millions)	**December 31, 2014**	December 31, 2013
ASSETS		
Property, Plant and Equipment		
Utility plant	**$ 25,234.8**	$ 23,303.7
Accumulated depreciation and amortization	**(9,578.6)**	(9,256.5)
Net utility plant	**15,656.2**	14,047.2
Other property, at cost, less accumulated depreciation	**360.9**	317.9
Net Property, Plant and Equipment	**16,017.1**	14,365.1
Investments and Other Assets		
Unconsolidated affiliates	**452.6**	373.7
Other investments	**210.4**	204.0
Total Investments and Other Assets	**663.0**	577.7
Current Assets		
Cash and cash equivalents	**25.4**	26.8
Restricted cash	**24.9**	8.0
Accounts receivable (less reserve of $25.2 and $23.5, respectively)	**1,070.1**	1,005.8
Gas inventory	**445.1**	354.6
Underrecovered gas and fuel costs	**32.0**	46.4
Materials and supplies, at average cost	**106.0**	101.2
Electric production fuel, at average cost	**64.8**	44.6
Exchange gas receivable	**63.1**	70.6
Regulatory assets	**193.5**	142.8
Deferred income taxes	**272.1**	175.3
Prepayments and other	**169.5**	183.1
Total Current Assets	**2,466.5**	2,159.2
Other Assets		
Regulatory assets	**1,696.4**	1,522.2
Goodwill	**3,666.2**	3,666.2
Intangible assets	**264.7**	275.7
Deferred charges and other	**92.4**	87.8
Total Other Assets	**5,719.7**	5,551.9
Total Assets	**$ 24,866.3**	$ 22,653.9

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSource Inc.
CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)	**December 31, 2014**	December 31, 2013
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - $0.01 par value, 400,000,000 shares authorized; 316,037,421 and 313,675,911 shares outstanding, respectively	**$ 3.2**	$ 3.2
Additional paid-in capital	**4,787.6**	4,690.1
Retained earnings	**1,494.0**	1,285.5
Accumulated other comprehensive loss	**(50.6)**	(43.6)
Treasury stock	**(58.9)**	(48.6)
Total Common Stockholders' Equity	**6,175.3**	5,886.6
Long-term debt, excluding amounts due within one year	**8,155.9**	7,593.2
Total Capitalization	**14,331.2**	13,479.8
Current Liabilities		
Current portion of long-term debt	**266.6**	542.1
Short-term borrowings	**1,576.9**	698.7
Accounts payable	**670.6**	619.0
Customer deposits and credits	**294.3**	262.6
Taxes accrued	**266.7**	254.8
Interest accrued	**140.7**	136.4
Overrecovered gas and fuel costs	**45.6**	32.2
Exchange gas payable	**136.2**	186.4
Deferred revenue	**25.6**	18.5
Regulatory liabilities	**62.4**	60.2
Accrued capital expenditures	**61.1**	26.7
Accrued liability for postretirement and postemployment benefits	**5.9**	6.2
Legal and environmental	**24.2**	32.3
Other accruals	**378.1**	302.3
Total Current Liabilities	**3,954.9**	3,178.4
Other Liabilities and Deferred Credits		
Deferred income taxes	**3,661.6**	3,277.8
Deferred investment tax credits	**17.3**	20.9
Deferred credits	**101.1**	91.9
Deferred revenue	**—**	17.1
Accrued liability for postretirement and postemployment benefits	**675.9**	527.5
Regulatory liabilities	**1,673.8**	1,669.8
Asset retirement obligations	**159.4**	174.4
Other noncurrent liabilities	**291.1**	216.3
Total Other Liabilities and Deferred Credits	**6,580.2**	5,995.7
Commitments and Contingencies (Refer to Note 18)	**—**	—
Total Capitalization and Liabilities	**$ 24,866.3**	$ 22,653.9

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSource Inc.
STATEMENTS OF CONSOLIDATED CASH FLOWS

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Operating Activities			
Net Income	**$ 530.0**	$ 532.1	$ 416.1
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:			
Depreciation and amortization	**605.5**	577.3	561.9
Net changes in price risk management assets and liabilities	**2.6**	2.6	2.5
Deferred income taxes and investment tax credits	**299.1**	287.4	292.6
Deferred revenue	**1.5**	(7.2)	(8.3)
Stock compensation expense and 401(k) profit sharing contribution	**72.3**	50.7	45.0
Gain on sale of assets and impairment, net	**(31.5)**	(17.5)	(3.8)
Income from unconsolidated affiliates	**(45.8)**	(35.7)	(30.9)
Gain on disposition of discontinued operations - net of taxes	**—**	(34.9)	—
Loss (Income) from discontinued operations - net of taxes	**0.7**	(6.3)	(7.3)
Amortization of discount/premium on debt	**10.0**	9.4	9.7
AFUDC equity	**(21.7)**	(18.5)	(10.6)
Distributions of earnings received from equity investees	**37.8**	32.1	34.9
Changes in Assets and Liabilities:			
Accounts receivable	**(63.1)**	(94.8)	(51.4)
Income tax receivable	**3.3**	125.9	(130.0)
Inventories	**(119.9)**	(9.2)	62.4
Accounts payable	**37.6**	67.8	57.3
Customer deposits and credits	**107.3**	(6.9)	(43.9)
Taxes accrued	**9.8**	2.6	21.9
Interest accrued	**4.3**	3.8	21.8
Over (Under) recovered gas and fuel costs	**27.9**	8.6	(51.1)
Exchange gas receivable/payable	**(42.8)**	21.0	(9.2)
Other accruals	**5.1**	2.2	(26.2)
Prepayments and other current assets	**(10.1)**	(17.0)	(4.5)
Regulatory assets/liabilities	**(246.6)**	479.1	(51.7)
Postretirement and postemployment benefits	**138.2**	(549.1)	123.0
Deferred credits	**13.0**	10.5	4.9
Deferred charges and other noncurrent assets	**(0.4)**	20.3	71.9
Other noncurrent liabilities	**(3.1)**	(9.5)	(14.1)
Net Operating Activities from Continuing Operations	**1,321.0**	1,426.8	1,282.9
Net Operating Activities (used for) from Discontinued Operations	**(1.4)**	10.0	(7.4)
Net Cash Flows from Operating Activities	**1,319.6**	1,436.8	1,275.5
Investing Activities			
Capital expenditures	**(2,028.5)**	(1,879.9)	(1,498.8)
Insurance recoveries	**11.3**	6.4	6.5
Proceeds from disposition of assets	**12.8**	18.0	25.6
Restricted cash (deposits) withdrawals	**(17.1)**	38.7	114.2
Contributions to equity investees	**(69.2)**	(125.4)	(20.4)
Other investing activities	**(25.9)**	(67.9)	(49.0)
Net Investing Activities used for Continuing Operations	**(2,116.6)**	(2,010.1)	(1,421.9)
Net Investing Activities from (used for) Discontinued Operations	**—**	118.7	(3.3)
Net Cash Flows used for Investing Activities	**(2,116.6)**	(1,891.4)	(1,425.2)
Financing Activities			

	748.4	1,307.6	991.4
Repayments of long-term debt and capital lease obligations	**(521.0)**	(510.9)	(331.6)
Premium and other debt related costs	**(8.7)**	(3.2)	(3.4)
Change in short-term debt, net	**878.1**	(78.1)	(582.2)
Issuance of common stock	**30.3**	43.7	383.5
Acquisition of treasury stock	**(10.2)**	(8.1)	(10.0)
Dividends paid - common stock	**(321.3)**	(305.9)	(273.2)
Net Cash Flows from Financing Activities	**795.6**	445.1	174.5
Change in cash and cash equivalents (used for) from continuing operations	**—**	(138.2)	35.5
Change in cash and cash equivalents (used for) from discontinued operations	**(1.4)**	128.7	(10.7)
Cash and cash equivalents at beginning of period	**26.8**	36.3	11.5
Cash and Cash Equivalents at End of Period	**$ 25.4**	$ 26.8	$ 36.3

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSource Inc.
STATEMENTS OF CONSOLIDATED LONG-TERM DEBT

As of December 31, *(in millions)*	**2014**	2013
Columbia of Massachusetts:		
Medium-term notes -		
Interest rates between 6.26% and 6.43% with a weighted average interest rate of 6.30% and maturities between December 15, 2025 and February 15, 2028	**$ 40.0**	$ 40.0
Total long-term debt of Columbia of Massachusetts	**40.0**	40.0
Columbia of Ohio:		
Subsidiary debt - Capital lease obligations	**96.4**	21.4
Total long-term debt of Columbia of Ohio	**96.4**	21.4
Capital Markets:		
Senior Notes - 6.78%, due December 1, 2027	**3.0**	3.0
Medium-term notes -		
Issued at interest rates between 7.82% and 7.99%, with a weighted average interest rate of 7.92% and various maturities between March 27, 2017 and May 5, 2027	**106.0**	106.0
Total long-term debt of Capital Markets	**109.0**	109.0
NiSource Corporate Services:		
Capital lease obligations -		
Interest rate of 3.290% due June 30, 2015	**—**	1.4
Interest rate of 3.264% due August 31, 2015	**2.0**	0.8
Interest rate of 6.709% due December 31, 2015	**—**	23.3
Interest rate of 9.840% due June 30, 2015	**—**	0.1
Interest rate of 5.586% due December 31, 2016	**0.5**	2.8
Total long-term debt of NiSource Corporate Services	**2.5**	28.4
NiSource Development Company:		
NDC Douglas Properties - Notes Payable -		
Interest rate of 5.56% due July 1, 2041	**2.1**	5.4
Total long-term debt of NiSource Development Company	**2.1**	5.4

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NiSource Inc.
STATEMENTS OF CONSOLIDATED LONG-TERM DEBT

As of December 31, *(in millions)*	**2014**	2013
NiSource Finance:		
Long-term notes -		
5.36% - due November 28, 2015	**—**	230.0
10.75% - due March 15, 2016	**201.5**	201.5
Variable rate - due April 15, 2016	**325.0**	325.0
5.41% - due November 28, 2016	**90.0**	90.0
Variable rate - due August 18, 2017	**750.0**	—
5.25% - due September 15, 2017	**450.0**	450.0
6.40% - due March 15, 2018	**800.0**	800.0
6.80% - due January 15, 2019	**500.0**	500.0
5.45% - due September 15, 2020	**550.0**	550.0
4.45% - due December 1, 2021	**250.0**	250.0
6.125% - due March 1, 2022	**500.0**	500.0
3.85% - due February 15, 2023	**250.0**	250.0
5.89% - due November 28, 2025	**265.0**	265.0
6.25% - due December 15, 2040	**250.0**	250.0
5.95% - due June 15, 2041	**400.0**	400.0
5.80% - due February 1, 2042	**250.0**	250.0
5.25% - due February 15, 2043	**500.0**	500.0
4.80% - due February 15, 2044	**750.0**	750.0
5.65% - due February 1, 2045	**500.0**	500.0
Unamortized premium and discount on long-term debt	**(49.6)**	(53.2)
Total long-term debt of NiSource Finance	**7,531.9**	7,008.3
NIPSCO:		
Capital lease obligations -		
Interest rate of 3.95% due June 30, 2022	**52.8**	59.7
Pollution control bonds -		
Reoffered interest rates between 5.60% and 5.85%, with a weighted average interest rate of 5.67% and various maturities between November 1, 2016 and April 1, 2019	**226.0**	226.0
Medium-term notes -		
Issued at interest rates between 7.02% and 7.69%, with a weighted average interest rate of 7.57% and various maturities between June 12, 2017 and August 4, 2027	**95.5**	95.5
Unamortized discount on long-term debt	**(0.3)**	(0.5)
Total long-term debt of NIPSCO	**374.0**	380.7
Total Long-Term Debt, Excluding Amount due within One Year	**$ 8,155.9**	$ 7,593.2

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Table of Contents

NiSource Inc.
STATEMENTS OF CONSOLIDATED COMMON STOCKHOLDERS' EQUITY

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of January 1, 2012	**$ 2.8**	**$ (30.5)**	**$ 4,167.7**	**$ 917.0**	**$ (59.7)**	**$ 4,997.3**
Comprehensive Income (Loss):						
Net Income	—	—	—	416.1	—	416.1
Other comprehensive income (loss), net of tax	—	—	—	—	(5.8)	(5.8)
Dividends:						
Common stock ($0.94 per share)	—	—	—	(273.5)	—	(273.5)
Treasury stock acquired	—	(10.0)	—	—	—	(10.0)
Issued:						
Common stock issuance	0.3	—	—	—	—	0.3
Employee stock purchase plan	—	—	1.8	—	—	1.8
Long-term incentive plan	—	—	44.6	—	—	44.6
401(k) and profit sharing issuance	—	—	36.3	—	—	36.3
Dividend reinvestment plan	—	—	8.3	—	—	8.3
Forward equity settlement	—	—	338.9	—	—	338.9
Balance as of December 31, 2012	**$ 3.1**	**$ (40.5)**	**$ 4,597.6**	**$ 1,059.6**	**$ (65.5)**	**$ 5,554.3**
Comprehensive Income (Loss):						
Net Income	—	—	—	532.1	—	532.1
Other comprehensive income (loss), net of tax	—	—	—	—	21.9	21.9
Dividends:						
Common stock ($0.98 per share)	—	—	—	(306.2)	—	(306.2)
Treasury stock acquired	—	(8.1)	—	—	—	(8.1)
Issued:						
Common stock issuance	0.1	—	—	—	—	0.1
Employee stock purchase plan	—	—	2.9	—	—	2.9
Long-term incentive plan	—	—	43.8	—	—	43.8
401(k) and profit sharing issuance	—	—	37.8	—	—	37.8
Dividend reinvestment plan	—	—	8.0	—	—	8.0
Balance as of December 31, 2013	**$ 3.2**	**$ (48.6)**	**$ 4,690.1**	**$ 1,285.5**	**$ (43.6)**	**$ 5,886.6**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSource Inc.
STATEMENTS OF CONSOLIDATED COMMON STOCKHOLDERS' EQUITY

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of December 31, 2013	**$ 3.2**	**$ (48.6)**	**$ 4,690.1**	**$ 1,285.5**	**$ (43.6)**	**$ 5,886.6**
Comprehensive Income (Loss):						
Net Income	—	—	—	530.0	—	530.0
Other comprehensive income (loss), net of tax	—	—	—	—	(7.0)	(7.0)
Dividends:						
Common stock ($1.02 per share)	—	—	—	(321.5)	—	(321.5)
Treasury stock acquired	—	(10.3)	—	—	—	(10.3)
Issued:						
Employee stock purchase plan	—	—	4.2	—	—	4.2
Long-term incentive plan	—	—	40.2	—	—	40.2
401(k) and profit sharing issuance	—	—	45.3	—	—	45.3
Dividend reinvestment plan	—	—	7.8	—	—	7.8
Balance as of December 31, 2014	**$ 3.2**	**$ (58.9)**	**$ 4,787.6**	**$ 1,494.0**	**$ (50.6)**	**$ 6,175.3**

Shares *(in thousands)*	Common Shares	Treasury Shares	Outstanding Shares
Balance January 1, 2012	**283,425**	**(1,571)**	**281,854**
Treasury stock acquired		(439)	(439)
Issued:			
Employee stock purchase plan	73	—	73
Long-term incentive plan	2,692	—	2,692
Dividend reinvestment	340	—	340
Retirement savings plan	1,496	—	1,496
Forward equity settlement	24,265	—	24,265
Balance December 31, 2012	**312,291**	**(2,010)**	**310,281**
Treasury stock acquired		(297)	(297)
Issued:			
Employee stock purchase plan	102	—	102
Long-term incentive plan	2,037	—	2,037
Dividend reinvestment	272	—	272
Retirement savings plan	1,281	—	1,281
Balance December 31, 2013	**315,983**	**(2,307)**	**313,676**
Treasury stock acquired		(292)	(292)
Issued:			
Employee stock purchase plan	113	—	113
Long-term incentive plan	1,125	—	1,125
Dividend reinvestment	206	—	206
Retirement savings plan	1,209	—	1,209
Balance December 31, 2014	**318,636**	**(2,599)**	**316,037**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

1. Nature of Operations and Summary of Significant Accounting Policies

A. Company Structure and Principles of Consolidation . NiSource, a Delaware corporation, is a holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.9 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. NiSource derives substantially all of its revenues and earnings from the operating results of its thirteen direct subsidiaries.

The consolidated financial statements include the accounts of NiSource and its majority-owned subsidiaries after the elimination of all intercompany accounts and transactions. Investments for which at least a 20% interest is owned, certain joint ventures and limited partnership interests of more than 3% are accounted for under the equity method. Except where noted above and in the event where NiSource has significant influence, investments with less than a 20% interest are accounted for under the cost method. NiSource also consolidates variable interest entities for which NiSource is the primary beneficiary.

On September 28, 2014, NiSource announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company (the "Proposed Separation"). If completed, the Proposed Separation will result in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and Columbia Pipeline Group Inc., a natural gas pipeline, midstream and storage company ("CPG"). The Proposed Separation is expected to occur in mid-2015.

Under the plan for the Proposed Separation, NiSource stockholders would retain their current shares of NiSource stock and receive a *pro rata* distribution of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its stockholders.

B. Use of Estimates. The preparation of financial statements in conformity with GAAP in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash, Cash Equivalents, and Restricted Cash . NiSource considers all investments with original maturities of three months or less to be cash equivalents. NiSource reports amounts deposited in brokerage accounts for margin requirements as restricted cash. In addition, NiSource has amounts deposited in trust to satisfy requirements for the provision of various property, liability, workers compensation, and long-term disability insurance, which is classified as restricted cash and disclosed as an investing cash flow on the Statements of Consolidated Cash Flows.

Restricted cash was $ 24.9 million and $ 8.0 million as of December 31, 2014 , and 2013 , respectively. The increase in restricted cash was primarily a result of higher margin requirements due to open derivative contracts.

D. Accounts Receivable and Unbilled Revenue. Accounts receivable on the Consolidated Balance Sheets includes both billed and unbilled amounts as NiSource believes that total accounts receivable is a more meaningful presentation, given the factors which impact both billed and unbilled accounts receivable. Unbilled revenue is based on estimated amounts of electric energy or natural gas delivered but not yet billed to its customers. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing date through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates and weather. Accounts receivable fluctuates from year to year depending in large part on weather impacts and price volatility. NiSource's accounts receivable on the Consolidated Balance Sheets includes unbilled revenue, less reserves, in the amounts of $344.9 million and $321.5 million for the years ended December 31, 2014 and 2013 , respectively. The reserve for uncollectible receivables is the Company's best estimate of the amount of probable credit losses in the existing accounts receivable. The Company determined the reserve based on historical experience and in consideration of current market conditions. Account balances are charged against the allowance when it is anticipated the receivable will not be recovered.

E. Investments in Debt and Equity Securities. NiSource's investments in debt and equity securities are carried at fair value and are designated as available-for-sale. These investments are included within "Other investments" on the Consolidated Balance Sheets. Unrealized gains and losses, net of deferred income taxes, are reflected as accumulated other comprehensive income (loss). These investments are monitored for other than temporary declines in market value. Realized gains and losses and permanent impairments are reflected in the Statements of Consolidated Income. No material impairment charges were recorded for the years ended December 31, 2014 , 2013 and 2012 .

F. Basis of Accounting for Rate-Regulated Subsidiaries . Rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers.

In the event that regulation significantly changes the opportunity for NiSource to recover its costs in the future, all or a portion of NiSource's regulated operations may no longer meet the criteria for regulatory accounting. In such an event, a write-down of all or a portion of NiSource's existing regulatory assets and liabilities could result. If transition cost recovery was approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If unable to continue to apply the provisions of regulatory accounting, NiSource would be required to apply the provisions of Discontinuation of Rate-Regulated Accounting. In management's opinion, NiSource's regulated subsidiaries will be subject to regulatory accounting for the foreseeable future. Refer to Note 7 for additional information.

G. Utility Plant and Other Property and Related Depreciation and Maintenance . Property, plant and equipment (principally utility plant) is stated at cost. The rate-regulated subsidiaries record depreciation using composite rates on a straight-line basis over the remaining service lives of the electric, gas and common properties as approved by the appropriate regulators.

The weighted average depreciation provisions for utility plant, as a percentage of the original cost, for the periods ended December 31, 2014 , 2013 and 2012 were as follows:

	2014	2013	2012
Electric Operations	**3.0%**	3.2%	3.4%
Gas Distribution and Transmission Operations	**1.8%**	1.8%	1.9%

For rate-regulated companies, AFUDC is capitalized on all classes of property except organization costs, land, autos, office equipment, tools and other general property purchases. The allowance is applied to construction costs for that period of time between the date of the expenditure and the date on which such project is placed in service. The pre-tax rate for AFUDC was 4.1% in 2014 , 2.4% in 2013 and 3.3% in 2012 . Short-term borrowings were primarily used to fund construction efforts for all three years presented.

Generally, NiSource's subsidiaries follow the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When regulated property that represents a retired unit is replaced or removed, the cost of such property is credited to utility plant, and such cost, net of salvage, is charged to the accumulated provision for depreciation in accordance with composite depreciation.

In the third quarter of 2013, Columbia Transmission sold storage base gas. The difference between the sale proceeds and amounts capitalized to Utility Plant resulted in a gain of $11.1 million .

H. Carrying Charges and Deferred Depreciation. Upon completion of units 17 and 18 at the R. M. Schahfer Generating Station, NIPSCO capitalized the debt-based carrying charges and deferred depreciation in accordance with orders of the IURC, pending the inclusion of the cost of each unit in rates. Such carrying charges and deferred depreciation were amortized through September 30, 2014.

NIPSCO has capitalized debt-based carrying charges and deferred depreciation related to Sugar Creek in accordance with the February 18, 2008 Order of the IURC. The deferral of Sugar Creek debt based carrying charges and the deferral of depreciation ceased in December 2011 and deferred balances are being amortized over five years beginning January 2012. As of December 31, 2014 , the remaining balance to be amortized is $28.6 million . An additional $13.9 million is deferred for consideration in NIPSCO's next electric base rate case. Management believes this amount is probable of recovery through future rates.

In 2005, the PUCO authorized Columbia of Ohio to revise its depreciation accrual rates for the period beginning January 1, 2005. The revised depreciation rates are now higher than those which would have been utilized if Columbia of Ohio were not subject to regulation. The amount of depreciation that would have been recorded for 2005 through 2014 had Columbia of Ohio not been subject to rate regulation is a combined $485.2 million , a $59.4 million decrease over the $544.6 million reflected in rates. The regulatory asset was $72.3 million and $78.7 million as of December 31, 2014 and 2013 , respectively. The amount of depreciation that would have been recorded for 2014 had Columbia of Ohio not been subject to rate regulation is $71.0 million , a $6.4 million decrease over the $77.4 million reflected in rates.

Columbia of Ohio has PUCO approval to defer depreciation associated with its IRP and capital expenditure program. As of December 31, 2014, depreciation of $27.0 million was deferred for the programs. Recovery of the IRP depreciation is approved annually through the IRP rider (see Note 7). The equivalent of annual depreciation expense, based on the average life of the related assets, is included in the calculation of the rider approved by the PUCO and billed to customers. Deferred depreciation expense is recognized as the rider is billed to customers. The recovery mechanism for depreciation associated with the capital expenditure program will be addressed in a separate proceeding.

I. Amortization of Software Costs. External and internal costs associated with computer software developed for internal use are capitalized. Capitalization of such costs commences upon the completion of the preliminary stage of each project. Once the installed software is ready for its intended use, such capitalized costs are amortized on a straight-line basis generally over a period of five years. NiSource amortized $38.0 million in 2014 , $36.3 million in 2013 and $30.6 million in 2012 related to software costs. NiSource's unamortized software balance was $180.5 million and $149.1 million at December 31, 2014 and 2013 , respectively.

J. Goodwill and Other Intangible Assets. NiSource has $3,666.2 million in goodwill and other intangible assets. Substantially all goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition. In addition, NiSource has other intangible assets consisting primarily of franchise rights apart from goodwill that were identified as part of the purchase price allocations associated with the acquisition of Columbia of Massachusetts, a wholly-owned subsidiary of NiSource, which is being amortized on a straight-line basis over forty years from the date of acquisition. Refer to Note 5 for additional information.

K. Long-lived Assets. NiSource's Consolidated Balance Sheets contain significant long-lived assets other than goodwill and intangible assets discussed above which are not subject to recovery under regulatory accounting. As a result, NiSource assesses the carrying amount and potential earnings of these assets whenever events or changes in circumstances indicate that the carrying value could be impaired. There were no significant impairments for the years ended December 31, 2014 , 2013 and 2012 .

L. Revenue Recognition. Revenue is recorded as products and services are delivered. Utility revenues are billed to customers monthly on a cycle basis. Revenues are recorded on the accrual basis and include estimates for electricity and gas delivered but not billed. Cash received in advance from sales of commodities to be delivered in the future is recorded as deferred revenue and recognized as income upon delivery of the commodities. For shorter term transportation and storage service revenues, cash is received at inception of the service period resulting in the recording of deferred revenues that are recognized in revenues over the period the services are provided.

NiSource recognizes gains on conveyances related to pooling of assets (production rights) in joint undertakings intended to find, develop, or produce oil or gas from a particular property or group of properties into earnings as any obligation associated with conveyance is satisfied. NiSource has a working and an overriding royalty interest in the assets. Gains on conveyances amounted to $34.5 million , $7.3 million and zero for the years ended December 31, 2014, 2013 and 2012, respectively, and are included in "Gain on sale of assets and impairments, net" on the Statements of Consolidated Income. Deferred revenues includes gains on conveyances where NiSource has a substantial obligation for future performance. As of December 31, 2014 and 2013, deferred gains were approximately $19.6 million and $30.0 million , respectively.

NiSource's wholly owned subsidiary, CEVCO, owns the mineral rights to approximately 460,000 acres in the Marcellus and Utica shale areas. CEVCO leases or contributes the mineral rights to producers in return for royalty interest. Royalties from mineral interests are recognized on an accrual basis when earned and realized. Mineral rights royalty revenue was $43.8 million , $21.2 million and $18.5 million for the years ended December 31, 2014, 2013 and 2012, respectively, and are included in "Other" revenues on the Statements on Consolidated Income.

M. Earnings Per Share. Basic EPS is computed by dividing income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period. The weighted average shares outstanding for diluted EPS include the incremental effects of the various long-term incentive compensation plans and the Forward Agreements (see Note 12).

The numerator in calculating both basic and diluted EPS for each year is reported net income. The computation of diluted average common shares follows:

Diluted Average Common Shares Computation	**2014**	2013	2012
Denominator *(thousands)*			
Basic average common shares outstanding	**315,120**	312,402	291,927
Dilutive potential common shares			
Nonqualified stock options	**6**	80	144
Shares contingently issuable under employee stock plans	**1,066**	708	557
Shares restricted under stock plans	**444**	456	544
Forward Agreements [1]	**—**	—	7,229
Diluted Average Common Shares	**316,636**	313,646	300,401

[1] On September 10, 2012, NiSource settled the Forward Agreements. Amounts included in diluted average common shares for the year ended December 31, 2012 are weighted for the period prior to settlement.

N. Estimated Rate Refunds. Certain rate-regulated subsidiaries collect revenues subject to refund pending final determination in rate proceedings. In connection with such revenues, estimated rate refund liabilities are recorded which reflect management's current judgment of the ultimate outcomes of the proceedings. No provisions are made when, in the opinion of management, the facts and circumstances preclude a reasonable estimate of the outcome.

O. Accounts Receivable Transfer Program. Certain of NiSource's subsidiaries have agreements with third parties to sell certain accounts receivable without recourse. These transfers of accounts receivable are accounted for as secured borrowings. The entire gross receivables balance remains on the December 31, 2014 and 2013 Consolidated Balance Sheets and short-term debt is recorded in the amount of proceeds received from the commercial paper conduits involved in the transactions. Fees associated with the securitization transactions are recorded as interest expense. Refer to Note 17 for further information.

P. Fuel Adjustment Clause. NIPSCO defers most differences between fuel and power purchase costs and the recovery of such costs in revenue, and adjusts future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions.

Q. Gas Cost Adjustment Clause. All of NiSource's Gas Distribution Operations subsidiaries defer most differences between gas purchase costs and the recovery of such costs in revenues, and adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions.

R. Gas Inventory. Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage, as approved by regulators for each of NiSource's regulated subsidiaries. Inventory valued using LIFO was $55.1 million and $45.5 million at December 31, 2014 , and 2013 , respectively. Based on the average cost of gas using the LIFO method, the estimated replacement cost of gas in storage was less than the stated LIFO cost by $15.8 million at December 31, 2014 and was greater than the stated LIFO cost by $0.6 million at December 31, 2013 . Inventory valued using the weighted average cost methodology was $390.0 million at December 31, 2014 and $309.1 million at December 31, 2013 .

S. Accounting for Exchange and Balancing Arrangements of Natural Gas. NiSource's Columbia Pipeline Group and Gas Distribution Operations subsidiaries enter into balancing and exchange arrangements of natural gas as part of their operations and off-system sales programs. NiSource records a receivable or payable for its respective cumulative gas imbalances as well as for any gas inventory borrowed or lent under a Gas Distributions Operations exchange agreement. These receivables and payables are recorded as "Exchange gas receivable" or "Exchange gas payable" on NiSource's Consolidated Balance Sheets, as appropriate.

T. Accounting for Emissions Allowances. NIPSCO has obtained SO_2 and NOx emissions allowances from the EPA based upon its electric generation operations that the utility may sell, trade or hold for future use. NIPSCO utilizes the inventory model in accounting for these emissions allowances, whereby these allowances were recognized at zero cost upon receipt from the EPA. Pursuant to the December 21, 2011 IURC Order, all purchases and sales of emission allowances will be recovered or refunded through the EERM.

U. Accounting for Risk Management Activities. NiSource accounts for its derivatives and hedging activities in accordance with ASC 815. NiSource recognizes all derivatives as either assets or liabilities on the Consolidated Balance Sheets at fair value, unless such contracts are exempted as a normal purchase normal sale under the provisions of the standard. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation. There were no material derivative instruments as of December 31, 2014 and 2013.

V. Income Taxes and Investment Tax Credits. NiSource records income taxes to recognize full interperiod tax allocations. Under the liability method, deferred income taxes are provided for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Previously recorded investment tax credits of the regulated subsidiaries were deferred on the balance sheet and are being amortized to book income over the regulatory life of the related properties to conform to regulatory policy.

To the extent certain deferred income taxes of the regulated companies are recoverable or payable through future rates, regulatory assets and liabilities have been established. Regulatory assets for income taxes are primarily attributable to property related tax timing differences for which deferred taxes had not been provided in the past, when regulators did not recognize such taxes as costs in the rate-making process. Regulatory liabilities for income taxes are primarily attributable to the regulated companies' obligation to refund to ratepayers deferred income taxes provided at rates higher than the current federal income tax rate. Such amounts are credited to ratepayers using either the average rate assumption method or the reverse South Georgia method.

Pursuant to the Internal Revenue Code and relevant state taxing authorities, NiSource and its subsidiaries file consolidated income tax returns for federal and certain state jurisdictions. NiSource and its subsidiaries are parties to an agreement (the "Tax Allocation Agreement") that provides for the allocation of consolidated tax liabilities. The Tax Allocation Agreement generally provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. Any net benefit attributable to the parent is reallocated to other members.

W. Environmental Expenditures. NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated, regardless of when the expenditures are actually made. The undiscounted estimated future expenditures are based on currently enacted laws and regulations, existing technology and estimated site-specific costs where assumptions may be made about the nature and extent of site contamination, the extent of cleanup efforts, costs of alternative cleanup methods and other variables. The liability is adjusted as further information is discovered or circumstances change. The reserves for estimated environmental expenditures are recorded on the Consolidated Balance Sheets in “Legal and environmental reserves” for short-term portions of these liabilities and “Other noncurrent liabilities” for the respective long-term portions of these liabilities. Rate-regulated subsidiaries applying regulatory accounting establish regulatory assets on the Consolidated Balance Sheets to the extent that future recovery of environmental remediation costs is probable through the regulatory process. Refer to Note 18 for further information.

X. Excise Taxes. NiSource accounts for excise taxes that are customer liabilities by separately stating on its invoices the tax to its customers and recording amounts invoiced as liabilities payable to the applicable taxing jurisdiction. These types of taxes, comprised largely of sales taxes collected, are presented on a net basis affecting neither revenues nor cost of sales. NiSource accounts for other taxes for which it is liable by recording a liability for the expected tax with a corresponding charge to “Other taxes” expense.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

2. Recent Accounting Pronouncements

In June 2014, the FASB issued ASU 2014-12, *Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period* . ASU 2014-12 clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. NiSource is required to adopt ASU 2014-12 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied prospectively, with early adoption permitted. Retroactive application would apply to awards with performance targets outstanding after the beginning of the first annual period presented. The adoption of this guidance will not have a material impact on the Consolidated Financial Statements and Notes to Consolidated Financial Statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. NiSource is required to adopt ASU 2014-09 for periods beginning after December 15, 2016, including interim periods, and the new standard is to be applied retrospectively with early adoption not permitted. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Consolidated Financial Statements and Notes to Consolidated Financial Statements.

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.* ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Consolidated Financial Statements and Notes to Consolidated Financial Statements.

3. Discontinued Operations and Assets and Liabilities Held for Sale

On September 1, 2013, NiSource sold the commercial and industrial natural gas portfolio of its unregulated natural gas marketing business. The sale included the physical contracts and associated financial hedges that comprise the portfolio, as well as the gas inventory and customer deposits of the business. For the year ended December 31, 2013, an after tax loss of $1.5 million was included in Gain on Disposition of Discontinued Operations, net of taxes in the Statements of Consolidated Income.

In January 2013, NiSource sold the service plan and leasing business lines of its Retail Services business. For the year ended December 31, 2013, an after tax gain of $36.4 million was included in Gain on Disposition of Discontinued Operations, net of taxes in the Statements of Consolidated Income.

Results from discontinued operations are provided in the following table. These results are primarily from NiSource's former exploration and production subsidiary CER, NiSource's Retail Services business and NiSource's unregulated natural gas marketing business. The decrease in net income in 2014 compared to 2013 is primarily due to a prior year settlement at NiSource's former exploration and production subsidiary, CER.

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Net Revenues from Discontinued Operations	**$ —**	$ 2.5	$ 37.1
(Loss) Income from discontinued operations	**(1.0)**	11.6	11.3
Income tax (benefit) expense	**(0.3)**	5.3	4.0
(Loss) Income from Discontinued Operations - net of taxes	**$ (0.7)**	$ 6.3	$ 7.3
Gain on Disposition of Discontinued Operations - net of taxes	**$ —**	$ 34.9	$ —

4. Property, Plant and Equipment

NiSource’s property, plant and equipment on the Consolidated Balance Sheets are classified as follows:

At December 31, *(in millions)*		**2014**		2013
Property Plant and Equipment				
Gas Distribution Utility [(1)]	**$**	**9,753.9**	$	8,927.4
Gas Transmission Utility		**7,181.1**		6,669.0
Electric Utility [(1)]		**7,160.0**		6,815.0
Common Utility		**179.1**		163.5
Construction Work in Process		**960.7**		728.8
Non-Utility and Other [(2)]		**407.3**		360.5
Total Property, Plant and Equipment	**$**	**25,642.1**	$	23,664.2
Accumulated Depreciation and Amortization				
Gas Distribution Utility [(1)]	**$**	**(2,922.7)**	$	(2,868.7)
Gas Transmission Utility		**(2,953.5)**		(2,879.0)
Electric Utility [(1)]		**(3,596.5)**		(3,426.4)
Common Utility		**(105.9)**		(82.4)
Non-Utility and Other [(2)]		**(46.4)**		(42.6)
Total Accumulated Depreciation and Amortization	**$**	**(9,625.0)**	$	(9,299.1)
Net Property, Plant and Equipment	**$**	**16,017.1**	$	14,365.1

[(1)] NIPSCO’s common utility plant and associated accumulated depreciation and amortization are allocated between Gas Distribution Utility and Electric Utility Property, Plant and Equipment.

[(2)] Non-Utility and Other includes the property, plant and equipment of Columbia Pipeline Group's unregulated businesses.

5. Goodwill and Other Intangible Assets

NiSource tests its goodwill for impairment annually as of May 1 unless indicators, events, or circumstances would require an immediate review. Goodwill is tested for impairment using financial information at the reporting unit level, which is consistent with the level of discrete financial information reviewed by operating segment management. NiSource's three reporting units having goodwill assets are Columbia Distribution Operations, Columbia Transmission Operations and NIPSCO Gas Distribution Operations.

NiSource’s goodwill assets at December 31, 2014 were $3.7 billion pertaining primarily to the acquisition of Columbia on November 1, 2000. Of this amount, approximately $2.0 billion is allocated to Columbia Transmission Operations and $1.7 billion is allocated to Columbia Distribution Operations. In addition, NIPSCO Gas Distribution Operations' goodwill assets of $17.8 million at December 31, 2014 relate to the purchase of Northern Indiana Fuel and Light in March 1993 and Kokomo Gas in February 1992.

NiSource completed a quantitative ("step 1") fair value measurement of its reporting units during the May 1, 2012 goodwill test. The test indicated that the fair value of each of the reporting units that carry or are allocated goodwill substantially exceeded their carrying values, indicating that no impairment existed.

In estimating the fair value of the Columbia Transmission Operations and Columbia Distribution Operations reporting units for the May 1, 2012 test, NiSource used a weighted average of the income and market approaches. The income approach utilized a discounted cash flow model. This model was based on management’s short-term and long-term forecast of operating performance for each reporting unit. The two main assumptions used in the models were the growth rates, which were based on the cash flows from operations for each of the reporting units, and the weighted average cost of capital, or discount rate. The starting point for each reporting unit’s cash flow from operations was the detailed five year plan, which takes into consideration a variety of factors such as the current economic environment, industry trends, and specific operating goals set by management. The discount rates were based on trends in overall market as well as industry specific variables and include components such as the risk-free rate, cost of debt, and company volatility at May 1, 2012. Under the market approach, NiSource utilized three market-based models to estimate the fair value of the reporting units: (i) the comparable company multiples method, which estimated fair value of each reporting unit by analyzing EBITDA multiples of a peer group of publicly traded companies and applying that multiple to the reporting unit's EBITDA, (ii) the comparable transactions method, which valued the reporting unit based on observed EBITDA multiples from completed transactions of peer companies and applying that multiple to the reporting unit's EBITDA, and (iii) the market capitalization method, which used the NiSource share price and allocated NiSource's total market capitalization among both the goodwill and non-goodwill reporting units based on the relative EBITDA, revenues, and operating income of each reporting unit. Each of the three market approaches were calculated with the assistance of a third-party valuation firm, using multiples and assumptions inherent in today's market. The degree of judgment involved and reliability of inputs into each model were considered in weighting the various approaches. The resulting estimate of fair value of the reporting units, using the weighted average of the income and market approaches, exceeded their carrying values, indicating that no impairment exists under step 1 of the annual impairment test.

Certain key assumptions used in determining the fair values of the reporting units included planned operating results, discount rates and the long-term outlook for growth. In 2012, NiSource used discount rates of 5.60% for both Columbia Transmission Operations and Columbia Distribution Operations, resulting in excess fair values of approximately $1,643.0 million and $1,682.0 million , respectively.

Goodwill at NIPSCO Gas Distribution Operations related to the acquisition of Northern Indiana Fuel and Light and Kokomo Gas of $17.8 million was also tested for impairment as of May 1, 2012. The income approach was used to determine the fair value of the NIPSCO Gas Distribution reporting unit. Key assumptions in the income approach were a discount rate of 5.60% and a growth rate based on the cash flow from operations. These cash flows factor in the regulatory environment and planned growth initiatives. The step 1 goodwill impairment test resulted in the fair value of the NIPSCO Gas Distribution reporting unit to be above the carrying value by $356.0 million .

ASU 2011-08 allows entities testing goodwill for impairment the option of performing a qualitative ("step 0") assessment before calculating the fair value of a reporting unit for the goodwill impairment test. If a step 0 assessment is performed, an entity is no longer required to calculate the fair value of a reporting unit unless the entity determines that, based on that assessment, it is more likely than not that its fair values are less than its carrying amount.

NiSource applied the qualitative step 0 analysis to its reporting units for the annual impairment tests performed as of May 1, 2014 and 2013. NiSource assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units as compared to its base line May 1, 2012 step 1 fair value measurement. The results of these assessments indicated that it is not more likely than not that its reporting unit fair values are less than the reporting unit carrying values.

NiSource considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of any of the reporting units below their carrying amounts and necessitate another goodwill impairment test. No such indicators were noted that would require goodwill impairment testing subsequent to May 1, 2014.

During the first quarter of 2013, as part of the sale of the service plan and leasing business lines of its Retail Services business, NiSource allocated $10.0 million of goodwill from Columbia Distribution Operations to the sale and allocated $1.0 million of goodwill from NIPSCO Gas Distribution Operations to the sale. Refer to Note 3 for more information.

NiSource's intangible assets, apart from goodwill, consist of franchise rights, which were identified as part of the purchase price allocations associated with the acquisition in February 1999 of Columbia of Massachusetts. These amounts were $264.7 million and $275.7 million , net of accumulated amortization of $177.5 million and $166.5 million , at December 31, 2014 , and 2013 , respectively and are being amortized over forty years from the date of acquisition. NiSource recorded amortization expense of $11.0 million in 2014 , 2013 , and 2012 related to its intangible assets. NiSource expects amortization expense to be $11.0 million a year from 2015-2019.

6. Asset Retirement Obligations

Changes in NiSource's liability for asset retirement obligations for the years 2014 and 2013 are presented in the table below:

(in millions)	**2014**	2013
Beginning Balance	**$ 174.4**	$ 160.4
Accretion expense	**1.5**	1.2
Accretion recorded as a regulatory asset	**8.2**	8.2
Additions	**2.5**	10.1
Settlements	**(8.8)**	(6.0)
Change in estimated cash flows [1]	**(18.4)**	0.5
Ending Balance	**$ 159.4**	$ 174.4

[1] The change in estimated cash flows for 2014 is primarily attributed to changes in estimated costs and settlement timing for electric generating stations and to retire pipeline.

NiSource has recognized asset retirement obligations associated with various legal obligations including costs to remove and dispose of certain construction materials located within many of NiSource's facilities, certain costs to retire pipeline, removal costs for certain underground storage tanks, removal of certain pipelines known to contain PCB contamination, closure costs for certain sites including ash ponds, solid waste management units and a landfill, as well as some other nominal asset retirement obligations. NiSource recognizes that there are obligations to incur significant costs to retire wells associated with gas storage operations; however, the lives of these wells are indeterminable until management establishes plans for closure. Additionally, NiSource has a significant obligation associated with the decommissioning of its two hydro facilities located in Indiana. These hydro facilities have an indeterminate life, and no asset retirement obligation has been recorded.

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as Regulatory liabilities and other removal costs on the Consolidated Balance Sheets.

7. Regulatory Matters

Regulatory Assets and Liabilities

NiSource follows the accounting and reporting requirements of ASC Topic 980, which provides that regulated entities account for and report assets and liabilities consistent with the economic effect of regulatory rate-making procedures if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income or expense are deferred on the balance sheet and are recognized in the income statement as the related amounts are included in service rates and recovered from or refunded to customers.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Regulatory assets were comprised of the following items:

At December 31, *(in millions)*		**2014**		2013
Assets				
Unrecognized pension benefit and other postretirement benefit costs (see Note 10)	**$**	**1,031.2**	$	842.2
Other postretirement costs		**57.7**		67.7
Environmental costs (see Note 18-D)		**65.9**		68.7
Regulatory effects of accounting for income taxes (see Note 1-V)		**239.7**		266.8
Underrecovered gas and fuel costs (see Note 1-P and 1-Q)		**32.0**		46.4
Depreciation (see Note 1-H)		**116.4**		113.6
Uncollectible accounts receivable deferred for future recovery		**26.1**		10.5
Post-in-service carrying charges		**87.8**		73.1
EERM operation and maintenance and depreciation deferral		**31.1**		5.9
Sugar Creek carrying charges and deferred depreciation (see Note 1-H)		**42.5**		56.8
DSM Program		**37.9**		27.8
Other		**153.6**		131.9
Total Assets	**$**	**1,921.9**	$	1,711.4
Less amounts included as Underrecovered gas and fuel cost		**(32.0)**		(46.4)
Total Regulatory Assets reflected in Current Regulatory Assets and Other Regulatory Assets	**$**	**1,889.9**	$	1,665.0

Regulatory liabilities were comprised of the following items:

At December 31, *(in millions)*		**2014**		2013
Liabilities				
Overrecovered gas and fuel costs (see Notes 1-P and 1-Q)	**$**	**45.6**	$	32.2
Cost of removal (see Note 6)		**1,445.9**		1,435.2
Regulatory effects of accounting for income taxes (see Note 1-V)		**53.2**		60.4
Unrecognized pension benefit and other postretirement benefit costs (see Note 10)		**18.4**		49.4
Other postretirement costs		**149.3**		111.9
Other		**69.4**		73.1
Total Liabilities	**$**	**1,781.8**	$	1,762.2
Less amounts included as Overrecovered gas and fuel cost		**(45.6)**		(32.2)
Total Regulatory Liabilities reflected in Current Regulatory Liabilities and Other Regulatory Liabilities and Other Removal Costs	**$**	**1,736.2**	$	1,730.0

Regulatory assets, including underrecovered gas and fuel cost, of approximately $1,127.0 million as of December 31, 2014 are not earning a return on investment. Regulatory assets of approximately $1,738.0 million include expenses that are recovered as components of the cost of service and are covered by regulatory orders. These costs are recovered over a remaining life of up to 41 years. Regulatory assets of approximately $183.9 million at December 31, 2014 , require specific rate action.

As noted below, regulatory assets for which costs have been incurred or accrued are included (or expected to be included, for costs incurred subsequent to the most recently approved rate case) in certain companies' rate base, thereby providing a return on invested costs. Certain regulatory assets do not result from cash expenditures and therefore do not represent investments included in rate base or have offsetting liabilities that reduce rate base.

Assets:

Unrecognized pension benefit and other postretirement benefit costs – In 2007, NiSource adopted certain updates of ASC 715 which required, among other things, the recognition in other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs. Certain subsidiaries defer the costs as a regulatory asset in accordance with regulatory orders or as a result of regulatory precedent, to be recovered through base rates.

Other postretirement costs – Primarily comprised of costs approved through rate orders to be collected through future base rates, revenue riders or tracking mechanisms.

Environmental costs – Includes certain recoverable costs of investigating, testing, remediating and other costs related to gas plant sites, disposal sites or other sites onto which material may have migrated. Certain companies defer the costs as a regulatory asset in accordance with regulatory orders, to be recovered in future base rates, billing riders or tracking mechanisms.

Regulatory effects of accounting for income taxes – Represents the deferral and under collection of deferred taxes in the rate making process. In prior years, NiSource has lowered customer rates in certain jurisdictions for the benefits of accelerated tax deductions. Amounts are expensed for financial reporting purposes as NiSource recovers deferred taxes in the rate making process.

Underrecovered gas and fuel costs – Represents the difference between the costs of gas and fuel and the recovery of such costs in revenue, and is used to adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. Recovery of these costs is achieved through tracking mechanisms.

Depreciation – Primarily relates to the difference between the depreciation expense recorded by Columbia of Ohio due to a regulatory order and the depreciation expense recorded in accordance with GAAP. The regulatory asset is currently being amortized over the life of the assets. Also included is depreciation associated with the Columbia of Ohio IRP program and capital expenditure program. Recovery of these costs is achieved through base rates and rider mechanisms. Refer to Note 1-H for more information.

Uncollectible accounts receivable deferred for future recovery – Represents the difference between certain uncollectible expenses and the recovery of such costs to be collected through cost tracking mechanisms per regulatory orders.

Post-in-service carrying charges – Columbia of Ohio has approval from the PUCO by regulatory order to defer debt-based post-in-service carrying charges as a regulatory asset for future recovery. As such, Columbia of Ohio defers a debt-based carrying charge on eligible property, plant and equipment from the time it is placed into utility service until recovery of the property, plant and equipment is included in customer rates in base rates or through a rider mechanism. Inclusion in customer rates generally occurs when Columbia of Ohio files its next rate proceeding following the in-service date of the property, plant and equipment.

EERM operation and maintenance and depreciation deferral – NIPSCO obtained approval from the IURC to recover certain environmental related costs including operation and maintenance and depreciation expense once the environmental facilities become operational. Recovery of these costs will continue until such assets are included in rate base through an electric base rate case. The EERM deferred charges represent expenses that will be recovered from customers through an annual EERM Cost Tracker which authorizes the collection of deferred balances over a twelve month period.

Sugar Creek carrying charges and deferred depreciation – The IURC approved the deferral of debt-based carrying charges and the deferral of depreciation expense for the Sugar Creek assets. NIPSCO continued to defer such amounts until new electric rates were approved and implemented on December 27, 2011. Balances are being amortized over five years beginning January 2012. As of December 31, 2014 , the remaining unamortized balance is $28.6 million . An additional $13.9 million is deferred for consideration in NIPSCO's next electric rate case. Management believes this amount is probable of recovery through future rates.

DSM Program - Represents costs associated with Gas Distribution Operations and Electric Operations companies' energy efficiency and conservation programs. Costs are recovered through tracking mechanisms.

Liabilities:

Overrecovered gas and fuel costs – Represents the difference between the costs of gas and fuel and the recovery of such costs in revenues, and is the basis to adjust future billings for such recoveries on a basis consistent with applicable state-approved tariff provisions. Refunding of these revenues is achieved through tracking mechanisms.

Cost of removal – Represents anticipated costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries for future costs to be incurred.

Regulatory effects of accounting for income taxes – Represents amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates and liabilities associated with accelerated tax deductions owed to customers that are established during the rate making process.

Unrecognized pension benefit and other postretirement benefit costs – In 2007, NiSource adopted certain updates of ASC 715 which required, among other things, the recognition in other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs. Certain subsidiaries defer the costs as a regulatory liability in accordance with regulatory orders or as a result of regulatory precedent, to be refunded through base rates.

Other postretirement costs – Primarily represents cash contributions in excess of postretirement benefit expense that is deferred as a regulatory liability by certain subsidiaries in accordance with regulatory orders.

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On April 30, 2013, Indiana Governor Pence signed Senate Enrolled Act 560 into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. Provisions of the TDSIC statute require that, among other things, requests for recovery include a seven-year plan of eligible investments. Once the plan is approved by the IURC, 80 percent of eligible costs can be recovered using a periodic rate adjustment mechanism. The cost recovery mechanism is referred to as a TDSIC mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post in service carrying charges, operation and maintenance expenses, depreciation, and property taxes. The remaining 20 percent of recoverable costs are to be deferred for future recovery in the public utility’s next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On April 30, 2014, the IURC issued an order approving NIPSCO's gas TDSIC seven-year plan. On May 29, 2014, the NIPSCO Industrial Group filed a Notice of Appeal with the Indiana Court of Appeals in response to the IURC's April 30, 2014 ruling. Subsequently, the NIPSCO Industrial Group filed a Voluntary Notice of Dismissal, which was granted with prejudice. On January 28, 2015, the IURC issued an order approving NIPSCO's gas TDSIC-1 and a revised gas TDSIC seven-year plan of eligible investments for a total of approximately $840 million with the IURC.

On June 18, 2013, NIPSCO, the OUCC and other customer stakeholder groups filed a unanimous agreement with the IURC to extend NIPSCO's 2010 natural gas customer rate settlement through 2020. The Settlement Agreement was approved by order issued on August 28, 2013 with the requirement that, on or before November 2020, NIPSCO must file a general rate case.

On November 25, 2014, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. The Notice of Intent states that Columbia of Ohio will file its application by February 28, 2015, in which it will request authority to increase revenues by approximately $31.8 million .

On September 12, 2014, Columbia of Ohio filed an application that seeks authority to establish a regulatory asset and defer, for accounting and financial reporting purposes, the expenditures to be incurred in implementing Columbia of Ohio’s Pipeline Safety Program. Columbia of Ohio requested authority to defer Pipeline Safety Program costs of up to $15.0 million annually. By Order dated December 17, 2014, the PUCO approved Columbia of Ohio’s application, approving a deferral of up to $15.0 million annually.

On November 25, 2013, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 28, 2014, requesting authority to increase revenues by approximately $25.5 million . The parties settled all issues, and on April 7, 2014 filed a stipulation providing for a revenue increase of approximately $25.5 million . On April 23, 2014, Columbia of Ohio received approval of its annual infrastructure replacement and demand-side management rider request from the PUCO. New rates became effective April 30, 2014.

On November 30, 2012, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 28, 2013 and indicated that Columbia of Ohio is seeking to increase revenues by approximately $29 million . A stipulation resolving all issues was filed on April 9, 2013, and a hearing was held on April 11, 2013. On April 24, 2013, the PUCO approved the stipulation.

On December 24, 2012, Columbia of Ohio filed an application for authority to continue its capital expenditure program in 2013 and succeeding years, and for the authority to defer the related post in-service carrying charges, depreciation expense, and property taxes on the assets of the capital expenditure program placed into service. As of December 31, 2014, Columbia of Ohio has deferred $28.8 million related to the program.

On May 29, 2013, Columbia of Kentucky filed an application with the Kentucky PSC requesting an increase of approximately $16.6 million in base rate revenues, the use of a forecasted test period and a revenue normalization adjustment to recognize changes in customer usage not included in Columbia of Kentucky's current weather normalization adjustment. A stipulation, signed by all parties and resolving all issues, was filed on November 5, 2013. On December 13, 2013, the Kentucky PSC issued an order approving the stipulation providing for, among other terms, an increase of $7.7 million in revenues using a forecasted test year, a recovery of Columbia of Kentucky’s investment in its pipeline replacement program on a forecasted basis, and continuation of Columbia of Kentucky's CHOICE program for three years. New rates were effective December 29, 2013.

On March 21, 2014, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of approximately $54.1 million annually. The case was driven by Columbia of Pennsylvania’s capital investment program which exceeds $180 million in both 2014 and 2015 as well as new pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania's request for rate relief included the recovery of costs that were projected to be incurred after the implementation of new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. On September 5, 2014, the parties to the rate case filed a joint petition, seeking approval of a full settlement, including an increase to annual base revenues of $32.5 million . On November 12, 2014, the Pennsylvania PUC approved the settlement and new rates went into effect on December 20, 2014.

On September 28, 2012, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of approximately $77.3 million annually and providing three options for residential rate design in order to mitigate revenue volatility associated with usage based rates. Columbia of Pennsylvania was the first utility in Pennsylvania to seek Pennsylvania PUC approval to design rates to recover costs that were projected to be incurred after the implementation of those new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. Accordingly, Columbia of Pennsylvania's filing sought to implement rates in July 2013 under which Columbia of Pennsylvania would immediately begin to recover costs that were projected for the twelve-month period ending June 30, 2014. On March 15, 2013, the parties to the rate case filed a joint petition formally seeking Pennsylvania PUC approval of a settlement featuring a revenue increase of $55.3 million annually and the implementation of a Weather Normalization Adjustment, whereby residential charges are adjusted in the event of winter temperatures that deviate from historic norms by plus or minus five percent. The Pennsylvania PUC issued an order approving the settlement on May 23, 2013, and new rates went into effect July 1, 2013.

On April 30, 2014, Columbia of Virginia filed a base rate case with the VSCC seeking an annual revenue increase of $31.8 million , which includes $6.9 million in annual revenues currently collected as a separate infrastructure replacement rider on customers’ bills under the Virginia SAVE Act. On December 10, 2014, Columbia of Virginia presented at hearing a Stipulation and Proposed Recommendation (“Stipulation”) executed by certain parties to the rate proceeding, including the Staff of the VSCC and the Division of Consumer Counsel of the Office of the Attorney General of the Commonwealth of Virginia. The Stipulation includes a base revenue increase of $25.2 million , recovery of costs related to the implementation of pipeline safety programs, and the proposed change to thermal billing. On January 13, 2015 the Hearing Examiner issued a report that recommended that the VSCC approve the Stipulation.

On September 16, 2013, Columbia of Massachusetts filed its Peak Period GAF for the period November 1, 2013 through April 30, 2014, and its Peak Period 2012-2013 GAF Reconciliation. On January 17, 2014, Columbia of Massachusetts filed a revision to the GAF effective February 1, 2014, and on February 18, 2014, Columbia of Massachusetts filed its second revision to the GAF effective March 1, 2014, to eliminate Columbia of Massachusetts’s projected Peak Period under-collection of $50.0 million . On February 28, 2014, the Massachusetts DPU approved a revised GAF subject to further review and reconciliation to recover approximately $25 million of the anticipated under-collection and defer recovery of the remaining $25 million to November 2014 through April 2015, and thus, this deferred amount has been incorporated into the GAF as approved, subject to further review and reconciliation by the Massachusetts DPU, for the 2014-2015 Peak Period.

On April 16, 2013, Columbia of Massachusetts submitted a filing with the Massachusetts DPU requesting an annual revenue requirement increase of $30.1 million . Pursuant to the procedural schedule for this case, on September 3, 2013, Columbia of Massachusetts filed its updated revenue requirement of $29.5 million and on October 16, 2013, filed an updated cost of service for $30 million . A final revenue requirement update of $29.9 million was filed on December 16, 2013. On February 28, 2014, the Massachusetts DPU issued an order granting an annual revenue requirement increase of $19.3 million effective March 1, 2014, and the compliance filing associated with the order has been approved.

On September 3, 2013, Columbia of Massachusetts and the Massachusetts Office of the Attorney General filed a Joint Motion for Approval of a Settlement Agreement with the Massachusetts DPU which resolves issues related to the disposition of revenues realized by Columbia of Massachusetts in 2005 from MASSPOWER's buy-out of a special contract with Columbia of Massachusetts, and which were at that time pending before the Massachusetts DPU in D.P.U. 10-10. The Settlement Agreement proposed to return $8.9 million to the customers of Columbia of Massachusetts in the form of a Distribution Rate Credit on their bills during the period November 1, 2013 through April 30, 2014. On October 16, 2013, the DPU issued an order approving the Settlement Agreement.

On March 7, 2013, the Massachusetts DPU issued its final order approving $10.5 million of decoupling revenues for Columbia of Massachusetts' 2012-2013 Peak Period RDAF that was effective November 1, 2012 through April 30, 2013.

On April 13, 2012, Columbia of Massachusetts submitted a filing with the Massachusetts DPU requesting an annual revenue requirement increase of $29.2 million which was subsequently adjusted to $27.4 million . Columbia of Massachusetts filed using a historic test year ended December 31, 2011. Additionally, Columbia of Massachusetts proposed “rate-year, rate base” treatment for recovery of defined capital expenditures beyond the end of the historic test year, as well as expansion of eligible facilities to be recovered through modification to the TIRF. The Massachusetts DPU issued an order on November 1, 2012 approving an annual revenue increase of $7.8 million , effective November 1, 2012, rejecting the rate-year, rate-base proposal, but approving the expansion of eligible facilities to be recovered through the TIRF.

On August 2, 2013, Columbia of Massachusetts filed its 2013-2014 Peak Period LDAF and on September 16, 2013, Columbia of Massachusetts filed its 2013 Pension Expense Factor and its 2013 Residential Assistance Adjustment Factor, each with a proposed effective date of November 1, 2013. The 2013-2014 Peak Period LDAF of $59.0 million was approved on October 30, 2013, for effect November 1, 2013. The 2013 Pension Expense Factor and 2013 Residential Assistance Adjustment Factor, components of the LDAF, were approved subject to further investigation and reconciliation.

On August 2, 2012, Columbia of Massachusetts filed its 2012-2013 Peak Period LDAF and on September 14, 2012, Columbia of Massachusetts filed its 2012 Pension Expense Factor and 2012 Residential Assistance Adjustment Factor, each with a proposed effective date of November 1, 2012. The 2012-2013 Peak Period LDAF of $33.0 million effective November 1, 2012 was approved on October 31, 2012. The 2012 Pension Expense Factor and 2012 Residential Assistance Adjustment Factor components of the LDAF were approved subject to further investigation and reconciliation.

On February 27, 2013, Columbia of Maryland filed a base rate case with the Maryland PSC, seeking a revenue increase of approximately $5.3 million annually and seeking to implement a residential Revenue Normalization Adjustment in order to decouple revenues from customer usage and seeking to recover costs for environmental remediation associated with a former manufactured gas plant operated by a Columbia of Maryland predecessor in Hagerstown, Maryland, where a Columbia of Maryland service center is currently located. Hearings were held in June 2013. On September 23, 2013, the Maryland PSC issued an order that approved an annual revenue increase of $3.6 million , as well as Columbia of Maryland's proposed revenue normalization adjustment. The Maryland PSC permitted recovery of environmental remediation costs for the service center property, but denied recovery of the costs to acquire and remediate the adjacent property. On October 23, 2013, Columbia of Maryland filed a Petition with the Circuit Court for Washington County, Maryland, seeking Judicial Review of the denial of the costs to acquire and remediate the adjacent property. On May 28, 2014, the Circuit Court denied Columbia of Maryland's Petition. On June 20, 2014, Columbia of Maryland filed a Notice of Appeal, and the matter is currently pending before the Maryland Court of Special Appeals. New rates went into effect on September 25, 2013.

Cost Recovery and Trackers . A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, and bad debt recovery mechanisms.

Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Increases in the expenses that are the subject of trackers, result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

As further discussed above, NIPSCO has approval from the IURC to recover certain costs for transmission, distribution and storage system improvements. On January 28, 2015, the IURC issued an order approving NIPSCO’s gas TDSIC-1. The Order approved $4.4 million of net capital expenditures for the period ended June 30, 2014 and granted ratemaking relief and accounting treatment.

Columbia Pipeline Group Operations Regulatory Matters

Columbia Transmission Customer Settlement. On January 24, 2013, the FERC approved the Settlement. In March 2013, Columbia Transmission paid $88.1 million in refunds to customers pursuant to the Settlement with its customers in conjunction with its comprehensive interstate natural gas pipeline modernization program. The refunds were made as part of the Settlement, which included a $50.0 million refund to max rate contract customers and a base rate reduction retroactive to January 1, 2012. Columbia Transmission expects to invest approximately $1.5 billion over a five-year period, which began in 2013, to modernize its system to improve system integrity and enhance service reliability and flexibility. The Settlement with firm customers includes an initial five-year term with provisions for potential extensions thereafter.

The Settlement also provided for a depreciation rate reduction to 1.5% and elimination of negative salvage rate effective January 1, 2012 and for a second base rate reduction, which began January 1, 2014, which equates to approximately $25 million in revenues annually thereafter.

The Settlement includes a CCRM, a tracker mechanism that will allow Columbia Transmission to recover, through an additive capital demand rate, its revenue requirement for capital investments made under Columbia Transmission's long-term plan to modernize its interstate transmission system. The CCRM provides for a 14% revenue requirement with a portion designated as a recovery of increased taxes other than income taxes. The additive demand rate is earned on costs associated with projects placed into service by October 31 each year. The initial additive demand rate was effective on February 1, 2014. The CCRM will give Columbia Transmission the opportunity to recover its revenue requirement associated with a $1.5 billion investment in the modernization program. The CCRM recovers the revenue requirement associated with qualifying modernization costs that Columbia Transmission incurs after satisfying the requirement associated with $100 million in annual maintenance capital expenditures. The CCRM applies to Columbia Transmission's transportation shippers. The CCRM will not exceed $300 million per year in investment in eligible facilities, subject to a 15% annual tolerance and a total cap of $1.5 billion for the entire five-year initial term.

On January 29, 2015, Columbia Transmission received FERC approval of its December 2014 filing to recover costs associated with the second year of its comprehensive system modernization program. Total program adjusted spend to date is $618.1 million . The program includes replacement of bare steel and wrought iron pipeline and compressor facilities, enhancements to system inspection capabilities and improvements in control systems.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Cost Recovery Trackers and other similar mechanisms. A significant portion of the transmission and storage regulated companies' revenue is related to the recovery of their operating costs, the review and recovery of which occurs via standard regulatory proceedings with the FERC under section 7 of the Natural Gas Act. However, certain operating costs of the NiSource regulated transmission and storage companies are significant and recurring in nature, such as fuel for compression and lost and unaccounted for gas. The FERC allows for the recovery of such costs via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of its costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect. Other such costs under regulatory tracking mechanisms include upstream pipeline transmission, electric compression, environmental, operational purchases and sales of natural gas, and the revenue requirement for capital investments made under Columbia Transmission's long-term plan to modernize its interstate transmission system as discussed above.

Electric Operations Regulatory Matters

Significant Rate Developments . As part of a multi-state effort to strengthen the electric transmission system serving the Midwest, NIPSCO is currently investing in two projects that were authorized by the MISO and are scheduled to be in service during the latter part of the decade. On July 19, 2012 and December 19, 2012, the FERC issued orders approving construction work in progress in rate base and abandoned plant cost recovery requested by NIPSCO for the 100-mile, 345 kV transmission project and its right to develop 50 percent of the 66-mile, 765 kV project. On December 19, 2012, the FERC issued an order authorizing NIPSCO's request to transition to forward looking rates, allowing more timely recovery of NIPSCO's investment in transmission assets. On August 22, 2012, the IURC issued an order authorizing NIPSCO to retain certain revenues under MISO Schedule 26-A. NIPSCO began recording revenue in the first quarter of 2013 using a forward looking rate, based on an average construction work in progress balance. For the twelve months ended December 31, 2014 and 2013, revenue of $8.3 million and $2.4 million , respectively, was recorded.

On November 12, 2013, several industrial customers, including INDIEC, filed a complaint at the FERC regarding the 12.38% base ROE used to set the MISO Transmission Owners' transmission rates and requested a reduction in the base ROE to 9.15% . The complaint requested that FERC limit the capital structure of MISO Transmission Owners to no more than 50% common equity for ratemaking purposes and that FERC eliminate incentive adders for membership in a RTO. On October 16, 2014, FERC issued an Order that dismissed the portions of the complaint that challenged Transmission Owner capital structures and incentive adders; set the base ROE for hearing and suspended it to allow for settlement; set a refund effective date of November 12, 2013; and directed the parties to the new two-step discounted cash flow methodology established by FERC. NIPSCO recorded a liability of $1.0 million related to the complaint and will continue to adjust the reserve for ongoing activity.

On July 19, 2013, NIPSCO filed its electric TDSIC, further discussed above, with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately $1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO’s seven-year plan of eligible investments. The Order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism, described above. On March 10, 2014, the OUCC filed a Petition for Reconsideration with the IURC, and the IURC denied that Petition for Reconsideration on May 7, 2014. In addition, the NIPSCO Industrial Group and the OUCC have filed Notices of Appeal with the Indiana Court of Appeals in response to the IURC's ruling, which are still pending. On November 25, 2014, NIPSCO’s requested TDSIC factors were approved on an interim basis and subject to refund pending the outcome the appeals of the Commission’s February 17, 2014 Orders.

On December 18, 2013, the IURC issued an Order approving NIPSCO's proposed electric energy efficiency programs and budgets through December 31, 2014, including authorization to use its energy efficiency recovery mechanism to recover costs and lost margins for 2014. On November 12, 2014, the IURC issued an Order approving NIPSCO’s 2015 proposed electric energy efficiency programs along with the continued authority to defer and recover the related 2015 program costs estimated to be $18.6 million .

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a standard, quarterly, “summary” regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM.

On October 29, 2014, the IURC issued an order on ECR-24 approving NIPSCO's request to begin earning a return on $658.4 million of net capital expenditures for the period ended June 30, 2014. On January 30, 2015, NIPSCO filed ECR-25 which included $734.0 million of net capital expenditures for the period ended December 31, 2014.

On October 10, 2013, the IURC issued an order approving NIPSCO's MATS Compliance Projects. Refer to Note 18-D for additional information on the MATS rule. The Order approved estimated capital costs of $59.3 million and granted the requested ratemaking relief and accounting treatment associated with these projects through the annual EERM and semi-annual ECRM tracker filings. On January 30, 2015, NIPSCO filed a revised MATS capital cost estimate of $48.5 million . An order is expected during the second quarter of 2015.

On March 22, 2011, NIPSCO filed a petition with the IURC for a certificate of public convenience and necessity and associated relief for the construction of additional environmental projects required to comply with the NOV consent decree lodged in the United States District Court for the Northern District of Indiana on January 13, 2011 and EPA Regulations. This petition was trifurcated into three separate phases. On December 28, 2011, February 15, 2012 and September 5, 2012, the IURC issued orders approving estimated project costs of approximately $800.0 million and granting the requested ratemaking and accounting relief associated with these projects through annual and semi-annual tracker filings.

As further discussed above, NIPSCO has approval from the IURC to recover certain costs for transmission and distribution system improvements through the electric TDSIC. On November 25, 2014, the IURC approved, on an interim basis and subject to refund pending the outcome of appeals, NIPSCO's requested TDSIC factors associated with the eligible investments, which included $19.4 million of net capital expenditures for the period ended June 30, 2014.

8. Variable Interest Entities and Equity Method Investments

A. Variable Interest Entities . In general, a VIE is an entity which (1) has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any other parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource would consolidate those VIEs for which it was the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. These qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. Services under this contract commenced on July 1, 1992 and expired on June 30, 2012. The agreement was renewed effective July 1, 2012 for ten years and NIPSCO will continue to pay for the services under a combination of fixed and variable charges. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of

Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air and payments under this agreement were $ 23.0 million and $ 23.6 million for the years ended December 31, 2014 and 2013 , respectively. In accordance with GAAP, the renewed agreement was evaluated to determine whether the arrangement qualifies as a lease. Based on the terms of the agreement, the arrangement qualified for capital lease accounting. As the effective date of the new agreement was July 1, 2012, NiSource capitalized this lease beginning in the third quarter of 2012.

B. Equity Method Investments . Certain investments of NiSource are accounted for under the equity method of accounting. Income and losses from Millennium, Hardy Storage and Pennant are reflected in Equity Earnings in Unconsolidated Affiliates on NiSource's Statements of Consolidated Income. These investments are integral to the Columbia Pipeline Group Operations business. Income and losses from all other equity investments are reflected in Other, net on NiSource's Statements of Consolidated Income. All investments shown as limited partnerships are limited partnership interests.

The following is a list of NiSource's equity method investments at December 31, 2014 :

Investee	Type of Investment	% of Voting Power or Interest Held
The Wellingshire Joint Venture	General Partnership	50.0%
Hardy Storage Company, L.L.C.	LLC Membership	50.0%
Pennant Midstream, L.L.C.	LLC Membership	50.0%
Millennium Pipeline Company, L.L.C.	LLC Membership	47.5%
House Investments - Midwest Corporate Tax Credit Fund, L.P.	Limited Partnership	12.2%
Nth Power Technologies Fund II, L.P.	Limited Partnership	4.2%
Nth Power Technologies Fund II-A, L.P.	Limited Partnership	4.2%
Nth Power Technologies Fund IV, L.P.	Limited Partnership	1.8%

As the Millennium, Hardy Storage and Pennant investments are considered integral to the Columbia Pipeline Group Operations business, the following table contains condensed summary financial data. These investments are accounted for under the equity method of accounting and, therefore, are not consolidated into NiSource's Consolidated Balance Sheets and Statements of Consolidated Income. These investments are recorded within Unconsolidated affiliates on the Consolidated Balance Sheets and NiSource's portion of the results is reflected in Equity Earnings in Unconsolidated Affiliates on the Statements of Consolidated Income.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Given the immaterial nature of the other equity method investments, a condensed summary of financial data was determined not to be necessary.

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Millennium			
Statement of Income Data:			
Net Revenues	**$ 190.5**	$ 157.8	$ 152.3
Operating Income	**128.8**	101.3	97.7
Net Income	**89.6**	63.0	57.1
Balance Sheet Data:			
Total Assets	**1,048.4**	1,072.1	1,047.1
Total Liabilities	**610.9**	658.5	674.1
Total Members’ Equity	**437.5**	413.6	373.0
Hardy Storage			
Statement of Income Data:			
Net Revenues	**$ 23.6**	$ 24.4	$ 24.4
Operating Income	**16.1**	16.5	16.4
Net Income	**10.6**	10.6	10.0
Balance Sheet Data:			
Total Assets	**169.4**	172.7	173.8
Total Liabilities	**94.5**	104.0	109.4
Total Members’ Equity	**74.9**	68.7	64.4
Pennant			
Statement of Income Data:			
Net Revenues	**$ 8.5**	$ 2.0	$ —
Operating (Loss) Income	**(2.4)**	1.3	—
Net (Loss) Income	**(2.4)**	1.3	—
Balance Sheet Data:			
Total Assets	**403.7**	266.0	47.4
Total Liabilities	**8.6**	11.4	2.0
Total Members’ Equity	**395.1**	254.6	45.4

Equity in the retained earnings of Millennium, Hardy Storage and Pennant at December 31, 2014 was $ 27.0 million , $ 12.8 million and $0.5 million , respectively.

Contributions made to Millennium were $2.6 million , $16.6 million and $17.5 million for 2014 , 2013 and 2012 , respectively. Millennium distributed $ 35.6 million , $ 29.0 million and $31.4 million of earnings to Columbia Transmission during 2014 , 2013 and 2012 , respectively.

Hardy Storage distributed $ 2.2 million , $ 3.1 million and $3.5 million of earnings to NiSource during 2014 , 2013 and 2012 , respectively. No contributions were made to Hardy Storage.

Contributions made to Pennant were $ 66.6 million , $ 108.9 million and $ 2.9 million for 2014 , 2013 and 2012 , respectively. No distributions have been received from Pennant.

9. Income Taxes

The components of income tax expense were as follows:

Year Ended December 31, *(in millions)*	2014	2013	2012
Income Taxes			
Current			
Federal	**$ —**	$ (15.9)	$ (85.8)
State	**11.3**	(9.6)	7.8
Total Current	**11.3**	(25.5)	(78.0)
Deferred			
Federal	**262.3**	265.8	279.9
State	**40.4**	25.5	16.9
Total Deferred	**302.7**	291.3	296.8
Deferred Investment Credits	**(3.6)**	(3.9)	(4.1)
Income Taxes from Continuing Operations	**$ 310.4**	$ 261.9	$ 214.7

Total income taxes from continuing operations were different from the amount that would be computed by applying the statutory federal income tax rate to book income before income tax. The major reasons for this difference were as follows:

Year Ended December 31, *(in millions)*	2014		2013		2012	
Book income from Continuing Operations before income taxes	**$ 841.1**		$ 752.8		$ 623.5	
Tax expense at statutory federal income tax rate	**294.4**	**35.0 %**	263.5	35.0 %	218.3	35.0 %
Increases (reductions) in taxes resulting from:						
State income taxes, net of federal income tax benefit	**33.6**	**4.0**	10.5	1.4	15.9	2.5
Regulatory treatment of depreciation differences	**0.7**	**0.1**	0.3	—	(6.1)	(0.9)
Amortization of deferred investment tax credits	**(3.6)**	**(0.4)**	(3.9)	(0.5)	(4.1)	(0.7)
Nondeductible expenses	**1.7**	**0.2**	3.2	0.4	1.9	0.3
Employee Stock Ownership Plan Dividends	**(3.8)**	**(0.5)**	(3.6)	(0.5)	(3.4)	(0.5)
AFUDC-Equity	**(7.2)**	**(0.9)**	(6.5)	(0.8)	(3.1)	(0.5)
Tax accrual adjustments and other, net	**(5.4)**	**(0.6)**	(1.6)	(0.2)	(4.7)	(0.8)
Income Taxes from Continuing Operations	**$ 310.4**	**36.9 %**	$ 261.9	34.8 %	$ 214.7	34.4 %

The effective income tax rates were 36.9% , 34.8% and 34.4% in 2014 , 2013 and 2012 , respectively. The 2.1% increase in the overall effective tax rate in 2014 versus 2013 was primarily the result of a $7.1 million increase due to Indiana state taxes discussed below, $5.5 million Pennsylvania regulatory changes discussed below, and $4.1 million additional deferred state income tax related to corporate restructuring.

On March 25, 2014, the governor of Indiana signed into law Senate Bill 1, which among other things, lowers the corporate income tax rate from 6.5% to 4.9% over six years beginning on July 1, 2015. The reduction in the tax rate will impact deferred income taxes and tax related regulatory assets and liabilities recoverable in the ratemaking process. In addition, other deferred tax assets and liabilities, primarily deferred tax assets related to the Indiana net operating loss carry forward, will be reduced to reflect the lower rate at which these temporary differences and tax benefits will be realized. In the first quarter of 2014, NiSource recorded tax expense of $7.1 million to reflect the effect of this rate change. This expense is largely attributable to the remeasurement of the Indiana net operating loss at the 4.9% rate. The majority of NiSource's tax temporary differences are related to NIPSCO's utility plant.

On March 7, 2013, the Congressional Joint Committee on Taxation took no exception to the conclusions reached by the IRS in its 2008-2010 audit examination of NiSource. Therefore, in the first quarter of 2013, NiSource recognized a federal income tax receivable of $15.9 million that was related to the 2008 and 2009 tax years and increases in net operating loss carryforwards of $0.6 million that was related to uncertain tax positions in the 2010-2012 tax years. NiSource received payments of $75.1 million in March 2013 and $70.6 million in April 2013 of principal and interest from the IRS related to the audit examination. The recognition of the receivables and net operating loss carryforwards did not materially affect tax expense or net income.

On January 2, 2013, the President signed into law the American Taxpayer Relief Act of 2012(ATRA). ATRA, among other things, extended retroactively the research credit under Internal Revenue Code section 41 until December 31, 2013, and also extended and modified 50% bonus depreciation for 2013. NiSource recorded the effects of ATRA in the first quarter 2013. On December 19, 2014, the President signed into law the Tax Increase Prevention Act (TIPA). TIPA extended and modified 50% bonus depreciation for 2014. NiSource recorded the effects of TIPA in the fourth quarter 2014. In general, 50% bonus depreciation is available for property placed in service before January 1, 2015, or in the case of certain property having longer production periods, before January 1, 2016. The retroactive extension of the research credit did not have a significant effect on net income.

As a result of a Pennsylvania PUC Order dated May 23, 2013, Columbia of Pennsylvania adjusted the flow through in rates of tax benefits so that the unamortized balance of a change in accounting method for certain capitalized costs of approximately $8.2 million at June 30, 2013 would be amortized through December 2016 . The amortization of excess tax benefits was $9.5 million in 2013 and $4.0 million in 2014. On a prospective basis, Columbia of Pennsylvania will recognize deferred tax expense rather than flow through in rates the tax benefits resulting from this method change.

Tangible Property Regulations and Repairs

On December 27, 2011, the United States Treasury Department and the IRS issued temporary and proposed regulations effective for years beginning on or after January 1, 2012 that, among other things, provided guidance on whether expenditures qualified as deductible repairs (the “Tangible Property Regulations”). In addition to repairs related rules, the proposed and temporary regulations provided additional guidance related to capitalization of tangible property. Among other things, these rules provide guidance for the treatment of materials and supplies, dispositions of property, and related elections. On March 15, 2012, the IRS issued a directive to discontinue exam activity related to positions on this issue taken on original tax returns for years beginning before January 1, 2012 (commonly referred to as the “Stand-down Position”).

On October 2, 2012 and later incorporated by reference in the Revenue Agent's Report dated November 14, 2012 for the 2008 to 2010 tax years, NiSource received an audit adjustment that adopted the Stand-down Position. The effect of this adjustment is to allow the repairs claims as filed and to defer review until a new method is adopted in 2012 or a subsequent acceptable year.

On November 20, 2012, the Treasury Department and IRS issued Notice 2012-73, which in relevant part stated that (i) final regulations would be issued in 2013, and (ii) the final regulations will contain changes from the temporary regulations. The Notice in essence defers the requirement of adopting the temporary regulations until 2013 and the final regulations until 2014.

On September 13, 2013, the IRS and U.S. Treasury issued final regulations on the deductibility and capitalization of expenditures related to tangible property, generally effective for tax years beginning on or after January 1, 2014. Taxpayers may elect early adoption of the regulations for the 2012 or 2013 tax year. NiSource does not plan to early adopt the regulations. The final regulations do not impact the effect of Revenue Procedure 2013-24 issued on April 30, 2013 which provided guidance for repairs related to generation property. Among other things, the Revenue Procedure listed units of property and material components of units of property for purposes of analyzing repair versus capitalization issues. NiSource will likely adopt this Revenue Procedure for income tax filings for 2014. NiSource has evaluated the impact of the final regulations and Revenue Procedure and has determined that they do not materially affect the financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The principal components of NiSource's net deferred tax liability were as follows:

At December 31, *(in millions)*	**2014**	2013
Deferred tax liabilities		
Accelerated depreciation and other property differences	**$ 4,199.9**	$ 3,811.5
Unrecovered gas and fuel costs	**11.4**	9.4
Other regulatory assets	**673.3**	659.2
Premiums and discounts associated with long-term debt	**12.5**	11.4
Total Deferred Tax Liabilities	**4,897.1**	4,491.5
Deferred tax assets		
Deferred investment tax credits and other regulatory liabilities	**(196.0)**	(205.4)
Cost of removal	**(527.7)**	(531.6)
Pension and other postretirement/postemployment benefits	**(167.6)**	(167.8)
Environmental liabilities	**(51.8)**	(51.3)
Net operating loss carryforward and AMT credit carryforward	**(433.9)**	(343.4)
Other accrued liabilities	**(60.3)**	(29.1)
Other, net	**(70.3)**	(60.4)
Total Deferred Tax Assets	**(1,507.6)**	(1,389.0)
Net Deferred Tax Liabilities	**3,389.5**	3,102.5
Less: Deferred income taxes related to current assets and liabilities	**(272.1)**	(175.3)
Non-Current Deferred Tax Liability	**$ 3,661.6**	$ 3,277.8

State income tax net operating loss benefits were recorded at their realizable value. NiSource anticipates it is more likely than not that it will realize $35.0 million and $39.8 million of these benefits as of December 31, 2014 and December 31, 2013 , respectively, prior to their expiration. The remaining net operating loss carry forward represents a Federal carry forward of $388.4 million that will expire in 2033 and an Alternative Minimum Tax credit of $10.5 million that will carry forward indefinitely. The state amounts are primarily for Indiana, Pennsylvania, and West Virginia. The loss carryforward periods expire in various tax years from 2025 through 2034 .

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

Reconciliation of Unrecognized Tax Benefits *(in millions)*	**2014**	2013	2012
Unrecognized Tax Benefits - Opening Balance	**$ 23.8**	$ 28.5	$ 105.3
Gross increases - tax positions in prior period	**—**	1.6	0.2
Gross decreases - tax positions in prior period	**(1.1)**	(21.4)	(85.4)
Gross increases - current period tax positions	**1.7**	15.1	8.4
Unrecognized Tax Benefits - Ending Balance	**$ 24.4**	$ 23.8	$ 28.5
Offset for outstanding IRS refunds	**—**	—	(16.0)
Offset for net operating loss carryforwards	**(24.2)**	(23.0)	(10.2)
Balance - Net of Refunds and NOL Carryforwards	**$ 0.2**	$ 0.8	$ 2.3

Based upon its intent to comply with Internal Revenue Procedures, Tangible Property Regulations and the Stand-down Position audit adjustment, NiSource determined that the unrecognized tax benefit associated with the requested change in tax accounting method filed for 2008 related to electric generation and gas transmission and distribution required a re-measurement under the provisions of ASC 740. Therefore, in the fourth quarter of 2012 NiSource recognized an income tax receivable of $85.7 million related to the 2008 and 2009 tax years and increases in net operating loss carryforwards of $6.8 million for the tax years 2010-2012, previously unrecognized. The recognition of the receivables and net operating loss carryforwards did not materially affect tax expense or net income. The IRS issued Revenue Procedure 2013-24 on April 30, 2013, which provided guidance for repairs related to generation property. Among other things, the Revenue Procedure listed units of property and material components of units of property for purposes of analyzing repair versus capitalization issues. NiSource will likely adopt this Revenue Procedure for income tax filings for 2014. NiSource has evaluated and recorded the effect of the change in method enabled by this Revenue Procedure as of December 31, 2013.

In 2010, NiSource received permission to change its method of accounting for capitalizing overhead costs. The Company recorded an unrecognized tax benefit related to this uncertain tax position of $17.6 million in 2010. In 2011, this estimate was revised to $19.9 million . In 2012, the IRS completed fieldwork for the audit for the years 2008-2010, pending Joint Committee review. The Company revised the unrecognized tax benefit related to this issue to incorporate 2012 activity. At December 31, 2012, the unrecognized tax benefits were $21.1 million . This issue was resolved in 2013.

Offsetting the liability for unrecognized tax benefits are $24.2 million of related outstanding tax receivables and net operating loss carryforwards resulting in a net balance of $0.2 million , including interest, related to the tax method change issues.

Except as discussed above, there have been no other material changes in 2014 to NiSource's uncertain tax positions recorded as of December 31, 2013 .

The total amount of unrecognized tax benefits at December 31, 2014 , 2013 and 2012 that, if recognized, would affect the effective tax rate is $4.1 million , $4.0 million and $2.2 million , respectively. As of December 31, 2014, it is reasonably possible that a $24.4 million decrease in unrecorded tax benefits could occur in 2015 due primarily to the conclusion of the federal audit for 2011 through 2014. As of December 31, 2013, NiSource did not anticipate any significant changes to its liabilities for unrecognized tax benefits over the twelve months ended December 31, 2014. As of December 31, 2012, it was reasonably possible that a $20.5 million decrease in unrecorded tax benefits could occur in 2013 due primarily to Joint Committee Taxation review of the 2008-2010 federal audit. The results of the review are described above.

NiSource recognizes accrued interest on unrecognized tax benefits, accrued interest on other income tax liabilities, and tax penalties in income tax expense. With respect to its unrecognized tax benefits, NiSource recorded $(0.1) million , $(0.8) million and $0.2 million in interest expense in the Statements of Consolidated Income for the years ended December 31, 2014 , 2013 and 2012 , respectively. For December 31, 2014, there are no accruals for interest payable on unrecognized tax benefits on its Consolidated Balance Sheets. For the years ended December 31, 2013 and 2012 , NiSource reported $0.1 million and $0.9 million , respectively, of accrued interest payable on unrecognized tax benefits on its Consolidated Balance Sheets. There were no accruals for penalties recorded in the Statement of Consolidated Income for the years ended December 31, 2014 , 2013 and 2012 and there were no balances for accrued penalties recorded on the Consolidated Balance Sheets as of December 31, 2014 and December 31, 2013 .

NiSource is subject to income taxation in the United States and various state jurisdictions, primarily Indiana, West Virginia, Virginia, Pennsylvania, Kentucky, Massachusetts, Louisiana, Mississippi, Maryland, Tennessee, New Jersey and New York.

Because NiSource is part of the IRS's Large and Mid-Size Business program, each year's federal income tax return is typically audited by the IRS. As of December 31, 2014, tax years through 2010 have been audited and are effectively closed to further assessment, except for immaterial carryforward amounts. The audit of tax years 2011 and 2012 began in the first quarter of 2013. NiSource is also involved in the Compliance Assurance Program in 2013, with partial acceptance by the IRS, and 2014.

The statute of limitations in each of the state jurisdictions in which NiSource operates remain open until the years are settled for federal income tax purposes, at which time amended state income tax returns reflecting all federal income tax adjustments are filed. As of December 31, 2014 , there were no state income tax audits in progress that would have a material impact on the consolidated financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

10. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover certain of its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

NiSource Pension and Other Postretirement Benefit Plans' Asset Management . NiSource employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and asset class volatility. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value, small and large capitalizations. Other assets such as private equity funds are used judiciously to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying assets. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

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

The most important component of an investment strategy is the portfolio asset mix, or the allocation between the various classes of securities available to the pension and other postretirement benefit plans for investment purposes. The asset mix and acceptable minimum and maximum ranges established for the NiSource plan assets represents a long-term view and are listed in the following table.

In 2012, a dynamic asset allocation policy for the pension fund was approved. This policy calls for a gradual reduction in the allocation to return-seeking assets (equities, real estate, private equity and hedge funds) and a corresponding increase in the allocation to liability-hedging assets (fixed income) as the funded status of the plans increase above 90% (as measured by the projected benefit obligations of the qualified pension plans divided by the market value of qualified pension plan assets). The asset mix and acceptable minimum and maximum ranges established by the policy for the pension fund at the pension plans funded status on December 31, 2014 are as follows:

Asset Mix Policy of Funds:

	Defined Benefit Pension Plan		Postretirement Benefit Plan	
Asset Category	**Minimum**	**Maximum**	**Minimum**	**Maximum**
Domestic Equities	25%	45%	35%	55%
International Equities	15%	25%	15%	25%
Fixed Income	23%	37%	20%	50%
Real Estate/Private Equity/Hedge Funds	0%	15%	0%	0%
Short-Term Investments	0%	10%	0%	10%

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Pension Plan and Postretirement Plan Asset Mix at December 31, 2014 and December 31, 2013 :

(in millions)	Defined Benefit Pension Assets	December 31, 2014	Postretirement Benefit Plan Assets	December 31, 2014
Asset Class	**Asset Value**	**% of Total Assets**	**Asset Value**	**% of Total Assets**
Domestic Equities	$ 957.2	41.1%	$ 219.6	47.2%
International Equities	420.5	18.1%	85.6	18.4%
Fixed Income	802.4	34.4%	158.6	34.1%
Real Estate/Private Equity/Hedge Funds	117.6	5.0%	—	—
Cash/Other	32.6	1.4%	1.2	0.3%
Total	**$ 2,330.3**	100.0%	**$ 465.0**	100.0%

(in millions)	Defined Benefit Pension Assets	December 31, 2013	Postretirement Benefit Plan Assets	December 31, 2013
Asset Class	**Asset Value**	**% of Total Assets**	**Asset Value**	**% of Total Assets**
Domestic Equities	$ 914.9	40.4%	$ 218.0	48.0%
International Equities	472.5	20.8%	86.4	19.0%
Fixed Income	638.1	28.1%	131.8	29.0%
Real Estate/Private Equity/Hedge Funds	125.9	5.6%	—	—
Cash/Other	115.9	5.1%	18.0	4.0%
Total	**$ 2,267.3**	100.0%	**$ 454.2**	100.0%

The categorization of investments into the asset classes in the table above are based on definitions established by the NiSource Benefits Committee.

Fair Value Measurements. The following table sets forth, by level within the fair value hierarchy, the Master Trust and OPEB investment assets at fair value as of December 31, 2014 and 2013 . Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Total Master Trust and OPEB investment assets at fair value classified within Level 3 were $117.0 million and $124.7 million as of December 31, 2014 and December 31, 2013 , respectively. Such amounts were approximately 4% and 5% of the Master Trust and OPEB's total investments as reported on the statement of net assets available for benefits at fair value as of December 31, 2014 and 2013 , respectively.

Valuation Techniques Used to Determine Fair Value:

Level 1 Measurements

Most common and preferred stock are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented. Cash is stated at cost which approximates their fair value, with the exception of cash held in foreign currencies which fluctuates with changes in the exchange rates. Government bonds, short-term bills and notes are priced based on quoted market values.

Level 2 Measurements

Most U.S. Government Agency obligations, mortgage/asset-backed securities, and corporate fixed income securities are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Other fixed income includes futures and options which are priced on bid valuation or settlement pricing.

Commingled funds that hold underlying investments that have prices which are derived from the quoted prices in active markets are classified as Level 2. The funds' underlying assets are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. The fair value of the investments in commingled funds has been estimated using the net asset value per share of the investments.

Level 3 Measurements

Commingled funds that hold underlying investments that have prices which are not derived from the quoted prices in active markets are classified as Level 3. The respective fair values of these investments are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. These investments are often valued by investment managers on a periodic basis using pricing models that use market, income, and cost valuation methods.

The hedge funds of funds invest in several strategies including fundamental long/short, relative value, and event driven. Hedge fund of fund investments may be redeemed annually, usually with 100 days' notice. Private equity investment strategies include buy-out, venture capital, growth equity, distressed debt, and mezzanine debt. Private equity investments are held through limited partnerships.

Limited partnerships are valued at estimated fair market value based on their proportionate share of the partnership's fair value as recorded in the partnerships' audited financial statements. Partnership interests represent ownership interests in private equity funds and real estate funds. Real estate partnerships invest in natural resources, commercial real estate and distressed real estate. The fair value of these investments is determined by reference to the funds' underlying assets, which are principally securities, private businesses, and real estate properties. The value of interests held in limited partnerships, other than securities, is determined by the general partner, based upon third-party appraisals of the underlying assets, which include inputs such as cost, operating results, discounted cash flows and market based comparable data. Private equity and real estate limited partnerships typically call capital over a 3 to 5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 10-15 years and these investments typically cannot be redeemed prior to liquidation.

For the year ended December 31, 2014 , there were no significant changes to valuation techniques to determine the fair value of NiSource's pension and other postretirement benefits' assets.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Fair Value Measurements at December 31, 2014 :

(in millions)	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plan assets:				
Cash	$ 17.1	$ 17.1	$ —	$ —
Equity securities				
U.S. equities	0.4	0.4	—	—
International equities	134.5	133.9	0.6	—
Fixed income securities				
Government	118.4	104.6	13.8	—
Corporate	257.0	—	257.0	—
Mortgages/Asset backed securities	2.7	—	2.7	—
Other fixed income	0.6	—	—	0.6
Commingled funds				
Short-term money markets	32.6	—	32.6	—
U.S. equities	957.2	—	957.2	—
International equities	279.9	—	279.9	—
Fixed income	409.0	—	409.0	—
Private equity limited partnerships				
U.S. multi-strategy [(1)]	56.2	—	—	56.2
International multi-strategy [(2)]	35.3	—	—	35.3
Distressed opportunities	7.6	—	—	7.6
Real estate	17.3	—	—	17.3
Pension plan assets subtotal	2,325.8	256.0	1,952.8	117.0
Other postretirement benefit plan assets:				
Commingled funds				
Short-term money markets	1.6	—	1.6	—
U.S. equities	29.8	—	29.8	—
Mutual funds				
U.S. equities	189.8	189.8	—	—
International equities	85.6	85.6	—	—
Fixed income	158.2	158.2	—	—
Other postretirement benefit plan assets subtotal	465.0	433.6	31.4	—
Due to brokers, net [(3)]	(0.6)			
Accrued investment income/dividends	4.6			
Receivables/payables	0.5			
Total pension and other post-retirement benefit plan assets	$ 2,795.3	$ 689.6	$ 1,984.2	$ 117.0

(1) This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily inside the United States.
(2) This class includes limited partnerships/fund of funds that invest in diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily outside the United States.
(3) This class represents pending trades with brokers.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The table below sets forth a summary of changes in the fair value of the Plan’s Level 3 assets for the year ended December 31, 2014 :

	Balance at January 1, 2014	Total gains or losses (unrealized / realized)	Purchases	(Sales)	Transfers into/(out of) level 3	Balance at December 31, 2014
Fixed income securities						
Mortgages/Asset backed securities	$ 0.1	$ —	$ —	$ (0.1)	$ —	$ —
Other fixed income	—	0.3	0.3	—	—	0.6
Private equity limited partnerships						
U.S. multi-strategy	57.9	2.7	2.5	(6.9)	—	56.2
International multi-strategy	38.2	(0.4)	0.5	(3.0)	—	35.3
Distressed opportunities	8.9	0.5	0.1	(1.9)	—	7.6
Real estate	19.6	2.3	0.1	(4.7)	—	17.3
Total	$ 124.7	$ 5.4	$ 3.5	$ (16.6)	$ —	$ 117.0

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Fair Value Measurements at December 31, 2013 :

(in millions)	December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plan assets:				
Cash	$ 9.2	$ 9.2	$ —	$ —
Equity securities				
U.S. equities	329.7	329.7	—	—
International equities	155.4	154.1	1.3	—
Fixed income securities				
Government	125.2	84.3	40.9	—
Corporate	166.6	—	166.6	—
Mortgages/Asset backed securities	61.5	—	61.4	0.1
Other fixed income	0.3	—	0.3	—
Commingled funds				
Short-term money markets	81.2	—	81.2	—
U.S. equities	574.9	—	574.9	—
International equities	313.9	—	313.9	—
Fixed income	283.5	—	283.5	—
Private equity limited partnerships				
U.S. multi-strategy (1)	57.9	—	—	57.9
International multi-strategy (2)	38.2	—	—	38.2
Distressed opportunities	8.9	—	—	8.9
Real Estate	19.6	—	—	19.6
Pension plan assets subtotal	2,226.0	577.3	1,524.0	124.7
Other postretirement benefit plan assets:				
Commingled funds				
Short-term money markets	18.3	—	18.3	—
U.S. equities	29.6	—	29.6	—
Mutual funds				
U.S. equities	188.4	188.4	—	—
International equities	86.4	86.4	—	—
Fixed income	131.5	131.5	—	—
Other postretirement benefit plan assets subtotal	454.2	406.3	47.9	—
Due to brokers, net (3)	(10.4)			
Accrued investment income/dividends	3.8			
Receivables/payables (4)	47.9			
Total pension and other post-retirement benefit plan assets	$ 2,721.5	$ 983.6	$ 1,571.9	$ 124.7

(1) This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily in the United States.

(2) This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily outside the United States.

(3) This class represents pending trades with brokers.

(4) Reflects $48.1 million in December 31, 2013 hedge funds redemptions in which cash has not been received. These hedge fund investments had previously been included as level 3 investments prior to the redemptions.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2013 :

	Balance at January 1, 2013	Total gains or losses (unrealized / realized)	Purchases	(Sales)	Transfers into/(out of) level 3	Balance at December 31, 2013
Fixed income securities						
Government	$ 0.4	$ —	$ —	$ (0.4)	$ —	$ —
Mortgages/Asset backed securities	0.2	—	0.1	—	(0.2)	0.1
Other fixed income	—	—	0.4	(0.4)	—	—
Commingled funds						
Fixed income	104.6	2.0	—	(106.6)	—	—
Hedge fund of funds						
Multi-strategy	52.5	0.2	—	(52.7)	—	—
Equities-market neutral	31.5	(0.1)	—	(31.4)	—	—
Private equity limited partnerships						
U.S. multi-strategy	62.3	0.5	3.3	(8.2)	—	57.9
International multi-strategy	43.4	(3.0)	0.9	(3.1)	—	38.2
Distress opportunities	11.5	0.5	—	(3.1)	—	8.9
Real estate	20.3	2.1	—	(2.8)	—	19.6
Total	$ 326.7	$ 2.2	$ 4.7	$ (208.7)	$ (0.2)	$ 124.7

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSource Pension and Other Postretirement Benefit Plans' Funded Status and Related Disclosure . The following table provides a reconciliation of the plans' funded status and amounts reflected in NiSource's Consolidated Balance Sheets at December 31 based on a December 31 measurement date:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2014**	2013	**2014**	2013
Change in projected benefit obligation [(1)]				
Benefit obligation at beginning of year	**$ 2,528.2**	$ 2,792.0	**$ 714.2**	$ 840.1
Service cost	**34.8**	36.4	**8.5**	12.1
Interest cost	**109.0**	98.9	**30.1**	32.2
Plan participants' contributions	**—**	—	**9.1**	6.9
Plan amendments	**0.6**	1.4	**(41.5)**	9.7
Actuarial loss (gain)	**272.1**	(175.9)	**47.6**	(136.3)
Settlement loss	**—**	7.8	**—**	—
Benefits paid	**(193.3)**	(232.4)	**(53.7)**	(51.0)
Estimated benefits paid by incurred subsidy	**—**	—	**1.7**	0.5
Projected benefit obligation at end of year	**$ 2,751.4**	$ 2,528.2	**$ 716.0**	$ 714.2
Change in plan assets				
Fair value of plan assets at beginning of year	**$ 2,267.3**	$ 2,161.0	**$ 454.2**	$ 377.6
Actual return on plan assets	**200.4**	289.4	**20.3**	66.4
Employer contributions	**55.9**	49.3	**35.1**	54.3
Plan participants' contributions	**—**	—	**9.1**	6.9
Benefits paid	**(193.3)**	(232.4)	**(53.7)**	(51.0)
Fair value of plan assets at end of year	**$ 2,330.3**	$ 2,267.3	**$ 465.0**	$ 454.2
Funded Status at end of year	**$ (421.1)**	$ (260.9)	**$ (251.0)**	$ (260.0)
Amounts recognized in the statement of financial position consist of:				
Current liabilities	**(3.5)**	(3.4)	**(0.6)**	(0.7)
Noncurrent liabilities	**(417.6)**	(257.5)	**(250.4)**	(259.3)
Net amount recognized at end of year [(2)]	**$ (421.1)**	$ (260.9)	**$ (251.0)**	$ (260.0)
Amounts recognized in accumulated other comprehensive income or regulatory asset/liability [(3)]				
Unrecognized prior service credit	**$ (3.5)**	$ (3.9)	**$ (49.2)**	$ (12.0)
Unrecognized actuarial loss	**1,009.8**	804.5	**95.5**	31.9
	$ 1,006.3	$ 800.6	**$ 46.3**	$ 19.9

[(1)] The change in benefit obligation for Pension Benefits represents the change in Projected Benefit Obligation while the change in benefit obligation for Other Postretirement Benefits represents the change in Accumulated Postretirement Benefit Obligation.

[(2)] NiSource recognizes in its Consolidated Balance Sheets the underfunded and overfunded status of its various defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation.

[(3)] NiSource determined that for certain rate-regulated subsidiaries the future recovery of pension and other postretirement benefits costs is probable. These rate-regulated subsidiaries recorded regulatory assets and liabilities of $1,031.2 million and $18.4 million , respectively, as of December 31, 2014 , and $842.2 million and $49.4 million , respectively, as of December 31, 2013 that would otherwise have been recorded to accumulated other comprehensive loss.

NiSource's accumulated benefit obligation for its pension plans was $2,732.3 million and $2,511.9 million as of December 31, 2014 and 2013 , respectively. The accumulated benefit obligation as of a date is the actuarial present value of benefits attributed by the pension benefit formula to employee service rendered prior to that date and based on current and past compensation levels. The accumulated benefit obligation differs from the projected benefit obligation disclosed in the table above in that it includes no assumptions about future compensation levels.

NiSource pension plans were underfunded by $421.1 million at December 31, 2014 compared to being underfunded at December 31, 2013 by $260.9 million . The decline in the funded status was due primarily to a decrease in the discount rate from the prior measurement date and the implementation of new mortality assumptions released by the Society of Actuaries in 2014, offset by

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

increased employer contributions. NiSource contributed $55.9 million and $49.3 million to its pension plans in 2014 and 2013 , respectively.

NiSource's funded status for its other postretirement benefit plans improved by $9.0 million to an underfunded status of $251.0 million primarily due to plan amendments in 2014 offset by a decrease in the discount rate from the prior measurement date. NiSource contributed approximately $35.1 million and $54.3 million to its other postretirement benefit plans in 2014 and 2013 , respectively. No amounts of NiSource's pension or other postretirement benefit plans' assets are expected to be returned to NiSource or any of its subsidiaries in 2015.

In 2013, NiSource pension plans had year to date lump sum payouts exceeding the plan's 2013 service cost plus interest cost and, therefore, settlement accounting was required. A settlement charge of $33.4 million was recorded in 2013. Net periodic pension benefit cost for 2013 was decreased by $3.6 million as a result of the interim remeasurements.

The following table provides the key assumptions that were used to calculate the pension and other postretirement benefits obligations for NiSource's various plans as of December 31:

	Pension Benefits		Other Postretirement Benefits	
	2014	2013	**2014**	2013
Weighted-average assumptions to Determine Benefit Obligation				
Discount Rate	**3.81%**	4.50%	**3.94%**	4.75%
Rate of Compensation Increases	**4.00%**	4.00%	**—**	—
Health Care Trend Rates				
Trend for Next Year	**—**	—	**6.90%**	7.09%
Ultimate Trend	**—**	—	**4.50%**	4.50%
Year Ultimate Trend Reached	**—**	—	**2021**	2021

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

(in millions)	1% point increase	1% point decrease
Effect on service and interest components of net periodic cost	$ 3.5	$ (2.9)
Effect on accumulated postretirement benefit obligation	45.1	(38.7)

NiSource expects to make contributions of approximately $3.5 million to its pension plans and approximately $34.8 million to its postretirement medical and life plans in 2015 .

The following table provides benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same assumptions used to measure NiSource's benefit obligation at the end of the year and includes benefits attributable to the estimated future service of employees:

(in millions)	Pension Benefits	Other Postretirement Benefits	Federal Subsidy Receipts
Year(s)			
2015	$ 207.0	$ 47.4	$ 1.5
2016	214.3	47.4	1.5
2017	215.5	47.1	1.5
2018	218.5	47.8	1.4
2019	220.0	47.9	1.4
2020-2024	1,064.1	233.6	5.8

The following table provides the components of the plans' net periodic benefits cost for each of the three years ended December 31, 2014 , 2013 and 2012 :

	Pension Benefits			Other Postretirement Benefits		
(in millions)	**2014**	2013	2012	**2014**	2013	2012
Components of Net Periodic Benefit Cost (Income)						
Service cost	**$ 34.8**	$ 36.4	$ 37.7	**$ 8.5**	$ 12.1	$ 11.2
Interest cost	**109.0**	98.9	112.8	**30.1**	32.2	37.5
Expected return on assets	**(181.1)**	(168.1)	(164.6)	**(36.8)**	(30.3)	(26.7)
Amortization of transitional obligation	**—**	—	—	**—**	0.5	1.2
Amortization of prior service cost (credit)	**0.2**	0.3	0.2	**(4.3)**	(0.7)	0.3
Recognized actuarial loss	**47.5**	77.8	81.2	**0.4**	11.0	9.4
Net Periodic Benefit Costs	**10.4**	45.3	67.3	**(2.1)**	24.8	32.9
Additional loss recognized due to:						
Settlement loss	**—**	33.4	1.9	**—**	—	—
Total Net Periodic Benefits Cost (Income)	**$ 10.4**	$ 78.7	$ 69.2	**$ (2.1)**	$ 24.8	$ 32.9

The decrease of $68.3 million in net periodic benefit cost related to pension in 2014 compared to 2013 is due primarily to no settlement charge in 2014 compared to 2013 and favorable asset returns. For its other postretirement benefit plans, NiSource recognized $2.1 million in net periodic benefit income in 2014 compared to net periodic benefit cost of $24.8 million in 2013 due primarily to plan amendments in 2014, favorable asset returns, claims experience and an increase in the discount rate in 2014 compared to 2013 .

The following table provides the key assumptions that were used to calculate the net periodic benefits cost for NiSource's various plans:

	Pension Benefits			Other Postretirement Benefits		
	2014	2013	2012	**2014**	2013	2012
Weighted-average Assumptions to Determine Net Periodic Benefit Cost						
Discount Rate	**4.50%**	3.63%	4.60%	**4.75%**	3.95%	4.88%
Expected Long-Term Rate of Return on Plan Assets	**8.30%**	8.30%	8.30%	**8.14%**	8.14%	8.13%
Rate of Compensation Increases	**4.00%**	4.00%	4.00%	**—**	—	—

NiSource believes it is appropriate to assume an 8.30% and 8.14% rate of return on pension and other postretirement plan assets, respectively, for its calculation of 2014 pension benefits cost. This is primarily based on asset mix and historical rates of return.

The following table provides other changes in plan assets and projected benefit obligations recognized in other comprehensive income or regulatory asset or liability:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2014**	2013	**2014**	2013
Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Other Comprehensive Income or Regulatory Asset or Liability				
Settlements	**$ —**	$ (33.4)	**$ —**	$ —
Net prior service cost (credit)	**0.6**	1.4	**(41.5)**	(6.0)
Net actuarial loss (gain)	**252.8**	(289.4)	**64.0**	(172.4)
Less: amortization of transitional (asset)/obligation	**—**	—	**—**	(0.5)
Less: amortization of prior service (credit) cost	**(0.2)**	(0.3)	**4.3**	0.7
Less: amortization of net actuarial (gain) loss	**(47.5)**	(77.8)	**(0.4)**	(11.0)
Total Recognized in Other Comprehensive Income or Regulatory Asset or Liability	**$ 205.7**	$ (399.5)	**$ 26.4**	$ (189.2)
Amount Recognized in Net Periodic Benefits Cost and Other Comprehensive Income or Regulatory Asset or Liability	**$ 216.1**	$ (320.8)	**$ 24.3**	$ (164.4)

Based on a December 31 measurement date, the net unrecognized actuarial loss, unrecognized prior service cost (credit), and unrecognized transition obligation that will be amortized into net periodic benefit cost during 2015 for the pension plans are $63.3 million , $(0.5) million and zero , respectively, and for other postretirement benefit plans are $4.3 million , $(5.6) million and zero , respectively.

11. Authorized Classes of Cumulative Preferred and Preference Stocks

NiSource has 20,000,000 authorized shares of Preferred Stock with a $0.01 par value, of which 4,000,000 shares are designated Series A Junior Participating Preferred Shares.

The authorized classes of par value and no par value cumulative preferred and preference stocks of NIPSCO are as follows: 2,400,000 shares of Cumulative Preferred with a $100 par value; 3,000,000 shares of Cumulative Preferred with no par value; 2,000,000 shares of Cumulative Preference with a $50 par value; and 3,000,000 shares of Cumulative Preference with no par value.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

As of December 31, 2014 , NiSource and NIPSCO had no preferred shares outstanding. All of NiSource's retained earnings at December 31, 2014 are free of restrictions.

12. Common Stock

As of December 31, 2014 , NiSource had 400,000,000 authorized shares of common stock with a $0.01 par value.

Common Stock Dividend. Holders of shares of NiSource's common stock are entitled to receive dividends when, as and if declared by the Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. NiSource has paid quarterly common dividends totaling $1.02 , $0.98 and $0.94 per share for the years ended December 31, 2014 , 2013 and 2012 , respectively. At its January 30, 2015 meeting, the Board declared a quarterly common dividend of $0.26 per share, payable on February 20, 2015 to holders of record on February 9, 2015 . NiSource has certain debt covenants which could potentially limit the amount of dividends the Company could pay in order to maintain compliance with these covenants. Refer to Note 14 for more information. As of December 31, 2014 , these covenants did not restrict the amount of dividends that were available to be paid.

Dividend Reinvestment and Stock Purchase Plan. NiSource offers a Dividend Reinvestment and Stock Purchase Plan which allows participants to reinvest dividends and make voluntary cash payments to purchase additional shares of common stock on the open market.

Forward Agreements. On September 14, 2010, NiSource and Credit Suisse Securities (USA) LLC, as forward seller, closed an underwritten registered public offering of 24,265,000 shares of NiSource's common stock. All of the shares sold were borrowed and delivered to the underwriters by the forward seller. In connection with the public offering, NiSource entered into forward sale agreements ("Forward Agreements") with an affiliate of the forward seller covering an aggregate of 24,265,000 shares of NiSource's common stock. On September 10, 2012, NiSource settled the Forward Agreements by physically delivering the 24,265,000 shares of NiSource common stock and receiving cash proceeds of $339.1 million . Cash proceeds related to the settlement of the Forward Agreements are recorded in the issuance of common stock line in the financing activities section of the Statement of Consolidated Cash Flows for the period ended December 31, 2012. Additionally, refer to Note 1-M for information regarding the dilutive impact to EPS of the Forward Agreements.

13. Share-Based Compensation

The stockholders approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (the "Omnibus Plan"), at the Annual Meeting of Stockholders held on May 11, 2010. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards granted under either the long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan") or the Director Stock Incentive Plan ("Director Plan"), described below, that expire or terminate for any reason. No further awards are permitted to be granted under the 1994 Plan or the Director Plan. At December 31, 2014 , there were 6,264,223 shares reserved for future awards under the Omnibus Plan.

Prior to May 11, 2010, NiSource issued long-term equity incentive grants to key management employees under the 1994 Plan. The types of equity awards previously authorized under the 1994 Plan did not significantly differ from those permitted under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of $34.2 million , $20.7 million and $17.8 million , during 2014 , 2013 and 2012 , respectively, as well as related tax benefits of $12.6 million , $7.2 million and $6.1 million , respectively.

As of December 31, 2014 , the total remaining unrecognized compensation cost related to nonvested awards amounted to $23.0 million , which will be amortized over the weighted-average remaining requisite service period of 2.1 years.

Stock Options. Option grants may be awarded with an exercise price equal to the average of the high and low market price on the day of the grant. As of December 31, 2014 , the weighted average remaining contractual life of the options outstanding and exercisable was less than 0.1 years. Stock option transactions for the year ended December 31, 2014 were as follows:

	Options	Weighted Average Option Price ($)
Outstanding at December 31, 2013	409,218	22.53
Granted	—	—
Exercised	(390,218)	22.52
Cancelled	—	—
Outstanding at December 31, 2014	19,000	22.62
Exercisable at December 31, 2014	19,000	22.62

No options were granted during the years ended December 31, 2014 , 2013 and 2012 . As of December 31, 2014 , the aggregate intrinsic value for the options outstanding and exercisable was $0.4 million . During 2014 , 2013 , and 2012 , cash received from the exercise of options was $8.8 million , $25.4 million , and $27.5 million , respectively.

Restricted Stock Units and Restricted Stock . In 2014 , NiSource granted restricted stock units and shares of restricted stock of 158,633 , subject to service conditions. The total grant date fair value of the shares of restricted stock units and shares of restricted stock was $5.2 million , based on the average market price of NiSource’s common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of December 31, 2014 , 143,633 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding for the 2014 award.

In 2013 , NiSource granted restricted stock units and shares of restricted stock of 69,651 , subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $1.8 million , based on the average market price of NiSource’s common stock at the date of each grant less the present value of dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of December 31, 2014 , 58,701 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding for the 2013 award.

In 2012 , NiSource granted restricted stock units and shares of restricted stock of 226,431 , subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $5.1 million , based on the average market price of NiSource’s common stock at the date of each grant less the present value of dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of December 31, 2014 , 104,995 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding for the 2012 award.

If the employee terminates employment before the service conditions lapse under the 2012, 2013 and 2014 awards due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the service conditions will lapse on the date of such termination with respect to a pro rata portion of the restricted stock units and shares of restricted stock. In the event of a Change-in-Control (as defined in the award agreement), all unvested shares of restricted stock and restricted stock units awarded prior to 2014 will immediately vest and all unvested shares of restricted stock and restricted stock units awarded in 2014 will immediately vest upon termination of employment occurring in connection with a change-in-control. Termination due to any other reason will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee's date of termination.

	Restricted Stock Units	Weighted Average Grant Date Fair Value ($)
Nonvested at December 31, 2013	361,736	21.55
Granted	158,633	32.93
Forfeited	(88,819)	19.70
Vested	(124,221)	17.75
Nonvested and Expected to Vest at December 31, 2014	**307,329**	**27.92**

Performance Shares . In 2014 , NiSource granted 535,037 performance shares subject to performance and service conditions. The grant date fair-value of the awards was $16.6 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service period. The performance conditions are based on achievement of cumulative net operating earnings per share, a non-GAAP financial measure that NiSource defines as income from continuing operations adjusted for certain items, for the three-year period ending December 31, 2016; and relative total shareholder return, a non-GAAP market measure that NiSource defines as the annualized growth in the dividends and share price of a share of NiSource's common stock (calculated using a 20 trading day average of NiSource's closing price, over a period beginning December 31, 2013 and ending on December 31, 2016) compared to the total shareholder return performance of a predetermined peer group of companies. The service conditions lapse on February 28, 2017 when the shares vest provided the performance criteria are satisfied. As of December 31, 2014 , 520,956 nonvested performance shares were granted and outstanding of the 2014 award.

In 2013 , NiSource granted 664,776 performance shares subject to performance and service conditions. The grant date fair-value of the awards was $15.7 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service period. The performance conditions are based on achievement of certain non-GAAP financial measures: cumulative net operating earnings, which NiSource defines as income from continuing operations adjusted for certain items; and cumulative funds from operations, which NiSource defines as net operating cash flows provided by continuing operations, in each case for the three-year period ending December 31, 2015; and relative total shareholder return, a non-GAAP market measure that NiSource defines as the annualized growth in the dividends and share price of a share of NiSource's common stock (calculated using a 20 trading day average of NiSource's closing price beginning December 31, 2011 and ending on December 31, 2014) compared to the total shareholder return performance of a predetermined peer group of companies. The service conditions lapse on January 30, 2016 when the shares vest provided the performance criteria are satisfied. As of December 31, 2014 , 576,852 nonvested performance shares were granted and outstanding of the 2013 award.

In 2012 , NiSource granted 772,128 performance shares subject to performance and service conditions. The grant date fair-value of the awards was $16.0 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service period. The performance conditions are based on achievement of non-GAAP financial measures: cumulative net operating earnings, which NiSource defines as income from continuing operations adjusted for certain items; cumulative funds from operations, which NiSource defines as net operating cash flows provided by continuing operations; and total debt that NiSource defines as total debt adjusted for significant movement in natural gas prices and other adjustments determined by the Board. The service conditions lapse on January 30, 2015 when the shares vest provided the performance criteria are satisfied. As of December 31, 2014 , 630,047 nonvested performance shares were granted and outstanding for the 2012 award.

If the employee terminates employment before the performance and service conditions lapse under the 2012, 2013 and 2014 awards due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the employment conditions will lapse with respect to a pro rata portion of the performance shares payable at target on the date of termination provided the performance criteria are met. In the event of a Change-in-Control (as defined in the award agreement), all unvested performance shares will immediately vest. Termination due to any other reason will result in all performance shares awarded being forfeited effective on the employee's date of termination.

	Contingent Awards	Weighted Average Grant Date Fair Value ($)
Nonvested at December 31, 2013	1,974,337	20.17
Granted	535,037	31.08
Forfeited	(177,160)	22.55
Vested	(604,359)	16.00
Nonvested and Expected to Vest at December 31, 2014	**1,727,855**	**24.80**

Non-employee Director Awards . As of May 11, 2010, awards to non-employee directors may be made only under the Omnibus Plan. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's restricted stock units vest on the last day of the non-employee director's annual term corresponding to the year the restricted stock units were awarded subject to special pro-rata vesting rules in the event of Retirement or Disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's election to defer. As of December 31, 2014 , 163,857 restricted stock units are outstanding to non-employee directors under the Omnibus Plan.

Only restricted stock units remain outstanding under the prior plan for non-employee directors, the Director Plan. All such awards are fully vested and shall be distributed to the directors upon their separation from the Board. As of December 31, 2014 , 145,143 restricted stock units remain outstanding under the Director Plan and as noted above no further shares may be awarded under the Director Plan.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010, receive a non-elective company contribution of three percent of eligible pay payable in shares of common stock. For the years ended December 31, 2014 , 2013 and 2012 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of $38.1 million , $30.0 million and $27.3 million , respectively.

14. Long-Term Debt

NiSource Finance is a 100% owned, consolidated finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance was incorporated in March 2000 under the laws of the state of Indiana. Prior to 2000, the function of NiSource Finance was performed by Capital Markets. NiSource Finance obligations are fully and unconditionally guaranteed by NiSource. Consequently, no separate financial statements for NiSource Finance are required to be reported. No other NiSource subsidiaries guarantee debt.

During 2014, NiSource Finance negotiated a $ 750.0 million term loan and redeemed $ 500.0 million of long-term debt securities. These transactions are detailed as follows:

- On August 20, 2014, NiSource Finance negotiated a $ 750.0 million three -year bank term loan with a syndicate of banks which carries a floating interest rate of BBA LIBOR plus 100 basis points.

- On July 15, 2014, NiSource Finance redeemed $ 500.0 million of 5.40% senior unsecured notes at maturity. Contemporaneous with this redemption, $500.0 million of associated fixed-to-floating interest rate swaps expired.

During 2013, NiSource Finance issued $1.3 billion of long-term debt securities, increased its term loan borrowings by $75.0 million and redeemed $420.3 million of long-term debt securities, while NIPSCO redeemed a total of $68.0 million of medium-term notes and pollution control bonds. These transactions are detailed as follows:

- On October 10, 2013, NiSource Finance issued $500.0 million of 5.65% senior unsecured notes that mature on February 1, 2045 .

- On August 19, 2013, NIPSCO redeemed $30.0 million of 7.16% medium term notes.
- On July 22, 2013, NIPSCO redeemed $5.0 million of 7.21% medium term notes.
- On July 8, 2013, NIPSCO redeemed $15.0 million of 7.35% medium term notes.
- On June 3, 2013, NIPSCO redeemed $18.0 million of 5.20% pollution control bonds.
- On April 15, 2013, NiSource Finance amended the term loan to add an additional lender to the syndicate of banks, increased the borrowing capacity under the term loan by $75.0 million to a total of $325.0 million and extended the maturity date to April 15, 2016 . Borrowings under the term loan carried an interest rate of BBA LIBOR plus 125 basis points during 2013. Effective with Moody's credit rating upgrade on January 31, 2014, NiSource's credit spread on the term loan is 100 basis points.
- On April 12, 2013, NiSource Finance issued $750.0 million of 4.80% senior unsecured notes that mature on February 15, 2044 .
- On March 1, 2013, NiSource Finance redeemed $420.3 million of 6.15% senior unsecured notes.

In the following table are the outstanding long-term debt maturities at December 31, 2014 . The long-term debt maturities shown below include capital lease obligations and the debt of certain low-income housing real estate investments. NiSource does not guarantee the long-term debt obligations of the low-income housing real estate investments.

Year Ending December 31, *(in millions)*		
2015	$	266.6
2016		757.5
2017		1,350.3
2018		811.1
2019		552.6
After		4,734.3
Total [1]	$	8,472.4

[1] This amount excludes $49.9 million of unamortized discount and premium.

Unamortized debt expense, premium and discount on long-term debt applicable to outstanding bonds are being amortized over the life of such bonds. Reacquisition premiums have been deferred and are being amortized.

Of NiSource’s long-term debt outstanding at December 31, 2014 , $109.0 million was issued by NiSource’s subsidiary, Capital Markets. The financial obligations of Capital Markets are subject to a Support Agreement between NiSource and Capital Markets, under which NiSource has committed to make payments of interest and principal on Capital Markets’ obligations in the event of a failure to pay by Capital Markets. Under the terms of the Support Agreement, in addition to the cash flow from cash dividends paid to NiSource by any of its consolidated subsidiaries, the assets of NiSource, other than the stock and assets of NIPSCO, are available as recourse for the benefit of Capital Markets’ creditors. The carrying value of the NiSource assets, excluding the assets of NIPSCO, was $18.2 billion at December 31, 2014 .

NiSource is subject to a financial covenant under its revolving credit facility and its three-year term loans which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70% . A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75% . As of December 31, 2014 , the ratio was 62% .

NiSource is also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on NiSource’s assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to $150 million . An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of NiSource or any of its subsidiaries in a principal amount of $50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of $5 million to $50 million , and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

15. Short-Term Borrowings

NiSource Finance currently maintains a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At December 31, 2014 , NiSource had $500.0 million of outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's $2.0 billion unsecured revolving credit facility. At December 31, 2014 , NiSource had $792.6 million of commercial paper outstanding.

As of December 31, 2014 and 2013 , NiSource had $30.9 million and $31.6 million , respectively, of stand-by letters of credit outstanding, of which $14.7 million and $14.3 million , respectively, were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term debt on the Consolidated Balance Sheets in the amount of $284.3 million and $265.1 million as of December 31, 2014 and 2013 , respectively. Refer to Note 17 for additional information.

Short-term borrowings were as follows:

At December 31, *(in millions)*		**2014**		2013
Commercial Paper weighted average interest rate of 0.82 % and 0.70% at December 31, 2014 and 2013, respectively.	**$**	**792.6**	$	433.6
Credit facilities borrowings weighted average interest rate of 1.44% at December 31, 2014.		**500.0**		—
Accounts receivable securitization facility borrowings		**284.3**		265.1
Total Short-Term Borrowings	**$**	**1,576.9**	$	698.7

Given their turnover is less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Statements of Consolidated Cash Flows.

16. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements . The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2014 and December 31, 2013 :

Recurring Fair Value Measurements December 31, 2014 (*in millions*)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2014
Assets				
Price risk management assets:				
Commodity financial price risk programs	$ 0.1	$ —	$ —	$ 0.1
Available-for-sale securities	28.4	103.5	—	131.9
Total	**$ 28.5**	**$ 103.5**	**$ —**	**$ 132.0**
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	$ 14.2	$ —	$ 0.1	$ 14.3
Total	**$ 14.2**	**$ —**	**$ 0.1**	**$ 14.3**

Recurring Fair Value Measurements December 31, 2013 (*in millions*)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2013
Assets				
Price risk management assets:				
Commodity financial price risk programs	2.1	—	—	2.1
Interest rate risk activities	—	21.1	—	21.1
Available-for-sale securities	25.3	96.1	—	121.4
Total	**$ 27.4**	**$ 117.2**	**$ —**	**$ 144.6**
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	$ 1.6	$ —	$ 0.1	$ 1.7
Total	**$ 1.6**	**$ —**	**$ 0.1**	**$ 1.7**

Price risk management assets and liabilities include commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of December 31, 2014 and 2013 , there were no material transfers between fair value hierarchies. Additionally there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

At December 31, 2013, price risk management assets also include fixed-to-floating interest rate swaps, which are designated as fair value hedges, as a means to achieve NiSource's targeted level of variable-rate debt as a percent of total debt. NiSource used a calculation of future cash inflows and estimated future outflows related to the swap agreements, which we discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap. On July 15, 2014, $500.0 million of fixed-to-variable interest rate swaps expired, whereby NiSource Finance received payments based upon a fixed 5.40% interest rate and paid a floating interest rate amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Consolidated Balance Sheets. Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total gains and losses from available-for-sale securities are included in accumulated other comprehensive income (loss). The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt securities at December 31, 2014 and December 31, 2013 were:

December 31, 2014 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury securities	$ 30.8	$ 0.3	$ (0.2)	$ 30.9
Corporate/Other bonds	100.6	1.0	(0.6)	101.0
Total	**$ 131.4**	**$ 1.3**	**$ (0.8)**	**$ 131.9**

December 31, 2013 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury securities	$ 30.3	$ 0.3	$ (0.5)	$ 30.1
Corporate/Other bonds	91.5	1.1	(1.3)	91.3
Total	**$ 121.8**	**$ 1.4**	**$ (1.8)**	**$ 121.4**

For the year ended December 31, 2014 , 2013 , and 2012 the realized gain on sale of available for sale U.S. Treasury debt securities was $ 0.1 million , $ 0.5 million and $ 0.6 million , respectively. For the year ended December 31, 2014 , 2013 , and 2012 the realized gain on sale of available for sale Corporate/Other bond debt securities was $ 0.4 million , $ 0.4 million , and $ 0.3 million , respectively.

The cost of maturities sold is based upon specific identification. At December 31, 2014 , approximately $2.3 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At December 31, 2014 approximately $ 4.4 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended December 31, 2014 and 2013 .

Non-recurring Fair Value Measurements . There were no significant non-recurring fair value measurements recorded during the twelve months ended December 31, 2014.

In January 2013, NiSource sold the service plan and leasing business lines of its Retail Services business. The disposed business lines were included in the Columbia Distribution Operations reporting unit and the NIPSCO Gas Distribution Operations reporting unit. Goodwill associated with the disposed business lines was included in the carrying amount of the business lines in determining the gain on disposal. The amount of the goodwill included in the carrying amount was based on the relative fair values of the business lines disposed of and the portion of the reporting units that were retained. The fair value of the disposed business lines was determined by using the selling price of the business lines. The fair value of the reporting units that were retained was determined by a weighted average of income and market approaches. This approach was similar to the process undertaken to calculate the fair value of the reporting units for the goodwill impairment test conducted on May 1, 2012. These approaches are further discussed in Note 5 and yield fair values considered to be at Level 3 of the fair value hierarchy. The respective fair value of the disposed business lines was divided by the fair value of the reporting units to which the disposed business lines belonged. These percentages were then applied to those goodwill balances to determine their allocations. As a result of these procedures, NiSource recorded a disposal of goodwill of approximately $11.0 million during the first quarter of 2013. This amount is included within the "Gain on Disposition of Discontinued Operations - net of taxes" on the Statements of Consolidated Income.

B. Other Fair Value Disclosures for Financial Instruments . NiSource has certain financial instruments that are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature, including cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings. NiSource's long-term borrowings are recorded at historical amounts unless designated as a hedged item in a fair value hedge.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term debt . The fair values of these securities are estimated based on the quoted market prices for the same or similar issues or on the rates offered for securities of the same remaining maturities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified as Level 2 within the fair value hierarchy. For the years ended December 31, 2014 and 2013 , there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

The carrying amount and estimated fair values of financial instruments were as follows:

At December 31, *(in millions)*	**Carrying Amount 2014**	**Estimated Fair Value 2014**	Carrying Amount 2013	Estimated Fair Value 2013
Long-term debt (including current portion)	**$ 8,422.5**	**$ 9,505.7**	$ 8,135.3	$ 8,697.3

17. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Consolidated Balance Sheets. The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is $515 million .

All accounts receivables sold to the commercial paper conduits are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

Throughout 2014 and 2013, Columbia of Ohio has been under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS, under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. This agreement was last renewed on October 17, 2014; the current agreement expires on October 16, 2015 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is $240 million . As of December 31, 2014 , $124.3 million of accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

Throughout 2014 and 2013, NIPSCO has been under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by PNC and Mizuho. This agreement was last renewed on August 27, 2014; the current agreement expires on August 26, 2015 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is $200 million . As of December 31, 2014 , $125.0 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Throughout 2014 and 2013, Columbia of Pennsylvania has been under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The agreement with BTMU was last renewed on March 11, 2014, having a current scheduled termination date of March 10, 2015 and can be further renewed if mutually agreed to by both parties. The maximum seasonal program limit under the terms of the agreement is $75 million . As of December 31, 2014 , $35.0 million of accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of December 31, 2014 and 2013 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

(in millions)	**December 31, 2014**	December 31, 2013
Gross Receivables	**$ 611.7**	$ 610.9
Less: Receivables not transferred	**327.4**	345.8
Net receivables transferred	**$ 284.3**	$ 265.1
Short-term debt due to asset securitization	**$ 284.3**	$ 265.1

During 2014 and 2013 , $19.2 million and $31.8 million was recorded as cash from financing activities related to the change in short-term borrowings due to the securitization transactions, respectively. For the years ended December 31, 2014 and 2013 , fees of $2.9 million and $2.7 million associated with the securitization transactions were recorded as interest expense, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

18. Other Commitments and Contingencies

A. Guarantees and Indemnities . As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. The total guarantees and indemnities in existence at December 31, 2014 and the years in which they expire are:

(in millions)		Total		2015		2016		2017		2018		2019		After
Guarantees of subsidiaries debt	$	7,960.5	$	230.0	$	616.5	$	1,257.0	$	800.0	$	500.0	$	4,557.0
Accounts receivable securitization		284.3		284.3		—		—		—		—		—
Lines of credit		1,292.6		1,292.6		—		—		—		—		—
Letters of credit		30.9		30.9		—		—		—		—		—
Other guarantees		135.6		29.8		0.4		—		—		1.7		103.7
Total commercial commitments	$	9,703.9	$	1,867.6	$	616.9	$	1,257.0	$	800.0	$	501.7	$	4,660.7

Guarantees of Subsidiaries Debt . NiSource has guaranteed the payment of $7,960.5 million of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement for Capital Markets, which is reflected on NiSource's Consolidated Balance Sheets. The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding medium-term notes.

Lines and Letters of Credit and Accounts Receivable Advances . On September 30, 2013, NiSource Finance amended its existing revolving credit facility with a syndicate of banks led by Barclays Capital to expand capacity to $2.0 billion and extend the termination date to September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At December 31, 2014 , NiSource had $500.0 million of borrowings under its five-year revolving credit facility, $792.6 million in commercial paper outstanding and $284.3 million outstanding under its accounts receivable securitization agreements. At December 31, 2014 , NiSource issued stand-by letters of credit of approximately $30.9 million for the benefit of third parties. See Note 15 for additional information.

Other Guarantees or Obligations. NiSource has purchase and sale agreement guarantees totaling $25.6 million , which guarantee purchaser performance or seller performance under covenants, obligations, liabilities, representations or warranties under the agreements. No amounts related to the purchase and sale agreement guarantees are reflected in the Consolidated Balance Sheets. Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has on deposit a letter of credit with Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium's notes as required under the Deposit and Disbursement Agreement that governs the Millennium notes. This account is to be drawn upon by the note holders in the event that Millennium is delinquent on its principal and interest payments. The value of NiSource's letter of credit represents 47.5% (NiSource's ownership percentage in Millennium) of the debt service reserve account requirement, or $16.2 million. The total exposure for NiSource is $16.2 million. NiSource has an accrued liability of $1.5 million related to the inception date fair value of this guarantee as of December 31, 2014 .

B. Other Legal Proceedings . In the normal course of its business, NiSource and its subsidiaries have been named as defendants in various legal proceedings. In the opinion of management, the ultimate disposition of these currently asserted claims will not have a material impact on NiSource's consolidated financial statements.

C. Tax Matters . NiSource records liabilities for potential income tax assessments. The accruals relate to tax positions in a variety of taxing jurisdictions and are based on management's estimate of the ultimate resolution of these positions. These liabilities may be affected by changing interpretations of laws, rulings by tax authorities, or the expiration of the statute of limitations. NiSource is part of the IRS Large and Mid-Size Business program. As a result, each year's federal income tax return is typically audited by the IRS. As of December 31, 2014, tax years through 2010 have been audited and are effectively closed to further assessment. The audits of tax years 2011 and 2012 are in process. In addition, the audits of tax years 2013 and 2014 under the Compliance Assurance Program ("CAP") are also in process. As of December 31, 2014, there were no state income tax audits in progress that would have a material impact on the consolidated financial statements.

NiSource is currently being audited for sales and use tax compliance in the states of Louisiana, Ohio, Massachusetts, Pennsylvania, and West Virginia.

D. Environmental Matters . NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to its operations and believes that it has all necessary permits to conduct its operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain NiSource companies.

As of December 31, 2014 and 2013 , NiSource had recorded an accrual of approximately $128.4 million and $143.9 million , respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and Environmental" in the Consolidated Balance Sheets. The noncurrent portion is included in "Other noncurrent liabilities" in the Consolidated Balance Sheets. NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup, and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change . Future legislative and regulatory programs could significantly restrict emissions of GHGs or could impose a cost or tax on GHG emissions.

On June 2, 2014, the EPA proposed a GHG performance standard for existing fossil-fuel fired electric utility generating units under section 111 (d) of the Clean Air Act. The proposed rule establishes state-specific CO2 emission rate goals, applied to the state's fleet of fossil-fuel fired electric generating units, and requires each state to submit a plan indicating how the state will meet the EPA's emission rate goal, including possibly imposing reduction obligations on specific units. Final CO2 emission rate standards are expected to be set by the EPA by midsummer 2015, and state plans are required to be submitted to the EPA as early as June 2016. The cost to comply with this rule will depend on a number of factors, including the requirements of the final federal regulation and the level of NIPSCO's required GHG reductions. It is possible that this new rule, comprehensive federal or state GHG legislation, or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

National Ambient Air Quality Standards . The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically, the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines, and other facilities owned by electric generation, gas distribution, and gas transmission operations.

The following NAAQS were recently added or modified:

Ozone: On November 25, 2014, the EPA proposed to lower the 8-hour ozone standard from 75 ppb to within a range of 65-70 ppb. If the standard is finalized and the EPA proceeds with designations, areas where NiSource operates currently designated as attainment may be re-classified as non-attainment. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

Nitrogen Dioxide (NO_2): The EPA revised the NO_2 NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some NiSource combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances, emissions from some existing NiSource combustion sources may need to be assessed and mitigated. NiSource will continue to monitor this matter and cannot estimate the impact of these rules at this time.

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, NiSource affiliates have retained environmental liabilities, including cleanup liabilities, associated with some former operations.

A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 66 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated liability were noted as a result of the refresh completed as of June 30, 2014. The total estimated liability at NiSource related to the facilities subject to remediation was $121.5 million and $129.5 million at December 31, 2014 and 2013 , respectively. The liability represents NiSource’s best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as $25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect Columbia Pipeline Group Operations, Electric Operations, and certain other discontinued operations for which NiSource has retained a liability.

Columbia Pipeline Group Operations.

Waste

Columbia Transmission continues to conduct characterization and remediation activities at specific sites under a 1995 AOC (subsequently modified in 1996 and 2007). The 1995 AOC originally covered 245 major facilities, approximately 13,000 liquid removal points, approximately 2,200 mercury measurement stations and about 3,700 storage well locations. As a result of the 2007 amendment, approximately 50 facilities remain subject to the terms of the AOC. NiSource utilizes a probabilistic model to estimate its future remediation costs related to the 1995 AOC. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the liability were noted as a result of the refresh completed as of June 30, 2014. The total remaining liability at Columbia Transmission related to the facilities subject to remediation was $1.8 million and $8.7 million at December 31, 2014 and December 31, 2013 , respectively. The liability represents Columbia Transmission's best estimate of the cost to remediate the facilities or manage the sites. Remediation costs are estimated based on the information available, applicable remediation standards, and experience with similar facilities. Columbia Transmission expects that the remediation for these facilities will be substantially completed in 2015.

Electric Operations.

Air

NIPSCO is subject to a number of air-quality mandates in the next several years. These mandates required NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements is estimated to be $860 million , of which approximately $120.7 million remains to be spent. This figure includes additional capital improvements associated with the New Source Review Consent Decree and the Utility Mercury and Air Toxics Standards Rule. NIPSCO believes that the capital costs will likely be recoverable from customers.

Utility Mercury and Air Toxics Standards Rule: On December 16, 2011, the EPA finalized the MATS rule establishing new emissions limits for mercury and other air toxics. Compliance for NIPSCO's affected units is required by April 2015, or by April 2016 for those affected units that have been approved for a one year compliance extension by IDEM. NIPSCO is implementing an IURC-approved plan for environmental controls to comply with MATS.

Water

On August 15, 2014, the EPA published the final Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures. Under this rule, stations will have to either demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. The cost to comply will depend on a number of factors, including evaluation of the various compliance options available under the regulation and permitting-related determinations by IDEM. NIPSCO is currently evaluating these options and cannot estimate the cost of compliance at this time.

On June 7, 2013, the EPA published a proposed rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. These proposed regulations could impose new water treatment requirements on NIPSCO's electric generating facilities. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

Waste

On December 19, 2014, the EPA released a pre-publication version of the final rule for regulation of CCRs. The rule will regulate CCRs under the Resource Conservation and Recovery Act Subtitle D, which determines them to be non-hazardous. It will require increased groundwater monitoring, reporting, recordkeeping, and posting related information to the Internet. The rule also will establish requirements related to CCR management, impoundments, landfills and storage. NIPSCO will have to modify its infrastructure and management of CCRs under this rule. However, the rule will allow NIPSCO to continue its byproduct beneficial use program. NIPSCO is currently evaluating the rule and cannot estimate the cost of compliance at this time.

E. Operating and Capital Lease Commitments. NiSource leases assets in several areas of its operations. Payments made in connection with operating leases were $ 69.3 million in 2014 , $ 56.3 million in 2013 and $ 50.9 million in 2012 , and are primarily charged to operation and maintenance expense as incurred. Capital leases and related accumulated depreciation included in the Consolidated Balance Sheets were $ 286.8 million and $ 86.0 million at December 31, 2014 , and $ 208.2 million and $ 64.1 million at December 31, 2013 , respectively.

NiSource Corporate Services has a license agreement with Rational Systems, LLC for pipeline business software requiring a payment of $25.6 million in 2015 which is recorded as a capital lease.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. Services under this contract commenced on July 1, 1992 and expired on June 30, 2012. The agreement was renewed effective July 1, 2012 for ten years and NIPSCO will continue to pay for the services under a combination of fixed and variable charges. The renewed agreement was evaluated to determine whether the arrangement qualified as a lease. Based on the terms of the agreement, the arrangement qualified for capital lease accounting. As the effective date of the new agreement was July 1, 2012, NiSource capitalized this lease beginning in the third quarter of 2012.

Future minimum rental payments required under operating and capital leases that have initial or remaining non-cancelable lease terms in excess of one year are:

(in millions)	Operating Leases [1]	Capital Leases [2]
2015	$ 22.7	$ 48.6
2016	15.4	20.1
2017	15.4	19.4
2018	12.8	19.2
2019	10.9	19.1
After	33.8	159.8
Total future minimum payments	$ 111.0	$ 286.2

[1] Operating lease balances do not include amounts for fleet leases that can be renewed beyond the initial lease term. The Company anticipates renewing the leases beyond the initial term, but the anticipated payments associated with the renewals do not meet the definition of expected minimum lease payments and therefore are not included above. Expected payments are $32.7 million in 2015, $32.8 million in 2016, $27.8 million in 2017, $22.0 million in 2018, $13.8 million in 2019 and $9.3 million thereafter.

[2] Capital lease payments shown above are inclusive of interest totaling $97.9 million .

F. Purchase and Service Obligations . NiSource has entered into various purchase and service agreements whereby NiSource is contractually obligated to make certain minimum payments in future periods. NiSource's purchase obligations are for the purchase of physical quantities of natural gas, electricity and coal. NiSource's service agreements encompass a broad range of business support and maintenance functions which are generally described below.

NiSource's subsidiaries have entered into various energy commodity contracts to purchase physical quantities of natural gas, electricity and coal. These amounts represent minimum quantities of these commodities NiSource is obligated to purchase at both fixed and variable prices.

In July 2008, the IURC issued an order approving NIPSCO's proposed purchase power agreements with subsidiaries of Iberdrola Renewables, Buffalo Ridge I LLC and Barton Windpower LLC. These agreements provided NIPSCO the opportunity and obligation to purchase up to 100 mw of wind power generated commencing in early 2009. The contracts extend 15 and 20 years, representing 50 mw of wind power each. No minimum quantities are specified within these agreements due to the variability of electricity generation from wind, so no amounts related to these contracts are included in the table below. Upon any termination of the agreements by NIPSCO for any reason (other than material breach by Buffalo Ridge I LLC or Barton Windpower LLC), NIPSCO may be required to pay a termination charge that could be material depending on the events giving rise to termination and the timing of the termination.

NiSource has pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2015 to 2045 , require NiSource to pay fixed monthly charges.

On December 31, 2013, NiSource Corporate Services signed a seven year agreement with IBM to continue to provide business process and support functions to NiSource under a combination of fixed or variable charges, with the variable charges fluctuating based on the actual need for such services. The agreement was effective January 1, 2014 with a commencement date of April 1, 2014 and includes some targeted service enhancements as well as continued existing IT support services and a few additional support services. Under the agreement, at December 31, 2014, NiSource Corporate Services expects to pay approximately $570.2 million to IBM in service and project fees as shown in the table below. Upon any termination of the agreement by NiSource for any reason (other than material breach by IBM), NiSource may be required to pay IBM a termination charge that could include a breakage fee, repayment of IBM's capital investments not yet recovered and IBM's wind-down expense. This termination fee could be material depending on the events giving rise to the termination and the timing of the termination.

NIPSCO has contracts with three major rail operators providing for coal transportation services for which there are certain minimum payments. These service contracts extend for various periods through 2018 .

The estimated aggregate amounts of minimum fixed payments at December 31, 2014 , were:

(in millions)	Energy Commodity Agreements	Pipeline Service Agreements	IBM Service Agreement	Other Service Agreements	Total
2015	$ 190.1	$ 260.8	$ 100.8	$ 66.0	$ 617.7
2016	103.2	234.1	100.8	59.1	497.2
2017	76.0	214.5	96.4	55.2	442.1
2018	67.5	165.1	92.4	0.5	325.5
2019	68.6	128.3	90.4	—	287.3
After	70.8	395.5	89.4	—	555.7
Total purchase and service obligations	$ 576.2	$ 1,398.3	$ 570.2	$ 180.8	$ 2,725.5

G. Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO’s transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Consolidated Financial Statements.

Springfield, MA Incident. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts is fully cooperating with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident. Columbia of Massachusetts believes any costs associated with damages, injuries, and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any reserves and the related insurance recoveries resulting from this incident on a gross basis within the Consolidated Balance Sheets.

19. Accumulated Other Comprehensive Loss

The following table displays the activity of Accumulated Other Comprehensive Loss, net of tax:

(in millions)	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2012	**$ 4.9**	**$ (31.8)**	**$ (32.8)**	**$ (59.7)**
Other comprehensive income before reclassifications	(1.7)	(0.2)	(9.4)	(11.3)
Amounts reclassified from accumulated other comprehensive income	(0.6)	3.4	2.7	5.5
Net current-period other comprehensive (loss) income	(2.3)	3.2	(6.7)	(5.8)
Balance as of December 31, 2012	**$ 2.6**	**$ (28.6)**	**$ (39.5)**	**$ (65.5)**
Other comprehensive income before reclassifications	(2.4)	0.1	17.8	15.5
Amounts reclassified from accumulated other comprehensive income	(0.5)	2.7	4.2	6.4
Net current-period other comprehensive (loss) income	(2.9)	2.8	22.0	21.9
Balance as of December 31, 2013	**$ (0.3)**	**$ (25.8)**	**$ (17.5)**	**$ (43.6)**
Other comprehensive income before reclassifications	0.9	(0.3)	(10.2)	(9.6)
Amounts reclassified from accumulated other comprehensive income	(0.3)	2.5	0.4	2.6
Net current-period other comprehensive income (loss)	0.6	2.2	(9.8)	(7.0)
Balance as of December 31, 2014	**$ 0.3**	**$ (23.6)**	**$ (27.3)**	**$ (50.6)**

[1] All amounts are net of tax. Amounts in parentheses indicate debits.

Equity Method Investment

During 2008, Millennium, in which Columbia Transmission has an equity investment, entered into three interest rate swap agreements with a notional amount totaling $420.0 million with seven counterparties. During August 2010, Millennium completed the refinancing of its long-term debt, securing permanent fixed-rate financing through the private placement issuance of two tranches of notes totaling $725.0 million , $375.0 million at 5.33% due June 30, 2027 and $350.0 million at 6.00% due June 30, 2032 . Upon the issuance of these notes, Millennium repaid all outstanding borrowings under its credit agreement, terminated the sponsor guarantee, and cash settled the interest rate hedges. These interest rate swap derivatives were primarily accounted for as cash flow hedges by Millennium. As an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss of $16.6 million , net of tax, related to these terminated interest rate swaps is being amortized over a 15 year period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium. The unrecognized loss of $16.6 million and $17.7 million at December 31, 2014 and December 31, 2013 , respectively, is included in unrealized losses on cash flow hedges above.

20. Other, Net

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Interest Income	**$ 3.8**	$ 3.6	$ 5.2
AFUDC Equity	**21.7**	18.5	10.6
Charitable Contributions	**(11.9)**	(8.9)	(13.9)
Miscellaneous [1]	**8.7**	11.0	(0.2)
Total Other, net	**$ 22.3**	$ 24.2	$ 1.7

[1] Miscellaneous primarily consists of transmission upgrade agreement income in 2014 and a gain from insurance proceeds in 2013.

21. Interest Expense, Net

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Interest on long-term debt	**$ 433.0**	$ 408.5	$ 398.2
Interest on short-term borrowings [(1)]	**5.2**	2.7	6.7
Debt discount/cost amortization	**8.0**	7.5	7.8
Accounts receivable securitization	**2.9**	2.7	3.2
Allowance for borrowed funds used and interest capitalized during construction	**(8.0)**	(12.8)	(7.1)
Other	**2.5**	6.2	9.5
Total Interest Expense, net	**$ 443.6**	$ 414.8	$ 418.3

[(1)] Refer to Note 15 for additional information.

22. Segments of Business

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. The NiSource Chief Executive Officer is the chief operating decision maker.

At December 31, 2014 , NiSource's operations are divided into three primary business segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Columbia Pipeline Group Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia along with unregulated businesses that include midstream services and development of mineral rights positions. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The following table provides information about business segments. NiSource uses operating income as its primary measurement for each of the reported segments and makes decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

Year Ended December 31, *(in millions)*	**2014**	2013	2012
REVENUES			
Gas Distribution Operations			
Unaffiliated	**$ 3,593.4**	$ 3,053.5	$ 2,660.3
Intersegment	**0.5**	0.3	0.4
Total	**3,593.9**	3,053.8	2,660.7
Columbia Pipeline Group Operations			
Unaffiliated [(1)]	**1,197.9**	1,031.6	852.8
Intersegment	**149.3**	148.2	148.7
Total	**1,347.2**	1,179.8	1,001.5
Electric Operations			
Unaffiliated	**1,672.6**	1,564.2	1,508.9
Intersegment	**0.8**	0.7	0.8
Total	**1,673.4**	1,564.9	1,509.7
Corporate and Other			
Unaffiliated	**6.7**	8.0	8.9
Intersegment	**536.1**	489.0	474.7
Total	**542.8**	497.0	483.6
Eliminations	**(686.7)**	(638.2)	(624.6)
Consolidated Revenues	**$ 6,470.6**	$ 5,657.3	$ 5,030.9

[(1)] Effective June 1, 2012, NiSource received approval from the FERC to implement a new surcharge to recover the costs of certain operational purchases and sales required to ensure a sufficient amount of flowing supply into Columbia Transmission's system in northern Ohio in order to both meet its firm service obligations to customers and its storage operational requirements. Net revenues associated with this service, recorded in other revenue and offset in expense, were $249.6 million , $170.5 million and $53.6 million for 2014, 2013 and 2012 respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Operating Income (Loss)			
Gas Distribution Operations	**$ 537.0**	$ 445.4	$ 391.3
Columbia Pipeline Group Operations	**490.7**	441.4	398.4
Electric Operations	**282.7**	265.5	250.8
Corporate and Other	**(48.0)**	(8.9)	(0.4)
Consolidated	**$ 1,262.4**	$ 1,143.4	$ 1,040.1
Depreciation and Amortization			
Gas Distribution Operations	**$ 217.6**	$ 201.4	$ 189.9
Columbia Pipeline Group Operations	**118.6**	106.9	99.3
Electric Operations	**244.4**	244.4	249.7
Corporate and Other	**24.9**	24.6	23.0
Consolidated	**$ 605.5**	$ 577.3	$ 561.9
Assets			
Gas Distribution Operations	**$ 9,468.2**	$ 8,571.3	$ 8,200.7
Columbia Pipeline Group Operations	**6,029.3**	5,193.3	4,660.7
Electric Operations	**5,022.4**	4,565.7	4,970.0
Corporate and Other	**4,346.4**	4,323.6	4,013.3
Consolidated	**$ 24,866.3**	$ 22,653.9	$ 21,844.7
Capital Expenditures [(1)]			
Gas Distribution Operations	**$ 860.3**	$ 790.8	$ 649.4
Columbia Pipeline Group Operations	**843.9**	797.5	489.6
Electric Operations	**438.8**	426.3	422.8
Corporate and Other	**40.5**	31.4	23.3
Consolidated	**$ 2,183.5**	$ 2,046.0	$ 1,585.1

[(1)] Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures included in current liabilities, contributions to equity method investees, and AFUDC Equity.

23. Quarterly Financial Data (Unaudited)

Quarterly financial data does not always reveal the trend of NiSource's business operations due to nonrecurring items and seasonal weather patterns, which affect earnings, and related components of net revenues and operating income.

(in millions, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2014				
Gross revenues	$ 2,320.5	$ 1,335.1	$ 1,123.9	$ 1,691.1
Operating Income	533.7	219.6	157.8	351.3
Income from Continuing Operations	266.4	78.5	31.5	154.3
Results from Discontinued Operations - net of taxes	(0.2)	(0.3)	(0.1)	(0.1)
Net Income	266.2	78.2	31.4	154.2
Basic Earnings Per Share				
Continuing Operations	0.85	0.25	0.10	0.49
Discontinued Operations	—	—	—	—
Basic Earnings Per Share	$ 0.85	$ 0.25	$ 0.10	$ 0.49
Diluted Earnings Per Share				
Continuing Operations	0.85	0.25	0.10	0.49
Discontinued Operations	—	—	—	—
Diluted Earnings Per Share	$ 0.85	$ 0.25	$ 0.10	$ 0.49
2013				
Gross revenues	$ 1,782.2	$ 1,201.5	$ 1,076.8	$ 1,596.8
Operating Income	428.9	194.0	176.4	344.1
Income from Continuing Operations	216.0	72.4	49.5	153.0
Results from Discontinued Operations - net of taxes [1]	44.5	(0.7)	(1.4)	(1.2)
Net Income	260.5	71.7	48.1	151.8
Basic Earnings Per Share				
Continuing Operations	0.69	0.23	0.16	0.49
Discontinued Operations	0.14	—	—	(0.01)
Basic Earnings Per Share	$ 0.83	$ 0.23	$ 0.16	$ 0.48
Diluted Earnings Per Share				
Continuing Operations	0.69	0.23	0.16	0.49
Discontinued Operations	0.14	—	—	(0.01)
Diluted Earnings Per Share	$ 0.83	$ 0.23	$ 0.16	$ 0.48

[1] Includes the after tax gain on disposition related to the sale of the service plan and leasing business lines of NiSource's Retail Services business of $36.4 million in the first quarter.

24. Supplemental Cash Flow Information

The following tables provide additional information regarding NiSource’s Consolidated Statements of Cash Flows for the years ended December 31, 2014 , 2013 and 2012 :

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Supplemental Disclosures of Cash Flow Information			
Non-cash transactions:			
Capital expenditures included in current liabilities	**$ 205.8**	$ 149.9	$ 162.6
Assets acquired under a capital lease	**76.7**	28.4	92.1
Schedule of interest and income taxes paid:			
Cash paid for interest, net of interest capitalized amounts	**$ 429.3**	$ 402.7	$ 386.8
Cash paid for income taxes	**19.4**	10.4	8.2

25. Subsequent Event

Formation of a Master Limited Partnership. On February 11, 2015, CPPL (the "Partnership") completed its IPO of 53.8 million common units representing limited partnership interests, constituting 53.5% of the Partnership's outstanding limited partnership interests. The Partnership received $1,170.0 million of net proceeds for the IPO. NiSource, through CPG, owns the general partner of the Partnership, all of the Partnership's subordinated units and the incentive distribution rights. The assets of the Partnership consist of a 15.7 percent limited partner interest in Columbia OpCo, which consists of substantially all of the Columbia Pipeline Group Operations segment. The operations of the Partnership will be consolidated in NiSource's results as long as the Partnership remains a subsidiary. If the Proposed Separation occurs, CPG would no longer be a subsidiary of NiSource and, thus, NiSource would cease to own (a) any interest in Columbia OpCo, (b) the general partner of the Partnership, (c) any of the limited partner interests in the Partnership or (d) any of the incentive distribution rights in the Partnership.

In conjunction with the closing of the Partnership offering, the Partnership entered into a $500.0 million revolving credit facility, of which $50 million will be available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. The facility is guaranteed by NiSource.

NiSource Inc.

Schedule I
Condensed Financial Information of Registrant

Balance Sheet

As of December 31, *(in millions)*		**2014**		2013
ASSETS				
Investments and Other Assets:				
Investments in subsidiary companies	**$**	**10,824.5**	$	10,081.1
Total Investments and Other Assets		**10,824.5**		10,081.1
Current Assets:				
Other current assets		**235.0**		482.4
Total Current Assets		**235.0**		482.4
Other non-current assets		**96.0**		82.7
TOTAL ASSETS		**11,155.5**		10,646.2
CAPITALIZATION AND LIABILITIES				
Capitalization:				
Common stock equity		**6,175.3**		5,886.6
Total Capitalization		**6,175.3**		5,886.6
Current liabilities		**1,266.7**		1,037.2
Notes payable to subsidiaries		**3,680.6**		3,687.8
Other non-current liabilities		**32.9**		34.6
TOTAL CAPITALIZATION AND LIABILITIES	**$**	**11,155.5**	$	10,646.2

The accompanying Notes to Condensed Financial Statements are an integral part of these statements.

NiSource Inc.

Schedule I
Condensed Financial Information of Registrant

Statement of Income

Year Ended December 31, *(in millions, except per share amounts)*		**2014**		2013		2012
Equity in net earnings of consolidated subsidiaries	**$**	**671.7**	$	621.6	$	546.1
Other income (deductions):						
Administrative and general expenses		**(49.5)**		(11.6)		(2.9)
Interest income		**1.7**		3.8		4.6
Interest expense		**(198.4)**		(209.5)		(227.6)
Other, net		**(5.0)**		(5.0)		(10.0)
Total Other deductions		**(251.2)**		(222.3)		(235.9)
Income from continuing operations before income taxes		**420.5**		399.3		310.2
Income taxes		**(110.2)**		(91.6)		(98.6)
Income from continuing operations		**530.7**		490.9		408.8
(Loss) Income from discontinued operations - net of taxes		**(0.7)**		6.3		7.3
Gain on Disposition of discontinued operations - net of taxes		**—**		34.9		—
NET INCOME	**$**	**530.0**	$	532.1	$	416.1
Average common shares outstanding (millions)		**315.1**		312.4		291.9
Diluted average common shares (millions)		**316.6**		313.6		300.4
Basic earnings per share						
Continuing operations	**$**	**1.68**	$	1.57	$	1.40
Discontinued operations		**—**		0.13		0.03
Basic Earnings per Share	**$**	**1.68**	$	1.70	$	1.43
Diluted earnings per share						
Continuing operations	**$**	**1.67**	$	1.57	$	1.36
Discontinued operations		**—**		0.13		0.03
Diluted Earnings per Share	**$**	**1.67**	$	1.70	$	1.39

The accompanying Notes to Condensed Financial Statements are an integral part of these statements.

NiSource Inc.

Schedule I
Condensed Financial Information of Registrant

Statement of Comprehensive Income

Year Ended December 31, (in millions, net of taxes)		2014		2013		2012
Net Income	**$**	**530.0**	$	532.1	$	416.1
Other comprehensive income (loss):						
Net unrealized gain (loss) on available-for-sale securities [1]		**0.6**		(2.9)		(2.3)
Net unrealized gain on cash flow hedges [2]		**2.2**		2.8		3.2
Unrecognized pension and OPEB (costs) benefit [3]		**(9.8)**		22.0		(6.7)
Total other comprehensive (loss) income		**(7.0)**		21.9		(5.8)
Total Comprehensive Income	**$**	**523.0**	$	554.0	$	410.3

[1] Net unrealized gain (loss) on available-for-sale securities, net of $0.3 million tax expense, and $1.5 million and $1.7 million tax benefit in 2014 , 2013 and 2012 , respectively.

[2] Net unrealized gain on derivatives qualifying as cash flow hedges, net of $1.5 million , $1.8 million and $2.1 million tax expense in 2014 , 2013 and 2012 , respectively.

[3] Unrecognized pension and OPEB (costs) benefit, net of $2.5 million tax benefit, $14.3 million tax expense, and $4.2 million tax benefit in 2014 , 2013 and 2012 , respectively.

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

NiSource Inc.

Schedule I
Condensed Financial Information of Registrant

Statement of Cash Flows

Year Ended December 31, *(in millions)*	2014	2013	2012
Net cash provided by operating activities	**$ 72.5**	$ 256.4	$ 393.9
Cash flows provided by (used in) investing activities:			
Decrease (increase) in notes receivable from subsidiaries	**268.5**	315.8	(487.4)
Contributions to subsidiaries	**(34.0)**	—	—
Net cash provided by (used in) investing activities	**234.5**	315.8	(487.4)
Cash flows (used in) provided by financing activities:			
Issuance of common shares	**30.3**	43.7	383.5
Decrease in notes payable to subsidiaries	**(7.2)**	(308.3)	—
Cash dividends paid on common shares	**(321.3)**	(305.9)	(273.2)
Acquisition of treasury shares	**(10.2)**	(8.1)	(10.0)
Net cash (used in) provided by financing activities	**(308.4)**	(578.6)	100.3
Net (decrease) increase in cash and cash equivalents	**(1.4)**	(6.4)	6.8
Cash and cash equivalents at beginning of year	**2.0**	8.4	1.6
Cash and cash equivalents at end of year	**$ 0.6**	$ 2.0	$ 8.4

The accompanying Notes to Condensed Financial Statements are an integral part of these statements.

NiSource Inc.

Schedule I
Condensed Financial Information of Registrant

Notes to Condensed Financial Statements

1. Dividends from Subsidiaries

Cash dividends paid to NiSource by its consolidated subsidiaries were: $40.0 million , $260.0 million and $378.0 million in 2014 , 2013 and 2012 , respectively.

2. Commitments and Contingencies

NiSource and its subsidiaries are parties to litigation, environmental and other matters. Refer to Note 18, “Other Commitments and Contingencies,” in the Notes to Consolidated Financial Statements for additional information. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries’ intended commercial purposes. The maximum potential amount of future payments NiSource could have been required to make under these guarantees as of December 31, 2014 was approximately $9.7 billion . Of this amount, approximately $8.0 billion relates to guarantees of wholly-owned consolidated entities.

3. Related Party Transactions

Balances due to or due from related parties included in the Balance Sheets as of December 31, 2014 and 2013 are as follows:

At December 31, *(in millions)*	**2014**	2013
Current assets due from subsidiaries [(1)]	**$ 200.1**	$ 462.1
Current liabilities due to subsidiaries [(2)]	**1,240.9**	1,031.1
Non-current liabilities due to subsidiaries [(3)]	**3,680.6**	3,687.8

[(1)] The balances at December 31, 2014 and 2013 are classified as Current assets on the Balance Sheets.

[(2)] The balances at December 31, 2014 and 2013 are classified as Current liabilities on the Balance Sheets. At December 31, 2014 and 2013 , $1,200.9 million and $1,002.4 million related to interest on affiliated notes payable, respectively.

[(3)] The balances at December 31, 2014 and 2013 are classified as Notes payable to subsidiaries on the Balance Sheets.

4. Notes to Financial Statements

See Item 8 “Notes to Consolidated Financial Statements,” for the full text of notes to the Consolidated Financial Statements.

NiSource Inc.

Schedule II – Valuation and Qualifying Accounts

Twelve months ended December 31, 2014

($ in millions)	Balance Jan. 1, 2014	Additions: Charged to Costs and Expenses	Additions: Charged to Other Account (1)	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2014
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 23.5	$ 21.9	$ 69.9	$ 90.1	$ 25.2
Reserve for other investments	3.0	—	—	—	3.0

Twelve months ended December 31, 2013

($ in millions)	Balance Jan. 1, 2013	Additions: Charged to Costs and Expenses	Additions: Charged to Other Account (1)	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2013
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 24.0	$ 13.8	$ 55.3	$ 69.6	$ 23.5
Reserve for other investments	3.0	—	—	—	3.0

Twelve months ended December 31, 2012

($ in millions)	Balance Jan. 1, 2012	Additions: Charged to Costs and Expenses	Additions: Charged to Other Account (1)	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2012
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 30.5	$ 13.2	$ 53.8	$ 73.5	$ 24.0
Reserve for other investments	3.0	—	—	—	3.0
Reserves Classified Under Reserve Section of Consolidated Balance Sheet:					
Reserve for cost of operational gas	2.7	(1.5)	—	1.2	—

(1) Charged to Other Accounts reflects the deferral of bad debt expense to a regulatory asset.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures
NiSource's chief executive officer and its principal financial officer, are responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). NiSource's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including NiSource's chief executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, NiSource's chief executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Management's Report on Internal Control over Financial Reporting
NiSource management, including NiSource's principal executive officer and principal financial officer, are responsible for establishing and maintaining NiSource's internal control over financial reporting, as such term is defined under Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934, as amended. However, management would note that a control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. NiSource's management has adopted the 2013 framework set forth in the Committee of Sponsoring Organizations of the Treadway Commission report, Internal Control - Integrated Framework, the most commonly used and understood framework for evaluating internal control over financial reporting, as its framework for evaluating the reliability and effectiveness of internal control over financial reporting. During 2014, NiSource conducted an evaluation of its internal control over financial reporting. Based on this evaluation, NiSource management concluded that NiSource's internal control over financial reporting was effective as of the end of the period covered by this annual report.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by NiSource in the reports that it files or submits under the Exchange Act is accumulated and communicated to NiSource's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Deloitte & Touche LLP, NiSource's independent registered public accounting firm, issued an attestation report on NiSource's internal controls over financial reporting which is contained in Item 8, "Financial Statements and Supplementary Data."

Changes in Internal Controls
There have been no changes in NiSource's internal control over financial reporting during the most recently completed quarter covered by this report that has materially affected, or is reasonably likely to affect, NiSource's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding executive officers is included as a supplemental item at the end of Item 4 of Part I of the Form 10-K.

Information regarding directors will be included in the Notice of Annual Meeting and Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2015 , which information is incorporated by reference.

Information regarding NiSource's code of ethics, the audit committee and the audit committee financial expert and procedures for shareholder recommendations for director nominations will be included in the Notice of Annual Meeting and Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2015 , which information is incorporated by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation will be included in the Notice of Annual Meeting and Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2015 , which information is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management and the Equity Compensation Plan Information will be included in the Notice of Annual Meeting and Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2015 , which information is incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required under this Item with respect to certain relationships and related transactions and director independence will be included in the Notice of Annual Meeting and Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2015 , which information is incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accounting fees and services will be included in the Notice of Annual Meeting and Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2015 , which information is incorporated by reference.

PART IV

NiSource Inc.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Financial Statements and Financial Statement Schedules

The following financial statements and financial statement schedules filed as a part of the Annual Report on Form 10-K are included in Item 8, "Financial Statements and Supplementary Data."

Exhibits

The exhibits filed herewith as a part of this report on Form 10-K are listed on the Exhibit Index immediately following the signature page. Each management contract or compensatory plan or arrangement of NiSource, listed on the Exhibit Index, is separately identified by an asterisk.

Pursuant to Item 601(b), paragraph (4)(iii)(A) of Regulation S-K, certain instruments representing long-term debt of NiSource's subsidiaries have not been included as Exhibits because such debt does not exceed 10% of the total assets of NiSource and its subsidiaries on a consolidated basis. NiSource agrees to furnish a copy of any such instrument to the SEC upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: February 18, 2015

By: /s/ ROBERT C. SKAGGS, JR.
Robert C. Skaggs, Jr.
President, Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ ROBERT C. SKAGGS, JR. Robert C. Skaggs, Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)	Date: February 18, 2015
/s/ STEPHEN P. SMITH Stephen P. Smith	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	Date: February 18, 2015
/s/ JOSEPH W. MULPAS Joseph W. Mulpas	Vice President and Chief Accounting Officer (Principal Accounting Officer)	Date: February 18, 2015
/s/ RICHARD L. THOMPSON Richard L. Thompson	Chairman and Director	Date: February 18, 2015
/s/ RICHARD A. ABDOO Richard A. Abdoo	Director	Date: February 18, 2015
/s/ ARISTIDES S. CANDRIS Aristides S. Candris	Director	Date: February 18, 2015
/s/ SIGMUND L. CORNELIUS Sigmund L. Cornelius	Director	Date: February 18, 2015
/s/ MICHAEL E. JESANIS Michael E. Jesanis	Director	Date: February 18, 2015
/s/ MARTY R. KITTRELL Marty R. Kittrell	Director	Date: February 18, 2015
/s/ W. LEE NUTTER W. Lee Nutter	Director	Date: February 18, 2015
/s/ DEBORAH S. PARKER Deborah S. Parker	Director	Date: February 18, 2015
/s/ TERESA A. TAYLOR Teresa A. Taylor	Director	Date: February 18, 2015

/s/ CAROLYN Y. WOO	Director	Date: February 18, 2015
Carolyn Y. Woo		

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION OF ITEM
(3.1)	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 10-Q filed on August 4, 2008).
(3.2)	Bylaws of NiSource Inc., as amended and restated through May 11, 2010 (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 8-K filed on May 14, 2010).
(4.1)	Indenture dated as of March 1, 1988, between Northern Indiana Public Service Company ("NIPSCO") and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4 to the NIPSCO Registration Statement (Registration No. 33-44193)).
(4.2)	First Supplemental Indenture dated as of December 1, 1991, between Northern Indiana Public Service Company and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Registration Statement (Registration No. 33-63870)).
(4.3)	Indenture Agreement between NIPSCO Industries, Inc., NIPSCO Capital Markets, Inc. and Chase Manhattan Bank as trustee dated February 14, 1997 (incorporated by reference to Exhibit 4.1 to the NIPSCO Industries, Inc. Registration Statement (Registration No. 333-22347)).
(4.4)	Second Supplemental Indenture, dated as of November 1, 2000 among NiSource Capital Markets, Inc., NiSource Inc., New NiSource Inc., and The Chase Manhattan Bank, as trustee (incorporated by reference to Exhibit 4.45 to the NiSource Inc. Form 10-K for the period ended December 31, 2000).
(4.5)	Indenture, dated November 14, 2000, among NiSource Finance Corp., NiSource Inc., as guarantor, and The Chase Manhattan Bank, as Trustee (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form S-3, dated November 17, 2000 (Registration No. 333-49330)).
(10.1)	2010 Omnibus Incentive Plan (incorporated by reference to Exhibit B to NiSource Inc. Definitive Proxy Statement to Stockholders held on May 11, 2010, filed on April 2, 2010).*
(10.2)	First Amendment to the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-K filed on February 18, 2014.)*
(10.3)	Form of Performance Share Award Agreement under the 2010 Omnibus Incentive Plan. (incorporated by reference to Exhibit 10.1 to the NiSource Form 10-Q filed on April 30, 2014.)
(10.4)	NiSource Inc. Nonemployee Director Stock Incentive Plan as amended and restated effective May 13, 2008 (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-K filed on February 27, 2009).*
(10.5)	NiSource Inc. Nonemployee Director Retirement Plan, as amended and restated effective May 13, 2008. (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-K filed on February 27, 2009).*
(10.6)	Supplemental Life Insurance Plan effective January 1, 1991, as amended, (incorporated by reference to Exhibit 2 to the NIPSCO Industries, Inc. Form 8-K filed on March 25, 1992).*
(10.7)	Form of Change in Control and Termination Agreement (incorporated by reference to Exhibit 99.1 to Form 8-K filed January 6, 2014).*

(10.8) Form of Agreement between NiSource Inc. and certain officers of Columbia Energy Group and schedule of parties to such Agreements (incorporated by reference to Exhibit 10.33 to the NiSource Inc. Form 10-K for the period ended December 31, 2002).*

(10.9)	NiSource Inc. 1994 Long-Term Incentive Plan, as amended and restated effective January 1, 2005 (incorporated by reference to Exhibit 10.4 to the NiSource Inc. Form 8-K filed on December 2, 2005).*
(10.10)	1st Amendment to NiSource Inc. 1994 Long Term Incentive Plan, effective January 22, 2009. (incorporated by reference to Exhibit 10.10 to the NiSource Inc. Form 10-K filed on February 27, 2009).*
(10.11)	Form of Nonqualified Stock Option Agreement under the NiSource Inc. 1994 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 8-K filed on January 3, 2005).*
(10.12)	Form of Contingent Stock Agreement under the NiSource Inc. 1994 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to NiSource Inc. Form 10-Q filed on May 4, 2010).*
(10.13)	Form of Restricted Stock Unit Agreement under the NiSource Inc. 1994 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.17 to the NiSource Inc. Form 10-K for the period ended December 31, 2010).*
(10.14)	Form of Restricted Stock Agreement under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.18 to the NiSource Inc. Form 10-K for the period ended December 31, 2010).*
(10.15)	Form of Restricted Stock Unit Award Agreement for Non-employee directors under the Non-employee Director Stock Incentive Plan. (incorporated by reference to Exhibit 10.19 to the NiSource Inc. Form 10-K for the period ended December 31, 2010).*
(10.16)	Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to NiSource Inc. Form 10-Q filed on August 2, 2011).*
(10.17)	Amended and Restated NiSource Inc. Supplemental Executive Retirement Plan effective May 13, 2011 (incorporated by reference to Exhibit 10.3 to NiSource Inc. Form 10-Q filed on October 28, 2011).*
(10.18)	Amended and Restated Pension Restoration Plan for NiSource Inc. and Affiliates effective May 13, 2011 (incorporated by reference to Exhibit 10.4 to NiSource Inc. Form 10-Q filed on October 28, 2011).*
(10.19)	Amended Restated Savings Restoration Plan for NiSource Inc. and Affiliates effective October 22, 2012.*
(10.20)	Amended and Restated NiSource Inc. Executive Deferred Compensation Plan effective November 1, 2012.*
(10.21)	NiSource Inc. Executive Severance Policy, as amended and restated, effective January 1, 2015.* **
(10.22)	Letter Agreement between NiSource Corporate Services and Jimmy D. Staton dated December 12, 2013 (incorporated by reference to Exhibit 10.24 to the NiSource Inc. Form 10-K filed on February 18, 2014).*
(10.23)	Letter Agreement between NiSource Corporate Services Company and Stephen P. Smith dated May 14, 2008. (incorporated by reference to Exhibit 10.24 to the NiSource Inc. Form 10-K filed on February 27, 2009).*
(10.24)	Second Amended and Restated Revolving Credit Agreement, dated as of September 30, 2013, by and among NiSource Finance Corp., as Borrower, NiSource Inc., as Guarantor, the Lenders party thereto and Barcalys Bank PLC, as Administrative Agent, Credit Suisse Securities (USA) LLC, as Syndication Agent, and The Bank of Tokyo-Mitsubishi UFJ, LTD., Citibank, N.A. and JPMorgan Chase Bank, N.A., as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q for the period ended September 30, 2013).

(10.25)	Third Amended and Restated Revolving Credit Agreement, dated as of December 5, 2014, by and among NiSource Finance Corp., as Borrower, NiSource Inc., as Guarantor, the Lenders party thereto, and Barclays Bank PLC, as Administrative Agent, Credit Suisse Securities (USA) LLC, as Syndication Agent, and The Bank of Tokyo-Mitsubishi UFJ, LTD., Citibank, N.A. and JPMorgan Chase Bank, N.A., as Co-Documentation Agents.**
(10.26)	Note Purchase Agreement, dated August 23, 2005, by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Current Report on Form 8-K filed on August 26, 2005).
(10.27)	Amendment No. 1, dated as of November 10, 2008, to the Note Purchase Agreement by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers whose names appear on the signature page thereto (incorporated by reference to Exhibit 10.30 to the NiSource Inc. Form 10-K filed on February 27, 2009).
(10.28)	Term Loan Agreement with the lenders party thereto, CoBank, ACB, as Syndication Agent, JP Morgan Chase Bank, N.A. as Administrative Agent, and J.P. Morgan Securities LLC and CoBank,ACB, as Joint Lead Arrangers and Joint Bookrunners dated August 20, 2014 (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q for the period ended September 30, 2014).
(12)	Ratio of Earnings to Fixed Charges.**
(21)	List of Subsidiaries.**
(23)	Consent of Deloitte & Touche LLP.**
(31.1)	Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
(31.2)	Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
(32.1)	Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).**
(32.2)	Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).**
(101.INS)	XBRL Instance Document.**
(101.SCH)	XBRL Schema Document.**
(101.CAL)	XBRL Calculation Linkbase Document.**
(101.LAB)	XBRL Labels Linkbase Document.**
(101.PRE)	XBRL Presentation Linkbase Document.**
(101.DEF)	XBRL Definition Linkbase Document.**

* Management contract or compensatory plan or arrangement of NiSource Inc.

** Exhibit filed herewith.

References made to NIPSCO filings can be found at Commission File Number 001-04125. References made to NiSource Inc. filings made prior to November 1, 2000 can be found at Commission File Number 001-09779.

Exhibit 10.21

POLICY SUBJECT: Executive Severance Policy

EFFECTIVE DATE: June 1, 2002

REVISED: January 1, 2015

1. Purpose. The NiSource Executive Severance Policy (“Policy”) originally was established in June 2002 to provide Severance Pay and other benefits to terminated executive−level employees of NiSource Inc. and certain subsidiaries and affiliate corporations (“Company”) who satisfy the terms of the Policy. Benefits under the Policy shall be in lieu of any benefits available under the NiSource Severance Policy or any other severance plan or policy maintained by the Company or any Affiliate; provided however that benefits will not be payable under the Policy if the relevant termination of employment results in the employee being eligible for a payment under a Change in Control and Termination Agreement. The Policy is amended and restated effective January 1, 2015.

2. Administration. The Policy is administered by the Officer Nomination and Compensation Committee of the Board of Directors of the Company (“Committee”). The Committee has the complete discretion and authority with respect to the Policy and its application. The Committee reserves the right to interpret the Policy, prescribe, amend and rescind rules and regulations relating to it, determine the terms and provisions of severance benefits and make all other determinations it deems necessary or advisable for the administration of the Policy. The determination of the Committee in all matters regarding the Policy shall be conclusive and binding on all persons. The Committee may delegate any of its duties under the Policy to the Senior Vice President of Human Resources and hereby delegates to the Senior Vice President of Human Resources, or his delegate, the authority to develop and implement administrative guidelines regarding the operation of the Policy and render decisions on initial claims by Participants.

3. Scope. The Policy will apply to all full-time or part-time regular, non-union employees of the Company and each of its affiliated entities (collectively, “Affiliates” and each an “Affiliate”) whose job scope level, as established by the Company, is D2 (or its equivalent) or above (“Participants”).

4. Eligibility for Severance Pay. A Participant becomes entitled to receive severance pay (“Severance Pay”) only if he or she is terminated by an Affiliate for any of the following reasons, provided that such a termination event constitutes a "separation from service" as defined under Section 409A of the Internal Revenue Code of 1986, as amended, and applicable guidance thereunder, and further provided the conditions described in Section 5 below are met:

   (a) The Participant’s position is eliminated due to a reduction in force or other restructuring.

   (b) The Participant’s position is moved by the Company more than 50 miles from its current location and results in the Participant having a longer commute of at least 20 miles and the Participant chooses not to relocate, and such events are considered a "good reason" termination under Section 409A of the Internal Revenue Code of 1986, as amended, and applicable guidance thereunder.

   (c) The Participant’s employment is constructively terminated. Constructive termination shall be defined in a manner consistent with the guidance for a "good reason" termination under

Section 409A of the Internal Revenue Code of 1986, as amended, and applicable guidance thereunder, and means (1) the scope of the Participant's position is changed materially (other than in the case of a rotational assignment or its equivalent) or (2) the Participant's base pay is reduced by a material amount or (3) the Participant's opportunity to earn a bonus under a short-term cash incentive compensation plan of the Affiliates is materially reduced or is eliminated, and, in any such event, the Participant chooses not to remain employed in such position, if a Participant does not assert constructive termination within 14 days of being informed of a change described in (1), (2) or (3) above, in a written instrument delivered to the Senior Vice President of Human Resources, such change will not be deemed a constructive termination. The decision as to whether such a change constitutes constructive termination shall be made by the Committee or its delegate, not the Participant. If the Participant disagrees, the Participant must follow the claims procedure set forth in Section 15.

5. Conditions to Receipt of Benefits .

(a) Severance Pay is not available to a Participant otherwise eligible for Severance Pay who transfers to another position with any Affiliate.

(b) Severance Pay is not available to a Participant whose position is eliminated due to (1) the sale of the Affiliate or assets of the Affiliate which employs the Participant on the date of termination or (2) the outsourcing of work, where in either such event the purchaser of the Affiliate or assets of the Affiliate or the outsourcing service provider makes an offer of employment to the Participant that, if it were an Affiliate, would not constitute "constructive termination" as described in Section 4(c).

(c) Severance Pay is not available to a Participant whose position is eliminated due to the spin-off of any Affiliate, if the spun-off entity makes an offer of employment to the Participant that, if it were an Affiliate making such an offer, would not constitute "constructive termination" as described in Section 4(c).

(d) A Participant must execute and not revoke the release described in Section 6 below.

(e) During the period in which a Participant is entitled to consider the execution of the release described in Section 6, or during such other period as is otherwise agreed to by the Company and the Participant, he or she may be required to complete unfinished business projects and be available for discussions regarding matters relative to the Participant's duties.

(f) A Participant must return all Affiliate property and information to the Affiliate.

(g) A Participant must agree to pay all outstanding amounts owed to any Affiliate and authorize the Affiliate to withhold any outstanding amounts from his or her final paycheck and/or Severance Pay.

6. Amount of Severance Pay . The amount of Severance Pay to which a Participant is entitled under the Policy is 52 weeks of base salary at the rate in effect on the date of termination.

A Participant who is receiving benefits under a short term disability plan maintained by any Affiliate will be entitled to Severance Pay at the end of the period of payment of short term disability if, and only if, (1) he or she is not then eligible for benefits under a long term disability plan maintained by an Affiliate, and (2) he or she is not offered employment with an Affiliate that, in the discretion of the Committee, is comparable to that held by the Participant at the time the applicable period of short term disability commenced. A Participant will not be entitled to Severance Pay at the end of the period of long term disability.

Severance Pay will be paid to a Participant in one lump sum cash payment as soon as practicable after the date of the Participant's termination of employment, but in no event later than the 15 th day of the 3 rd month after such date, provided that the Participant has executed a valid release of all Affiliates, and their respective officers, directors and employees, from any and all actions, suits, proceedings, claims and demands relating to the Participant's employment with all Affiliates and the termination thereof, and the applicable revocation period has expired within this period. Severance Pay shall be reduced by applicable amounts necessary to comply with federal, state and local income tax withholding requirements.

7. Benefits .

(a) Welfare Benefits . A Participant entitled to Severance Pay shall receive, at the time of payment of Severance Pay, a lump sum payment equivalent to 130% of 52-weeks of COBRA (as defined in Section 4980B of the Internal Revenue Code of 1986, as amended, and Sections 601−609 of the Employee Retirement Income Security Act of 1974, as amended, or any successor sections) continuation coverage premiums in lieu of any continued medical, dental, vision, and other welfare benefits offered by the Company or any Affiliate. Such 52-week period of COBRA continuation coverage shall be included as part of the period during which the Participant may elect continued group health coverage under COBRA.

(b) Outplacement Services. A Participant entitled to Severance Pay shall receive outplacement services, selected by the Company at its expense, for a period commencing on the date of termination of employment and continuing until the earlier to occur of the Participant accepting other employment or 12 months thereafter.

8. No Re-employment . A Participant who receives benefits pursuant to the Policy shall not be eligible for re-employment with any Affiliate, unless the Committee or its delegate provides the Participant with a written waiver of the Section.

9. Independent Contractor Status . A Participant who receives benefits pursuant to the Policy shall not be eligible at any time after termination of employment to enter into a consulting or independent contractor relationship with any Affiliate pursuant to which relationship he or she shall perform the same or similar services, upon the same or similar terms and conditions, as were applicable to such Participant on the date of termination of employment.

10. Death of Participant . It a Participant dies prior to receiving Severance Pay to which he or she is entitled under the Policy, payment will be made to the representative of his or her estate.

11. Amendment or Termination .

(a) The Policy may be amended or terminated by the Committee at any time during its term when, in its judgment, such amendment or termination is necessary or desirable. No such termination or amendment will affect the rights of any Participant who is then entitled to receive Severance Pay or other benefits under the Policy at the time of such amendment or termination. The Policy can only be changed by written endorsement by an officer of the Company and only when the Company attaches the written amendment to the Policy. No agent or other employee, other than an officer of the Company, has the authority to change or waive any provision of the Policy.

(b) Severance benefits under the Policy are not intended to be a vested right.

12. Governing Law and Venue . The terms of the Policy shall, to the extent not preempted by federal law, be governed by, and construed and enforced in accordance with, the laws of the State of Indiana, including all matters of construction, validity and performance. In order to benefit Participants under this Policy by establishing a uniform application of law with respect to the administration of the Plan, the provisions of this Section 13 shall apply. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Plan shall be brought in any court of the State of Indiana and of the United States for the Northern District of Indiana. The Company, each Affiliate, each Participant, and any related parties irrevocably and unconditionally consent to the exclusive jurisdiction of such courts in any such litigation related to this Plan and any transactions contemplated hereby. Such parties irrevocably and unconditionally waive any objection that venue is improper or that such litigation has been brought in an inconvenient forum.

13. Miscellaneous Provisions .

(a) Severance Pay and other benefits pursuant to the Policy shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge prior to actual receipt by a Participant, and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber or charge prior to such receipt shall be void and no Affiliate shall be liable in any manner for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to any Severance Pay or other benefits under the Policy.

(b) Nothing contained in the Policy shall confer upon any individual the right to be retained in the service of any Affiliate, nor limit the right of any Affiliate to discharge or otherwise deal with any individual without regard to the existence of the Policy.

(c) The Policy shall at all times be entirely unfunded. No provision shall at any time be made with respect to segregating assets of any Affiliate for payment of any Severance Pay or other benefits hereunder. No employee or any other person shall have any interest in any particular assets of any Affiliate by reason of the right to receive Severance Pay or other benefits under the Policy, and any such employee or any other person shall have only the rights of a general unsecured creditor of an Affiliate with respect to any rights under the Policy.

14. Claims Procedure . A claim for benefits under the Policy shall be submitted in writing to the Senior Vice President, Human Resources or his delegate. If a claim for benefits under the Policy by a Participant or his or her beneficiary is denied, either in whole or in part, the Senior Vice President, Human Resources, will let the claimant know in writing within 90 days. If the claimant does not hear within 90 days, the claimant may treat the claim as if it had been denied. A notice of a denial of a claim will refer to a specific reason or reasons for the denial of the claim; will have specific references to the Policy provisions upon which the denial is based; will describe any additional material or information necessary for the claimant to perfect the claim and explain why such material information is necessary; and will have an explanation of the Policy’s review procedure.

The claimant will have 60 days after the date of the denial to ask for a review and a hearing. The claimant must file a written request with the Committee for a review, During this time the claimant may review pertinent documents and may submit issues and comments in writing. The Committee will have another 60 days in which to consider the claimant's request for review. If special circumstances require an extension of time for processing, the Committee may have an additional 60 days to answer the claimant. The claimant will receive a written notice if the extra days are needed. The claimant may submit in writing any document, issues and comments he or she may wish. The decision of the Committee will tell the claimant the specific reasons for its actions, and refer the claimant to the specific Policy provisions upon which its decision is based. If the decision on review is not furnished within the time period set forth above, the claim shall be deemed denied on review.

If such determination is favorable to the claimant, it shall be binding and conclusive. If such determination is adverse to such claimant, it shall be binding and conclusive unless the claimant or his duly authorized representative notifies the Committee within 90 days after the mailing or delivery to the claimant by the Committee of its determination that claimant intends to institute legal proceedings challenging the determination of the Committee and actually institutes such legal proceedings within 180 days after such mailing or delivery

15. Rights Under ERISA. Each Participant in the Policy is entitled to certain rights and protection under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). ERISA provides that all Policy Participants shall be entitled to:

(a) Examine, without charge, at the Company's office all Policy documents.

(b) Obtain copies of all Policy documents and other Policy information upon written request to the Committee. The Committee may make a reasonable charge for the copies.

In addition to creating rights for Policy Participants, ERISA imposes duties upon the people who are responsible for the operation of an employee benefit plan. The people who operate the Policy, called "fiduciaries" of the Policy, have a duty to do so prudently and in the interest of the Policy Participants and beneficiaries. No one, including the Company, any affiliate or any other person, may fire a Participant or otherwise discriminate against a Participant in any way to prevent him or her from obtaining a benefit or exercising his or her rights under ERISA, If a Participant's claim for a benefit is denied in whole or in part, he or she must receive a written explanation of the reason for the denial. A Participant has the right to have the Committee review and reconsider his or her claim. Under ERISA, there are steps a Participant can take to enforce the above rights. For instance, if a Participant requests materials from the Committee and does not receive them within thirty (30) days, he or she may file suit in a federal court. In such a case the court may require the Committee to provide the materials and pay the Participant up to $110 a day until the Participant receives the materials, unless the materials were not sent because of reasons beyond the control of the Committee. If a Participant has a claim for benefits, which is denied or ignored, in whole or in part, he or she may file suit in a state or federal court. If it should happen that the Policy fiduciaries misuse the Policy's money, or if a Participant is discriminated against for asserting his or her rights, he or she may ask assistance from the United States Department of Labor, or he or she may file suit in a federal court, The court will decide who should pay the court costs and legal fees. If the Participant is successful, the court may order the person he or she has sued to pay these costs and fees. If the Participant loses, the court may order him or her to pay these costs and fees, for example, if it finds his or her claim to be frivolous. If a Participant has questions about the Policy, he or she should contact the Committee. If a Participant has any questions about this statement or about his or her rights under ERISA, he or she should contact the nearest Area Office of the United States Labor−Management Services Administration, Department of Labor.

17. Policy Facts .

Company: Address:	NiSource Inc. 801 E, 86th Avenue Merrillville, Indiana 46410
Plan Name:	NiSource Executive Severance Policy
Type of Plan:	Severance Policy−Welfare Benefits Plan
Policy Year:	Calendar year
Employer Identification Number (EIN):	35-1719974
Policy Administrator:	Officer Nomination and Compensation Committee of NiSource Inc.
Business Address:	801 E. 86th Avenue Merrillville, Indiana 46410
Agent for Service of Legal Process:	Officer Nomination and Compensation Committee of NiSource Inc.
(Address)	801 E. 86th Avenue Merrillville, Indiana 46410

Exhibit 10.25

THIRD AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

among

NISOURCE FINANCE CORP.,
as Borrower,

NISOURCE INC.,
as Guarantor,

THE LENDERS Party Hereto,

BARCLAYS BANK PLC,
as Administrative Agent,

CREDIT SUISSE SECURITIES (USA) LLC
as Syndication Agent,

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
CITIBANK, N.A.
and
JPMORGAN CHASE BANK, N.A.,
as Co-Documentation Agents

BARCLAYS BANK PLC
CREDIT SUISSE SECURITIES (USA) LLC
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.
CITIGROUP GLOBAL MARKETS, INC.
and
J.P. MORGAN SECURITIES LLC
Joint Lead Arrangers and Joint Bookrunners

Dated as of December 4, 2014

TABLE OF CONTENTS

Annexes, Exhibits and Schedules

ANNEX A	Pricing Grid
EXHIBIT A	Form of Assignment and Assumption
EXHIBIT B	Form of Opinion of Schiff Hardin LLP
EXHIBIT C	Revolving Loan Borrowing Request
EXHIBIT D	[Reserved]
EXHIBIT E	Letter of Credit Extension Request
EXHIBIT F	Form of Revolving Note
EXHIBIT G	Interest Election Request
EXHIBIT H	Prepayment Notice
EXHIBIT I-1	Form of U.S. Tax Certificate (Foreign Lenders That Are Not Partnerships)
EXHIBIT I-2	Form of U.S. Tax Certificate (Foreign Participants That Are Not Partnerships)
EXHIBIT I-3	Form of U.S. Tax Certificate (Foreign Participants That Are Partnerships)
EXHIBIT I-4	Form of U.S. Tax Certificate (Foreign Lenders That Are Partnerships)
SCHEDULE 2.01	Lenders and Commitments
SCHEDULE 6.01(e)	Existing Agreements

THIRD AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT , dated as of December 4, 2014 (this " ***Agreement*** "), among **NISOURCE FINANCE CORP.** , an Indiana corporation, as Borrower (the " ***Borrower*** "), **NISOURCE INC.** , a Delaware corporation (" ***NiSource*** "), as Guarantor (the " ***Guarantor*** "), the Lead Arrangers and other Lenders from time to time party hereto, the Co-Documentation Agents party hereto, **CREDIT SUISSE SECURITIES (USA) LLC** , as Syndication Agent and **BARCLAYS BANK PLC** , as administrative agent for the Lenders hereunder (in such capacity, the " ***Administrative Agent*** ").

WITNESSETH:

WHEREAS , the Borrower, the Guarantor, certain Lenders and the Administrative Agent are parties to the Existing Credit Agreement (as defined herein) pursuant to which, among other things, the Lenders agreed to enter, subject to the terms and conditions set forth therein, into a revolving credit facility in an aggregate amount of $2,000,000,000; and

WHEREAS , the parties hereto have agreed to amend and restate the Existing Credit Agreement pursuant to the terms and conditions of this Agreement;

NOW , **THEREFORE** , the parties hereto hereby agree as follows:

Article I

Article II **DEFINITIONS**

Section . ***Defined Terms.***

As used in this Agreement, the following terms have the meanings specified below:

" ***ABR*** ", when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the Alternate Base Rate.

" ***Act*** " means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

" ***Additional Commitment Lender*** " has the meaning assigned to such term in Section 2.21(d).

" ***Administrative Questionnaire*** " means an Administrative Questionnaire in a form supplied by the Administrative Agent.

" ***Affiliate*** " means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

" ***Agent Party*** " has the meaning assigned to such term in Section 11.01(h).

" ***Aggregate Commitments*** " means the aggregate amount of the Commitments of all Lenders, as in effect from time to time. As of the date hereof, the Aggregate Commitments equal $1,500,000,000.

" ***Alternate Base Rate*** " means, for any day, a rate *per annum* equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) 1.0% per annum plus the LIBO Rate applicable to an Interest Period of one month on such day (or if such day is not a Business Day, the immediately preceding Business Day), provided that, for the avoidance of doubt, the LIBO Rate for any day shall be based on the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the one-month LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the one-month LIBO Rate, respectively.

" ***Anti-Corruption Laws*** " means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries from time to time concerning or relating to bribery, corruption or money laundering.

" ***Applicable Percentage*** " means, with respect to any Lender, the percentage of the Aggregate Commitments represented by such Lender's Commitment; provided that, in the case of Section 2.20 when a Defaulting Lender shall exist, "Applicable Percentage" shall mean the percentage of the Aggregate Commitment (disregarding any Defaulting Lender's Commitment) represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments and to any Lender's status as a Defaulting Lender at the time of determination.

" ***Applicable Rate*** " means, for any day, with respect to any ABR Loan or Eurodollar Revolving Loan or with respect to the Facility Fees and the LC Risk Participation Fee payable hereunder, as the case may be, the applicable rate *per annum* determined pursuant to the Pricing Grid.

" ***Arrangers*** " means each of Barclays, Credit Suisse Securities (USA) LLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citigroup Global Markets, Inc. and J.P. Morgan Securities LLC.

" ***Assignment and Assumption*** " means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

" Authorized Officer " means the president, chief financial officer or the treasurer of the Borrower; provided that solely with respect to the submission of a Borrowing Request, " ***Authorized Officer*** " shall also mean the assistant treasurer or the treasury operations manager of the Borrower.

" ***Availability Period*** " means the period from and including the Effective Date to but excluding the Termination Date.

" ***Bankruptcy Event*** " means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

" ***Barclays*** " means Barclays Bank PLC, a company incorporated in United Kingdom.

" ***Beneficiary*** " has the meaning set forth in Section 10.01.

" ***Board*** " means the Board of Governors of the Federal Reserve System of the United States of America.

" ***Board of Directors*** " means, with respect to any Person, (i) in the case of any corporation, the board of directors of such Person, (ii) in the case of any limited liability company, the board of managers (or equivalent) of such Person, (iii) in the case of any partnership, the board of directors (or equivalent) of the general partner of such Person and (iv) in any other case, the functional equivalent of the foregoing.

" ***Borrower*** " means NiSource Finance Corp., an Indiana corporation.

" ***Borrowing*** " means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

" ***Borrowing Request*** " means a request by the Borrower for a Revolving Borrowing in accordance with Section 2.02.

" ***Business Day*** " means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; *provided* that, when used in connection with a Eurodollar Loan, the term " ***Business Day*** " shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

" ***Capital Lease*** " means, as to any Person, any lease of real or personal property in respect of which the obligations of the lessee are required, in accordance with GAAP, to be capitalized on the balance sheet of such Person.

" ***Capital Stock*** " means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person other than a corporation (including, but not limited to, all common stock and preferred stock and partnership, membership and joint venture interests or units in a Person), and any and all warrants, rights or options to purchase any of the foregoing.

" ***Cash Account*** " has the meaning set forth in Section 8.01.

" ***CERCLA*** " means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act, 42, U.S.C. Section 9601 et seq., as amended.

" ***Change in Law*** " means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rules, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; provided , however , that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law" regardless of the date enacted, adopted, issued or implemented.

" ***Change of Control*** " means (a) any "person" or "group" within the meaning of Sections 13(d) and 14 (d)(2) of the Securities Exchange Act of 1934, as amended, shall become the "beneficial owner" (as defined in Rule 13d−3 under the Securities Exchange Act of 1934, as amended) of more than 50% of the then outstanding voting Capital Stock of the Guarantor, (b) Continuing Directors shall cease to constitute at least a majority of the directors constituting the Board of Directors of the Guarantor, (c) a consolidation or merger of the Guarantor shall occur after which the holders of the outstanding voting Capital Stock of the Guarantor immediately prior thereto hold less than 50% of the outstanding voting Capital Stock of the surviving entity, (d) more than 50% of the outstanding voting Capital Stock of the Guarantor shall be transferred to an entity of which the Guarantor owns less than 50% of the outstanding voting Capital Stock, (e) there shall occur a sale of all or substantially all of the assets of the Guarantor or (f) the Borrower or NIPSCO shall cease to be a Wholly-Owned Subsidiary of the Guarantor (except to the extent otherwise permitted under clauses (i), (ii), (iii) or (iv) of Section 6.01(b)).

" ***Closing Date*** " means the date on which this Agreement has been executed and delivered by each of the Borrower, the Guarantor, the initial Lenders, the LC Banks and the Administrative Agent.

" ***Co-Documentation Agents*** " means The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citibank, N.A. and JPMorgan Chase Bank, N.A., in their respective capacities as co-documentation agents for the Lenders hereunder.

" ***Code*** " means the Internal Revenue Code of 1986, as amended from time to time.

" ***Columbia*** " means Columbia Energy Group, a Delaware corporation.

" ***Commitment*** " means, with respect to each Lender, the commitment of such Lender to make Revolving Loans hereunder and to participate in Letters of Credit issued hereunder as set forth herein, as such commitment may be (a) reduced from time to time or terminated pursuant to Section 2.07 or Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 11.04. The initial amount of each Lender's Commitment is (x) the amount set forth on Schedule 2.01 opposite such Lender's name; or (y) the amount set forth in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable.

" ***Communications*** " has the meaning assigned to such term in Section 11.01(h).

" ***Connection Income Taxes*** " means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

" ***Consolidated Capitalization*** " means the sum of (a) Consolidated Debt, (b) consolidated common equity of the Guarantor and its Consolidated Subsidiaries determined in accordance with GAAP, and (c) the aggregate liquidation preference of preferred stocks (other than preferred stocks subject to mandatory redemption or repurchase) of the Guarantor and its Consolidated Subsidiaries upon involuntary liquidation.

" ***Consolidated Debt*** " means, at any time, the Indebtedness of the Guarantor and its Consolidated Subsidiaries that would be classified as debt on a balance sheet of the Guarantor determined on a consolidated basis in accordance with GAAP.

" ***Consolidated Subsidiary*** " means, on any date, each Subsidiary of the Guarantor the accounts of which, in accordance with GAAP, would be consolidated with those of the Guarantor in its consolidated financial statements if such statements were prepared as of such date.

" ***Contingent Guaranty*** " means a direct or contingent liability in respect of a Project Financing (whether incurred by assumption, guaranty, endorsement or otherwise) that either (a) is limited to guarantying performance of the completion of the Project that is financed by such Project Financing or (b) is contingent upon, or the obligation to pay or perform under which is contingent upon, the occurrence of any event other than failure of the primary obligor to pay upon final maturity (whether by acceleration or otherwise).

" ***Continuing Directors*** " means (a) all members of the Board of Directors of the Guarantor who have held office continually since the Effective Date, and (b) all members of the Board of Directors of the Guarantor who were elected as directors after the Effective Date and whose nomination for election was approved by a vote of at least 50% of the Continuing Directors.

" ***Contractual Obligation*** " means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

" ***Control*** " means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. " ***Controlling*** " and " ***Controlled*** " have meanings correlative thereto.

" ***Credit Documents*** " means (a) this Agreement, any promissory notes executed pursuant to Section 2.10, and any Assignment and Assumptions, (b) any certificates, opinions and other documents required to be delivered pursuant to Section 3.01 or 3.02 and (c) any other documents delivered by a Credit Party pursuant to or in connection with any one or more of the foregoing.

" ***Credit Party*** " means each of the Borrower and the Guarantor; and " ***Credit Parties*** " means the Borrower and the Guarantor, collectively.

" ***Creditor Party*** " means the Administrative Agent, any LC Bank or any other Lender.

" ***Debt for Borrowed Money*** " means, as to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all Capital Lease obligations of such Person, and (d) all obligations of such Person under synthetic leases, tax retention operating leases, off-balance sheet loans or other off-balance sheet financing products that, for tax purposes, are considered indebtedness for borrowed money of the lessee but are classified as operating leases under GAAP.

" ***Debt to Capitalization Ratio*** " means, at any time, the ratio of Consolidated Debt to Consolidated Capitalization.

“ ***Default*** ” means any event or condition that constitutes an Event of Default or that, upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“ ***Defaulting Lender*** ” means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or (iii) pay over to any Creditor Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding set forth in Section 3.03 (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Creditor Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender’s good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement set forth in Section 3.03 cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Creditor Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Creditor Party’s receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event.

“ ***Departing Lender*** ” means each lender under the Existing Credit Agreement that executes and delivers to the Administrative Agent a Departing Lender Signature Page.

“ ***Departing Lender Signature Page*** ” means each signature page to this Agreement on which it is indicated that the Departing Lender executing the same shall cease to be a party to the Existing Credit Agreement on the Effective Date.

“ ***Dollars*** ” or “ ***$*** ” refers to lawful money of the United States of America.

“ ***Effective Date*** ” means the date after the Closing Date on which each of the conditions precedent set forth in Section 3.02 have been satisfied or waived by the Lenders in accordance with Section 11.02.

“ ***Electronic Signature*** ” means an electronic sound, symbol or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“ ***Electronic System*** ” means any electronic system, including (i) e-mail, (ii) e-fax, (iii) Intralinks®, Syndtrak®, ClearPar® and (iv) any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent and any of its Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

“ ***Environmental Laws*** ” means any and all foreign, federal, state, local or municipal laws (including, without limitation, common laws), rules, orders, regulations, statutes, ordinances, codes, decrees, judgments, awards, writs, injunctions, requirements of any Governmental Authority or other requirements of law regulating, relating to or imposing liability or standards of conduct concerning, pollution, waste, industrial hygiene, occupational safety or health, the presence, transport, manufacture, generation, use, handling, treatment, distribution, storage, disposal or release of Hazardous Materials, or protection of human health, plant life or animal life, natural resources or the environment, as now or at any time hereafter in effect.

“ ***Environmental Liability*** ” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Guarantor or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ ***ERISA*** ” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ ***ERISA Affiliate*** ” means any Person who, for purposes of Title IV of ERISA, is a member of the Guarantor’s controlled group, or under common control with the Guarantor, within the meaning of Section 414 of the Code and the regulations promulgated and rulings issued thereunder.

“ ***ERISA Event*** ” means (a) a reportable event, within the meaning of Section 4043 of ERISA, with respect to a Plan unless the 30-day notice requirement with respect thereto has been waived by the PBGC, (b) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041 (a)(2) and 4041(c) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA), (c) the withdrawal by the Guarantor or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA, (d) the failure by the Guarantor or any ERISA Affiliate to make a payment to a Plan required under Section 302 of ERISA, for which Section 303(k) of ERISA imposes a lien for failure to make required payments, or (e) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which may reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

“ ***Eurocurrency Liabilities*** ” has the meaning assigned to that term in Regulation D of the Board, as in effect from time to time.

“ ***Eurodollar*** ”, when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the LIBO Rate.

“ ***Eurodollar Rate Reserve Percentage*** ” of any Lender for the Interest Period for any Eurodollar Loan means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

“ ***Event of Default*** ” has the meaning assigned to such term in Article VIII.

“ ***Excluded Taxes*** ” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on (or measured by) its net income or net earnings (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed by the jurisdiction (or any political subdivision thereof) under the laws of which such Recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located or (ii) that are Other Connection Taxes, (b) in case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.19) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.17(e) or (f), and (d) any Taxes imposed under FATCA.

“Existing Credit Agreement” means that certain Second Amended and Restated Revolving Credit Agreement, dated as of September 30, 2013 by and among the Borrower, the Guarantor, the Lenders from time to time party thereto and the Administrative Agent.

“Existing Letters of Credit” means the Letters of Credit issued pursuant to the Existing Credit Agreement and approved by the Administrative Agent and each applicable LC Bank as an Existing Letter of Credit hereunder.

“ ***Existing Termination Date*** ” has the meaning assigned to such term in Section 2.21(a).

“ ***Extending Lender*** ” has the meaning assigned to such term in Section 2.21(b).

“ ***Extension Date*** ” has the meaning assigned to such term in Section 2.21(a).

“ ***Extension of Credit*** ” means (a) the making by any Lender of a Revolving Loan, (b) the issuance of a Letter of Credit by any LC Bank or (c) the amendment of any Letter of Credit having the effect of extending the stated termination date thereof, increasing the LC Outstandings, or otherwise altering any of the material terms or conditions thereof.

“ ***Facility Fee*** ” has the meaning set forth in Section 2.12.

“ ***FATCA*** ” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

“ ***Federal Bankruptcy Code*** ” means Title 11 of the United States Code (11 U.S.C. § 101 et seq.) as now or hereafter in effect, or any successor statute.

“ ***Federal Funds Effective Rate*** ” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it; provided that if such rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

" ***Foreign Lender*** " means any Lender that is not a U.S. Person.

" ***GAAP*** " means generally accepted accounting principles in the United States of America consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) and (f).

" ***Governmental Authority*** " means the government of the United States of America, any other nation, or any political subdivision of the United States of America or any other nation, whether state or local, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank), and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

" ***Guarantor*** " means NiSource.

" ***Guaranty*** " means the guaranty of the Guarantor pursuant to Article X of this Agreement.

" ***Hazardous Materials*** " means any asbestos; flammables; volatile hydrocarbons; industrial solvents; explosive or radioactive materials; hazardous wastes; toxic substances; liquefied natural gas; natural gas liquids; synthetic gas; oil, petroleum, or related materials and any constituents, derivatives, or byproducts thereof or additives thereto; or any other material, substance, waste, element or compound (including any product) regulated pursuant to any Environmental Law, including, without limitation, substances defined as "hazardous substances," "hazardous materials," "contaminants," "pollutants," "hazardous wastes," "toxic substances," "solid waste," or "extremely hazardous substances" in (i) CERCLA, (ii) the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq., (iii) the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., (iv) the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq., (v) the Clean Air Act, 42 U.S.C. Section 7401 et seq., (vi) the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., (vii) the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq., or (viii) foreign, state, local or municipal law, in each case, as may be amended from time to time.

" ***Indebtedness*** " of any Person means (without duplication) (a) Debt for Borrowed Money, (b) obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business which are not overdue, (c) all obligations, contingent or otherwise, of such Person in respect of any letters of credit, bankers' acceptances or interest rate, currency or commodity swap, cap or floor arrangements, (d) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the indebtedness secured thereby has been assumed, (e) all amounts payable by such Person in connection with mandatory redemptions or repurchases of preferred stock, and (f) obligations of such Person under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (a) through (e) above.

" ***Indemnified Taxes*** " means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Credit Document and (b) to the extent not otherwise described in (a), Other Taxes.

" ***Indemnitee*** " has the meaning set forth in Section 11.03.

" ***Index Debt*** " means the senior unsecured long-term debt securities of the Borrower, without third-party credit enhancement provided by a Person other than the Guarantor.

" ***Ineligible Institution*** " has the meaning assigned to such term in Section 11.04(b).

" ***Information*** " has the meaning set forth in Section 11.12.

" ***Initial LC Bank*** " means each of the Lead Lenders.

" ***Insufficiency*** " means, with respect to any Plan, the amount, if any, by which the present value of all vested and unvested accrued benefits under such Plan exceeds the fair market value of assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan using actuarial assumptions used in determining such Plan's target normal cost for purposes of Section 430(b) of the Code.

" ***Interest Election Request*** " means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.06.

" ***Interest Payment Date*** " means (a) with respect to any ABR Loan, the last Business Day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, the day that is three months after the first day of such Interest Period and (c) with respect to any Loan, the Termination Date.

" ***Interest Period*** " means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one week or one, two, three or six months thereafter, as the Borrower may elect; *provided* that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day; and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

" ***Interpolated Rate*** " means, in relation to the LIBO Rate, the rate which results from interpolating on a linear basis between:

(a) the applicable LIBO Rate for the longest period (for which that LIBO Rate is available) which is less than the Interest Period of that Loan; and

(b) the applicable LIBO Rate for the shortest period (for which that LIBO Rate is available) which exceeds the Interest Period of that Loan,

each as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period of that Loan.

" ***LC Bank*** " means the Initial LC Banks or any other Lender approved by the Borrower and the Administrative Agent that may agree to issue Letters of Credit pursuant to an agreement in form satisfactory to the Borrower and the Administrative Agent, so long as such Lender expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an LC Bank and notifies the Administrative Agent of its applicable lending office (which information shall be recorded by the Administrative Agent in the Register), for so long as such Initial LC Bank or Lender, as the case may be, shall have a Letter of Credit Commitment.

" ***LC Exposure*** " means, at any time, the sum of (a) the LC Outstandings at such time plus (b) the aggregate amount of all Unreimbursed LC Disbursements at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"LC Outstandings" means, for any date of determination, the aggregate maximum amount available to be drawn under all Letters of Credit outstanding on such date (assuming the satisfaction of all conditions for drawing enumerated therein).

" ***LC Risk Participation Fee*** " has the meaning set forth in Section 2.12.

"Lead Lenders" means Barclays, Credit Suisse AG, Cayman Islands Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citibank, N.A., Royal Bank of Canada and JPMorgan Chase Bank, N.A.

" ***Lender Notice Date*** " has the meaning assigned to such term in Section 2.21(b).

" ***Lenders*** " means (a) the Persons listed on Schedule 2.01, including any such Person identified thereon or in the signature pages hereto as a Lead Arranger, and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption and (b) if and to the extent so provided in Section 2.04(c), the applicable LC Bank. For the avoidance of doubt, the term "Lenders" excludes the Departing Lenders.

"Letter of Credit" means a standby letter of credit issued by the applicable LC Bank pursuant to the terms of this Agreement, together with the Existing Letters of Credit deemed issued hereunder pursuant to Section 2.04 (h), in each case, as such letter of credit may from time to time be amended, modified or extended in accordance with the terms of this Agreement.

" ***Letter of Credit Commitment*** " means, with respect to each LC Bank, the obligation of such LC Bank to issue Letters of Credit for the account of the Borrower from time to time in an aggregate amount up to (a) for each Initial LC Bank, the amount set forth on Schedule 2.01 opposite such LC Bank's name and (b) for any other LC Bank, as separately agreed to by such LC Bank and the Borrower. The Letter of Credit Commitment is part of, and not in addition to, the Commitments.

“ ***LIBO Rate*** ” means for any Interest Period as to any Eurodollar Loan, (i) the rate per annum determined by the Administrative Agent to be the offered rate which appears on the page of the Reuters Screen which displays the London interbank offered rate administered by ICE Benchmark Administration Limited (such page currently being the LIBOR01 page) (the “LIBO Rate”) for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time), two Business Days prior to the commencement of such Interest Period, (ii) in the event the rate referenced in the preceding clause (i) does not appear on such page or service or if such page or service shall cease to be available, the rate determined by the Administrative Agent to be the offered rate on such other page or other service which displays the LIBO Rate for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period or (iii) in the event the rates referenced in the preceding clauses (i) and (ii) are not available, the rate per annum determined by the Administrative Agent to be the average offered quotation rate by major banks in the London interbank market to Barclays for deposits (for delivery on the first day of the relevant period) in Dollars of amounts in same day funds comparable to the principal amount of the Eurodollar Loan for which the LIBO Rate is then being determined with maturities comparable to such Interest Period as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period; provided that if LIBO Rates are quoted under either of the preceding clauses (i) or (ii), but there is no such quotation for the Interest Period elected, the LIBO Rate shall be equal to the Interpolated Rate; and provided, further, that if any such rate determined pursuant to the preceding clauses (i), (ii) or (iii) is below zero, the LIBO Rate will be deemed to be zero.

“ ***Lien*** ” has the meaning set forth in Section 6.01(a).

“ ***Loans*** ” means the loans made by the Lenders to the Borrower pursuant to this Agreement.

“ ***Margin Stock*** ” means margin stock within the meaning of Regulations U and X issued by the Board.

“ ***Material Adverse Effect*** ” means a material adverse effect on (a) the business, assets, operations, condition (financial or otherwise) or prospects of the Guarantor and its Subsidiaries taken as a whole; (b) the validity or enforceability of any of Credit Documents or the rights, remedies and benefits available to the Administrative Agent and the Lenders thereunder; or (c) the ability of the Borrower or the Guarantor to consummate the Transactions.

“ ***Material Subsidiary*** ” means at any time the Borrower, NIPSCO, Columbia, and each Subsidiary of the Guarantor, other than the Borrower, NIPSCO and Columbia, in respect of which:

(a) the Guarantor’s and its other Subsidiaries’ investments in and advances to such Subsidiary and its Subsidiaries exceed 10% of the consolidated total assets of the Guarantor and its Subsidiaries taken as a whole, as of the end of the most recent fiscal year; or

(b) the Guarantor’s and its other Subsidiaries’ proportionate interest in the total assets (after intercompany eliminations) of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated total assets of the Guarantor and its Subsidiaries as of the end of the most recent fiscal year; or

(c) the Guarantor’s and its other Subsidiaries’ equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principles of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated income of the Guarantor and its Subsidiaries for the most recent fiscal year;

provided , that, notwithstanding the foregoing, from and after the Specified Separation Transaction, Material Subsidiary shall not include any Subsidiary of the Guarantor that is a part of the Guarantor's Columbia Pipeline Group business (including Columbia) that is subject to the Specified Separation Transaction.

" ***Moody's*** " means Moody's Investors Service, Inc., and any successor thereto.

" ***Multiemployer Plan*** " means a multiemployer plan as defined in Section 4001(a)(3) of ERISA that is subject to Title IV of ERISA and to which the Guarantor or an ERISA Affiliate makes, or is required to make, contributions or otherwise has any liability (including contingent liability).

" ***Multiple Employer Plan*** " means a single employer plan, as defined in Section 4001(a)(15) of ERISA, which (a) is maintained for employees of the Guarantor or an ERISA Affiliate and at least one Person other than the Guarantor and its ERISA Affiliates, or (b) was so maintained and in respect of which the Guarantor or an ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event that such plan has been or were to be terminated.

" ***NIPSCO*** " means Northern Indiana Public Service Company, an Indiana corporation.

" ***Non-Extending Lender*** " has the meaning assigned to such term in Section 2.21(b).

" ***Non-Recourse Debt*** " means Indebtedness of the Guarantor or any of its Subsidiaries which is incurred in connection with the acquisition, construction, sale, transfer or other disposition of specific assets, to the extent recourse, whether contractual or as a matter of law, for non-payment of such Indebtedness is limited (a) to such assets or (b) if such assets are (or are to be) held by a Subsidiary formed solely for such purpose, to such Subsidiary or the Capital Stock of such Subsidiary.

" ***Obligations*** " means all amounts, direct or indirect, contingent or absolute, of every type or description, and at any time existing and whenever incurred (including, without limitation, after the commencement of any bankruptcy proceeding), owing to the Administrative Agent or any Lender pursuant to the terms of this Agreement or any other Credit Document.

" ***OFAC*** " means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

" ***Other Connection Taxes*** " means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

" ***Other Taxes*** " means any and all present or future stamp, documentary or similar Taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

" ***Outstanding Loans*** " means, as to any Lender at any time, the aggregate principal amount of all Loans made or maintained by such Lender then outstanding.

“ ***Parent*** ” means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“ ***Participant*** ” has the meaning set forth in Section 11.04.

“ ***Participant Register*** ” has the meaning set forth in Section 11.04.

“ ***PBGC*** ” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“ ***Person*** ” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“ ***Plan*** ” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Guarantor or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“ ***Pricing Grid*** ” means the pricing grid attached hereto as Annex A.

“ ***Prime Rate*** ” means the rate of interest *per annum* publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“ ***Pro Forma Basis*** ” means, in connection with any calculation of compliance with any financial covenant or term, the calculation thereof after giving effect on a pro forma basis to the change in such calculation required by the applicable provision hereof, and otherwise on a basis in accordance with GAAP as used in the preparation of the latest financial statements provided pursuant to Section 5.01(h)(i) or (ii) and otherwise reasonably satisfactory to the Administrative Agent.

“ ***Project*** ” means an energy or power generation, transmission or distribution facility (including, without limitation, a thermal energy generation, transmission or distribution facility and an electric power generation, transmission or distribution facility (including, without limitation, a cogeneration facility)), a gas production, transportation or distribution facility, or a minerals extraction, processing or distribution facility, together with (a) all related electric power transmission, fuel supply and fuel transportation facilities and power supply, thermal energy supply, gas supply, minerals supply and fuel contracts, (b) other facilities, services or goods that are ancillary, incidental, necessary or reasonably related to the marketing, development, construction, management, servicing, ownership or operation of such facility, (c) contractual arrangements with customers, suppliers and contractors in respect of such facility, and (d) any infrastructure facility related to such facility, including, without limitation, for the treatment or management of waste water or the treatment or remediation of waste, pollution or potential pollutants.

“ ***Project Financing*** ” means Indebtedness incurred by a Project Financing Subsidiary to finance (a) the development and operation of the Project such Project Financing Subsidiary was formed to develop or (b) activities incidental thereto; *provided* that such Indebtedness does not include recourse to the Guarantor or any of its other Subsidiaries other than (x) recourse to the Capital Stock in any such Project Financing Subsidiary, and (y) recourse pursuant to a Contingent Guaranty.

"***Project Financing Subsidiary***" means any Subsidiary of the Guarantor (a) that (i) is not a Material Subsidiary, and (ii) whose principal purpose is to develop a Project and activities incidental thereto (including, without limitation, the financing and operation of such Project), or to become a partner, member or other equity participant in a partnership, limited liability company or other entity having such a principal purpose, and (b) substantially all the assets of which are limited to the assets relating to the Project being developed or Capital Stock in such partnership, limited liability company or other entity (and substantially all of the assets of any such partnership, limited liability company or other entity are limited to the assets relating to such Project); *provided* that such Subsidiary incurs no Indebtedness other than in respect of a Project Financing.

"***Recipient***" means, as applicable, (a) the Administrative Agent and (b) any Lender.

"***Referenced Annual Financial Statements***" means (i) prior to the Effective Date, the consolidated balance sheet of the Guarantor and its Subsidiaries dated as of December 31, 2013, and related statements of income, statements of cash flows and common shareholders' equity of the Guarantor and its Subsidiaries for the fiscal year then ended and (ii) from and after the Effective Date, the consolidated balance sheet of the Guarantor and its Subsidiaries dated as of December 31, 2014, and related statements of income, statements of cash flows and common shareholders' equity of the Guarantor and its Subsidiaries for the fiscal year then ended, prepared on a Pro Forma Basis giving effect to the Specified Separation Transaction.

"***Referenced Quarterly Financial Statements***" means (i) prior to the Effective Date, the unaudited consolidated balance sheet of the Guarantor and its Subsidiaries dated as of September 30, 2014, and related statements of income, statements of cash flows and common shareholders' equity of the Guarantor and its Subsidiaries for the nine-month period then ended and (ii) from and after the Effective Date, the unaudited consolidated balance sheet of the Guarantor and its Subsidiaries dated as of March 31, 2015 (or, to the extent the Specified Separation Transaction shall occur after June 30, 2015, and to the extent then available, as of June 30, 2015), and related statements of income, statements of cash flows and common shareholders' equity of the Guarantor and its Subsidiaries for three month (or six month, as applicable) period then ended, prepared on a Pro Forma Basis giving effect to the Specified Separation Transaction.

"***Register***" has the meaning set forth in Section 11.04.

"***Related Parties***" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents, advisors and representatives of such Person and such Person's Affiliates.

"***Request for Issuance***" has the meaning set forth in Section 2.04.

"***Required Lenders***" means, subject to the terms of Section 2.20, Lenders having more than 50% in aggregate amount of the Commitments, or if the Commitments shall have been terminated, of the Total Outstanding Principal.

"***Responsible Officer***" of a Credit Party means any of (a) the President, the chief financial officer, the chief accounting officer and the Treasurer of such Credit Party and (b) any other officer of such Credit Party whose responsibilities include monitoring compliance with this Agreement.

"***Revolving Credit Exposure***" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure at such time.

“ ***Revolving Loan*** ” means a Loan made pursuant to Section 2.02.

“ ***Sanctioned Country*** ” means, at any time, a country or territory which is, or whose government is, the subject or target of any Sanctions.

“ ***Sanctioned Person*** ” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

“ ***Sanctions*** ” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom.

“ ***S&P*** ” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“ ***Specified Separation Transaction*** ” means the publicly announced spinoff of the Guarantor’s Columbia Pipeline Group business.

“ ***Subsidiary*** ” means, with respect to any Person, any corporation or other entity of which at least a majority of the outstanding shares of stock or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the Board of Directors of such corporation or other entity (irrespective of whether or not at the time stock or other equity interests of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more of the Subsidiaries of such Person.

“ ***Substantial Subsidiaries*** ” has the meaning set forth in Section 8.01.

“ ***Syndication Agent*** ” means Credit Suisse Securities (USA) LLC, in its capacity as syndication agent for the Lenders hereunder.

“ ***Taxes*** ” means any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, penalties and additions to tax imposed thereon or in connection therewith.

“ ***Termination Date*** ” means the earliest of (a) the five-year anniversary of the Effective Date, which date shall be notified to the Lenders by the Administrative Agent upon satisfaction of the conditions thereto as set forth in Section 3.02 (or such later date pursuant to an extension in accordance with the terms of Section 2.21) and (b) the date upon which the Commitments are terminated pursuant to Section 8.1 or otherwise.

“ ***Total Outstanding Principal*** ” means the aggregate amount of the Outstanding Loans of all Lenders plus the aggregate LC Exposure.

“ ***Transactions*** ” means the execution, delivery and performance by the Borrower and the Guarantor of this Agreement and the Borrowing of Loans and issuances of Letters of Credit hereunder.

“ ***Type*** ”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the LIBO Rate or the Alternate Base Rate.

“Unreimbursed LC Disbursement” means the unpaid obligation (or, if the context so requires, the amount of such obligation) of the Borrower to reimburse the applicable LC Bank for a payment made by such LC Bank under a Letter of Credit, but shall not include any portion of such obligation that has been repaid with the proceeds of, or converted to, Loans hereunder.

“ ***U.S. Person*** ” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“ ***U.S. Tax Compliance Certificate*** ” has the meaning specified in Section 2.17(e).

“ ***Utility Subsidiary*** ” means a Subsidiary of the Guarantor that is subject to regulation by a Governmental Authority (federal, state or otherwise) having authority to regulate utilities, and any Wholly-Owned Subsidiary thereof.

“ ***Wholly-Owned Subsidiary*** ” means, with respect to any Person, any corporation or other entity of which all of the outstanding shares of stock or other ownership interests in which, other than directors’ qualifying shares (or the equivalent thereof), are at the time directly or indirectly owned or controlled by such Person or one or more of the Subsidiaries of such Person.

“ ***Withdrawal Liability*** ” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Sections 4201, 4203 and 4205 of ERISA.

“ ***Withholding Agent*** ” means any Loan Party and the Administrative Agent.

Section 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (*e.g.* , a " ***Eurodollar Loan*** "). Borrowings also may be classified and referred to by Type (*e.g.* , a " ***Eurodollar Borrowing*** ").

Section 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "or" shall not be exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall". The word "law" shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. The terms "knowledge of", "awareness of" and "receipt of notice of" in relation to a Credit Party, and other similar expressions, mean knowledge of, awareness of, or receipt of notice by, a Responsible Officer of such Credit Party.

Section 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; *provided* that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Effective Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at "fair value", as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Financial Accounting Standards Board Staff Position APB 14-1 to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

Section 1.05. Amendment and Restatement of the Existing Credit Agreement. The parties to this Agreement agree that, upon (i) the execution and delivery by each of the parties hereto of this Agreement and (ii) satisfaction of the conditions set forth in Sections 3.01 and 3.02, the terms and provisions of the Existing Credit Agreement shall be and hereby are amended, superseded and restated in their entirety by the terms and provisions of this Agreement. This Agreement is not intended to and shall not constitute a novation. All Loans made and Obligations incurred under the Existing Credit Agreement which are outstanding on the Effective Date shall continue as Loans and Obligations under (and shall be governed by the terms of) this Agreement and the other Credit Documents. Without limiting the foregoing, upon the effectiveness hereof: (a) all references in the "Credit Documents" (as defined in the Existing Credit Agreement) to the "Administrative Agent", the "Credit Agreement" and the "Credit Documents" shall be deemed to refer to the Administrative Agent, this Agreement and the Credit Documents, (b) the Existing Letters of Credit which remain outstanding on the Effective Date shall continue as Letters of Credit under (and shall be governed by the terms of) this Agreement, (c) all obligations constituting "Obligations" with any Lender or any Affiliate of any Lender which are outstanding on the Effective Date shall continue as Obligations under this Agreement and the other Credit Documents (subject to clause (f) below), (d) the Administrative Agent shall make such reallocations, sales, assignments or other relevant actions in respect of each Lender's credit exposure under the Existing Credit Agreement as are necessary in order that each such Lender's Revolving Credit Exposure and outstanding Revolving Loans hereunder reflects such Lender's Applicable Percentage of the outstanding aggregate Revolving Credit Exposures on the Effective Date, (e) the Borrower hereby agrees to compensate each Lender for any and all losses, costs and expenses incurred by such Lender (including the Departing Lenders) in connection with the sale and assignment of any Eurodollar Loans (including the "Eurodollar Loans" under the Existing Credit Agreement) and such reallocation described above, in each case on the terms and in the manner set forth in Section 2.16 hereof and (f) each Departing Lender's "Commitment" under the Existing Credit Agreement shall be terminated, each Departing Lender shall have received payment in full of all of the "Obligations" owing to it under the Existing Credit Agreement (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, contingent indemnity obligations and other contingent obligations owing to it under the "Credit Documents" as defined in the Existing Credit Agreement) and the Departing Lenders shall not be Lenders hereunder.

ARTICLE II
THE CREDITS

Section 2.01. Commitments.

(a) Subject to the terms and conditions set forth herein, each Lender severally agrees to make Revolving Loans in Dollars to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender's Revolving Credit Exposure exceeding such Lender's Commitment or (ii) the sum of the Revolving Credit Exposures of all of the Lenders exceeding the Aggregate Commitments.

(b) [Reserved].

(c) Subject to the terms and conditions set forth herein, each LC Bank agrees to issue, extend or amend Letters of Credit and each Lender severally agrees to participate in such Letters of Credit, in each case as set forth herein, from time to time during the Availability Period in an aggregate stated amount that will not result in (i) the aggregate LC Outstandings under this Agreement exceeding $250,000,000, (ii) any Lender's Revolving Credit Exposure exceeding such Lender's Commitment, (iii) the aggregate LC Outstandings of all Letters of Credit issued by any LC Bank exceeding at any time such LC Bank's Letter of Credit Commitment or (iv) the sum of the Revolving Credit Exposures of all of the Lenders exceeding the Aggregate Commitments.

(d) Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans and request the issuance, extension or amendment of Letters of Credit.

Section 2.02. Revolving Loans and Revolving Borrowings; Requests for Borrowings.

a. Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

b. Subject to Section 2.14, each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans or some combination thereof as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

c. At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $5,000,000 and not less than $10,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the Aggregate Commitments. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of ten Eurodollar Revolving Borrowings outstanding under this Agreement.

d. To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (i) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing; or (ii) in the case of an ABR Borrowing, not later than 12:00 noon, New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in substantially the form of Exhibit C (or such other form as shall be approved by the Administrative Agent) signed by an Authorized Officer of the Borrower. Each such telephonic and written Borrowing Request shall specify the following information:

i. the aggregate amount of the requested Borrowing;

ii. the date of such Borrowing, which shall be a Business Day;

iii. whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing and the aggregate amount of each Type of Borrowing (if applicable); and

iv. in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period".

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

e. Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Eurodollar Borrowing if the Interest Period requested with respect thereto would end after the Termination Date.

Section 2.03. [Reserved].

Section 2.04. Letters of Credit

(e) *LC Banks.* Subject to the terms and conditions hereof, the Borrower may from time to time request any LC Bank to issue, extend or amend one or more Letters of Credit hereunder. Any such request by the Borrower shall be notified to the Administrative Agent at least five Business Days prior to the date upon which the Borrower proposes that the applicable LC Bank issue, extend or amend such Letter of Credit and in the case of an extension request, shall be in substantially the form of Exhibit E (or such other form as shall be approved by the Administrative Agent and the applicable LC Bank) accompanied by the letter of credit application form of the LC Bank appropriately completed and signed by a Responsible Officer of the Borrower including agreed-upon draft language for such Letter of Credit reasonably acceptable to the applicable LC Bank. At no time shall (i) the aggregate LC Outstandings exceed the sum of the Commitments, (ii) the sum of the aggregate LC Outstandings under this Agreement exceed $250,000,000 or (iii) the aggregate LC Outstandings of all Letters of Credit issued by any LC Bank exceed at any time such LC Bank’s Letter of Credit Commitment. No LC Bank shall be under any obligation to issue any Letter of Credit if (i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such LC Bank from issuing such Letter of Credit, or any Law applicable to such LC Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such LC Bank shall prohibit, or request that such LC Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such LC Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such LC Bank is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such LC Bank any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such LC Bank in good faith deems material to it, (ii) the issuance of such Letter of Credit would violate one or more policies of such LC Bank applicable to letters of credit generally (iii) except as otherwise agreed by the Administrative Agent and such LC Bank, such Letter of Credit is in an initial stated amount less than $10,000, (iv) such Letter of Credit is to be denominated in a currency other than Dollars or (v) such Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder. No LC Bank shall be under any obligation to amend or extend any Letter of Credit if (i) such Issuing Bank would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof or (ii) the beneficiary of such Letter of Credit does not accept the proposed amendment thereto.

(f) *Letters of Credit.* Each Letter of Credit shall be issued (or the stated maturity thereof extended or terms thereof modified or amended) on not less than five Business Days’ prior written notice thereof to the Administrative Agent (which shall promptly distribute copies thereof to the Lenders) and the applicable LC Bank. Each such notice (a ***“Request for Issuance”***) shall specify (i) the date (which shall be a Business Day) of issuance of such Letter of Credit (or the date of effectiveness of such extension, modification or amendment) and the stated expiry date thereof (which shall be not later than the Termination Date), (ii) the proposed stated amount of such Letter of Credit and (iii) such other information as shall demonstrate compliance of such Letter of Credit with the requirements specified therefor in this Agreement. Each Request for Issuance shall be irrevocable unless modified or rescinded by the Borrower not less than two days prior to the proposed date of issuance (or effectiveness) specified therein. If the applicable LC Bank shall have approved the form of such Letter of Credit (or such extension, modification or amendment thereof), such LC Bank shall not later than 11:00 A.M. (New York City time) on the proposed date specified in such Request for Issuance, and upon fulfillment of the applicable conditions precedent and the other requirements set forth herein and as otherwise agreed to between such LC Bank and the Borrower, issue (or extend, amend or modify) such Letter of Credit and provide notice and a copy thereof to the Administrative Agent. The Administrative Agent shall furnish (x) to each Lender, a copy of such notice and (y) to each Lender that may so request, a copy of such Letter of Credit.

(g) *Reimbursement on Demand* . Subject to the provisions of Section 2.04(d) hereof, the Borrower hereby agrees to pay (whether with the proceeds of Loans made pursuant to this Agreement or otherwise) to the applicable LC Bank on demand (i) on and after each date on which such LC Bank shall pay any amount under any Letter of Credit issued by such LC Bank a sum equal to such amount so paid (which sum shall constitute a demand loan from such LC Bank to the Borrower from the date of such payment by such LC Bank until so paid by the Borrower), plus (ii) interest on any amount remaining unpaid by the Borrower to such LC Bank under clause (i), above, from the date such sum becomes payable on demand until payment in full, at a rate *per annum* which is equal to 2% plus the then applicable Alternate Base Rate until paid in full.

(h) *Loans for Unreimbursed LC Disbursements* . If any LC Bank shall make any payment under any Letter of Credit and if the conditions precedent set forth in Section 3.03 of this Agreement have been satisfied as of the date of such honor, then, each Lender's payment made to such LC Bank pursuant to paragraph (c) of this Section 2.04 in respect of such Unreimbursed LC Disbursement shall be deemed to constitute an ABR Loan made for the account of the Borrower by such Lender. Each such ABR Loan shall mature and be due and payable on the earlier of (i) the first March 31, June 30, September 30 or December 31 to occur following the date such ABR Loan is made and (ii) the Termination Date.

(i) *Participation; Reimbursement of the LC Banks* .

(i) Upon the issuance of any Letter of Credit by any LC Bank (and, in the case of the Existing Letters of Credit, on the Effective Date), such LC Bank hereby sells and transfers to each Lender, and each Lender hereby acquires from such LC Bank, an undivided interest and participation to the extent of such Lender's Applicable Percentage in and to such Letter of Credit, including the obligations of such LC Bank under and in respect thereof and the Borrower's reimbursement and other obligations in respect thereof, whether now existing or hereafter arising.

(ii) If any LC Bank shall not have been reimbursed in full for any payment made by such LC Bank under any Letter of Credit issued by such LC Bank on the date of such payment, such LC Bank shall promptly notify the Administrative Agent and the Administrative Agent shall promptly notify each Lender of such non-reimbursement and the amount thereof. Upon receipt of such notice from the Administrative Agent, each Lender shall pay to the Administrative Agent for the account of such LC Bank an amount equal to such Lender's Applicable Percentage of such Unreimbursed LC Disbursement, plus interest on such amount at a rate per annum equal to the Federal Funds Effective Rate from the date of such payment by such LC Bank to the date of payment to such LC Bank by such Lender. All such payments by each Lender shall be made in United States dollars and in same day funds not later than 3:00 P.M. (New York City time) on the later to occur of (A) the Business Day immediately following the date of such payment by the applicable LC Bank and (B) the Business Day on which such Lender shall have received notice of such non-reimbursement; *provided, however* , that if such notice is received by such Lender later than 11:00 A.M. (New York City time) on such Business Day, such payment shall be payable on the next Business Day. Each Lender agrees that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. If a Lender shall have paid to the applicable LC Bank its ratable portion of any Unreimbursed LC Disbursement, together with all interest thereon required by the second sentence of this subparagraph (ii), such Lender shall be entitled to receive its ratable share of all interest paid by the Borrower in respect of such Unreimbursed LC Disbursement. If such Lender shall have made such payment to the applicable LC Bank, but without all such interest thereon required by the second sentence of this subparagraph (ii), such Lender shall be entitled to receive its ratable share of the interest paid by the

Borrower in respect of such Unreimbursed LC Disbursement only from the date it shall have paid all interest required by the second sentence of this subparagraph (ii).

(iii) The failure of any Lender to make any payment to the applicable LC Bank in accordance with subparagraph (ii) above, shall not relieve any other Lender of its obligation to make payment, but neither such LC Bank nor any Lender shall be responsible for the failure of any other Lender to make such payment. If any Lender shall fail to make any payment to the applicable LC Bank in accordance with subparagraph (ii) above, then such Lender shall pay to such LC Bank forthwith on demand such corresponding amount together with interest thereon, for each day until the date such amount is repaid to such LC Bank at the Federal Funds Effective Rate. Nothing herein shall in any way limit, waive or otherwise reduce any claims that any party hereto may have against any non−performing Lender.

(j) *Obligations Absolute.* The payment obligations of each Lender under Section 2.04(e) and of the Borrower under Section 2.04(c) of this Agreement in respect of any payment under any Letter of Credit and any Loan made under Section 2.04(d) shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

(i) any lack of validity or enforceability of any Credit Document or any other agreement or instrument relating thereto or to such Letter of Credit;

(ii) any amendment or waiver of, or any consent to departure from, all or any of the Credit Documents;

(iii) the existence of any claim, set−off, defense or other right which the Borrower may have at any time against any beneficiary, or any transferee, of such Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), any LC Bank, or any other Person, whether in connection with this Agreement, the transactions contemplated herein or by such Letter of Credit, or any unrelated transaction;

(iv) any statement or any other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment in good faith by the applicable LC Bank under the Letter of Credit issued by such LC Bank against presentation of a draft or certificate which does not comply with the terms of such Letter of Credit; or

(vi) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

(k) *Liability of LC Banks and the Lenders.* The Borrower assumes all risks of the acts and omissions of any beneficiary or transferee of any Letter of Credit. Neither the LC Banks, the Lenders nor any of their respective officers, directors, employees, agents or Affiliates shall be liable or responsible for (i) the use that may be made of such Letter of Credit or any acts or omissions of any beneficiary or transferee thereof in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (iii) payment by any LC Bank against presentation of documents that do not comply with the terms of such Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; or (iv) any other circumstances whatsoever in making or failing to make payment under such Letter of Credit, *except* that the Borrower or any Lender shall have the right to bring suit against the applicable LC Bank, and such LC Bank shall be liable to the Borrower and any Lender, to the extent of any direct, as opposed to consequential, damages suffered by the Borrower or such Lender which were caused by such LC Bank's wilful misconduct or gross negligence as determined by a court of competent jurisdiction in a final and non-appealable judgment, including such LC Bank's wilful or grossly negligent failure to make timely payment under such Letter of Credit following the presentation to it by the beneficiary thereof of a draft and accompanying certificate(s) which strictly comply with the terms and conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing, the applicable LC Bank may accept sight drafts and accompanying certificates presented under the Letter of Credit issued by such LC Bank that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. Notwithstanding the foregoing, no Lender shall be obligated to indemnify the Borrower for damages caused by any LC Bank's wilful misconduct or gross negligence as determined by a court of competent jurisdiction in a final and non-appealable judgment, and the obligation of the Borrower to reimburse the Lenders hereunder shall be absolute and unconditional, notwithstanding the gross negligence or wilful misconduct of any LC Bank.

(l) *Transitional Provision* . Subject to the satisfaction of the conditions contained in Sections 3.01 and 3.02, from and after the Effective Date the Existing Letters of Credit shall be deemed to be Letters of Credit issued pursuant to this Section 2.04.

(i) *LC Bank Agreements* . Unless otherwise requested by the Administrative Agent, each LC Bank shall report in writing to the Administrative Agent (i) promptly following the end of each calendar month, the aggregate amount of Letters of Credit issued by it and outstanding at the end of such month, (ii) on or prior to each Business Day on which such LC Bank expects to issue, amend, renew or extend any Letter of Credit, the date of such issuance, amendment, renewal or extension, and the aggregate face amount of the Letters of Credit to be issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension occurred (and whether the amount thereof changed), it being understood that such LC Bank shall not permit any issuance, renewal, extension or amendment resulting in an increase in the amount of any Letter of Credit to occur without first obtaining written confirmation from the Administrative Agent that it is then permitted under this Agreement, (iii) on each Business Day on which such LC Bank makes any LC Disbursement, the date of such LC Disbursement and the amount of such LC Disbursement, (iv) on any Business Day on which the Borrower fails to reimburse an LC Disbursement required to be reimbursed to such LC Bank on such day, the date of such failure and the amount of such LC Disbursement and (v) on any other Business Day, such other information as the Administrative Agent shall reasonably request.

Section 2.05. Funding of Borrowings.

(m) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., New York City time, to the account of the Administrative Agent designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account established and maintained by the Borrower at the Administrative Agent's office in New York City.

(n) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

Section 2.06. Interest Elections.

(o) Each Borrowing initially shall be of the Type or Types specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(p) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.02 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election; provided, however, with regard to any election pursuant to this Section 2.06 related to a Eurodollar Borrowing, notice of election shall be delivered not later than 11:00 a.m., New York City time, three (3) Business Days prior to the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in substantially the form of Exhibit G (or such other form as shall be approved by the Administrative Agent) and signed by the Borrower.

(q) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions of such Borrowing, the portions thereof to be allocated to each resulting Type of Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term “Interest Period”.

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration.

(r) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender’s portion of each resulting Type of Borrowing.

(s) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

Section 2.07. Mandatory Termination or Reduction of Commitments.

Unless previously terminated, the Commitments shall terminate on the Termination Date.

Section 2.08. Mandatory Prepayments.

(t) If at any time the Total Outstanding Principal exceeds the Aggregate Commitments then in effect for any reason whatsoever (including, without limitation, as a result of any reduction in the Aggregate Commitments pursuant to Section 2.09), the Borrower shall prepay Loans or cash collateralize LC Exposure in an account with the Administrative Agent pursuant to the final paragraph of Section 8.01, as applicable, in such aggregate amount (together with accrued interest thereon to the extent required by Section 2.13) as shall be necessary so that, after giving effect to such prepayment, the Total Outstanding Principal does not exceed the Aggregate Commitments.

(u) Each prepayment of Loans pursuant to this Section 2.08 shall be accompanied by the Borrower's payment of any amounts payable under Section 2.16 in connection with such prepayment. Prepayments of Revolving Loans shall be applied ratably to the Loans so prepaid.

Section 2.09. Optional Reduction or Termination of Commitments.

(v) The Borrower may at any time terminate, or from time to time reduce, the Commitments (including the unused Letter of Credit Commitments of the LC Banks); *provided* that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of $10,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the Total Outstanding Principal would exceed the Aggregate Commitments thereafter in effect.

(w) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under Section 2.09(a) at least five Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; *provided* that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent.

(x) Each reduction of the Commitments pursuant to this Section 2.09 shall be made ratably among the Lenders in accordance with their respective Commitments immediately preceding such reduction.

Section 2.10. Repayment of Loans; Evidence of Debt.

(y) The Borrower hereby unconditionally promises to pay to the Administrative Agent (i) for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Termination Date and (ii) for the account of each Lender the then unpaid principal amount of each ABR Loan deemed to be made pursuant to Section 2.04(d) on the maturity date therefor as determined pursuant to Section 2.04(d).

(z) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(aa) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(ab) The Register and the corresponding entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be *prima facie* evidence of the existence and amounts of the obligations recorded therein; *provided* that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(ac) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns and in substantially the form of Exhibit F. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.04) be represented by one or more promissory notes in such form payable to the payee named therein and its registered assigns.

Section 2.11. Optional Prepayment of Loans.

(ad) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(ae) The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; *provided* that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Each such telephonic notice of prepayment shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a prepayment notice in substantially the form of Exhibit H (or such other form as shall be approved by the Administrative Agent) and signed by the Borrower. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02, it being understood that the foregoing minimum shall not apply to the prepayment in whole of the outstanding Revolving Loans of all Lenders. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Revolving Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13 and by any amounts payable under Section 2.16 in connection with such prepayment.

Section 2.12. Fees.

(af) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee (each a " ***Facility Fee*** "), which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Effective Date to but excluding the date on which such Commitment terminates; *provided* that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued Facility Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the Effective Date; *provided* that any Facility Fees accruing after the date on which the Commitments terminate shall be payable on demand. All Facility Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(ag) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a letter of credit risk participation fee (each a " ***LC Risk Participation Fee*** "), which shall accrue at the Applicable Rate on the average daily amount of the LC Outstandings during the period from and including the Effective

Date to but excluding the Termination Date or such later date as on which there shall cease to be any LC Outstandings. Accrued LC Risk Participation Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the Effective Date; *provided* that any LC Risk Participation Fees accruing after the date on which the Commitments terminate shall be payable on demand. All LC Risk Participation Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Borrower shall also pay to the LC Bank for its own account (x) a fronting fee, which fronting fee shall accrue at a per annum rate agreed upon between the Borrower and the applicable LC Bank on the average daily amount of such LC Outstandings in respect of all Letters of Credit issued by such LC Bank during the period each such Letter of Credit shall be outstanding, which fronting fee shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which such Letter of Credit terminates, and (y) documentary and processing charges in connection with the issuance, or modification cancellation, negotiation, or transfer of, and draws under Letters of Credit issued by such LC Bank in accordance with such LC Bank's standard schedule for such charges as in effect from time to time.

(ah) The Borrower agrees to pay to the Administrative Agent, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, in each case, for its own account and for the account of the other Persons entitled thereto, the fees provided for in the applicable fee letter dated November 7, 2014, executed and delivered with respect to the credit facility provided for herein, in each case, in the amounts and at the times set forth therein and in immediately available funds.

(ai) All fees payable hereunder shall be paid in immediately available funds. Fees due and paid shall not be refundable under any circumstances.

Section 2.13. Interest.

(aj) The Loans comprising each ABR Borrowing shall bear interest at a rate *per annum* equal to the Alternate Base Rate plus the Applicable Rate.

(ak) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate *per annum* equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(al) [Reserved].

(am) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate *per annum* equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided above.

(an) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; *provided* that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion and (iv) all accrued interest shall be payable upon termination of the Commitments.

(ao) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.14. Alternate Rate of Interest.

If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(ap) the Administrative Agent reasonably determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(aq) the Administrative Agent is advised by the Required Lenders that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period; then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing.

Section 2.15. Increased Costs.

(ar) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity, compulsory loan, insurance charge or similar assessment or requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any LC Bank (except any such reserve requirement described in paragraph (e) of this Section);

(ii) impose on any Lender or any LC Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or participation therein or Unreimbursed LC Disbursements or Letters of Credit and participations therein; or

(iii) subject the Administrative Agent or any Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, Letter of Credit Commitment or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; and the result of any of the foregoing shall be to increase the cost to the Administrative Agent, such Lender or such LC Bank of making, continuing, converting to or maintaining any Loan or Unreimbursed LC Disbursement or issuing or maintaining Letters of Credit and participation interests therein (or of maintaining its obligation to make any such Loan or issue or participate in such Letter of Credit) or to reduce the amount of any sum received or receivable by the Administrative Agent, such Lender or such LC Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to the Administrative Agent, such Lender or such LC Bank, as the case may be, such additional amount or amounts as will compensate the Administrative Agent, such Lender or such LC Bank for such additional costs incurred or reduction suffered.

(as) If any Lender or any LC Bank determines that any Change in Law regarding capital adequacy or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or such LC Bank's capital or on the capital of its holding company, if any, as a consequence of this Agreement to a level below that which such Lender or such LC Bank or its holding company could have achieved but for such Change in Law (taking into consideration its policies and the policies of its holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender or such LC Bank, as the case may be, such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

(at) A certificate of a Lender or the applicable LC Bank, as the case may be, setting forth the amount or amounts necessary to compensate it or its holding company as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the amount shown as due on any such certificate within 10 days after receipt thereof.

(au) Failure or delay on the part of any Lender or any LC Bank to demand compensation pursuant to this Section shall not constitute a waiver of its right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than ninety days prior to the date that such Lender or such LC Bank notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of its intention to claim compensation therefor; provided, further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the ninety day period referred to above shall be extended to include the period of retroactive effect thereof.

(av) The Borrower shall pay (without duplication as to amounts paid under this Section 2.15) to each Lender, so long as such Lender shall be required under regulations of the Board to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Loan of such Lender, from the date of such Loan until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the LIBO Rate for the Interest Period for such Loan from (ii) the rate obtained by dividing such LIBO Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Loan. Such additional interest determined by such Lender and notified to the Borrower and the Administrative Agent, accompanied by the calculation of the amount thereof, shall be conclusive and binding for all purposes absent manifest error.

(aw) If any Lender determines that any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to make, maintain or fund Eurodollar Loans, or to determine or charge interest rates based upon the LIBO Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Loans or to convert ABR Loans to Eurodollar Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Loans of such Lender to ABR Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

Section 2.16. Break Funding Payments.

In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.11(b) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount reasonably determined by such Lender to be equal to the excess, if any, of (x) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest

Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the LIBO Rate for such Interest Period, over (y) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such Lender) for dollar deposit from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Section 2.17. Taxes.

(ax) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then (i) the applicable Withholding Agent shall be entitled to make such deduction or withholding and timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law, and (ii) if such Tax is an Indemnified Tax, then the amount payable shall be increased as necessary so that after making all required deductions (including deductions and withholdings of Indemnified Taxes applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deductions or withholdings been made.

(ay) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(az) The Borrower shall indemnify each Recipient, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by such Recipient and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or any LC Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or any LC Bank, shall be conclusive absent manifest error.

(ba) As soon as practicable after any payment of Indemnified Taxes by a Loan Party to a Governmental Authority, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(bb)

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Credit Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17(e)(ii)(A) and (ii)(B) and Section 2.17(f) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Credit Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E (as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Credit Document, IRS Form W-8BEN or IRS Form W-8BEN-E (as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit I-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881 (c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E (as applicable); or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit I-2 or Exhibit I-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit I-4 on behalf of each such direct and indirect partner; and

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(bc) If a payment made to a Lender under any Credit Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.17(f), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. Each Lender agrees that if any documentation it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such documentation or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(bd) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (including by the payment of additional amounts pursuant to this Section 2.17), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 2.17(g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 2.17(g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 2.17(g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(be) For purposes of this Section 2.17, the term "applicable law" includes FATCA.

Section 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-Offs.

(bf) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.15, 2.16, 2.17 or 11.03, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its office listed in Section 11.01(b), except that payments pursuant to Sections 2.15, 2.16, 2.17 and 11.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other

Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(bg) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(bh) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Obligations owing to it resulting in such Lender receiving payment of a greater proportion of the aggregate amount of such Obligations and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans of, or other Obligations owing to, other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans or other Obligations, as applicable; *provided* that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Guarantor, the Borrower or any other Subsidiary or Affiliate of the Guarantor (as to which the provisions of this paragraph shall apply). The Borrower and the Guarantor consent to the foregoing and agree, to the extent they may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower and the Guarantor rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower or the affected Guarantor in the amount of such participation.

(bi) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(bj) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(e), 2.05(b) or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender’s obligations under such Sections until all such unsatisfied obligations are fully paid.

(bk) None of the funds or assets of the Borrower that are used to pay any amount due pursuant to this Agreement shall constitute funds obtained from transactions with or relating to Anti-Corruption Laws or Sanctions.

Section 2.19. Mitigation Obligations; Replacement of Lenders.

(bl) Any Lender claiming reimbursement or compensation from the Borrower under either of Sections 2.15 and 2.17 for any losses, costs or other liabilities shall use reasonable efforts (including, without limitation, reasonable efforts to designate a different lending office of such Lender for funding or booking its Loans or to assign its rights and obligations hereunder to another of its offices, branches or affiliates) to mitigate the amount of such losses, costs and other liabilities, if such efforts can be made and such mitigation can be accomplished without such Lender suffering (i) any economic disadvantage for which such Lender does not receive full indemnity from the Borrower under this Agreement or (ii) otherwise be disadvantageous to such Lender.

(bm) In determining the amount of any claim for reimbursement or compensation under Sections 2.15 and 2.17, each Lender will use reasonable methods of calculation consistent with such methods customarily employed by such Lender in similar situations.

(bn) Each Lender will notify the Borrower either directly or through the Administrative Agent of any event giving rise to a claim under Section 2.15 or Section 2.17 promptly after the occurrence thereof which notice shall be accompanied by a certificate of such Lender setting forth in reasonable detail the circumstances of such claim.

(bo) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 11.04, provided that the Administrative Agent may, in its sole discretion, elect to waive the $3,500 processing and recordation fee in connection therewith), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (i) the Borrower shall have received the prior written consent of the Administrative Agent and each LC Bank, which consent, in the case of the Administrative Agent, shall not unreasonably be withheld and, in the case of each LC Bank, may be given or withheld in the sole discretion of such LC Bank, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 2.20. Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(bp) fees shall cease to accrue on the Commitment of such Defaulting Lender pursuant to Section 2.12(a);

(bq) the Commitment and Revolving Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 11.02); provided, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby;

(br) if any LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) so long as no Default shall be continuing, all or any part of the LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent the sum of all non-Defaulting Lenders’ Revolving Credit Exposures plus such Defaulting Lender’s LC Exposure does not exceed the total of all non-Defaulting Lenders' Commitments and to the extent the sum of each non-Defaulting Lender's Revolving Credit Exposure and LC Exposure does not exceed such non-Defaulting Lender's Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one (1) Business Day following notice by the Administrative Agent cash collateralize for the benefit of the applicable LC Bank only the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in the last paragraph of Section 8.01 for so long as such LC Exposure is outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) or the applicable LC Bank pursuant to Section 2.12(b)(x) (solely with respect to any fronting fee), in each case with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages;

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of any LC Bank or any other Lender hereunder, all Facility Fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such LC Exposure) and letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the applicable LC Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(bs) so long as such Lender is a Defaulting Lender, no LC Bank shall be required to issue, amend or increase any Letter of Credit, unless it is reasonably satisfied that (i) the related exposure and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.20(c), and (ii) participating interests in any such newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.20(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to a Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) any LC Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, no LC Bank shall be required to issue, amend or increase any Letter of Credit, unless the applicable LC Bank shall have entered into arrangements with the Borrower or such Lender, satisfactory to the applicable LC Bank to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Borrower and the LC Banks each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

Section 2.21. Extension of Termination Date

(bt) The Borrower may at any time and from time to time not more than sixty (60) days and not less than thirty (30) days prior to any anniversary of the Effective Date (other than the Termination Date), by notice to the Administrative Agent (who shall promptly notify the Lenders), request that each Lender extend (each such date on which an extension occurs, an " ***Extension Date*** ") such Lender's Termination Date to the date that is one year after the Termination Date then in effect for such Lender (the " ***Existing Termination Date*** ").

(bu) Each Lender, acting in its sole and individual discretion, shall, by notice to the Administrative Agent given not later than the date that is ten (10) Business Days after the date on which the Administrative Agent received the Borrower's extension request (the " ***Lender Notice Date*** "), advise the Administrative Agent whether or not such Lender agrees to such extension (each Lender that determines to so extend its Termination Date, an " ***Extending Lender*** "). Each Lender that determines not to so extend its Termination Date (a " ***Non-Extending Lender*** ") shall notify the Administrative Agent of such fact promptly after such determination (but in any event no later than the Lender Notice Date), and any Lender that does not so advise the Administrative Agent on or before the Lender Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree, and it is understood and agreed that no Lender shall have any obligation whatsoever to agree to any request made by the Borrower for extension of the Termination Date.

(bv) The Administrative Agent shall promptly notify the Borrower of each Lender's determination under this Section.

(bw) The Borrower shall have the right, but shall not be obligated, on or before the applicable Termination Date for any Non-Extending Lender to replace such Non-Extending Lender with, and add as "Lenders" under this Agreement in place thereof, one or more financial institutions that are not Ineligible Institutions (each, an " ***Additional Commitment Lender*** ") approved by the Administrative Agent and the LC Banks in accordance with the procedures provided in Section 2.19(d), each of which Additional Commitment Lenders shall have entered into an Assignment and Assumption (in accordance with and subject to the restrictions contained in Section 11.04, with the Borrower obligated to pay any applicable processing or recordation fee; <u>provided</u> , that the Administrative Agent may, in its sole discretion, elect to waive the $3,500 processing and recordation fee in connection therewith) with such Non-Extending Lender, pursuant to which such Additional Commitment Lenders shall, effective on or before the applicable Termination Date for such Non-Extending Lender, assume a Commitment (and, if any such Additional Commitment Lender is already a Lender, its Commitment shall be in addition to such Lender's Commitment hereunder on such date). Prior to any Non-Extending Lender being replaced by one or more Additional Commitment Lenders pursuant hereto, such Non-Extending Lender may elect, in its sole discretion, by giving irrevocable notice thereof to the Administrative Agent and the Borrower (which notice shall set forth such Lender's new Termination Date), to become an Extending Lender. The Administrative Agent may effect such amendments to this Agreement as are reasonably necessary to provide solely for any such extensions with the consent of the Borrower but without the consent of any other Lenders.

(bx) If (and only if) the total of the Commitments of the Lenders that have agreed to extend their Termination Date and the new or increased Commitments of any Additional Commitment Lenders is more than 50% of the aggregate amount of the Commitments in effect immediately prior to the applicable Extension Date, then, effective as of the applicable Extension Date, the Termination Date of each Extending Lender and of each Additional Commitment Lender shall be extended to the date that is one year after the then Existing Termination Date (except that, if such date is not a Business Day, such Termination Date as so extended shall be the immediately preceding Business Day) and each Additional Commitment Lender shall thereupon become a "Lender" for all purposes of this Agreement and shall be bound by the provisions of this Agreement as a Lender hereunder and shall have the obligations of a Lender hereunder. For purposes of clarity, it is acknowledged and agreed that the Termination Date on any date of determination shall not be a date more than five (5) years after such date of determination, whether such determination is made before or after giving effect to any extension request made hereunder.

(by) Notwithstanding the foregoing, (x) no more than two (2) extensions of the Termination Date shall be permitted hereunder and (y) any extension of any Revolving Termination Date pursuant to this Section 2.21 shall not be effective with respect to any Extending Lender unless:

(i) no Default or Event of Default shall have occurred and be continuing on the applicable Extension Date and immediately after giving effect thereto;

(ii) the representations and warranties of the Borrower set forth in this Agreement are true and correct on and as of the applicable Extension Date and after giving effect thereto, as though made on and as of such date (or to the extent that such representations and warranties specifically refer to an earlier date, as of such earlier date); and

(iii) the Administrative Agent shall have received a certificate dated as of the applicable Extension Date from the Borrower signed by an Authorized Officer of the Borrower (A) certifying the accuracy of the foregoing clauses (i) and (ii) and (B) certifying and attaching the resolutions adopted by the Borrower approving or consenting to such extension.

(bz) On the Termination Date of each Non-Extending Lender, (i) the Commitment of each Non-Extending Lender shall automatically terminate and (ii) the Borrower shall repay such Non-Extending Lender in accordance with Section 2.09 (and shall pay to such Non-Extending Lender all of the other Obligations owing to it under this Agreement) and after giving effect thereto shall prepay any Revolving Loans outstanding on such date (and pay any additional amounts required pursuant to Section 2.15) to the extent necessary to keep outstanding Revolving Loans ratable with any revised Applicable Percentages of the respective Lenders effective as of such date, and the Administrative Agent shall administer any necessary reallocation of the Revolving Credit Exposures (without regard to any minimum borrowing, pro rata borrowing and/or pro rata payment requirements contained elsewhere in this Agreement).

(h) This Section shall supersede any provisions in Section 2.18 or Section 11.02 to the contrary.

ARTICLE III
CONDITIONS

Section 3.01. Conditions Precedent to the Closing Date.

This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 11.02).

(ca) The Administrative Agent (or its counsel) shall have received from each party thereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include facsimile or electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(cb) The Lenders, the Administrative Agent, the Arrangers and each other Person entitled to the payment of fees or the reimbursement or payment of expenses, pursuant hereto or to those certain fee letters dated November 7, 2014, executed and delivered with respect to the credit facility provided for herein, shall have received all fees required to be paid by the Closing Date (including, without limitation, all fees owing on the Closing Date under Section 2.12(c) hereof), and all expenses for which invoices have been presented on or before the Closing Date.

(cc) The Administrative Agent shall have received certified copies of the resolutions of the Board of Directors of each of the Guarantor and the Borrower approving this Agreement, and of all documents evidencing other necessary corporate action and governmental and regulatory approvals with respect to this Agreement.

(cd) The Administrative Agent shall have received from each of the Borrower and the Guarantor, to the extent generally available in the relevant jurisdiction, a copy of a certificate or certificates of the Secretary of State (or other appropriate public official) of the jurisdiction of its incorporation, dated reasonably near the Closing Date, (i) listing the charters of the Borrower or the Guarantor, as the case may be, and each amendment thereto on file in such office and certifying that such amendments are the only amendments to the Borrower's or the Guarantor's charter, as the case may be, on file in such office, and (ii) stating, in the case of the Borrower, that the Borrower is authorized to transact business under the laws of the jurisdiction of its place of incorporation, and, in the case of the Guarantor, that the Guarantor is duly incorporated and in good standing under the laws of the jurisdiction of its place of incorporation.

(ce) (i) The Administrative Agent shall have received a certificate or certificates of each of the Borrower and the Guarantor, signed on behalf of the Borrower and the Guarantor respectively, by a the Secretary, an Assistant Secretary or a Responsible Officer thereof, dated the Closing Date, certifying as to (A) the absence of any amendments to the charter of the Borrower or the Guarantor, as the case may be, since the date of the certificates referred to in paragraph (d) above, (B) a true and correct copy of the bylaws of each of the Borrower or the Guarantor, as the case may be, as in effect on the Closing Date, (C) the absence of any proceeding for the dissolution or liquidation of the Borrower or the Guarantor, as the case may be, (D) the truth, in all material respects (provided, that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by "materiality," "Material Adverse Effect" or similar language in the text thereof), of the representations and warranties set forth in Section 4.01 (a) through (p), inclusive, (r) and (s), as though made on and as of the Closing Date, and (E) the absence, as of the Closing Date, of any Default or Event of Default; and (ii) each of such certifications shall be true.

(cf) The Administrative Agent shall have received a certificate of the Secretary or an Assistant Secretary of each of the Guarantor and the Borrower certifying the names and true signatures of the officers of Guarantor or the Borrower, as the case may be, authorized to sign, and signing, this Agreement and the other Credit Documents to be delivered hereunder on or before the Closing Date.

(cg) The Administrative Agent shall have received from Schiff Hardin LLP, counsel for the Guarantor and the Borrower, a favorable opinion, substantially in the form of Exhibit B hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request.

(h) The Administrative Agent and the Lenders shall have received, at least ten business days prior to the Closing Date (or such later date approved by the Administrative Agent) all documentation and other information that is required by the regulatory authorities under the applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Act.

Section 3.02. Conditions Precedent to the Effective Date.

The obligations of each Lender to make any initial Extension of Credit and of any LC Bank to make any initial issuance of a Letter of Credit shall be subject to the satisfaction (or waiver in accordance with Section 11.02) of each of the following:

(ch) The Lenders, the Administrative Agent, the Arrangers and each other Person entitled to the payment of fees or the reimbursement or payment of expenses, pursuant hereto or to those certain fee letters dated November 7, 2014, executed and delivered with respect to the credit facility provided for herein, shall have received all fees required to be paid by the Effective Date (including, without limitation, any fees owing on the Effective Date under Section 2.12 (c) hereof), and all expenses for which invoices have been presented on or before the Effective Date.

(ci) (i) The Administrative Agent shall have received a certificate or certificates of the Borrower and the Guarantor, signed on behalf of the Borrower and the Guarantor, respectively, by the Secretary, an Assistant Secretary or a Responsible Officer thereof, dated the Effective Date, certifying as to (A) the absence, as of the Effective Date, of any Default or Event of Default, (B) after giving effect to the transactions (including the Specified Separation Transaction) the financial covenants contained in Article VII are in compliance on a Pro Forma Basis, (C) the occurrence of the Specified Separation Transaction and (D) the attachment thereto of full and complete copies of the Referenced Annual Financial Statements described in clause (ii) of the definition thereof and the Referenced Quarterly Financial Statements described in clause (ii) of the definition thereof; and (ii) each of such certifications shall be true.

(cj) After giving effect to the Specified Separation Transaction, the representations and warranties of the Borrower and the Guarantor set forth in this Agreement shall be true and correct in all material respects on and as of the Effective Date, except to the extent that such representations and warranties are specifically limited to a prior date, in which case such representations and warranties shall be true and correct in all material respects on and as of such prior date, provided, that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by "materiality," "Material Adverse Effect" or similar language in the text thereof.

(e) Evidence of (i) termination of that certain Term Loan Agreement, dated as of August 20, 2014, by and among the Borrower, NiSource, the lenders parties thereto and JPMorgan Chase Bank, N.A., as administrative agent, (ii) termination of that certain Amended and Restated Credit Agreement, dated as of April 15, 2013, by and among the Borrower, NiSource, the lenders parties thereto and JPMorgan Chase Bank, N.A., as administrative agent and (iii) payment in full received by each Departing Lender of all of the "Obligations" owing to it under the Existing Credit Agreement (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, contingent indemnity obligations and other contingent obligations owing to it under the "Credit Documents" as defined in the Existing Credit Agreement).

The Administrative Agent shall notify the Borrower and the Lenders of the satisfaction of the foregoing conditions on the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 11.02) on or before October 1, 2015 (and, in the event such conditions are not so satisfied or waived, this Agreement shall terminate and the Existing Credit Agreement shall remain in effect). For the avoidance of doubt, nothing hereunder shall affect the Existing Credit Agreement unless and until the occurrence of the Effective Date of this Agreement.

Section 3.03. Conditions Precedent to Each Extension of Credit.

The obligation of each Lender to make any Extension of Credit and of each LC Bank to issue, extend (other than an extension pursuant to an automatic extension provision set forth in the applicable Letter of Credit) or amend any Letter of Credit (including the initial Extension of Credit but excluding any conversion or continuation of any Loan) shall be subject to the satisfaction (or waiver in accordance with Section 11.02) of each of the following conditions:

(ck) The representations and warranties of the Guarantor and the Borrower set forth in this Agreement (other than the representation and warranty set forth in Section 4.01(g)) shall be true and correct in all material respects on and as of the date of each Extension of Credit and each Extension Date, except to the extent that such representations and warranties are specifically limited to a prior date, in which case such representations and warranties shall be true and correct in all material respects on and as of such prior date provided, that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by "materiality," "Material Adverse Effect" or similar language in the text thereof.

(cl) After giving effect to (A) such Extension of Credit, together with all other Extensions of Credit to be made contemporaneously therewith, and (B) the repayment of any Loans or Unreimbursed LC Disbursements that are to be contemporaneously repaid at the time such Loan is made, such Extension of Credit will not result in the sum of the then Total Outstanding Principal exceeding the Aggregate Commitments.

(cm) Such Extension of Credit will comply with all other applicable requirements of Article II, including, without limitation Sections 2.01, 2.02 and 2.04, as applicable.

(cn) At the time of and immediately after giving effect to such Extension of Credit, no Default or Event of Default shall have occurred and be continuing or would result from such Extension of Credit or from the application of the proceeds thereof.

(co) In the case of a Revolving Loan, the Administrative Agent shall have timely received a Borrowing Request; and, in the case of a Letter of Credit issuance, extension (other than an extension pursuant to an automatic extension provision set forth in the applicable Letter of Credit) or amendment, a Request for Issuance.

Each Extension of Credit and the acceptance by the Borrower of the benefits thereof shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a), (b), (c) and (d) of this Section.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Section 4.01. Representations and Warranties of the Credit Parties.

Each of the Borrower and the Guarantor represents and warrants as follows:

(cp) Each of the Borrower and the Guarantor is a corporation duly organized, validly existing and, in the case of the Borrower, authorized to transact business under the laws of the State of its incorporation, and, in the case of the Guarantor, in good standing under the laws of the State of its incorporation.

(cq) The execution, delivery and performance by each of the Credit Parties of the Credit Documents to which it is a party (i) are within such Credit Party’s corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) do not contravene (A) such Credit Party’s charter or by-laws, as the case may be, or (B) any law, rule or regulation, or any material Contractual Obligation or legal restriction, binding on or affecting such Credit Party or any Material Subsidiary, as the case may be, and (iv) do not require the creation of any Lien on the property of such Credit Party or any Material Subsidiary under any Contractual Obligation binding on or affecting such Credit Party or any Material Subsidiary.

(cr) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for the due execution, delivery and performance by any Credit Party of this Agreement or any other Credit Document to which any of them is a party, except for such as (i) have been obtained or made and that are in full force and effect or (ii) are not presently required under applicable law and have not yet been applied for.

(cs) Each Credit Document to which any Credit Party is a party is a legal, valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(ct) The Referenced Annual Financial Statements, copies of which have been made available or furnished to each Lender, fairly present the financial condition of the Guarantor and its Subsidiaries as at the date thereof and the results of the operations of the Guarantor and its Subsidiaries for the period ended on such date, all in accordance with GAAP consistently applied.

(cu) The Referenced Quarterly Financial Statements, copies of which have been made available or furnished to each Lender, fairly present (subject to year end audit adjustments) the financial condition of the Guarantor and its Subsidiaries as at the date thereof and the results of the operations of the Guarantor and its Subsidiaries for the period ended on such date, all in accordance with GAAP consistently applied.

(cv) Other than the Specified Separation Transaction, since December 31, 2013, there has been no material adverse change in such condition or operations, or in the business, assets, operations, condition (financial or otherwise) or prospects of any of the Credit Parties or, prior to the Specified Separation Transaction, of Columbia.

(cw) There is no pending or threatened action, proceeding or investigation affecting such Credit Party before any court, governmental agency or other Governmental Authority or arbitrator that (taking into account the exhaustion of appeals) would have a Material Adverse Effect, or that (i) purports to affect the legality, validity or enforceability of this Agreement or any promissory notes executed pursuant hereto, or (ii) seeks to prohibit the ownership or operation, by any Credit Party or any of their respective Material Subsidiaries, of all or a material portion of their respective businesses or assets.

(cx) The Guarantor and its Subsidiaries, taken as a whole, do not hold or carry Margin Stock having an aggregate value in excess of 10% of the value of their consolidated assets, and no part of the proceeds of any Loan or Letter of Credit hereunder will be used to buy or carry any Margin Stock.

(cy) No ERISA Event has occurred, or is reasonably expected to occur, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect.

(cz) Schedule SB (Actuarial Information) to the 2013 Annual report (Form 5500 Series) for each Plan, copies of which have been filed with the Internal Revenue Service and made available or furnished to each Lender, is complete and accurate and fairly presents the funding status of such Plan, and since the date of such Schedule SB there has been no adverse change in such funding status which may reasonably be expected to have a Material Adverse Effect.

(da) Neither the Guarantor nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan which may reasonably be expected to have a Material Adverse Effect.

(db) Neither the Guarantor nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA, in either such case, that could reasonably be expected to have a Material Adverse Effect.

(dc) No Credit Party is an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

(dd) Each Credit Party has filed all federal, state and other material income tax returns required to be filed by it and has paid or caused to be paid all taxes due for the periods covered thereby, including interest and penalties, except for any such taxes, interest or penalties which are being contested in good faith and by proper proceedings and in respect of which such Credit Party has set aside adequate reserves for the payment thereof in accordance with GAAP.

(de) Each Credit Party and its Subsidiaries are and have been in compliance with all laws (including, without limitation, all Environmental Laws), except to the extent that any failure to be in compliance, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(df) No Subsidiary of any Credit Party is party to, or otherwise bound by, any agreement that prohibits such Subsidiary from making any payments, directly or indirectly, to such Credit Party, by way of dividends, advances, repayment of loans or advances, reimbursements of management or other intercompany charges, expenses and accruals or other returns on investment, or any other agreement that restricts the ability of such Subsidiary to make any payment, directly or indirectly, to such Credit Party, other than prohibitions and restrictions permitted to exist under Section 6.01 (e).

(dg) The information, exhibits and reports furnished by the Guarantor or any of its Subsidiaries to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Credit Documents, taken as a whole, do not contain any material misstatement of fact and do not omit to state a material fact or any fact necessary to make the statements contained therein not misleading in light of the circumstances made.

(dh) Each Credit Party and its Subsidiaries have implemented and maintain in effect policies and procedures reasonably designed to ensure compliance by each Credit Party and its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and each Credit Party and its Subsidiaries and their respective officers and employees and, to the knowledge of such Credit Party and its Subsidiaries, its respective directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Credit Parties or its Subsidiaries or, to the knowledge of such Credit Party or its Subsidiaries, any of their respective directors, officers or employees, or (b) to the knowledge of the Credit Parties, any agent of the Credit Parties or any of their respective Subsidiaries which agent will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing, use of proceeds hereunder or other Transactions will violate Anti-Corruption Laws or applicable Sanctions.

ARTICLE V
AFFIRMATIVE COVENANTS

Section 5.01. Affirmative Covenants.

From and after the Effective Date, so long as any Lender shall have any Commitment hereunder or any principal of any Loan, Unreimbursed LC Disbursement, interest or fees payable hereunder shall remain unpaid or any Letter of Credit shall remain outstanding, each of the Credit Parties will, unless the Required Lenders shall otherwise consent in writing:

(di) ***Compliance with Laws, Etc.*** (i) Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders (including, without limitation, any of the foregoing relating to employee health and safety or public utilities and all Environmental Laws), unless the failure to so comply could not reasonably be expected to have a Material Adverse Effect and (ii) maintain in effect and enforce policies and procedures reasonably designed to ensure compliance by each Credit Party and its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

(dj) ***Maintenance of Properties, Etc.*** Maintain and preserve, and cause each Material Subsidiary to maintain and preserve, all of its material properties which are used in the conduct of its business in good working order and condition, ordinary wear and tear excepted, if the failure to do so could reasonably be expected to have a Material Adverse Effect.

(dk) ***Payment of Taxes, Etc.*** Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) except to the extent the failure to do so could not be reasonably be expected to result in a Material Adverse Effect, all taxes, assessments and governmental charges or levies imposed upon it or upon its property, and (ii) all legal claims which, if unpaid, might by law become a lien upon its property; *provided, however*, that neither any Credit Party nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim which is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(dl) ***Maintenance of Insurance*** . Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually obtained by companies engaged in similar businesses of comparable size and financial strength and owning similar properties in the same general areas in which such Credit Party or such Subsidiary operates, or, to the extent such Credit Party or Subsidiary deems it reasonably prudent to do so, through its own program of self-insurance.

(dm) ***Preservation of Corporate Existence, Etc.*** Preserve and maintain, and cause each Material Subsidiary to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises, except as otherwise permitted under this Agreement; *provided that* (i) no such Person shall be required to preserve any right or franchise with respect to which the Board of Directors of such Person has determined that the preservation thereof is no longer desirable in the conduct of the business of such Person and that the loss thereof is not disadvantageous in any material respect to any Credit Party or the Lenders and (ii) the Specified Separation Transaction shall be permitted.

(dn) ***Visitation Rights*** . At any reasonable time and from time to time, permit the Administrative Agent or any of the Lenders or any agents or representatives thereof, on not less than five Business Days' notice (which notice shall be required only so long as no Default shall be occurred and be continuing), to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, such Credit Party or any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Credit Parties and their respective Subsidiaries with any of their respective officers and with their independent certified public accountants; subject, however, in all cases to the imposition of such conditions as the affected Credit Party or Subsidiary shall deem necessary based on reasonable considerations of safety and security and provided that so long as no Default or Event of Default shall have occurred and be continuing, each Lender will be limited to one visit each year.

(do) ***Keeping of Books*** . (i) Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all material financial transactions and the assets and business of each of the Credit Parties and each of their respective Subsidiaries, and (ii) maintain, and cause each of its Subsidiaries to maintain, a system of accounting established and administered in accordance with generally accepted accounting principles consistently applied.

(dp) ***Reporting Requirements*** . Deliver to the Administrative Agent for distribution to the Lenders:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Guarantor (or, if earlier, concurrently with the filing thereof with the Securities and Exchange Commission or any national securities exchange in accordance with applicable law or regulation), commencing with the fiscal quarter ending March 31, 2015, balance sheets and cash flow statements of the Guarantor and its Consolidated Subsidiaries in comparative form as of the end of such quarter and statements of income, statements of common shareholders' equity of the Guarantor and its Consolidated Subsidiaries for the period commencing at the end of the previous fiscal year of the Guarantor and ending with the end of such quarter, each prepared in accordance with generally accepted accounting principles consistently applied, subject to normal year-end audit adjustments, certified by the chief financial officer of the Guarantor.

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Guarantor (or, if earlier, concurrently with the filing thereof with the Securities and Exchange Commission or any national securities exchange in accordance with applicable law or regulation), commencing with the fiscal year ended December 31, 2014, a copy of the audit report for such year for the Guarantor and its Consolidated Subsidiaries containing balance sheets and cash flow statements of the Guarantor and its Consolidated Subsidiaries and statements of income, statements of common shareholders' equity of the Guarantor and its Consolidated Subsidiaries for such year prepared in accordance with generally accepted accounting principles consistently applied as reported on by independent certified public accountants of recognized national standing acceptable to the Required Lenders, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards;

(iii) concurrently with the delivery of financial statements pursuant to clauses (i) and (ii) above or the notice relating thereto contemplated by the final sentence of this Section 5.01(h), a certificate of a senior financial officer of each of the Guarantor and the Borrower (A) to the effect that no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing the same in reasonable detail and describing the action that the Guarantor or the Borrower, as the case may be, has taken and proposes to take with respect thereto), and (B) in the case of the certificate relating to the Guarantor, setting forth calculations, in reasonable detail, establishing Borrower's compliance, as at the end of such fiscal quarter, with the financial covenant contained in Article VII;

(iv) as soon as possible and in any event within five days after the occurrence of each Default or Event of Default continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Event of Default or event and the action which the Borrower has taken and proposes to take with respect thereto;

(v) promptly after the sending or filing thereof, copies of all reports which the Guarantor sends to its stockholders, and copies of all reports and registration statements (other than registration statements filed on Form S−8) that the Guarantor, the Borrower or any Subsidiary of the Guarantor or the Borrower, files with the Securities and Exchange Commission;

(vi) promptly and in any event within 10 days after the Guarantor knows or has reason to know that any material ERISA Event has occurred, a statement of the chief financial officer of the Borrower describing such ERISA Event and the action, if any, which the Guarantor or any affected ERISA Affiliate proposes to take with respect thereto;

(vii) promptly and in any event within two Business Days after receipt thereof by the Guarantor (or knowledge being obtained by the Guarantor of the receipt thereof by any ERISA Affiliate), copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(viii) promptly and in any event within five Business Days after receipt thereof by the Guarantor (or knowledge being obtained by the Guarantor of the receipt thereof by any ERISA Affiliate) from the sponsor of a Multiemployer Plan, a copy of each notice received by the Guarantor or any ERISA Affiliate concerning (A) the imposition on the Guarantor or any ERISA Affiliate of material Withdrawal Liability by a Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any Multiemployer Plan or (C) the amount of liability incurred, or which may be incurred, by the Guarantor or any ERISA Affiliate in connection with any event described in clause (A) or (B) above;

(ix) promptly after the Guarantor has knowledge of the commencement thereof, notice of any actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Guarantor or any Material Subsidiary of the type described in Section 4.01(h);

(x) promptly after the Guarantor or the Borrower knows of any change in the rating of the Index Debt by S&P or Moody’s, a notice of such changed rating; and

(xi) such other information respecting the condition or operations, financial or otherwise, of the Guarantor or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

Notwithstanding the foregoing, the Credit Parties’ obligations to deliver the documents or information required under any of clauses (i), (ii) and (v) above shall be deemed to be satisfied upon (x) the relevant documents or information being publicly available on the Guarantor’s website or other publicly available electronic medium (such as EDGAR) within the time period required by such clause, and (y) the delivery by the Guarantor or the Borrower of notice to the Administrative Agent for distribution to the Lenders, within the time period required by such clause, that such documents or information are so available.

(dq) ***Use of Proceeds*** . Use the proceeds of the Loans and the Letters of Credit hereunder for working capital and other general corporate purposes, including refinancing of existing indebtedness and not request any Extensions of Credit, nor use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Extension of Credit directly or indirectly (i) for the purpose of funding, financing or facilitating any acquisition for which the Board of Directors of the Person to be acquired (or whose assets are to be acquired) shall have indicated publicly its opposition to the consummation of such acquisition (which opposition has not been publicly withdrawn), (ii) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (iii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country or (iv) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

(dr) ***Ratings*** . At all times maintain ratings by both Moody's and S&P with respect to the Index Debt.

ARTICLE VI
NEGATIVE COVENANTS

Section 6.01. Negative Covenants.

From and after the Effective Date and, so long as any Lender shall have any Commitment hereunder or any principal of any Loan, Unreimbursed LC Disbursement, interest or fees payable hereunder shall remain unpaid or any Letter of Credit shall remain outstanding, no Credit Party will, without the written consent of the Required Lenders:

(ds) ***Limitation on Liens*** . Create or suffer to exist, or permit any of its Subsidiaries (other than a Utility Subsidiary) to create or suffer to exist, any lien, security interest, or other charge or encumbrance (collectively, " ***Liens*** ") upon or with respect to any of its properties, whether now owned or hereafter acquired, or collaterally assign for security purposes, or permit any of its Subsidiaries (other than a Utility Subsidiary) to so assign any right to receive income in each case to secure or provide for or guarantee the payment of Debt for Borrowed Money of any Person, without in any such case effectively securing, prior to or concurrently with the creation, issuance, assumption or guaranty of any such Debt for Borrowed Money, the Obligations (together with, if the Guarantor shall so determine, any other Debt for Borrowed Money of or guaranteed by the Guarantor or any of its Subsidiaries ranking equally with the Loans and Unreimbursed LC Disbursements and then existing or thereafter created) equally and ratably with (or prior to) such Debt for Borrowed Money; *provided, however,* that the foregoing restrictions shall not apply to or prevent the creation or existence of:

(i) (A) Liens on any property acquired, constructed or improved by the Guarantor or any of its Subsidiaries (other than a Utility Subsidiary) after the date of this Agreement that are created or assumed prior to, contemporaneously with, or within 180 days after, such acquisition or completion of such construction or improvement, to secure or provide for the payment of all or any part of the purchase price of such property or the cost of such construction or improvement; or (B) in addition to Liens contemplated by clauses (ii) and (iii) below, Liens on any property existing at the time of acquisition thereof, provided that the Liens shall not apply to any property theretofore owned by the Guarantor or any such Subsidiary other than, in the case of any such construction or improvement, (1) unimproved real property on which the property so constructed or the improvement is located, (2) other property (or improvements thereon) that is an improvement to or is acquired or constructed for specific use with such acquired or constructed property (or improvement thereof), and (3) any rights and interests (A) under any agreements or other documents relating to, or (B) appurtenant to, the property being so constructed or improved or such other property;

(ii) existing Liens on any property or indebtedness of a corporation that is merged with or into or consolidated with any Credit Party or any of its Subsidiaries; *provided* that such Lien was not created in contemplation of such merger or consolidation;

(iii) Liens on any property or indebtedness of a corporation existing at the time such corporation becomes a Subsidiary of any Credit Party; *provided* that such Lien was not created in contemplation of such occurrence;

(iv) Liens to secure Debt for Borrowed Money of a Subsidiary of a Credit Party to a Credit Party or to another Subsidiary of the Guarantor;

(v) Liens in favor of the United States of America, any State, any foreign country or any department, agency or instrumentality or political subdivision of any such jurisdiction, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Debt for Borrowed Money incurred for the purpose of financing all or any part of the purchase price of the cost of constructing or improving the property subject to such Liens, including, without limitation, Liens to secure Debt for Borrowed Money of the pollution control or industrial revenue bond type;

(vi) Liens on any property (including any natural gas, oil or other mineral property) to secure all or part of the cost of exploration, drilling or development thereof or to secure Debt for Borrowed Money incurred to provide funds for any such purpose;

(vii) Liens existing on the date of this Agreement;

(viii) Liens for the sole purposes of extending, renewing or replacing in whole or in part Debt for Borrowed Money secured by any Lien referred to in the foregoing clauses (i) through (vii), inclusive, or this clause (viii); *provided, however,* that the principal amount of Debt for Borrowed Money secured thereby shall not exceed the principal amount of Debt for Borrowed Money so secured at the time of such extension, renewal or replacement (which, for purposes of this limitation as it applies to a synthetic lease, shall be deemed to be (x) the lessor's original cost of the property subject to such lease at the time of extension, renewal or replacement, *less* (y) the aggregate amount of all prior payments under such lease allocated pursuant to the terms of such lease to reduce the principal amount of the lessor's investment, and borrowings by the lessor, made to fund the original cost of the property), and that such extension, renewal or replacement shall be limited to all or a part of the property or indebtedness which secured the Lien so extended, renewed or replaced (plus improvements on such property);

(ix) Liens on any property or assets of a Project Financing Subsidiary, or on any Capital Stock in a Project Financing Subsidiary, in either such case, that secure only a Project Financing or a Contingent Guaranty that supports a Project Financing; or

(x) Any Lien, other than a Lien described in any of the foregoing clauses (i) through (ix), inclusive, to the extent that it secures Debt for Borrowed Money, or guaranties thereof, the outstanding principal balance of which at the time of creation of such Lien, when added to the aggregate principal balance of all Debt for Borrowed Money secured by Liens incurred under this clause (x) then outstanding, does not exceed $150,000,000.

If at any time any Credit Party or any of its Subsidiaries shall create, issue, assume or guaranty any Debt for Borrowed Money secured by any Lien and the first paragraph of this Section 6.01(a) requires that the Loans be secured equally and ratably with such Debt for Borrowed Money, the Borrower shall promptly deliver to the Administrative Agent and each Lender:

(1) a certificate of a duly authorized officer of the Borrower stating that the covenant contained in the first paragraph of this Section 6.01(a) has been complied with; and

(2) an opinion of counsel acceptable to the Required Lenders to the effect that such covenant has been complied with and that all documents executed by any Credit Party or any of its Subsidiaries in the performance of such covenant comply with the requirements of such covenant.

(dt) ***Mergers, Etc.*** Merge or consolidate with or into, or, except in a transaction permitted under paragraph (c) of this Section, convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person, or permit any of its Subsidiaries to do so, except that:

(i) any Subsidiary of the Guarantor (other than the Borrower) may merge or consolidate with or transfer assets to or acquire assets from any other Subsidiary of the Guarantor, *provided* that in the case of any such merger, consolidation, or transfer of assets to which NIPSCO is a party, the continuing or surviving Person shall be a Wholly-Owned Subsidiary of the Guarantor; and

(ii) the Borrower may merge or consolidate with, or transfer assets to, or acquire assets from, any other Wholly-Owned Subsidiary of the Guarantor, provided that in the case of any such merger or consolidation to which the Borrower is not the surviving Person, or transfer of all or substantially all of the assets of the Borrower to any other Wholly-Owned Subsidiary of the Guarantor, immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended), (B) such surviving Person or transferee, as applicable, shall have assumed all of the obligations of the Borrower under and in respect of the Credit Documents by written instrument satisfactory to the Administrative Agent and its counsel in their reasonable discretion, accompanied by such opinions of counsel and other supporting documents as they may reasonably require and (C) such surviving Person or transferee, as applicable, shall be organized under the laws of the United States or any state thereof; and

(iii) any Subsidiary of the Guarantor may merge into the Guarantor or the Borrower or transfer assets to the Borrower or the Guarantor, *provided* that in the case of any merger or consolidation of the Borrower into the Guarantor or transfer of all or substantially all of the assets of the Borrower to the Guarantor, immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended) and (B) the Guarantor shall have assumed all of the obligations of the Borrower under and in respect of the Credit Documents by written instrument satisfactory to the Administrative Agent and its counsel in their reasonable discretion, accompanied by such opinions of counsel and other supporting documents as they may reasonably require; and

(iv) the Guarantor or any Subsidiary of the Guarantor may merge, or consolidate with or transfer all or substantially all of its assets to any other Person; provided that in each case under this clause (iii), immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended); (B) in the case of any such merger, consolidation or transfer of assets to which the Borrower is a party, the Borrower shall be the continuing or surviving corporation; (C) in the case of any such merger, consolidation, or transfer of assets to which NIPSCO is a party, NIPSCO shall be the continuing or surviving corporation and shall be a Wholly-Owned Subsidiary of the Guarantor; (D) in the case of any such merger, consolidation or transfer of assets to which the Guarantor is a party, the Guarantor shall be the continuing or surviving corporation; and (E) the Index Debt shall be rated at least BBB- by S&P and at least Baa3 by Moody's.

(du) ***Sales, Etc. of Assets*** . Sell, lease, transfer or otherwise dispose of, or permit any of their respective Subsidiaries to sell, lease, transfer or otherwise dispose of (other than in connection with a transaction authorized by paragraph (b) of this Section) any substantial part of its assets; *provided* that the foregoing shall not prohibit (i) the realization on a Lien permitted to exist under Section 6.01(a); (ii) any such sale, conveyance, lease, transfer or other disposition that (A) (1) is for a price not materially less than the fair market value of such assets, (2) would not materially impair the ability of any Credit Party to perform its obligations under this Agreement and (3) together with all other such sales, conveyances, leases, transfers and other dispositions, would have no Material Adverse Effect, or (B) would not result in the sale, lease, transfer or other disposition, in the aggregate, of more than 10% of the consolidated total assets of the Guarantor and its Subsidiaries, determined in accordance with GAAP, on December 31, 2013; or (iii) the Specified Separation Transaction.

(dv) ***Compliance with ERISA*** . (i) Terminate, or permit any ERISA Affiliate to terminate, any Plan so as to result in a Material Adverse Effect or (ii) permit to exist any occurrence of any Reportable Event (as defined in Title IV of ERISA), or any other event or condition, that presents a material (in the reasonable opinion of the Required Lenders) risk of such a termination by the PBGC of any Plan, if such termination could reasonably be expected to have a Material Adverse Effect.

(dw) ***Certain Restrictions*** . Permit any of its Subsidiaries (other than, in the case of the Guarantor, the Borrower) to enter into or permit to exist any agreement that by its terms prohibits such Subsidiary from making any payments, directly or indirectly, to such Credit Party by way of dividends, advances, repayment of loans or advances, reimbursements of management or other intercompany charges, expenses and accruals or other returns on investment, or any other agreement that restricts the ability of such Subsidiary to make any payment, directly or indirectly, to such Credit Party; *provided* that the foregoing shall not apply to prohibitions and restrictions (i) imposed by applicable law, (ii) (A) imposed under an agreement in existence on the date of this Agreement, and (B) described on Schedule 6.01(e), (iii) existing with respect to a Subsidiary on the date it becomes a Subsidiary that are not created in contemplation thereof (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such prohibition or restriction), (iv) contained in agreements relating to the sale of a Subsidiary pending such sale, *provided* that such prohibitions or restrictions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (v) imposed on a Project Financing Subsidiary in connection with a Project Financing, or (vi) that could not reasonably be expected to have a Material Adverse Effect.

ARTICLE VII
FINANCIAL COVENANT

From and after the Effective Date, so long as any Lender shall have any Commitment hereunder or any principal of any Loan, Unreimbursed LC Disbursement, interest or fees payable hereunder shall remain unpaid or any Letter of Credit shall remain outstanding, the Guarantor shall maintain a Debt to Capitalization Ratio of not more than 0.70 to 1.00.

ARTICLE VIII
EVENTS OF DEFAULT

Section 8.01. Events of Default.

If any of the following events (“ ***Events of Default*** ”) shall occur and be continuing:

(dx) From and after the Closing Date until the Effective Date:

(i) The Borrower shall fail to pay any fees or amounts hereunder when the same becomes due and payable within three Business Days after when the same becomes due and payable; or

(ii) Any representation or warranty made by any Credit Party as of the Closing Date pursuant to this Agreement shall prove to have been incorrect in any material respect (or any such representation or warranty that was otherwise qualified by materiality shall prove to have been false or misleading in any respect) when made; or

(iii) any “Event of Default” shall occur under (and as defined in) the Existing NiSource Credit Agreement.

(dy) From and after the Effective Date:

(i) The Borrower shall fail to pay any principal of any Loan or Unreimbursed LC Disbursement when the same becomes due and payable or shall fail to pay any interest, fees or other amounts hereunder within three Business Days after when the same becomes due and payable; or

(ii) Any representation or warranty made by any Credit Party in any Credit Document or by any Credit Party (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect (or any such representation or warranty that was otherwise qualified by materiality shall prove to have been false or misleading in any respect) when made; or

(iii) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(e), 5.01(f), 5.01(h)(other than clause (y) of the last paragraph thereof), 5.01(i), 6.01 or Article VII; or

(iv) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in any Credit Document on its part to be performed or observed (other than one identified in paragraph (b) (i), (ii) or (iii) above) if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for thirty days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(v) The Guarantor, the Borrower or any of their respective Subsidiaries shall fail to pay any principal of or premium or interest on any Indebtedness (excluding Non-Recourse Debt) which is outstanding in a principal amount of at least $50,000,000 in the aggregate (but excluding the Loans) of the Guarantor, the Borrower or such Subsidiary, as the case may be, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the scheduled maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(vi) Any Credit Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Credit Party seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against any Credit Party (but not instituted by any Credit Party), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, any Credit Party or for any substantial part of its property) shall occur; or any Credit Party shall take any corporate action to authorize any of the actions set forth above in this paragraph (f); or

(vii) One or more Subsidiaries of the Guarantor (other than the Borrower) in which the aggregate sum of (i) the amounts invested by the Guarantor and its other Subsidiaries in the aggregate, by way of purchases of Capital Stock, Capital Leases, loans or otherwise, and (ii) the amount of recourse, whether contractual or as a matter of law (but excluding Non-Recourse Debt), available to creditors of such Subsidiary or Subsidiaries against the Guarantor or any of its other Subsidiaries, is $100,000,000 or more (collectively, " ***Substantial Subsidiaries*** ") shall generally not pay their respective debts as such debts become due, or shall admit in writing their respective inability to pay their debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against Substantial Subsidiaries seeking to adjudicate them bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of them or their respective debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for them or for any substantial part of their respective property and, in the case of any such proceeding instituted against Substantial Subsidiaries (but not instituted by the Guarantor or any Subsidiary of the Guarantor), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, the Substantial Subsidiaries or for any substantial part of their respective property) shall occur; or Substantial Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this paragraph (g); or

(viii) Any judgment or order for the payment of money in excess of $50,000,000 shall be rendered against the Borrower, the Guarantor or any of its other Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(ix) Any ERISA Event shall have occurred with respect to a Plan and, 30 days after notice thereof shall have been given to the Guarantor or the Borrower by the Administrative Agent, (i) such ERISA Event shall still exist and (ii) the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or, in the case of a Plan with respect to which an ERISA Event described in clauses (c) through (e) of the definition of ERISA Event shall have occurred and then exist, the liability related thereto) is equal to or greater than $10,000,000 (when aggregated with clauses (x), (xi) and (xii) of this Section 8.01(b)), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(x) The Guarantor or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Guarantor and its ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds $10,000,000 or requires payments exceeding $10,000,000 *per annum* (in either case, when aggregated with clauses (ix), (xi) and (xii) of this Section 8.01(b)), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(xi) The Guarantor or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Guarantor and its ERISA Affiliates to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan year of each such Multiemployer Plan immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding $10,000,000 (when aggregated with clauses (ix), (x) and (xii) of this Section 8.01(b)), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(xii) The Guarantor or any ERISA Affiliate shall have committed a failure described in Section 303(k)(1) of ERISA and the amount determined under Section 303(k)(3) of ERISA is equal to or greater than $10,000,000 (when aggregated with clauses (ix), (x) and (xi) of this Section 8.01(b)), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(xiii) Any provision of the Credit Documents shall be held by a court of competent jurisdiction to be invalid or unenforceable against any Credit Party purported to be bound thereby, or any Credit Party shall so assert in writing; or

(xiv) Any Change of Control shall occur; then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Commitment of each Lender and the obligation of each LC Bank to issue or maintain Letters of Credit hereunder to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request or with the consent of the Required Lenders, by notice to the Borrower, declare all amounts payable under this Agreement to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; *provided* that in the event of an actual or deemed entry of an order for relief with respect to any Credit Party under the Federal Bankruptcy Code, (1) the Commitment of each Lender and the obligation of each LC Bank to issue or maintain Letters of Credit hereunder shall automatically be terminated and (2) all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

Notwithstanding anything to the contrary contained herein, no notice given or declaration made by the Administrative Agent pursuant to this Section 8.01 shall affect (i) the obligation of any LC Bank to make any payment under any outstanding Letter of Credit issued by such LC Bank in accordance with the terms of such Letter of Credit or (ii) the obligations of each Lender in respect of each such Letter of Credit; *provided, however* , that upon the occurrence and during the continuance of any Event of Default, the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, upon notice to the Borrower, require the Borrower to deposit with the Administrative Agent an amount in the cash account (the ***"Cash Account"***) described below equal to the then current LC Outstandings. Such Cash Account shall at all times be free and clear of all rights or claims of third parties. The Cash Account shall be maintained with the Administrative Agent in the name of, and under the sole dominion and control of, the Administrative Agent, and amounts deposited in the Cash Account shall bear interest at a rate equal to the rate generally offered by Barclays for deposits equal to the amount deposited by the Borrower in the Cash Account pursuant to this Section 8.01, for a term to be agreed to between the Borrower and the Administrative Agent. If any drawings under any Letter of Credit then outstanding or thereafter made are not reimbursed in full immediately upon demand or, in the case of subsequent drawings, upon being made, then, in any such event, the Administrative Agent may apply the amounts then on deposit in the Cash Account, in such priority as the Administrative Agent shall elect, toward the payment in full of any or all of the Borrower's obligations hereunder as and when such obligations shall become due and payable. Upon payment in full, after the termination of the Letters of Credit, of all such obligations, the Administrative Agent will repay to the Borrower any cash then on deposit in the Cash Account.

ARTICLE IX
THE ADMINISTRATIVE AGENT

Section 9.01. The Administrative Agent.

(dz) Each of the Lenders and each LC Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

(ea) The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Credit Party or any of such Credit Party's Subsidiaries or other Affiliates thereof as if it were not the Administrative Agent hereunder.

(eb) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (i) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (ii) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders, and (iii) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, the Guarantor or any of its other Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or, if applicable, all of the Lenders) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (1) any statement, warranty or representation made in or in connection with this Agreement, (2) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (3) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (4) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (5) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent and the conformity thereof to such express requirement.

(ec) The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for a Credit Party) independent accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(ed) The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

(ee) Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Credit Parties. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower (which consent shall not unreasonably be withheld), to appoint a successor, *provided* that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank, in any event having total assets in excess of $500,000,000 and who shall serve until such time, if any, as an Agent shall have been appointed as provided above. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 11.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

(ef) Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

(eg) No Lender identified on the signature pages of this Agreement as a “Lead Arranger”, “Co-Documentation Agent” or “Syndication Agent”, or that is given any other title hereunder other than “LC Bank” or “Administrative Agent”, shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the generality of the foregoing, no Lender so identified as a “Lead Arranger”, “Co-Documentation Agent” or “Syndication Agent” or that is given any other title hereunder, shall have, or be deemed to have, any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on the Lenders so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

(eh) Notwithstanding anything to the contrary herein or in any other Credit Document, the authority to enforce rights and remedies hereunder and in the other Credit Documents against the Credit Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.01 for the benefit of all the Lenders and LC Banks; *provided* , *however* , that the foregoing shall not prohibit (i) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Credit Documents, (ii) the LC Banks from exercising the rights and remedies that inure to its benefit (solely in its capacity as LC Bank) hereunder and under the other Credit Documents, (iii) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.18(c)) or (iv) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a Bankruptcy Event relative to any Credit Party; and *provided* , *further* , that if at any time there is no Person acting as Administrative Agent hereunder and under the other Credit Documents, then (A) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.01 and (B) in addition to the matters set forth in clauses (ii), (iii) and (iv) of the preceding proviso and subject to Section 2.18(c), any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

(ei) Each Lender acknowledges and agrees that the Extensions of Credit made hereunder are commercial loans and letters of credit and not investments in a business enterprise or securities. Each Lender further represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business and has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender shall, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and informa-tion (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder and in deciding whether or to the extent to which it will continue as a Lender or assign or otherwise transfer its rights, interests and obligations hereunder.

ARTICLE X
GUARANTY

section 10.01. The Guaranty.

(ej) The Guarantor, as primary obligor and not merely as a surety, hereby irrevocably, absolutely and unconditionally guarantees to the Administrative Agent and the Lenders and each of their respective successors, endorsees, transferees and assigns (each a " ***Beneficiary*** " and collectively, the " ***Beneficiaries*** ") the prompt and complete payment by the Borrower, as and when due and payable, of the Obligations, in accordance with the terms of the Credit Documents. The provisions of this Article X are sometimes referred to hereinafter as the " ***Guaranty*** ".

(ek) The Guarantor hereby guarantees that the Obligations will be paid strictly in accordance with the terms of the Credit Documents, regardless of any law now or hereafter in effect in any jurisdiction affecting any such terms or the rights of the Beneficiaries with respect thereto. The obligations and liabilities of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of: (i) any lack of validity or enforceability of any of the Obligations or any Credit Document, or any delay, failure or omission to enforce or agreement not to enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise of any right with respect to the foregoing (including, in each case, without limitation, as a result of the insolvency, bankruptcy or reorganization of any Beneficiary, the Borrower or any other Person); (ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from the Credit Documents or any agreement or instrument relating thereto; (iii) any exchange or release of, or non-perfection of any Lien on or in any collateral, or any release, amendment or waiver of, or consent to any departure from, any other guaranty of, or agreement granting security for, all or any of the Obligations; (iv) any claim, set-off, counterclaim, defense or other rights that the Guarantor may have at any time and from time to time against any Beneficiary or any other Person, whether in connection with this Transaction or any unrelated transaction; or (v) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any other guarantor or surety in respect of the Obligations or the Guarantor in respect hereof.

(el) The Guaranty provided for herein (i) is a guaranty of payment and not of collection; (ii) is a continuing guaranty and shall remain in full force and effect until the Commitments and Letters of Credit have been terminated and the Obligations have been paid in full in cash; and (iii) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be returned by any Beneficiary upon or as a result of the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made.

(em) The obligations and liabilities of the Guarantor hereunder shall not be conditioned or contingent upon the pursuit by any Beneficiary or any other Person at any time of any right or remedy against the Borrower or any other Person that may be or become liable in respect of all or any part of the Obligations or against any collateral security or guaranty therefor or right of setoff with respect thereto.

(en) The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by the Guarantor, any demand for payment of any of the Obligations made by any Beneficiary may be rescinded by such Beneficiary and any of the Obligations continued after such rescission.

(eo) The Guarantor's obligations under this Guaranty shall be unconditional, irrespective of any lack of capacity of the Borrower or any lack of validity or enforceability of any other provision of this Agreement or any other Credit Document, and this Guaranty shall not be affected in any way by any variation, extension, waiver, compromise or release of any or all of the Obligations or of any security or guaranty from time to time therefor.

(ep) The obligations of the Guarantor under this Guaranty shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any proceeding or action, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, marshalling of assets, assignment for the benefit of creditors, composition with creditors, readjustment, liquidation or arrangement of the Borrower or any similar proceedings or actions, or by any defense the Borrower may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding or action. Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts and obligations that constitute the Obligations and would be owed by the Borrower, but for the fact that they are unenforceable or not allowable due to the existence of any such proceeding or action.

Section 10.02. Waivers.

(eq) The Guarantor hereby unconditionally waives: (i) promptness and diligence; (ii) notice of or proof of reliance by the Administrative Agent or the Lenders upon this Guaranty or acceptance of this Guaranty; (iii) notice of the incurrence of any Obligation by the Borrower or the renewal, extension or accrual of any Obligation or of any circumstances affecting the Borrower’s financial condition or ability to perform the Obligations; (iv) notice of any actions taken by the Beneficiaries or the Borrower or any other Person under any Credit Document or any other agreement or instrument relating thereto; (v) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, of the obligations of the Guarantor hereunder or under any other Credit Document, the omission of or delay in which, but for the provisions of this Section 10 might constitute grounds for relieving the Guarantor of its obligations hereunder; (vi) any requirement that the Beneficiaries protect, secure, perfect or insure any Lien or any property subject thereto, or exhaust any right or take any action against the Borrower or any other Person or any collateral; and (vii) each other circumstance, other than payment of the Obligations in full, that might otherwise result in a discharge or exoneration of, or constitute a defense to, the Guarantor’s obligations hereunder.

(er) No failure on the part of any Beneficiary to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. This Guaranty is in addition to and not in limitation of any other rights, remedies, powers and privileges the Beneficiaries may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by the Guarantor or any other Person or by applicable law or otherwise. All rights, remedies, powers and privileges of the Beneficiaries shall be cumulative and may be exercised singly or concurrently. The rights, remedies, powers and privileges of the Beneficiaries under this Guaranty against the Guarantor are not conditional or contingent on any attempt by the Beneficiaries to exercise any of their rights, remedies, powers or privileges against any other guarantor or surety or under the Credit Documents or any other agreement or instrument relating thereto against the Borrower or against any other Person.

(es) The Guarantor hereby acknowledges and agrees that, until the Commitments have been terminated and all of the Obligations have been paid in full in cash, under no circumstances shall it be entitled to be subrogated to any rights of any Beneficiary in respect of the Obligations performed by it hereunder or otherwise, and the Guarantor hereby expressly and irrevocably waives, until the Commitments have been terminated and all of the Obligations have been paid in full in cash, (i) each and every such right of subrogation and any claims, reimbursements, right or right of action relating thereto (howsoever arising), and (ii) each and every right to contribution, indemnification, set-off or reimbursement, whether from the Borrower or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, and whether arising by contract or operation of law or otherwise by reason of the Guarantor’s execution, delivery or performance of this Guaranty.

(et) The Guarantor represents and warrants that it has established adequate means of keeping itself informed of the Borrower’s financial condition and of other circumstances affecting the Borrower’s ability to perform the Obligations, and agrees that neither the Administrative Agent nor any Lender shall have any obligation to provide to the Guarantor any information it may have, or hereafter receive, in respect of the Borrower.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Notices.

Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to any Credit Party, to it at:
801 East 86th Avenue
Merrillville, Indiana 46410
Attention: Vice President, Treasurer and Chief Risk Officer
Telecopier: (219) 647-6188;

with a copy to such Credit Party at:

801 East 86th Avenue
Merrillville, Indiana 46410
Attention: Assistant Treasurer
Telecopier: (219) 647-6116;

(b) if to the Administrative Agent, to Barclays Bank PLC at:
1301 Sixth Avenue
New York, New York 10019
Attn: Justin Snell
Telecopier: (917) 522-0569
Telephone: (212) 320-0708
Email: justin.snell@barclays.com
Email: xrausloanops5@barclays.com

with a copy to such party at:

745 Seventh Avenue
New York, NY 10019
Attn: Alicia Borys / Mat Cybul
Telecopier: (212) 526-5115
Email: alicia.borys@barclays.com / Mathew.cybul@barclays.com
Email: ltmny@barclays.com

(c) if to Barclays as an Initial LC Bank, at:
200 Park Avenue
New York, NY 10166
Attn: Letters of Credit / Dawn Townsend
Telecopier: (212) 412 5011
Email: xraletterofcredit@barclays.com

(d) if to any Lender or any LC Bank (other than Barclays), to it at its address (or telecopy number) set forth in its Administrative Questionnaire. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through Electronic Systems, to the extent provided in paragraph (f) below, shall be effective as provided in said paragraph (f).

(e) Notices and other communications to the Lenders hereunder may be delivered or furnished by using Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(f) Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender’s receipt of an acknowledgement from the intended recipient (such as by the “return receipt requested” function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website, including an Electronic System, shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(g) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(h) Electronic Systems.

(i) The Borrower and each Lender agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System.

(ii) Any Electronic System used by the Administrative Agent is provided “as is” and “as available.” The Agent Parties (as defined below) and the Credit Parties do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party or any Credit Party in connection with the Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) or the Credit Parties have any liability to any Credit Party, any Lender, Administrative Agent or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Credit Party’s or the Administrative Agent’s transmission of Communications through an Electronic System, except to the extent that such damages, losses or expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Credit Party pursuant to any Credit Document or the transactions contemplated therein which is distributed by the Administrative Agent or any Lender by means of electronic communications pursuant to this Section, including through an Electronic System.

Section 11.02. Waivers; Amendments.

(a) No failure or delay by the Administrative Agent, any LC Bank or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the LC Banks and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Credit Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, no Extension of Credit shall be construed as a waiver of any Default, regardless of whether the Administrative Agent, any LC Bank or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower, the Guarantor and the Required Lenders or by the Borrower, the Guarantor and the Administrative Agent with the consent of the Required Lenders; *provided* that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or any Unreimbursed LC Disbursement or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, any Unreimbursed LC Disbursement or any interest thereon, or any fees or other amounts payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the *pro rata* sharing of payments required thereby, without the written consent of each Lender, (v) release the Guarantor from its obligations under the Guaranty without the written consent of each Lender, (vi) waive any of the conditions precedent to the effectiveness of this Agreement set forth in Section 3.01 or any of the conditions precedent to the Effective Date set forth in Section 3.02, in each case, without the written consent of each Lender, (vii) issue any Letter of Credit with an expiry date, or extend the expiry date of any Letter of Credit to a date, that is later than the Termination Date without the written consent of each Lender, or (viii) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; *provided*, *further*, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or any LC Bank hereunder without the prior written consent of the Administrative Agent or such LC Bank, as the case may be.

Section11.03. Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the initial syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the LC Banks, including the reasonable fees, charges and disbursements of counsel for each LC Bank, in connection with the execution, delivery, administration, modification and amendment of any Letters of Credit to be issued by it hereunder, and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any LC Bank or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, any LC Bank or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made and Letters of Credit issued hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) The Borrower shall indemnify the Administrative Agent, the Syndication Agent, each Co-Documentation Agent, each LC Bank and each Lender and each Related Party of any of the foregoing Persons (each such Person being called an " ***Indemnitee*** ") against, and hold each Indemnitee harmless from, any and all losses, claims, penalties, damages, liabilities and related reasonable expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transaction contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property now, in the past or hereafter owned or operated by the Borrower, the Guarantor or any of its other Subsidiaries, or any Environmental Liability related in any way to the Borrower, the Guarantor or any of its other Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any of its Subsidiaries, and regardless of whether any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. This Section 11.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent or any LC Bank under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent or such LC Bank such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or such LC Bank in its capacity as such.

(d) To the extent permitted by applicable law, (i) the Borrower shall not assert, and does hereby waive, any claim against any Indemnitee for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), and (ii) without limiting the rights of indemnification of any Indemnitee set forth in this Agreement with respect to liabilities asserted by third parties, each party hereto shall not assert, and hereby waives, any claim against each other party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable not later than 20 days after written demand therefor.

Section 11.04. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby; provided that, (i) except to the extent permitted pursuant to Section 6.01(b)(ii) and (iii), no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender and each LC Bank (and any attempted assignment or transfer by a Credit Party without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Borrower (provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof); provided, further, that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

(B) the Administrative Agent; and

(C) each LC Bank.

(i) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of such Lender's Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws;

(E) without the prior written consent of the Administrative Agent, no assignment shall be made to a prospective assignee that bears a relationship to the Borrower described in Section 108(e)(4) of the Code; and

(F) no assignment shall be made to any Affiliate of any Credit Party.

For the purposes of this Section 11.04(b), the terms "Approved Fund" and "Ineligible Institution" have the following meanings:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Ineligible Institution" means (a) a natural person, (b) a Defaulting Lender, (c) the Borrower, any of its Subsidiaries or any of its Affiliates, or (d) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof.

Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 11.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount (and stated interest) of the Loans and other Obligations owing to, each Lender pursuant to the terms hereof from time to time (the " ***Register*** "). The entries in the Register shall be conclusive (absent manifest error), and the Borrower, the Administrative Agent, the LC Banks and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

(d) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of or notice to the Borrower, any LC Bank or the Administrative Agent, sell participations to one or more banks or other entities (a " ***Participant*** "), other than an Ineligible Institution, in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Guarantor and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 11.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the requirements and limitations therein (it being understood that the documentation required under Section 2.17(e) and (f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant agrees to be subject to the provisions of Section 2.19 as through it were an assignee under paragraph (b) of this Section. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the obligations under this Agreement (the " ***Participant Register*** "); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in the obligations under this Agreement) except to the extent that such disclosure is necessary to establish that such interest is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.l5 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including, without limitation, to a Federal Reserve Bank or any central bank, and this Section shall not apply to any such pledge or assignment of a security interest; *provided* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

Section 11.05. Survival.

All covenants, agreements, representations and warranties made by the Borrower and the Guarantor herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit. The provisions of Sections 2.15, 2.16, 2.17, 10.01(c)(iii) and 11.03 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

Section 11.06. Counterparts; Integration; Effectiveness; Electronic Execution.

This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the commitment letter relating to the credit facility provided hereby (to the extent provided therein) and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Sections 3.01 and 3.02, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging shall be effective as delivery of an original executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 11.07. Severability.

Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 11.08. Right of Setoff.

If an Event of Default shall have occurred and be continuing, each Lender and each LC Bank or any Affiliate thereof is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of any Credit Party against any of and all the Obligations now or hereafter existing under this Agreement held by such Lender or such LC Bank, irrespective of whether or not such Lender or such LC Bank shall have made any demand under this Agreement and although such Obligations may be unmatured. The rights of each Lender and each LC Bank under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

Section 11.09. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each Credit Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in the Borough of Manhattan and of the United States District Court of the Southern District of New York sitting in the Borough of Manhattan, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent, any LC Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against any Credit Party or its properties in the courts of any jurisdiction.

(c) Each Credit Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 11.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Section 11.10. WAIVER OF JURY TRIAL

. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 11.11. Headings.

Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 11.12. Confidentiality.

Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) actual or prospective counterparty (or its advisors) to any swap or derivative transaction or any credit insurance provider, in each case, relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any LC Bank or any Lender on a nonconfidential basis from a source other than a Credit Party or any Subsidiary of a Credit Party. For the purposes of this Section, " ***Information*** " means all information received from any Credit Party or any Subsidiary of a Credit Party relating to a Credit Party or any Subsidiary of a Credit Party or its respective businesses, other than any such information that is available to the Administrative Agent, any LC Bank or any Lender on a nonconfidential basis prior to disclosure by any Credit Party or any Subsidiary of a Credit Party; *provided* that, in the case of information received from any Credit Party or any Subsidiary of a Credit Party after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent, the Co-Documentation Agents, the Syndication Agent, the Arrangers and the Lenders in connection with the administration of this Agreement, the other Loan Documents, and the Commitments.

EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THE IMMEDIATELY PRECEDING PARAGRAPH FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER, THE OTHER CREDIT PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

Section 11.13. USA PATRIOT Act

. Each Lender hereby notifies the Credit Parties that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Credit Parties, which information includes the name and address of the Credit Parties and other information that will allow such Lender to identify the Credit Parties in accordance with the Act.

Section 11.14. Acknowledgments

. Each of the Guarantor and the Borrower hereby acknowledges that:

(a) it has been advised by and consulted with its own legal, accounting, regulatory and tax advisors (to the extent it deemed appropriate) in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) neither any Arranger, any Agent nor any Lender has any fiduciary relationship with or duty to the Guarantor or the Borrower arising out of or in connection with this Agreement or any of the other Credit Documents, and the relationship between any Arranger, the Administrative Agent and the Lenders, on one hand, and the Guarantor and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor, and, to the fullest extent permitted by law, each of the Guarantor and the Borrower hereby waives and releases any claims that it may have against the Administrative Agent, the Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby;

(c) it is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents; and

(d) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Arrangers, the Administrative Agent and the Lenders or among the Guarantor, the Borrower and the Lenders.

IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

NISOURCE FINANCE CORP., as Borrower

By:
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

Federal Tax Identification Number: 35-2105468

NISOURCE INC., as Guarantor

By:
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

Federal Tax Identification Number: 35-2108964

BARCLAYS BANK PLC, as a Lender, as an LC Bank and as Administrative Agent

By:
Name:
Title:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as a Lender and as an LC Bank

By:
Name:
Title:

By:
Name:
Title:

[OTHER LENDERS], as a Lender

By:
Name:
Title:

The undersigned Departing Lender hereby acknowledges and agrees that, from and after the Effective Date, it is no longer a party to the Existing Credit Agreement or any of the Credit Documents executed in connection therewith and will not be a party to this Agreement.

ROYAL BANK OF SCOTLAND plc, as a Departing Lender

By ___________________________________

Name:

Title:

PRICING GRID

The “Applicable Rate” for any day with respect to any Eurodollar Loan, ABR Loan, Facility Fee or LC Risk Participation Fee, as the case may be, is the percentage set forth below in the applicable row under the column corresponding to the Status that exists on such day:

Status	Level I	Level II	Level III	Level IV	Level V
Eurodollar Revolving Loans (basis points)	100	107.5	127.5	147.5	165
ABR Loans (basis points)	0	7.5	27.5	47.5	65
Facility Fee (basis points)	12.5	17.5	22.5	27.5	35
LC Risk Participation Fee (basis points)	100	107.5	127.5	147.5	165

For purposes of this Pricing Grid, the following terms have the following meanings (as modified by the provisos below):

“ ***Level I Status*** ” exists at any date if, at such date, the Index Debt is rated either A- or higher by S&P or A3 or higher by Moody’s.

“ ***Level II Status*** ” exists at any date if, at such date, the Index Debt is rated either BBB+ by S&P or Baa1 by Moody’s.

“ ***Level III Status*** ” exists at any date if, at such date, the Index Debt is rated either BBB by S&P or Baa2 by Moody’s.

“ ***Level IV Status*** ” exists at any date if, at such date, the Index Debt is rated either BBB- by S&P or Baa3 by Moody’s.

“ ***Level V Status*** ” exists at any date if, at such date, the Index Debt is rated either BB+ by S&P or lower or Ba1 by Moody’s or lower, or, no other Status exists.

“ ***Status*** ” refers to the determination of which of Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status exists at any date.

The credit ratings to be utilized for purposes of this Pricing Grid are those assigned to the Index Debt, and any rating assigned to any other debt security of the Borrower shall be disregarded. The rating in effect at any date is that in effect at the close of business on such date.

Provided, that the applicable Status shall change as and when the applicable Index Debt ratings change.

Provided further, that if the Index Debt is split-rated, the applicable Status shall be determined on the basis of the higher of the two ratings then applicable; *provided further, that,* if the Index Debt is split-rated by two or more levels, the applicable Status shall instead be determined on the basis of the rating that is one level above the lower of the two ratings then applicable.

Provided further, that if both Moody’s and S&P, or their successors as applicable, shall have ceased to issue or maintain such ratings, then the applicable Status shall be Level V.

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the " Assignment and Assumption ") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the " Assignor ") and [*Insert name of Assignee*] (the " Assignee "). Capitalized terms used but not defined herein shall have the meanings given to them in the Third Amended and Restated Revolving Credit Agreement identified below (as amended, the " Credit Agreement "), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit and guarantees included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the " Assigned Interest "). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: ______________________________

2. Assignee: ______________________________

[and is an Affiliate/Approved Fund of [identify Lender] Select as applicable.

3.	Borrower(s):	NiSource Finance Corp., an Indiana corporation
4.	Administrative Agent:	Barclays Bank PLC, as the administrative agent under the Credit Agreement
5.	Credit Agreement:	The Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 among NiSource Finance Corp., as borrower, NiSource Inc., a Delaware corporation, as guarantor, the Lenders parties thereto, Barclays Bank PLC, as Administrative Agent, and the other agents parties thereto

6. Assigned Interest:

Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/ Loans Assigned	Percentage Assigned of Commitment/Loans Set forth, so at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.
$	$	%
$	$	%
$	$	%

Effective Date: _____________ ___, 20___ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]
By: ______________________________
Title:

ASSIGNEE
[NAME OF ASSIGNEE]
By: ______________________________
Title:

Consented to and Accepted:
BARCLAYS BANK PLC, as Administrative Agent and LC Bank
By: ______________________________
Title:

Consented to:
[__________], as LC Bank
By: ______________________________
Title:

[NISOURCE FINANCE CORP., as Borrower] To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.
By: ______________________________
Title:

ANNEX I

STANDARD TERMS AND CONDITIONS FOR

ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties .

1.1 Assignor . The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2. Assignee . The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01(h) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (vi) it does not bear a relationship to the Borrower described in Section 108(e)(4) of the Code; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments . From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions . This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. THIS

ASSIGNMENT AND ASSUMPTION SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

<u>EXHIBIT B</u>

FORM OF OPINION OF SCHIFF HARDIN LLP

[See Attached.]

EXHIBIT C

FORM OF REVOLVING LOAN BORROWING REQUEST

REVOLVING LOAN BORROWING REQUEST

Date: ________, ____

To: Barclays Bank PLC,
as Administrative Agent
1301 Sixth Avenue
New York, New York 10019
Attn: Justin Snell
Telecopier: (917) 522-0569
Telephone: (212) 320-0708
Email: justin.snell@barclays.com
Email: xrausloanops5@barclays.com

Ladies and Gentlemen:

Reference is made to that certain Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the " Agreement "; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto.

The Borrower hereby requests a Revolving Borrowing, as follows:

1. In the aggregate amount of $________.

2. On ________, 201_ (a Business Day).

3. Comprised of [an ABR] [a Eurodollar] Borrowing.

[4. With an Interest Period of ___ months.] Insert if a Eurodollar Borrowing.

[4][5]. The Borrower's account to which funds are to be disbursed is:

Account Number: __________

Location:_________________

This Borrowing Request and the Revolving Borrowing requested herein comply with the Agreement, including Sections 2.01(a) , 2.02 , 3.02 and 3.03 of the Agreement.

[Signature Page Follows.]

NISOURCE FINANCE CORP.

By: ______________________________

Name:

Title:

EXHIBIT D

[Reserved]

EXHIBIT E

FORM OF LC CREDIT EXTENSION REQUEST

LC CREDIT EXTENSION REQUEST

Date: ________, ____

To: [___________],

as LC Bank

[___________]

cc: Barclays Bank PLC,
as Administrative Agent
1301 Sixth Avenue
New York, New York 10019
Attn: Justin Snell
Telecopier: (917) 522-0569
Telephone: (212) 320-0708
Email: justin.snell@barclays.com
Email: xrausloanops5@barclays.com

Ladies and Gentlemen:

Reference is made to that certain Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the " Agreement "; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto.

The Borrower hereby requests a Letter of Credit extension by the LC Bank listed above, as follows:

1. [An issuance of a new Letter of Credit in the amount of $[______]] [an amendment to existing Letter of Credit No. [______] issued by such LC Bank].

2. On __________, 201_ (a Business Day).

This request for Letter of Credit extension complies with the Agreement, including Sections 2.04 , 3.02 and 3.03 of the Agreement.

[Signature Page Follows.]

NISOURCE FINANCE CORP.

By: ____________________
Name:
Title:

EXHIBIT F

FORM OF REVOLVING NOTE

REVOLVING NOTE

FOR VALUE RECEIVED, the undersigned (the " Borrower "), hereby promises to pay to __________________ or registered assigns (the " Lender "), in accordance with the provisions of the Agreement (as hereinafter defined), the aggregate unpaid principal amount of each Revolving Loan from time to time made by the Lender to the Borrower under that certain Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the " Agreement "; the terms defined therein being used herein as therein defined), between the Borrower, NiSource Inc., as guarantor, the Lenders party thereto, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto. The Borrower promises to pay interest on the aggregate unpaid principal amount of each Revolving Loan from time to time made by the Lender to the Borrower under the Agreement from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's office pursuant to the terms of the Agreement. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Revolving Note is one of the promissory notes referred to in Section 2.10(e) of the Agreement, is one of the Credit Documents, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Revolving Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Revolving Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Revolving Note and endorse thereon the date, amount and maturity of its Revolving Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Revolving Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[Signature Page Follows.]

NISOURCE FINANCE CORP.

By: ____________________
Name:
Title:

LOANS AND PAYMENTS WITH RESPECT THERETO

Date	Type of Loan Made	Amount of Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

EXHIBIT G

FORM OF INTEREST ELECTION REQUEST

INTEREST ELECTION REQUEST

Date: _______, ____

To: Barclays Bank PLC,
as Administrative Agent
1301 Sixth Avenue
New York, New York 10019
Attn: Justin Snell
Telecopier: (917) 522-0569
Telephone: (212) 320-0708
Email: justin.snell@barclays.com
Email: xrausloanops5@barclays.com

Ladies and Gentlemen:

Reference is made to that certain Third Amended and Restated Revolving Credit Agreement, dated as of December 4, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the "Agreement"; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the "Borrower"), NiSource Inc., as guarantor, the Lenders party thereto, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto.

This Interest Election Request is delivered to you pursuant to Section 2.06 of the Agreement and relates to the following:

1. A conversion of a Borrowing A continuation of a Borrowing (select one).

2. In the aggregate principal amount of $________.

3. which Borrowing is being maintained as a [ABR Revolving Borrowing] [Eurodollar Revolving Borrowing with an Interest Period ending on ________, 201_].

4. (select relevant election)

If such Borrowing is a Eurodollar Revolving Borrowing, such Borrowing shall be continued as a Eurodollar Revolving Borrowing having an Interest Period of [__] months.

If such Borrowing is a Eurodollar Revolving Borrowing, such Borrowing shall be converted to an ABR Revolving Borrowing.

If such Borrowing is an ABR Revolving Borrowing, such Borrowing shall be converted to a Eurodollar Revolving Borrowing having an Interest Period of [____] months.

5. Such election to be effective on ________, 201_ (a Business Day).

This Interest Election Request and the election made herein comply with the Agreement, including Section 2.06 of the Agreement.

[Signature Page Follows.]

NISOURCE FINANCE CORP.

By: ____________________
Name:
Title:

EXHIBIT H

FORM OF PREPAYMENT NOTICE

PREPAYMENT NOTICE

Date: _______, ____

To: Barclays Bank PLC,
as Administrative Agent
1301 Sixth Avenue
New York, New York 10019
Attn: Justin Snell
Telecopier: (917) 522-0569
Telephone: (212) 320-0708
Email: justin.snell@barclays.com
Email: xrausloanops5@barclays.com

Ladies and Gentlemen:

Reference is made to that certain Third Amended and Restated Revolving Credit Agreement, dated as of December 4, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the " Agreement "; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto.

This Prepayment Notice is delivered to you pursuant to Section 2.11 of the Agreement. The Borrower hereby gives notice of a prepayment of Loans as follows:

1. (select Type(s) of Loans)

ABR Revolving Loans in the aggregate principal amount of $________.

Eurodollar Revolving Loans with an Interest Period ending ______, 201_ in the aggregate principal amount of $________.

2. On __________, 201_ (a Business Day).

This Prepayment Notice and prepayment contemplated hereby comply with the Agreement, including Section 2.11 of the Agreement.

[Signature Page Follows.]

NISOURCE FINANCE CORP.

By: ____________________
Name:
Title:

EXHIBIT I-1

FORM OF

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "), between NiSource Finance Corp., an Indiana corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto and Barclays Bank PLC, as the Administrative Agent (the " Administrative Agent ").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By:

Name:

Title:

Date: __________, 20[__]

EXHIBIT I-2

FORM OF

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "), between NiSource Finance Corp., an Indiana corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto and Barclays Bank PLC, as the Administrative Agent (the " Administrative Agent ").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By:

Name:

Title:

Date: ________ __, 20[__]

EXHIBIT I-3

FORM OF

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "), between NiSource Finance Corp., an Indiana corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto and Barclays Bank PLC, as the Administrative Agent (the " Administrative Agent ").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By:

Name:

Title:

Date: ________ __, 20[__]

EXHIBIT G-4

FORM OF

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "), between NiSource Finance Corp., an Indiana corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto and Barclays Bank PLC, as the Administrative Agent (the " Administrative Agent ").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to the Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By:

Name:

Title:

Date: _________ __, 20[__]

Schedule 2.01

(Third Amended and Restated Revolving Credit Agreement)

Names, Addresses, Allocation of Aggregate Commitment, and Applicable Percentages of Banks

Bank Name	Domestic Lending Office	Eurodollar Lending Office	Commitment	Applicable Percentage
Barclays Bank PLC	Barclays Bank PLC 745 Seventh Avenue New York, NY 10019	Barclays Bank PLC 745 Seventh Avenue New York, NY 10019	$100,000,000	6.666666%
Credit Suisse AG, Cayman Islands Branch	On file with the Administrative Agent	On file with the Administrative Agent	$85,000,000	5.666666%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	On file with the Administrative Agent	On file with the Administrative Agent	$85,000,000	5.666666%
Citibank, N.A.	On file with the Administrative Agent	On file with the Administrative Agent	$85,000,000	5.666666%
JPMorgan Chase Bank, N.A.	On file with the Administrative Agent	On file with the Administrative Agent	$85,000,000	5.666666%
Bank of America, N.A.	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
The Bank of Nova Scotia	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
BNP Paribas	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
Goldman Sachs Bank USA	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
KeyBank National Association	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%

Mizuho Bank, Ltd.	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
Morgan Stanley Bank, N.A.	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
The Northern Trust Company	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
PNC Bank, National Association	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
Royal Bank of Canada	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
U.S. Bank National Association	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
Wells Fargo Bank, National Association	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
CoBank, ACB	On file with the Administrative Agent	On file with the Administrative Agent	$165,000,000	11.000000%
Banco Bilbao Vizcaya Argentaria, S.A., New York Branch	On file with the Administrative Agent	On file with the Administrative Agent	$35,000,000	2.333333%
The Bank of New York Mellon	On file with the Administrative Agent	On file with the Administrative Agent	$35,000,000	2.333333%
Fifth Third Bank	On file with the Administrative Agent	On file with the Administrative Agent	$35,000,000	2.333333%

The Huntington National Bank	On file with the Administrative Agent	On file with the Administrative Agent	$35,000,000	2.333333%
National Cooperative Services Corporation	On file with the Administrative Agent	On file with the Administrative Agent	$35,000,000	2.333333%
TOTAL			**$1,500,000,000**	**100%**

Letter of Credit Commitment

Bank Name	Letter of Credit Commitment
Barclays Bank PLC	$50,000,000
JPMorgan Chase Bank, N.A.	$25,000,000
Credit Suisse AG, Cayman Islands Branch	$50,000,000
Citibank, N.A.	$25,000,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$50,000,000
Royal Bank of Canada	$25,000,000

SCHEDULE 6.01(e)

EXISTING AGREEMENTS

Receivables Purchase Agreements and Receivables Sales Agreement of (a) Columbia Gas of Ohio Receivables Corporation, (b) Columbia Gas of Pennsylvania Receivables Corporation, (c) NIPSCO Accounts Receivables Corporation and (d) any renewal, modification, extension or replacement of the above, in each case, to provide for receivables financings upon terms and conditions not materially more restrictive on the Guarantor and its Subsidiaries, taken as a whole, than the terms and conditions of such renewed, modified, extended or replaced facility.

Revolving Credit Agreement, dated as of the date hereof among Columbia Pipeline Group, Inc., as Borrower, CPG OpCo LP, as Guarantor, Columbia Energy Group, as Guarantor, CPG OpCo GP LLC, as Guarantor, the Lenders party thereto as lenders, Citibank, N.A., as Syndication Agent, Barclays Bank PLC, The Bank of Nova Scotia, and BNP Paribas., as Co-Documentation Agents and JPMorgan Chase Bank, N.A., as Administrative Agent.

Revolving Credit Agreement, dated as of the date hereof among Columbia Pipeline Partners LP, as Borrower, NiSource Inc., as Guarantor, Columbia Pipeline Group, Inc., as Guarantor, CPG OpCo LP, as Guarantor, Columbia Energy Group, as Guarantor, CPG OpCo GP LLC, as Guarantor, the Lenders party thereto as lenders, The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Syndication Agent, Credit Suisse Securities (USA) LLC and Royal Bank of Canada, as Co-Documentation Agents, and Wells Fargo Bank National Association, as Administrative Ag

Exhibit 12

NiSource Inc.
Ratio of Earnings to Fixed Charges

		December 31, 2014		December 31, 2013		December 31, 2012		December 31, 2011		December 31, 2010
Earnings as defined in item 503(d) of Regulation S-K:										
Add:										
Pretax income from continuing operations [(a)(b)]	$	795,253,114	$	717,408,149	$	591,799,194	$	461,481,646	$	398,976,380
Fixed Charges		491,592,837		459,212,080		453,457,181		424,873,958		442,730,583
Amortization of capitalized interest [(c)]		—		—		—		—		—
Distributed income of equity investees		37,910,964		32,243,416		34,850,000		18,800,143		36,741,190
Share of pre-tax losses of equity investees for which charges arising guarantees are included in fixed charges		—		—		—		—		—
Deduct:										
Interest capitalized [(c)]		—		—		—		—		—
Preference security dividend requirements of consolidated subsidiaries [(d)]		—		—		—		—		—
Non-Controlling interest in pre-tax income of subsidiaries that have not incurred fixed charges		—		—		—		—		(11,762)
	$	1,324,756,915	$	1,208,863,645	$	1,080,106,375	$	905,155,747	$	878,459,915
Fixed charges as defined in item 503(d) of Regulation S-K:										
Interest on long-term debt	$	433,004,301	$	408,487,642	$	398,233,583	$	362,913,295	$	390,690,947
Other interest		25,526,375		22,574,170		28,541,916		35,399,618		22,851,904
Capitalized interest during period [(c)]										
Amortization of premium, reacquisition premium, discount and expense on debt, net		9,967,085		9,395,881		9,699,158		8,941,809		10,287,487
Interest portion of rent expense		23,095,076		18,754,387		16,982,524		17,619,236		18,912,006
Non-controlling interest		—		—		—		—		(11,762)
	$	491,592,837	$	459,212,080	$	453,457,181	$	424,873,958	$	442,730,583
Plus preferred stock dividends: Preferred dividend requirements of subsidiary	$	—	$	—	$	—	$	—	$	—
Preferred dividend requirements factor		0.63		0.65		0.66		0.65		0.68
Preference security dividend requirements of consolidated subsidiaries [(d)]		—		—		—		—		—
Fixed charges		491,592,837		459,212,080		453,457,181		424,873,958		442,730,583
	$	491,592,837	$	459,212,080	$	453,457,181	$	424,873,958	$	442,730,583
Ratio of earnings to fixed charges		2.69		2.63		2.38		2.13		1.98

[(a)] Income Statement amounts have been adjusted for discontinued operations.

[(b)] Excludes adjustment for minority interest in consolidated subsidiaries or income or loss from equity investees.

[(c)] NiSource is a public utility following ASC 980 and therefore does not add amortization of capitalized interest or subtract interest capitalized in determining earnings, nor reduces fixed charges for Allowance for Funds Used During Construction.

[(d)] Preferred dividends, as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one minus the effective income tax rate applicable to continuing operations.

Exhibit 21

SUBSIDIARIES OF NISOURCE

as of December 31, 2014

Segment/Subsidiary	State of Incorporation
GAS DISTRIBUTION OPERATIONS	
Bay State Gas Company d/b/a Columbia Gas of Massachusetts	Massachusetts
Columbia Gas of Kentucky, Inc.	Kentucky
Columbia Gas of Maryland, Inc.	Delaware
Columbia Gas of Ohio, Inc.	Ohio
Columbia Gas of Pennsylvania, Inc.	Pennsylvania
Columbia Gas of Virginia, Inc.	Virginia
NiSource Gas Distribution Group, Inc.	Delaware
ELECTRIC OPERATIONS	
Northern Indiana Public Service Company*	Indiana
COLUMBIA PIPELINE GROUP OPERATIONS	
Columbia Gas Transmission, LLC	Delaware
Columbia Gulf Transmission, LLC	Delaware
Central Kentucky Transmission Company	Delaware
Crossroads Pipeline Company	Indiana
Columbia Pipeline Group Services Company	Delaware
Columbia Midstream & Minerals Group, LLC	Delaware
CORPORATE AND OTHER OPERATIONS	
Columbia Energy Group	Delaware
Columbia Gas of Ohio Receivables Corporation	Delaware
Columbia Gas of Pennsylvania Receivables Corporation	Delaware
NiSource Capital Markets, Inc.	Indiana
NiSource Corporate Group, Inc.	Delaware
NiSource Corporate Services Company	Delaware
NiSource Development Company, Inc.	Indiana
NiSource Energy Technologies, Inc.	Indiana
NiSource Finance Corp.	Indiana
NiSource Insurance Corporation, Inc.	Utah
NIPSCO Accounts Receivable Corporation	Indiana

* Reported under Gas Distribution Operations and Electric Operations.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-191983, 333-191983-01 and 333-179821 on Forms S-3, and Registration Statement Nos., 333-181461, 333-107743, 333-166888, and 333-170706 on Forms S-8 of our reports dated February 18, 2015, relating to the consolidated financial statements and financial statement schedules of NiSource Inc. and subsidiaries (the "Company") (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's initial public offering of limited partner interests of Columbia Pipeline Partners LP which was completed on February 11, 2015) and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2014.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois

February 18, 2015

Exhibit 31.1

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert C. Skaggs, Jr., certify that:

1. I have reviewed this Annual Report of NiSource Inc. on Form 10-K for the year ended December 31, 2014 ;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date:	February 18, 2015	By:	/s/ Robert C. Skaggs, Jr
			Robert C. Skaggs, Jr.
			Chief Executive Officer

Exhibit 31.2

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Stephen P. Smith, certify that:

1. I have reviewed this Annual Report of NiSource Inc. on Form 10-K for the year ended December 31, 2014 ;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2015

By: /s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of NiSource Inc. (the "Company") on Form 10-K for the year ending December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Skaggs, Jr., Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert C. Skaggs, Jr

Robert C. Skaggs, Jr.
Chief Executive Officer

Date: February 18, 2015

Exhibit 32.2

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of NiSource Inc. (the "Company") on Form 10-K for the year ending December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen P. Smith, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

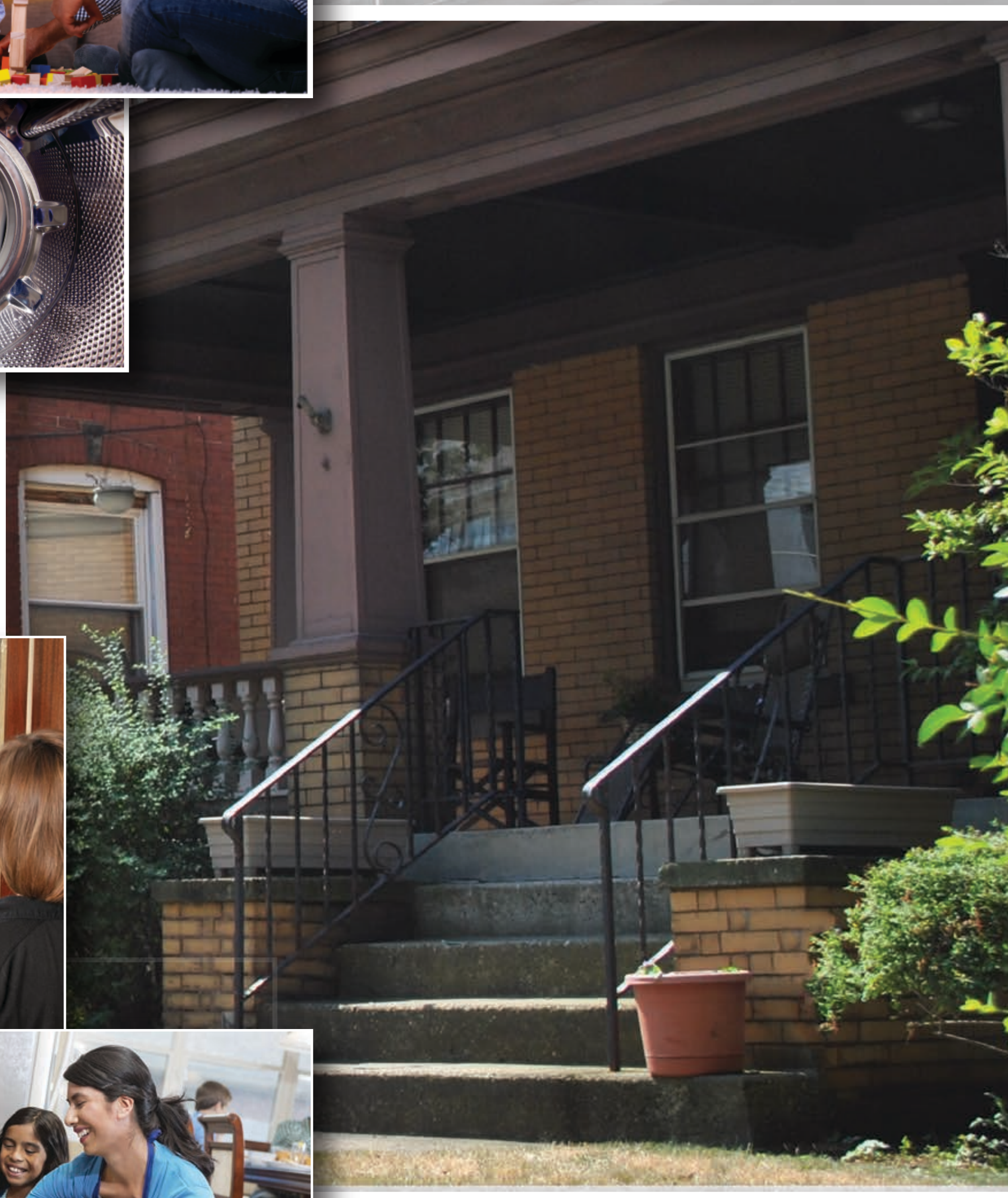
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief Financial Officer

Date: February 18, 2015

2015



NiSource®

ANNUAL MESSAGE TO STOCKHOLDERS

NiSource
(NYSE:NI)

Fully **regulated** business model

~3.5 million natural gas customers

~500,000 electric customers

~7,500 employees

Strong financial foundation, solid investment-grade credit ratings

Focused business strategy and path forward

~$30 billion identified long-term system enhancement investments over 20+ years

Constructive regulatory environments

Strong local utility brands in 7 states

Separation Complete — NiSource Foundation Set

In September 2014, NiSource announced a major strategic initiative designed to better position our business. We launched a plan to separate our interstate pipeline business, Columbia Pipeline Group (CPG), from NiSource's natural gas and electric utilities.

Following the separation, each company would focus on executing on its distinct business strategies. NiSource would emerge as one of the largest fully regulated utility companies in the United States with a sharpened focus on service to our customers and communities as a core driver of sustained and growing value.

On July 1, 2015, NiSource and CPG successfully completed the separation, with CPG trading on the New York Stock Exchange under the ticker symbol "CPGX."

Specifics of the separation:

- Each shareholder received one share of CPGX for each share of NiSource stock owned
- The transaction was tax free for NiSource and shareholders for U.S. federal income tax purposes
- NiSource maintains no ownership interest in CPG or Columbia Pipeline Partners, L.P. (NYSE: CPPL)
- Joe Hamrock, formerly Group CEO of NiSource's gas distribution business unit, became NiSource President and CEO
- Bob Skaggs, NiSource's CEO until July 1, became CPG Chairman and CEO

With the separation complete, the foundation is set for NiSource to execute on our well-established, pure-play utility growth strategy, expected to deliver sustainable net operating earnings per share and dividend growth of 4 to 6 percent annually over the long term, starting in 2016.

We're proud of our history and the team that helped make NiSource the great company we are today. The next several pages of this annual report provide a deeper look into NiSource's commitments following the separation – to customers, shareholders and all our key stakeholders.

Building Momentum: A Message from Joe Hamrock, NiSource's President and CEO

Fellow Stockholder:

2015 was a dynamic year of change and progress for NiSource. While successfully separating Columbia Pipeline Group, our natural gas pipeline, storage and midstream business, into an independent company, our NiSource team remained focused on our core commitments to safely and reliably meet the needs of our customers every day.

We've set the path to successfully execute as a premier utility company while building momentum, with an eye toward continued growth and enhanced performance.

With a strong execution track record, we're growing the value we provide to our customers and communities by enhancing safety, boosting service reliability, increasing customer convenience, reducing emissions and building shareholder value through our well-established infrastructure investment programs.

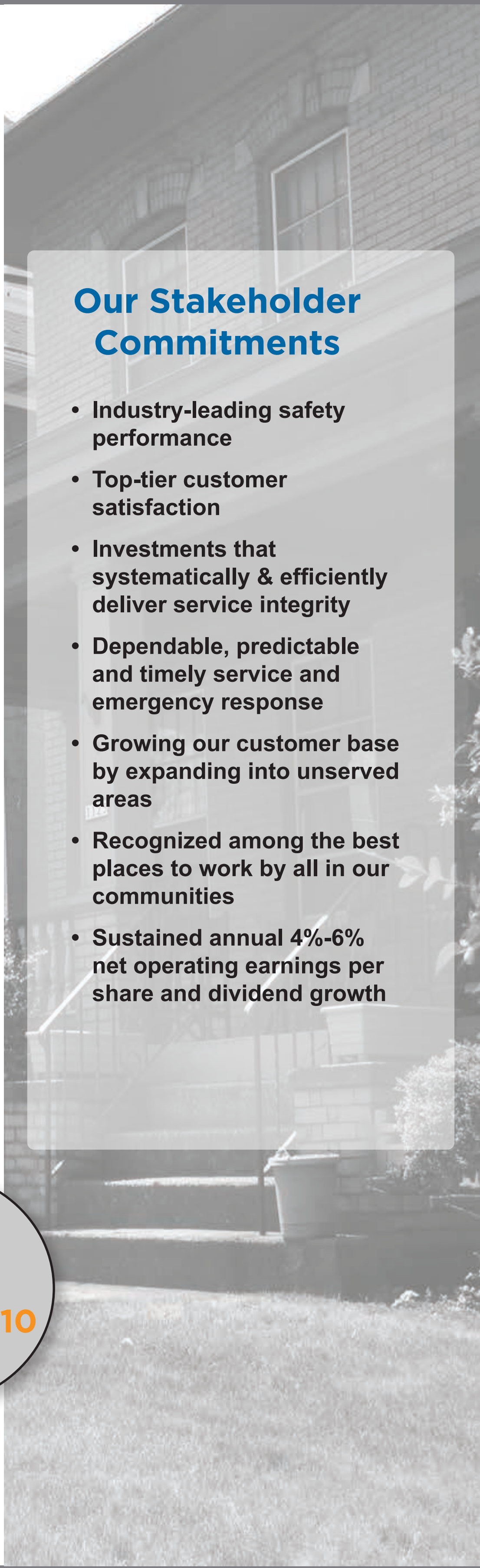
Sustained annual 4%-6% net operating earnings per share and dividend growth

Following the separation, NiSource emerged as a premier pure-play natural gas and electric utility company, focused on leading in the areas that matter most.

We're pleased to share how we're delivering on our commitments throughout this year's annual report. Here are a few of the team's key achievements during 2015:

- **Outperforming the major utility indices in total shareholder return for the seventh consecutive year.** This strong performance led all Dow Jones Utility Index companies. And for the second straight year, the Edison Electric Institute ranked NiSource No. 1 for total shareholder return among large cap electric utilities over a five-year period. Since the separation on July 1, 2015, we've delivered 16.7 percent total return to shareholders.
- **Increasing net operating earnings per share by 16 percent,** from $0.81 per share in 2014 to $0.94 per share in 2015, **driven exclusively by our utility businesses.** In 2016, we expect to continue this strong net operating earnings growth, with guidance of $1.00 to $1.10 per share.
- **Investing a record $1.37 billion** across seven states at our Columbia Gas and Northern Indiana Public Service Company (NIPSCO) utilities. Since outlining our $30 billion in identified long-term regulated utility infrastructure investments

2016 EPS Guidance: $1.00 to $1.10



Our Stakeholder Commitments

- **Industry-leading safety performance**
- **Top-tier customer satisfaction**
- **Investments that systematically & efficiently deliver service integrity**
- **Dependable, predictable and timely service and emergency response**
- **Growing our customer base by expanding into unserved areas**
- **Recognized among the best places to work by all in our communities**
- **Sustained annual 4%-6% net operating earnings per share and dividend growth**

$1.37 Billion
Record amount invested in 2015

16.7%
Total shareholder return since separation

~12,000
Number of hours our employees volunteered in 2015

in 2014, we've now executed against approximately $2 billion of those investments. This includes replacing 361 miles of priority pipe and removing the last known cast iron pipe from the Columbia Gas of Virginia (CVA) system in 2015, as well as other investments that continued to enhance safety and reliability for our customers. We also put into service the last flue gas desulfurization (FGD) unit at our coal-fired electric generating facilities to further improve air quality in northern Indiana.

- **Delivering a broad range of regulatory initiatives supporting enhanced safety, reliability, employee training and customer programs.** This includes successful rate settlements in Massachusetts, Pennsylvania and Virginia; extension of CVA's modernization program; continued execution of Columbia Gas of Ohio's (COH) modernization program, and implementing COH's new Pipeline Safety Program.
- **Full deployment of automated meter reading (AMR) devices across our nearly 4 million natural gas and electric customers, completing a six-year project.** This new meter technology enhances customer service and safety and reduces meter reading costs.
- **Achieving recognition** as one of the World's Most Ethical Companies by the Ethisphere Institute for the fourth consecutive year. We also were named among the Best Places to Work by *Columbus Business First* for a third consecutive year. And for the second straight year, we earned a spot on the Dow Jones Sustainability Index-North America, illustrating our deep commitment to serving customers, employees and other stakeholders in a way that balances immediate and long-term benefits.
- **Continuing to give back to the communities we serve,** including $1.9 million in donations to non-profit organizations by the **NiSource Charitable Foundation.** As important, our employees volunteered approximately 12,000 hours supporting those in need across our seven states.

Enhancing Service and Value for Customers of our Natural Gas Utilities

Across the seven states where we operate, our teams made progress in advancing our core commitments, investing nearly $920 million in our natural gas utilities in 2015, through our growth and modernization programs. In parallel with these investments, our teams delivered on a range of programs and regulatory initiatives.

- In November, Columbia Gas of Massachusetts (CMA) implemented new rates under an approved settlement of its base rate case. The settlement supports CMA's continued efforts to modernize its infrastructure and transform its operations to continue to serve its customers safely and reliably. It provides for an annual revenue increase of $32.8 million, with an additional $3.6 million increase effective Nov. 1, 2016.
- Also in Massachusetts, CMA began executing its first Gas System Enhancement Plan as part of legislation passed in 2014, which authorized accelerated recovery of gas infrastructure modernization investments. The Massachusetts Department of Public Utilities approved the first year of the plan in April and cost recovery began May 1, increasing annual revenues by $2.6 million.
- In addition to creating incentives for customers converting to natural gas, the Columbia Gas of Pennsylvania (CPA) rate case settlement maintains CPA's ability to continue replacing and upgrading its natural gas distribution system.

New rates that went into effect in December will increase the company's annual revenues by $28 million.

- At CVA, the team received final Virginia State Corporation Commission approval of a base rate case filed in 2014. The final order reaffirmed a $25.2 million annual revenue increase and supported continued capital investments by CVA to improve its system as well as initiatives to enhance safety and reliability and customer growth.
- The CVA team achieved another milestone in October when it received regulatory approval for a five-year extension of its infrastructure replacement program under the SAVE Act (Steps to Advance Virginia's Energy), which was originally approved in 2011. CVA plans to invest $150 million in its infrastructure modernization programs from 2016-2020, an increase of 20 percent over the prior plan, with timely recovery through a tracker mechanism.
- In 2015, NIPSCO's team continued executing on its seven-year, $817 million natural gas system modernization program. In addition to enhancing our existing gas infrastructure, it provides a mechanism for extending our system to rural areas. The team filed its semi-annual tracker and program update on Aug. 31, 2015.

Continued Progress on Electric Modernization, Enhancing Service and Reliability for Customers

With investments of about $400 million in our electric business in 2015, the NIPSCO team continued to make progress on its significant modernization and growth initiatives and reached a major milestone in its environmental upgrades.

- Culminating approximately $850 million in investments over five years, the NIPSCO team completed the last of three FGD units at its coal-fired generation facilities – on budget and on schedule. The company's coal-burning plants are now fully scrubbed, which is improving air quality and helping ensure NIPSCO's generation fleet remains in compliance with current environmental regulations. Ultimately these investments have reduced sulfur dioxide (SO_2) emissions by about 90 percent.

MANAGEMENT TEAM

Joseph Hamrock
President & Chief Executive Officer

Donald E. Brown
Executive Vice President,
Chief Financial Officer & Treasurer

Jim L. Stanley
Chief Operating Officer

Robert D. Campbell
Executive Vice President,
Corporate Affairs & Human Resources

Carrie J. Hightman
Executive Vice President &
Chief Legal Officer

Carl W. Levander
Chief Regulatory Officer

Violet G. Sistovaris
Executive Vice President, NIPSCO

Suzanne K. Surface
Vice President, Audit

- On the regulatory front, in October NIPSCO filed its first electric base rate case in five years. The case seeks to update rates to reflect the current costs of generating and distributing power, plus ongoing investments that are delivering substantial benefits to customers. For instance, NIPSCO has implemented programs that have reduced the duration of power outages by 40 percent.
- In February 2016, the NIPSCO team reached a settlement of the case with the Indiana Office of Utility Consumer Counselor, NIPSCO's industrial customers, the Indiana Municipal Utility Group and the United Steelworkers, which would reduce the rate increase for customers while also allowing NIPSCO to continue to invest in its electric system and make service improvements for customers. We expect a decision by the Indiana Utility Regulatory Commission (IURC) in the third quarter of this year.

"As we begin our first full year as a pure-play utility company, we're sharpening our focus on leadership in safety and customer satisfaction to unlock the full potential of our plan."

- Following a settlement with external stakeholders related to its initial plan, NIPSCO in late December filed a new $1.3 billion, seven-year electric infrastructure modernization plan with the IURC. The plan is focused on investments in replacing poles, transformers and related equipment, which will continue to enhance the safety and reliability of NIPSCO's transmission and distribution system. A decision is expected in the third quarter of 2016.
- NIPSCO's two major electric transmission projects designed to enhance region-wide system flexibility and reliability advanced in 2015 and remain on schedule. Right-of-way acquisition, permitting and substation construction are under way for both projects. Line and tower construction is expected to begin this year. These projects involve an investment of approximately $450 million for NIPSCO and are anticipated to be in service by the end of 2018.

Focused on Sustained Earnings and Dividend Growth in 2016 and Beyond

As outlined throughout this year's report, our financial, operational and regulatory foundation is strong and poised for continued investment in our business that will benefit customers and drive growth, consistent with our regulated utility investment proposition. We plan to invest $1.4 billion in infrastructure enhancements in 2016 as part of our $30 billion long-term plan we've been executing against.

Our credit ratings at the three major agencies remain solidly investment grade – something we remain committed to as we continue to execute on our business strategy.

Our plan is expected to deliver net operating earnings per share of $1.00 to $1.10 in 2016. This 2016 earnings guidance provides the starting point for our long-term annual net operating earnings per share and dividend growth projections of 4 to 6 percent annually.

Our well-established utility investment programs continued to produce high value for our customers and investors in 2015. As we begin our first full year as a pure-play utility company, we're sharpening our focus on leadership in safety and customer satisfaction to unlock the full potential of our plan.

Thank you for your continued support and investment in NiSource.

Sincerely,

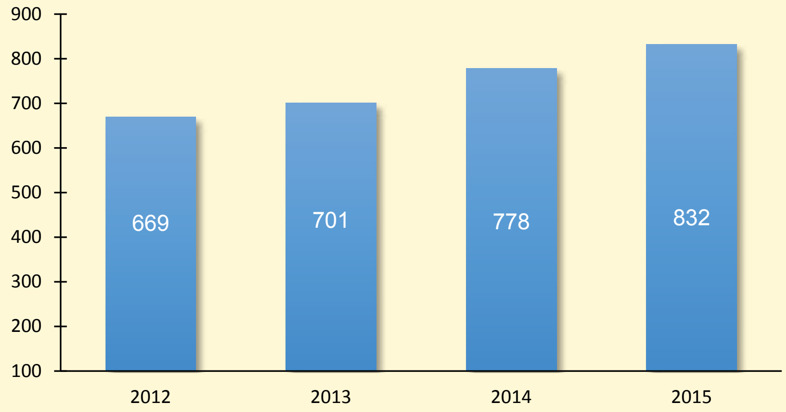
Joe

Joe Hamrock
President and CEO
NiSource Inc.

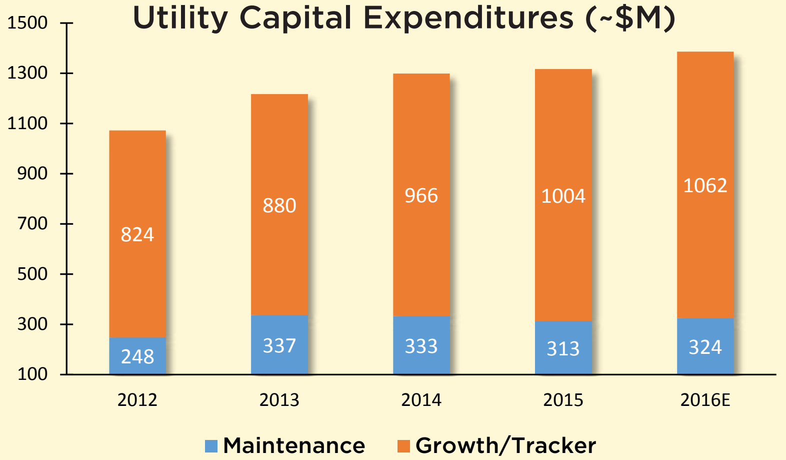
***Net operating earnings per share (EPS) referred to in this document is a non-GAAP financial measure. For a reconciliation to GAAP, see Schedules 1 & 2 of the company's Feb. 18, 2016, earnings release which is available at www.nisource.com.**

BY THE NUMBERS

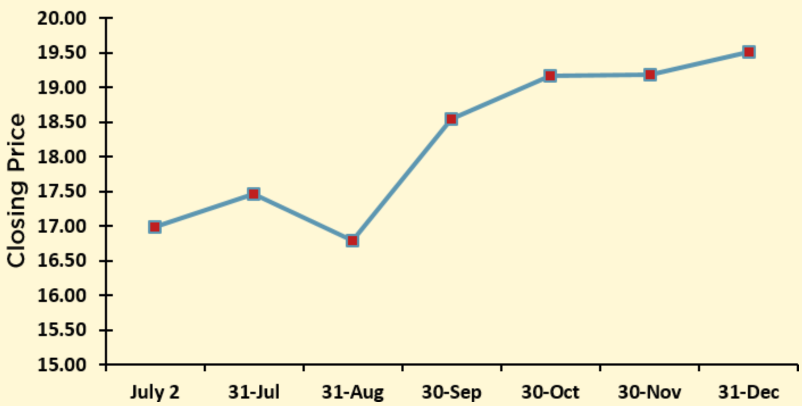
Utility Operating Earnings (~$M)



Utility Capital Expenditures (~$M)



NiSource Post-Separation Stock Performance
July 2 - December 31, 2015



BOARD OF DIRECTORS

Richard L. Thompson
Chairman of the Board, NiSource Inc.

Richard A. Abdoo
President, R.A. Abdoo & Co. LLC

Aristides S. Candris
Retired President & CEO
Westinghouse

Michael E. Jesanis
Co-founder and
Managing Director, HotZero
Principal, Serrafix

Joseph Hamrock
President & CEO, NiSource Inc.

Deborah A. Henretta
Retired Group President
Procter & Gamble Co.

Kevin T. Kabat
Vice Chairman & Retired CEO
Fifth Third Bancorp

Carolyn Y. Woo
President & CEO, Catholic Relief Services

DELIVERING ON OUR CUSTOMER COMMITMENT...

As a utility company, our commitment is to deliver each day for our customers and strengthen the communities where we serve, live and work.

Another way we're improving our customers' experience is by implementing new communications technology to provide customers with timely information. In 2015 NIPSCO introduced a mobile text option for customers to report electric power outages, receive estimated power restoration times and other account updates, like bill payment reminders.

Our team's focus is paying off. In 2015, two of our utilities earned industry-leading recognition for customer service. Columbia Gas of Pennsylvania was the top award winner in its region for the second year in a row in the J.D. Power and Associates Gas Utility Residential Satisfaction Study, and Columbia Gas of Virginia was named as one of the most improved brands in the nation. Notably, scores for all NiSource utilities improved compared to 2014.

40%
POWER OUTAGE REDUCTIONS

Our top priority is delivering on our safety commitment. Our long-standing infrastructure modernization programs are enhancing safety and system reliability on a continuing basis – including a 40 percent reduction in power outage durations – and reducing our greenhouse gas emissions. We're also using technology and proactive communication to reduce third-party damages to our underground facilities.

For residential customers, we're in the final stages of rolling out a new bill format. The new bill design offers user-friendly content and design, and improved detail of charges – all features our customers have told us they want. More than 2,300 customers participated in focus groups and our online customer panel, providing us with insights about what customers expect to see on our bills to make them easier to understand.

~$920
Million Capital Invested - 2015 Gas Utilities

~$400
Million Capital Invested - 2015 Electric Business

Letter from the Chairman of the Board: A Historic and Transformative Year for NiSource

In June, NiSource's Board of Directors gave final approval to the separation of Columbia Pipeline Group. We did so with the utmost confidence that both businesses – premier in their respective industries – would be better positioned to unlock the full potential of their respective investment opportunities, while creating enhanced value for customers and shareholders.

And, the team flawlessly executed the separation while maintaining NiSource's strong commitment to safety, customer service, community involvement, employee engagement, and financial discipline.

Soon after the separation, NiSource welcomed to the Board two experienced executives who complement the talents of our other members, **Deb Henretta,** a former senior executive with Procter & Gamble, and **Kevin Kabat,** vice chairman and retired CEO of Fifth Third Bancorp. Deb brings a deep understanding of customer service and marketing, while Kevin brings significant financial, risk management and strategic planning experience.

Since the separation, as Joe outlined in his letter, NiSource has continued to strengthen the comprehensive utility investment programs across its service territory. NiSource has outlined one of the most forward-looking, long-term programs in the industry, with more than $30 billion in identified investments. Ensuring these investments create value for our customers, communities and shareholders is a critical focus of the Board and we're confident in the team's ability to execute on this plan.

In this new era for NiSource, we will continue to be closely engaged with management and, together with Joe and his leadership team, will develop the right strategies for the company as a pure-play utility, so that we deliver on our commitments and create sustainable value for all our stakeholders.

Thank you for your continued investment and support.

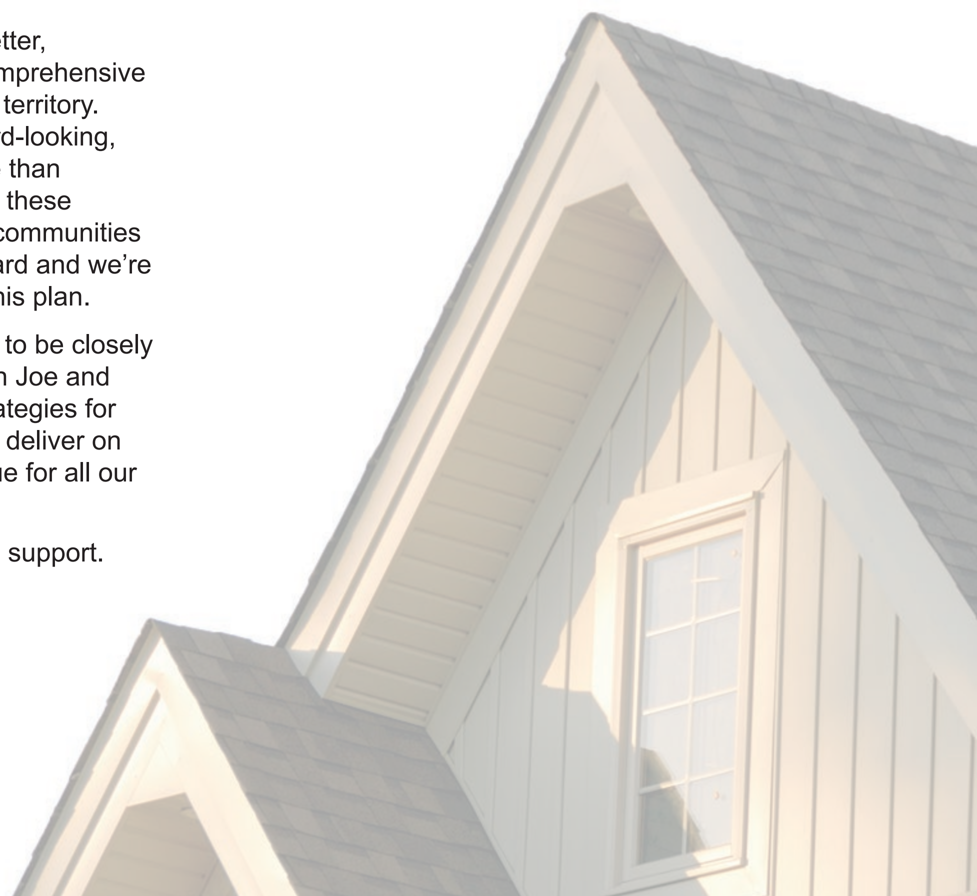
Rich Thompson

Rich Thompson
Chairman of the Board
NiSource Inc.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

2015 WORLD'S MOST ETHICAL COMPANIES®™
WWW.ETHISPHERE.COM

2016 WORLD'S MOST ETHICAL COMPANIES®™
WWW.ETHISPHERE.COM



8

STOCKHOLDER INFORMATION

Forward-looking Statements

This document contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this document include statements and expectations regarding NiSource's business, performance, infrastructure investments, and growth.

For a discussion of factors that could cause actual results to differ materially from those contained in such statements, please see the "Risk Factors" section of NiSource's Annual Report on Form 10-K included herein and in other filings with the Securities and Exchange Commission.

NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this document, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

Regulation G Disclosure Statement

This document includes financial results and guidance for NiSource with respect to net operating earnings and operating earnings, which are non-GAAP financial measures as defined by the SEC's Regulation G. The company includes such measures because management believes they permit investors to view the company's performance using the same tools that management uses and to better evaluate the company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be differences between such measures and GAAP equivalents due to various factors, including, but not limited to, fluctuations in weather, environmental laws, the impact of asset sales, separation-related costs, and certain income tax items. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

NiSource Inc. common stock is listed and traded on the New York Stock Exchange ("NYSE") under the symbol NI. The shares are listed in financial stock quotations as NISOURCE. As of Dec. 31, 2015, NiSource had 30,190 registered common stockholders.

Anticipated Dividend Record & Payment Dates – NI Common Stock

Record Date	Payment Date
04/29/16	05/20/16
07/29/16	08/19/16
10/31/16	11/18/16
02/10/17	02/17/17

Common Stock Dividend Declared

On Feb. 19, 2016, the company paid a quarterly dividend of $0.155 per share, equivalent to $0.62 per share on an annual basis.

Investor & Financial Information

Financial analysts and investment professionals should direct written and telephone inquiries to NiSource Investor Relations at 801 East 86th Avenue, Merrillville, IN 46410 or (614) 460-4789.

Copies of NiSource's financial reports are available by writing or calling the Investor Relations department at the address or phone number listed above. The materials are also available at www.nisource.com.

Stockholder Services

Questions about stockholder accounts, stock certificates, transfer of shares, dividend payments, automatic dividend reinvestment and stock purchase plan, and electronic deposit may be directed to Computershare at the following:

Computershare
P.O. Box 30170
College Station, Texas 77842-3170
or
211 Quality Circle, Suite 210
College Station, Texas 77845

(888) 884-7790

TDD for Hearing Impaired
(800) 231-5469

Foreign Stockholders
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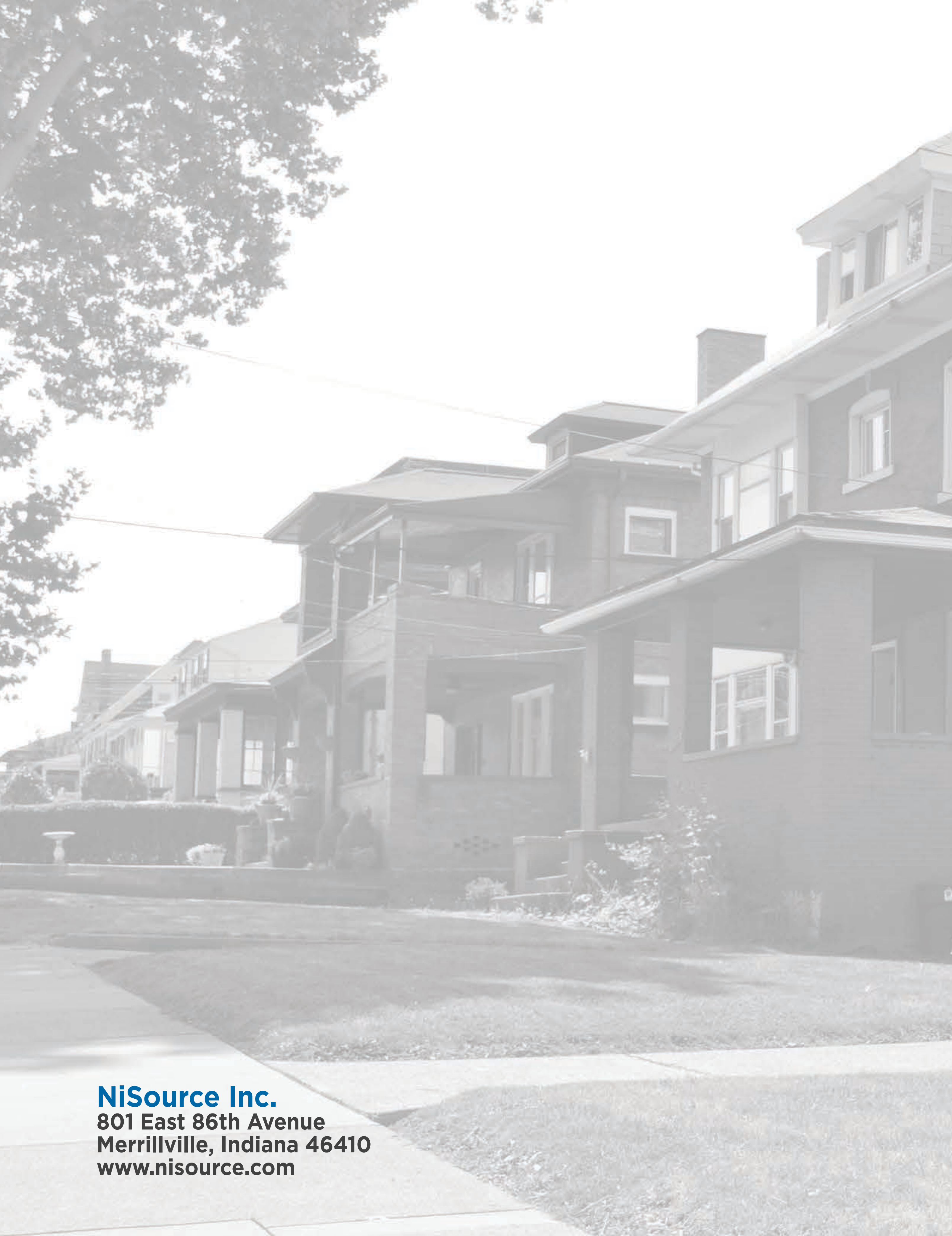

NiSource Inc.
801 East 86th Avenue
Merrillville, Indiana 46410
www.nisource.com

NISOURCE INC/DE

FORM 10-K
(Annual Report)

Filed 02/18/16 for the Period Ending 12/31/15

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Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______to ______

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 East 86th Avenue Merrillville, Indiana	46410
(Address of principal executive offices)	(Zip Code)

(877) 647-5990
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock	New York

Securities registered pursuant to Section 12(g) of the Act: None

I ndicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12-b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the registrant's common stock, par value $0.01 per share (the "Common Stock") held by non-affiliates was approximately $14,408,583,291 based upon the June 30, 2015 , closing price of $45.59 on the New York Stock Exchange.

There were 319,741,768 shares of Common Stock outstanding as of February 10, 2016 .

Documents Incorporated by Reference

Part III of this report incorporates by reference specific portions of the Registrant's Notice of Annual Meeting and Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 11, 2016 .

CONTENTS

DEFINED TERMS

The following is a list of abbreviations or acronyms that are used in this report:

NiSource Subsidiaries, Affiliates and Former Subsidiaries	
Capital Markets	NiSource Capital Markets, Inc.
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
CPG	Columbia Pipeline Group, Inc.
CPPL	Columbia Pipeline Partners LP
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corporation

Abbreviations	
AFUDC	Allowance for funds used during construction
AOCI	Accumulated Other Comprehensive Income
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
BBA	British Banker Association
Bcf	Billion cubic feet
BNS	Bank of Nova Scotia
Board	Board of Directors
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
CAA	Clean Air Act
CAP	Compliance Assurance Program
CCGT	Combined Cycle Gas Turbine
CCRs	Coal Combustion Residuals
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CO_2	Carbon Dioxide
Columbia OpCo	CPG OpCo LP
CPP	Clean Power Plan
DPU	Department of Public Utilities
DSM	Demand Side Management

DEFINED TERMS

Dth	Dekatherm
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
hp	Horsepower
IBM	International Business Machines Corp.
IDEM	Indiana Department of Environmental Management
IPO	Initial Public Offering
IRP	Infrastructure Replacement Program
IRS	Internal Revenue Service
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDAF	Local Distribution Adjustment Factor
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas
MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
mw	Megawatts
mwh	Megawatt hours
NAAQS	National Ambient Air Quality Standards
NAV	Net Asset Value per Share
NOx	Nitrogen oxides
NYMEX	The New York Mercantile Exchange
OPEB	Other Postretirement and Postemployment Benefits
OUCC	Indiana Office of Utility Consumer Counselor
PCB	Polychlorinated biphenyls
PEF	Pension Expense Factor

DEFINED TERMS

PNC	PNC Bank N.A.
ppb	Parts per billion
PSC	Public Service Commission
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RDAF	Revenue decoupling adjustment factor
ROE	Return on Equity
RTO	Regional Transmission Organization
Separation	The separation of NiSource's natural gas pipeline, midstream and storage business from NiSource's natural gas and electric utility business accomplished through the pro rata distribution by NiSource to holders of its outstanding common stock of all the outstanding shares of common stock of CPG. The separation was completed on July 1, 2015.
SEC	Securities and Exchange Commission
SO_2	Sulfur dioxide
Sugar Creek	Sugar Creek electric generating plant
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entity
VSCC	Virginia State Corporation Commission

ITEM 1. BUSINESS

NISOURCE INC.

NiSource Inc. (the "Company") is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving approximately 3.9 million customers in seven states. NiSource is the successor to an Indiana corporation organized in 1987 under the name of NIPSCO Industries, Inc., which changed its name to NiSource on April 14, 1999.

NiSource is one of the nation's largest natural gas distribution companies, as measured by number of customers. NiSource's principal subsidiaries include NiSource Gas Distribution Group, Inc., a natural gas distribution holding company, and NIPSCO, a gas and electric company. NiSource derives substantially all of its revenues and earnings from the operating results of these rate-regulated businesses.

On July 1, 2015, NiSource completed the Separation of CPG from NiSource. CPG's operations consisted of all of NiSource's Columbia Pipeline Group Operations segment prior to the Separation. Following the Separation, NiSource retained no ownership interest in CPG.

The results of operations and cash flows for the former Columbia Pipeline Group Operations segment have been reported as discontinued operations for all periods presented. Additionally, the assets and liabilities of the former Columbia Pipeline Group Operations segment were reclassified as assets and liabilities of discontinued operations for all prior periods. See Note 3, "Discontinued Operations," in the Notes to Consolidated Financial Statements for additional information.

NiSource's reportable segments are: Gas Distribution Operations and Electric Operations. The following is a summary of the business for each reporting segment. Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 22, "Segments of Business," in the Notes to Consolidated Financial Statements for additional information for each segment.

Gas Distribution Operations
NiSource's natural gas distribution operations serve approximately 3.4 million customers in seven states and operate approximately 59,000 miles of pipeline. Through its wholly-owned subsidiary NiSource Gas Distribution Group, Inc., NiSource owns six distribution subsidiaries that provide natural gas to approximately 2.6 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland and Massachusetts. Additionally, NiSource also distributes natural gas to approximately 812,000 customers in northern Indiana through its wholly-owned subsidiary NIPSCO.

Electric Operations
NiSource generates, transmits and distributes electricity through its subsidiary NIPSCO to approximately 463,000 customers in 20 counties in the northern part of Indiana and engages in wholesale and transmission transactions. NIPSCO owns and operates three coal-fired electric generating stations. The three operating facilities have a net capability of 2,540 mw. NIPSCO also owns and operates Sugar Creek, a CCGT plant with net capability of 535 mw, three gas-fired generating units located at NIPSCO's coal-fired electric generating stations with a net capability of 196 mw and two hydroelectric generating plants with a net capability of 10 mw. These facilities provide for a total system operating net capability of 3,281 mw. NIPSCO's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,805 circuit miles. NIPSCO is interconnected with five neighboring electric utilities. During the year ended December 31, 2015, NIPSCO generated 67.4% and purchased 32.6% of its electric requirements.

NIPSCO participates in the MISO transmission service and wholesale energy market. The MISO is a nonprofit organization created in compliance with FERC regulations to improve the flow of electricity in the regional marketplace and to enhance electric reliability. Additionally, the MISO is responsible for managing energy markets, transmission constraints and the day-ahead, real-time, FTR and ancillary markets. NIPSCO transferred functional control of its electric transmission assets to the MISO and transmission service for NIPSCO occurs under the MISO Open Access Transmission Tariff.

Divestiture of Non-Core Assets
In recent years, NiSource sold certain businesses judged to be non-core to NiSource's strategy. Lake Erie Land Company, a wholly-owned subsidiary of NiSource, is pursuing the sale of the real estate assets it owns. NDC Douglas Properties, a subsidiary of NiSource Development Company, is in the process of exiting its low-income housing investments. NiSource sold the service plan and leasing business lines of its retail services business in January 2013. NiSource also sold the commercial and industrial natural gas portfolio of its unregulated natural gas marketing business in September 2013.

Business Strategy
NiSource focuses its business strategy on its core, rate-regulated asset-based businesses with most of its operating income generated from the rate-regulated businesses. NiSource's utilities continue to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states in which it operates.

ITEM 1. BUSINESS

NiSource Inc.

NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs. These strategies will help improve reliability and safety, enhance customer services and reduce emissions while generating sustainable returns.

Competition and Changes in the Regulatory Environment

The regulatory frameworks applicable to NiSource's operations, at both the state and federal levels, continue to evolve. These changes have had and will continue to have an impact on NiSource's operations, structure and profitability. Management continually seeks new ways to be more competitive and profitable in this environment, including providing gas customers with increased choices for products and services.

Natural Gas Competition . Open access to natural gas supplies over interstate pipelines and the deregulation of the commodity price of gas has led to tremendous change in the energy markets. LDC customers and marketers can purchase gas directly from producers and marketers as an open, competitive market for gas supplies has emerged. This separation or "unbundling" of the transportation and other services offered by pipelines and LDCs allows customers to purchase the commodity independent of services provided by the pipelines and LDCs. The LDCs continue to purchase gas and recover the associated costs from their customers. NiSource's Gas Distribution Operations' subsidiaries are involved in programs that provide customers the opportunity to purchase their natural gas requirements from third parties and use the NiSource Gas Distribution Operations' subsidiaries for transportation services.

Electric Competition . Indiana electric utilities generally have exclusive service areas under Indiana regulations and retail electric customers in Indiana do not have the ability to choose their electric supplier. NIPSCO faces non-utility competition from other energy sources, such as self-generation by large industrial customers and other distributed energy sources.

Financing Subsidiary

NiSource Finance is a 100% owned, consolidated finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance was incorporated in March 2000 under the laws of the state of Indiana. Prior to 2000, the function of NiSource Finance was performed by Capital Markets. NiSource Finance obligations are fully and unconditionally guaranteed by NiSource.

Seasonality

A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily June through September, net revenues from electric sales are more significant, than in other months.

Other Relevant Business Information

NiSource's customer base is broadly diversified, with no single customer accounting for a significant portion of revenues.

As of December 31, 2015, NiSource had 7,596 employees of whom 3,157 were subject to collective bargaining agreements.

For a listing of certain subsidiaries of NiSource refer to Exhibit 21.

NiSource electronically files various reports with the Securities and Exchange Commission (SEC), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports, as well as our proxy statements for our annual meetings of stockholders. The public may read and copy any materials that NiSource files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports and information statements, and other information regarding issuers that file electronically with the SEC at *http://www.sec.gov* . NiSource makes all SEC filings available without charge to the public on its web site at *http://www.nisource.com* .

ITEM 1A. RISK FACTORS

NISOURCE INC.

NiSource's operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect the Company's business, financial condition, results of operations, cash flows, and the trading price of the Company's common stock.

NiSource has substantial indebtedness which could adversely affect its financial condition.

NiSource had total consolidated indebtedness of $6,949.6 million outstanding as of December 31, 2015. The Company's substantial indebtedness could have important consequences. For example, it could:

- limit the Company's ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit the Company's flexibility in planning for, or reacting to, changes in the business and the industries in which it operates;
- lead parties with whom NiSource does business to require additional credit support, such as letters of credit, in order for NiSource to transact such business;
- place NiSource at a competitive disadvantage compared to competitors that are less leveraged;
- increase vulnerability to general adverse economic and industry conditions; and
- limit the ability of the Company to execute on its growth strategy, which is dependent upon access to capital to fund its substantial investment program.

Some of NiSource's debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. NiSource's failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations.

A drop in NiSource's credit rating could adversely impact NiSource's liquidity.

The credit rating agencies periodically review the Company's ratings, taking into account factors such as our capital structure and earnings profile. In 2015, Moody's affirmed the NiSource senior unsecured rating of Baa2 and its commercial paper rating of P-2, with stable outlooks. Moody's also affirmed NIPSCO's Baa1 rating and Columbia Gas of Massachusetts's Baa2 rating, with stable outlooks. In 2015, Standard & Poor's raised the senior unsecured ratings of NiSource and its subsidiaries to BBB+ and NiSource's commercial paper rating to A-2, with stable outlooks. In 2015, Fitch affirmed the NiSource senior unsecured rating of BBB-, commercial paper rating of F3 and the existing ratings of its other rated subsidiaries. Fitch revised its outlook to positive.

The Company is committed to maintaining investment grade credit ratings, however, there is no assurance we will be able to do so in the future. The Company's credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Any negative rating action could adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action could also adversely impact our business relationships with suppliers and operating partners.

Certain NiSource subsidiaries have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of December 31, 2015 the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $26.9 million . In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

NiSource may not be able to execute its business plan or growth strategy, including utility infrastructure investments.

Business or regulatory conditions may result in NiSource not being able to execute its business plan or growth strategy, including identified, planned and other utility infrastructure investments. NiSource's customer and regulatory initiatives may not achieve planned results. Utility infrastructure investments may not materialize, may cease to be achievable or economically viable and may not be successfully completed. Natural gas may cease to be viewed as an economically and ecologically attractive fuel. Any of these developments could adversely affect our results of operations and growth prospects.

ITEM 1A. RISK FACTORS

NiSource Inc.

Adverse economic and market conditions or increases in interest rates could reduce net revenue growth, increase costs, decrease future net income and cash flows and impact capital resources and liquidity needs.

While the national economy is experiencing modest growth, NiSource cannot predict how robust future growth will be or whether or not it will be sustained. Deteriorating or sluggish economic conditions in NiSource's operating jurisdictions could adversely impact NiSource's ability to grow its customer base and collect revenues from customers, which could reduce net revenue growth and increase operating costs.

The Company relies on access to the capital markets to finance our liquidity and long-term capital requirements. Market turmoil could adversely affect our ability to raise additional capital or refinance debt at reasonable borrowing costs and terms. Reduced access to capital markets and/or increased borrowing costs could reduce future net income and cash flows. Refer to Note 14, "Long-Term Debt," in the Notes to Consolidated Financial Statements for information related to outstanding long-term debt and maturities of that debt.

Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings.

The performance of the capital markets affects the value of the assets that are held in trust to satisfy future obligations under defined benefit pension and other postretirement benefit plans. NiSource has significant obligations in these areas and holds significant assets in these trusts. These assets are subject to market fluctuations and may yield uncertain returns, which fall below NiSource's projected rates of return. A decline in the market value of assets may increase the funding requirements of the obligations under the defined benefit pension and other postretirement benefit plans. Additionally, changes in interest rates affect the liabilities under these benefit plans; as interest rates decrease, the liabilities increase, which could potentially increase funding requirements. Further, the funding requirements of the obligations related to these benefits plans may increase due to changes in governmental regulations and participant demographics, including increased numbers of retirements or changes in life expectancy assumptions. Ultimately, significant funding requirements and increased pension or other postretirement benefit plan expense could negatively impact NiSource's results of operations and financial position.

The majority of NiSource's net revenues are subject to economic regulation and are exposed to the impact of regulatory rate reviews and proceedings.

Most of NiSource's net revenues are subject to economic regulation at either the federal or state level. As such, the net revenues generated by those regulated companies are subject to regulatory review by the applicable federal or state authority. These rate reviews determine the rates charged to customers and directly impact revenues. NiSource's financial results are dependent on frequent regulatory proceedings in order to ensure timely recovery of costs. Additionally, the costs of complying with future changes in environmental laws and regulations are expected to be significant, and their recovery through rates will be contingent on regulatory approval.

As a result of efforts to introduce market-based competition in certain markets where the regulated businesses conduct operations, NiSource may compete with independent marketers for customers. This competition exposes NiSource to the risk that certain stranded costs may not be recoverable and may affect results of NiSource's growth strategy and financial position.

NiSource's costs of compliance with environmental laws are significant. The costs of compliance with future environmental laws and the costs associated with environmental liabilities could impact cash flow and profitability.

NiSource is subject to extensive federal, state and local environmental requirements that, among other things, regulate air emissions, water usage and discharges, remediation and the management of chemicals, hazardous waste, solid waste, and coal combustion residuals. Compliance with these legal obligations requires NiSource to make expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees and permits at many of NiSource's facilities. These expenditures are significant, and NiSource expects that they will continue to be significant in the future. Furthermore, if NiSource fails to comply with environmental laws and regulations or is found to have caused damage to the environment or persons, even if caused by factors beyond NiSource's control, that failure or harm may result in the assessment of civil or criminal penalties and damages against NiSource.

Existing environmental laws and regulations may be revised and new laws and regulations seeking to increase environmental regulation of the energy industry may be adopted or become applicable to NiSource. Revised or additional laws and regulations could result in significant additional expense and operating restrictions on NiSource's facilities or increased compliance costs, which may not be fully recoverable from customers and would, therefore, reduce net income. Moreover, such costs could materially affect the continued economic viability of one or more of NiSource's facilities.

Even in instances where legal and regulatory requirements are already known or anticipated, the original cost estimates for cleanup and environmental capital projects can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including the nature and extent of impact, the method of cleanup, the cost of raw materials, contractor costs, and the availability of cost recovery. Changes in costs and the ability to recover under regulatory mechanisms could affect NiSource's financial position, operating results and cash flows. Because NiSource operates fossil fuel facilities, emissions of GHGs are an expected aspect of the business. While NiSource continues to reduce GHG emissions through efficiency programs, leak detection, and other programs, GHG emissions cannot be eliminated. The EPA has made clear that it is focused on reducing GHG emissions from the energy industry. On October 18, 2015, the EPA finalized its CPP, which regulates greenhouse gas emissions from coal and natural gas electric generating units. The CPP is subject to various legal challenges, but, if the CPP survives these challenges, the compliance costs associated with CPP requirements could impact cash flow. In addition, the CPP could increase NiSource's cost of producing energy, which may impact customer demand and/or NiSource's profitability. The CPP requires states (or in some cases the EPA) to develop individualized plans to meet the CPP emission reduction requirements. Depending on the array of programs chosen by the State of Indiana or EPA, NiSource's CPP compliance costs could be substantial. It is also possible that additional future GHG legislation and/or regulation could materially impact NiSource. The cost impact of any new and/or amended GHG legislation or regulations would depend upon the specific requirements enacted and cannot be determined at this time.

A significant portion of the gas and electricity NiSource sells is used by residential and commercial customers for heating and air conditioning. Accordingly, fluctuations in weather, gas and electricity commodity costs and economic conditions impact demand of our customers and our operating results.

Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on normal weather, which represents a long-term historical average. Significant variations from normal weather could have, and have had, a material impact on energy sales. Additionally, residential usage, and to some degree commercial usage is sensitive to fluctuations in commodity costs for gas and electricity, whereby usage declines with increased costs, thus affecting NiSource's financial results. Lastly, residential and commercial customers' usage is sensitive to economic conditions and factors such as unemployment, consumption and consumer confidence. Therefore, prevailing economic conditions may affect NiSource's financial results.

NiSource's business operations are subject to economic conditions in certain industries.

Business operations throughout NiSource's service territories have been and may continue to be adversely affected by economic events at the national and local level where it operates. In particular, sales to large industrial customers, such as those in the steel, oil refining, industrial gas and related industries, may be impacted by economic downturns. The U.S. manufacturing industry continues to adjust to changing market conditions including international competition, increasing costs, and fluctuating demand for its products.

Fluctuations in the price of energy commodities or their related transportation costs may have a negative impact on NiSource's financial results.

NiSource's electric generating fleet is dependent on coal and natural gas for fuel, and its gas distribution operations purchase and resell much of the natural gas they deliver. These energy commodities are vulnerable to price fluctuations and fluctuations in associated transportation costs. From time to time, NiSource has used hedging in order to offset fluctuations in commodity supply prices. NiSource relies on regulatory recovery mechanisms in the various jurisdictions in order to fully recover the commodity costs incurred in operations. However, while NiSource has historically been successful in recovery of costs related to such commodity prices, there can be no assurance that such costs will be fully recovered through rates in a timely manner.

NiSource is exposed to risk that customers will not remit payment for delivered energy or services, and that suppliers or counterparties will not perform under various financial or operating agreements.

NiSource's extension of credit is governed by a Corporate Credit Risk Policy, involves considerable judgment and is based on an evaluation of a customer or counterparty's financial condition, credit history and other factors. NiSource monitors its credit risk exposure by obtaining credit reports and updated financial information for customers and suppliers, and by evaluating the financial status of its banking partners and other counterparties by reference to market-based metrics such as credit default swap pricing levels, and to traditional credit ratings provided by the major credit rating agencies. Adverse economic conditions could result in an increase in defaults by customers, suppliers and counterparties.

NiSource has significant goodwill and definite-lived intangible assets. An impairment of goodwill or definite-lived intangible assets could result in a significant charge to earnings and negatively impact NiSource's compliance with certain covenants under financing agreements.

In accordance with GAAP, NiSource tests goodwill for impairment at least annually and reviews its definite-lived intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill also is tested for impairment when factors, examples of which include reduced cash flow estimates, a sustained decline in stock price or market capitalization below book value, indicate that the carrying value may not be recoverable. NiSource would be required to record a charge in its financial statements for the period in which any impairment of the goodwill or definite-lived intangible assets is determined, negatively impacting the results of operations. A significant charge could impact the capitalization ratio covenant under certain financing agreements. NiSource is subject to a financial covenant under its five-year revolving credit facility, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of December 31, 2015, the ratio was 64% .

Changes in taxation and the ability to quantify such changes could adversely affect NiSource’s financial results.

NiSource is subject to taxation by the various taxing authorities at the federal, state and local levels where it does business. Legislation or regulation which could affect NiSource’s tax burden could be enacted by any of these governmental authorities. NiSource cannot predict the timing or extent of such tax-related developments which could have a negative impact on the financial results. Additionally, NiSource uses its best judgment in attempting to quantify and reserve for these tax obligations. However, a challenge by a taxing authority, NiSource’s ability to utilize tax benefits such as carryforwards or tax credits, or a deviation from other tax-related assumptions may cause actual financial results to deviate from previous estimates.

Changes in accounting principles may adversely affect NiSource’s financial results.

Future changes in accounting rules and associated changes in regulatory accounting may negatively impact the way NiSource records revenues, expenses, assets and liabilities. These changes in accounting standards may adversely affect its financial condition and results of operations.

Distribution of natural gas, and the generation, transmission and distribution of electricity involve numerous risks that may result in incidents and other operating risks and costs.

NiSource's gas distribution and transmission activities, as well as generation, transmission, and distribution of electricity, involve a variety of inherent hazards and operating risks, such as gas leaks, downed power lines, incidents, including third-party damages, large scale outages, and mechanical problems, which could cause substantial financial losses. In addition, these risks could result in serious injury or loss of life to employees and the general public, significant damage to property, environmental pollution, impairment of its operations, adverse regulatory rulings and reputational harm, which in turn could lead to substantial losses to NiSource. The location of pipeline facilities, or generation, transmission, substation and distribution facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from such events. The occurrence of such events could adversely affect NiSource's financial position and results of operations. In accordance with customary industry practice, NiSource maintains insurance against some, but not all, of these risks and losses.

Aging infrastructure may lead to disruptions in operations and increased capital expenditures and maintenance costs, all of which could negatively impact NiSource’s financial results.

NiSource has risks associated with aging infrastructure assets. The age of these assets may result in a need for replacement, a higher level of maintenance costs and unscheduled outages despite efforts by NiSource to properly maintain these assets through inspection, scheduled maintenance and capital investment. The failure to operate these assets as desired could result in incidents and in NiSource’s inability to meet firm service obligations, adversely impacting revenues, and could also result in increased capital expenditures and maintenance costs, which, if not fully recovered from customers, could negatively impact NiSource's financial results.

ITEM 1A. RISK FACTORS

NISOURCE INC.

The impacts of climate change, natural disasters, acts of terrorism or other catastrophic events may disrupt operations and reduce the ability to service customers.

A disruption or failure of natural gas distribution systems, or within electric generation, transmission or distribution systems, in the event of a major hurricane, tornado, terrorist attack or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. NiSource has experienced disruptions in the past from hurricanes and tornadoes and other events of this nature. The occurrence of such events could adversely affect NiSource's financial position and results of operations. In accordance with customary industry practice, NiSource maintains insurance against some, but not all, of these risks and losses. There is also a concern that climate change may exacerbate the risks to physical infrastructure. Such risks include heat stresses to power lines, storms that damage infrastructure, lake and sea level changes that damage the manner in which services are currently provided, droughts or other stresses on water used to supply services, and other extreme weather conditions. Climate change and the costs that may be associated with its impacts have the potential to affect NiSource’s business in many ways, including increasing the cost NiSource incurs in providing its products and services, impacting the demand for and consumption of its products and services (due to change in both costs and weather patterns), and affecting the economic health of the regions in which NiSource operates.

A cyber-attack on any of NiSource's or certain third-party computer systems upon which NiSource relies may adversely affect its ability to operate.

NiSource is reliant on technology to run its businesses, which are dependent upon financial and operational computer systems to process critical information necessary to conduct various elements of its business, including the generation, transmission and distribution of electricity, operation of its gas pipeline facilities and the recording and reporting of commercial and financial transactions to regulators, investors and other stakeholders. Any failure of NiSource’s computer systems, or those of its customers, suppliers or others with whom it does business, could materially disrupt NiSource’s ability to operate its business and could result in a financial loss and possibly do harm to NiSource’s reputation.

Additionally, NiSource's information systems experience ongoing, often sophisticated, cyber-attacks by a variety of sources with the apparent aim to breach NiSource's cyber-defenses. Although NiSource attempts to maintain adequate defenses to these attacks and works through industry groups and trade associations to identify common threats and assess NiSource's countermeasures, a security breach of NiSource's information systems could (i) impact the reliability of NiSource's generation, transmission and distribution systems and potentially negatively impact NiSource's compliance with certain mandatory reliability standards, (ii) subject NiSource to harm associated with theft or inappropriate release of certain types of information such as system operating information or information, personal or otherwise, relating to NiSource's customers or employees, and/or (iii) impact NiSource's ability to manage NiSource's businesses.

NiSource's capital projects and programs subject the Company to construction risks and natural gas costs and supply risks.

NiSource is engaged in an intrastate natural gas pipeline modernization program to maintain system integrity and enhance service reliability and flexibility. NIPSCO also is currently engaged in a number of capital projects, including environmental improvements to its electric generating stations, as well as the construction of new transmission facilities. As NiSource undertakes these projects and programs, it may not be able to complete them on schedule or at the anticipated costs. Additionally, NiSource may construct or purchase some of these projects and programs to capture anticipated future growth in natural gas production, which may not materialize, and may cause the construction to occur over an extended period of time. NiSource also may not receive material increases in revenue and cash flows until after the completion of the projects and programs.

Sustained extreme weather conditions may negatively impact NiSource’s operations.

NiSource conducts its operations across a wide geographic area subject to varied and potentially extreme weather conditions, which may from time to time persist for sustained periods of time. Despite preventative maintenance efforts, persistent weather related stress on NiSource’s infrastructure may reveal weaknesses in its systems not previously known to the Company or otherwise present various operational challenges across all business segments. Further, adverse weather may affect NiSource’s ability to conduct operations in a manner that satisfies customer expectations or contractual obligations, including by causing service disruptions.

ITEM 1A. RISK FACTORS

NiSource Inc.

NiSource is a holding company and is dependent on cash generated by subsidiaries to meet its debt obligations and pay dividends on its common stock.

NiSource is a holding company and conducts its operations primarily through its subsidiaries. Substantially all of NiSource's consolidated assets are held by its subsidiaries. Accordingly, NiSource's ability to meet its debt obligations or pay dividends on its common stock is largely dependent upon cash generated by these subsidiaries. In the event a major subsidiary is not able to pay dividends or transfer cash flows to NiSource, NiSource's ability to service its debt obligations or pay dividends could be negatively affected.

Following the Separation, all of the entities formerly included in NiSource's Columbia Pipeline Group Operations segment have been separated from NiSource and are held by a separate publicly traded company (CPG). The related assets are no longer held by subsidiaries of NiSource, which may negatively affect NiSource's ability to service its debt obligations or pay dividends.

The Separation may not achieve the intended benefits and may result in significant tax liabilities.

NiSource cannot predict with certainty when the benefits expected from the Separation will occur or the extent to which they will be achieved, if at all. Furthermore, there are various uncertainties and risks relating to the process of the Separation that could have a negative impact on our financial condition, results of operations and cash flows, including disruption of our operations and impairment of our relationship with regulators, key personnel, customers and vendors. As a result of the completion of the Separation, NiSource faces new and unique risks, including having fewer assets, reduced financial resources and less diversification of revenue sources.

The Separation was conditioned on the receipt by NiSource of a legal opinion to the effect that the distribution of CPG shares to NiSource stockholders is expected to qualify as tax-free under Section 355 of the U.S. Internal Revenue Code. Even though NiSource has received such an opinion, the IRS could determine on audit that the distribution is taxable. Both NiSource and its stockholders could incur significant U.S. federal income tax liabilities if taxing authorities conclude the distribution is taxable.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

Table of Contents

ITEM 2. PROPERTIES

NiSource Inc.

Discussed below are the principal properties held by NiSource and its subsidiaries as of December 31, 2015.

Gas Distribution Operations. Refer to Item 1, "Business" of this report for further information on Gas Distribution Operations properties.

Electric Operations. Refer to Item 1, "Business" of this report for further information on Electric Operations properties.

Corporate and Other Operations. NiSource owns the Southlake Complex, its 325,000 square foot headquarters building located in Merrillville, Indiana, and other residential and development property.

Character of Ownership. The principal properties of NiSource and its subsidiaries are owned free from encumbrances, subject to minor exceptions, none of which are of such a nature as to impair substantially the usefulness of such properties. Many of NiSource's subsidiary offices in various communities served are occupied under leases. All properties are subject to routine liens for taxes, assessments and undetermined charges (if any) incidental to construction. It is NiSource’s practice regularly to pay such amounts, as and when due, unless contested in good faith. In general, the electric lines, gas pipelines and related facilities are located on land not owned by NiSource and its subsidiaries, but are covered by necessary consents of various governmental authorities or by appropriate rights obtained from owners of private property. NiSource does not, however, generally have specific easements from the owners of the property adjacent to public highways over, upon or under which its electric lines and gas distribution pipelines are located. At the time each of the principal properties was purchased a title search was made. In general, no examination of titles as to rights-of-way for electric lines, gas pipelines or related facilities was made, other than examination, in certain cases, to verify the grantors’ ownership and the lien status thereof.

ITEM 3. LEGAL PROCEEDINGS

NiSource Inc.

The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company’s results of operations, financial position or liquidity. If one or more of such matters were decided against the Company, the effects could be material to the Company’s results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company’s cash flows in the periods the Company would be required to pay such liability.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents

SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT

NISOURCE INC.

The following is a list of the Executive Officers of the Registrant, including their names, ages, offices held and other recent business experience, as of February 1, 2016.

Name	Age	Office(s) Held in Past 5 Years
Joseph Hamrock	52	President and Chief Executive Officer of NiSource since July 1, 2015.
		Executive Vice President and Group Chief Executive Officer of NiSource from May 2012 to July 2015.
		President and Chief Operating Officer, American Electric Power Company (electric utility company) - Ohio from January 2008 to May 2012.
Donald E. Brown	44	Executive Vice President and Chief Financial Officer and Treasurer of NiSource since July 1, 2015.
		Executive Vice President, Finance Department of NiSource from March 2015 to July 2015.
		Vice President and Chief Financial Officer, UGI Utilities, a division of UGI Corporation (gas and electric utility company) from 2010 to March 2015.
Robert D. Campbell	56	Executive Vice President, Corporate Affairs and Human Resources of NiSource since July 1, 2015.
		Senior Vice President, Human Resources of NiSource from May 2006 to July 2015.
Carrie J. Hightman	58	Executive Vice President and Chief Legal Officer of NiSource since December 2007.
Carl W. Levander	54	Executive Vice President and Chief Regulatory Officer of NiSource since July 1, 2015.
		President of Columbia of Virginia from January 2006 to July 2015.
Violet G. Sistovaris	54	Executive Vice President, NIPSCO since July 1, 2015.
		Senior Vice President and Chief Information Officer of NiSource from May 2014 to June 2015.
		Senior Vice President and Chief Information Officer of NiSource Corporate Services Company from August 2008 to June 2015.
Jim L. Stanley	60	Executive Vice President and Chief Operating Officer of NiSource since July 1, 2015.
		Executive Vice President & Group Chief Executive Officer of NiSource from October 2012 to July 2015.
		Senior Vice President, Duke Energy (electric power holding company) from June 2010 to September 2012.
Joseph W. Mulpas	44	Vice President and Chief Accounting Officer of NiSource since May 2014.
		Assistant Controller, FirstEnergy Corp (diversified energy company) from November 2012 to April 2014.
		Vice President, Controller and Chief Accounting Officer, Maxum Petroleum Inc. (energy logistics company) from August 2012 to October 2012.
		Vice President and Chief Accounting Officer, DPL Inc. and its subsidiary, The Dayton Power and Light Company (electric utility company) from May 2009 to June 2012.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

NISOURCE INC.

NiSource's common stock is listed and traded on the New York Stock Exchange under the symbol "NI." The table below indicates the high and low sales prices of NiSource's common stock, on the composite tape, during the periods indicated.

	2015			2014		
	High	**Low**	**Dividend Per Share**	High	Low	Dividend Per Share
First Quarter	**$ 45.10**	**$ 40.89**	**$ 0.260**	$ 36.82	$ 32.11	$ 0.250
Second Quarter	**49.16**	**42.25**	**0.260**	39.69	34.36	0.250
Third Quarter	**45.71 (1)**	**16.04 (1)**	**0.155 (2)**	41.70	36.00	0.260
Fourth Quarter	**20.13 (1)**	**18.33 (1)**	**0.155 (2)**	44.91	37.58	0.260
			$ 0.830			$ 1.020

(1) On July 1, 2015, NiSource completed the Separation through a special *pro rata* stock dividend, distributing one share of CPG common stock for every one share of NiSource common stock held by any NiSource stockholder on June 19, 2015, the record date. On July 1, 2015, the last trading day before the Separation became effective, the closing price of our common stock trading "regular way" (with an entitlement to CPG shares distributed in the Separation) was $45.45. On July 2, 2015, the first day of trading after the Separation, the opening price of our common stock was $17.61 per share.
(2) On July 2, 2015, following the Separation, NiSource's Board declared a dividend of $0.155 per share of common stock and CPG's Board declared a dividend of $0.125 per share of CPG common stock. The amount of dividends paid by NiSource in the third and fourth quarter of 2015 is that of NiSource only, and does not include the dividend declared by CPG during the same period.

Holders of shares of NiSource's common stock are entitled to receive dividends when, as and if declared by NiSource's Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August, and November. At its January 27, 2016, meeting, the Board declared a quarterly common dividend of $0.155 per share, payable on February 19, 2016 to holders of record on February 8, 2016.

Although the Board currently intends to continue the payment of regular quarterly cash dividends on common shares, the timing and amount of future dividends will depend on the earnings of NiSource's subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the Board. There can be no assurance that we will continue to pay such dividends or the amount of such dividends.

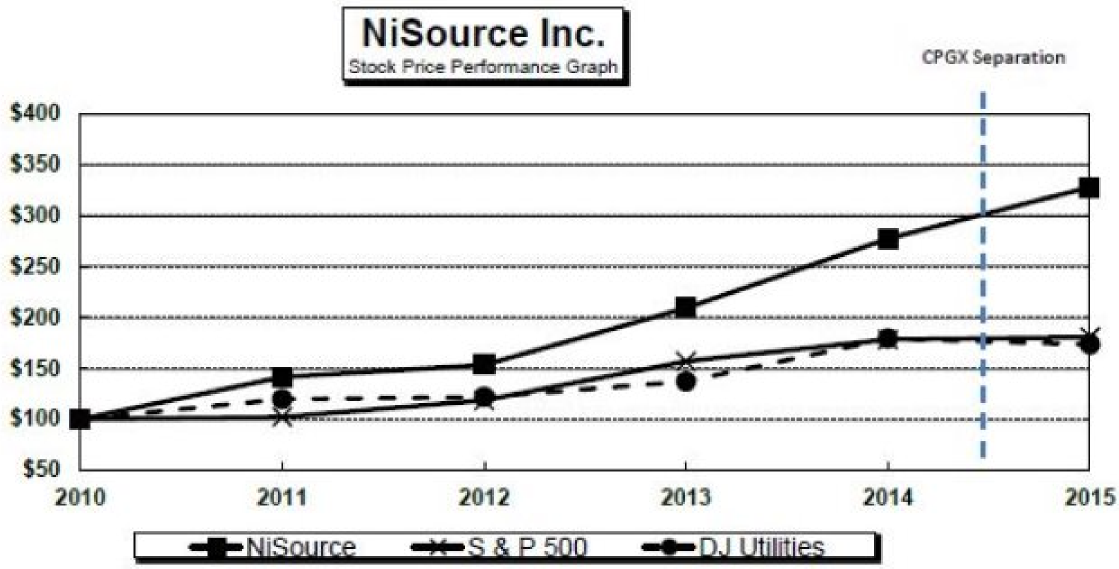
As of February 10, 2016, NiSource had 30,389 common stockholders of record and 319,741,768 shares outstanding.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

NISOURCE INC.

The graph below compares the cumulative total shareholder return of NiSource's common stock for the last five years with the cumulative total return for the same period of the S&P 500 and the Dow Jones Utility indices. On July 1, 2015, NiSource completed the Separation. Following the Separation, NiSource retained no ownership interest in CPG. The Separation is treated as a special dividend for purposes of calculating the total shareholder return, with the then-current market value of the distributed shares being deemed to have been reinvested on the Separation date in shares of NiSource common stock. A vertical line is included on the graph below to identify the periods before and after the Separation.



The foregoing performance graph is being furnished as part of this annual report solely in accordance with the requirement under Rule 14a-3(b)(9) to furnish our stockholders with such information, and therefore, shall not be deemed to be filed or incorporated by reference into any filings by NiSource under the Securities Act or the Exchange Act.

The weighted average total return for NiSource common stock and the two indices is calculated from an assumed initial investment of $100 and assumes dividend reinvestment, including the impact of the distribution of CPG common stock in the Separation.

ITEM 6. SELECTED FINANCIAL DATA

NISOURCE INC.

The selected data presented below as of and for the five years ended December 31, 2015 , are derived from the Consolidated Financial Statements of NiSource. The data should be read together with the Consolidated Financial Statements including the related notes thereto included in Item 8 of this Form 10-K.

Year Ended December 31, (*dollars in millions except per share data*)	**2015**	2014	2013	2012	2011
Statement of Income Data:					
Gross Revenues					
Gas Distribution	**$ 2,081.9**	$ 2,597.8	$ 2,226.3	$ 1,959.8	$ 2,916.6
Gas Transportation	**969.8**	987.4	820.0	692.4	531.9
Electric	**1,572.9**	1,672.0	1,563.4	1,507.7	1,427.7
Other	**27.2**	15.2	15.7	18.1	18.0
Total Gross Revenues	**4,651.8**	5,272.4	4,625.4	4,178.0	4,894.2
Net Revenues (Gross Revenues less Cost of Sales, excluding depreciation and amortization)	**3,008.1**	2,899.5	2,662.4	2,513.9	2,442.1
Operating Income	**799.9**	789.1	698.1	638.6	551.7
Income from Continuing Operations	**198.6**	256.2	221.0	171.0	108.9
Balance Sheet Data:					
Total Assets	**17,492.5**	24,589.8	22,473.6	21,620.2	20,571.5
Capitalization					
Common stockholders’ equity	**3,843.5**	6,175.3	5,886.6	5,554.3	4,997.3
Long-term debt, excluding amounts due within one year	**5,948.5**	8,151.5	7,588.2	6,813.7	6,261.1
Total Capitalization	**$ 9,792.0**	$ 14,326.8	$ 13,474.8	$ 12,368.0	$ 11,258.4
Per Share Data:					
Basic Earnings Per Share from Continuing Operations ($)	**$ 0.63**	$ 0.81	$ 0.71	$ 0.59	$ 0.39
Diluted Earnings Per Share from Continuing Operations ($)	**$ 0.63**	$ 0.81	$ 0.71	$ 0.57	$ 0.38
Other Data:					
Dividends declared per share ($)	**$ 0.83**	$ 1.02	$ 0.98	$ 0.94	$ 0.92
Shares outstanding at the end of the year (in thousands)	**319,110**	316,037	313,676	310,281	281,854
Number of common stockholders	**30,190**	25,233	26,965	28,823	30,663
Capital expenditures ($ in millions)	**$ 1,367.5**	$ 1,339.6	$ 1,248.5	$ 1,095.5	$ 812.6
Number of employees	**7,596**	8,982	8,477	8,286	7,957

- On July 1, 2015, NiSource completed the Separation. The results of operations of the former Columbia Pipeline Group Operations segment have been classified as discontinued operations for all periods presented. See Note 3, "Discontinued Operations," in the Notes to the Consolidated Financial Statements for further information.

- Prior to the Separation, CPG closed its placement of $2,750.0 million in aggregate principal amount of its senior notes. Using the proceeds from this offering, CPG made cash payments to NiSource representing the settlement of inter-company borrowings and the payment of a one-time special dividend. In May 2015, using proceeds from the cash payments from CPG, NiSource Finance settled its two bank term loans in the amount of $1,075.0 million and executed a tender offer for $750.0 million consisting of a combination of its 5.25% notes due 2017, 6.40% notes due 2018 and 4.45% notes due 2021. In conjunction with the debt retired, NiSource Finance recorded a $97.2 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

- On February 14, 2012, Columbia of Ohio held its first standard choice offer auction which resulted in a retail price adjustment of $1.53 per Mcf. On February 14, 2012, the PUCO issued an entry that approved the results of the auction with the new retail price adjustment level effective April 1, 2012. As a result of the implementation of the standard choice offer, Columbia of Ohio reports lower gross revenues and lower cost of sales. There is no impact on net revenues.

- On November 14, 2011, NiSource Finance commenced a cash tender offer for up to $250.0 million aggregate principal amount of its outstanding 10.75% notes due 2016 and 6.15% notes due 2013. A condition of the offering was that all validly tendered 2016 notes would be accepted for purchase before any 2013 notes were accepted. On December 13, 2011, NiSource Finance announced that approximately $125.3 million aggregate principal amount of its outstanding 10.75% notes due 2016 were validly tendered and accepted for purchase. In addition, approximately $228.7 million aggregate principal amount of outstanding 6.15% notes due 2013 were validly tendered, of which $124.7 million were accepted for purchase. NiSource Finance recorded a $53.9 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums and unamortized discounts and fees.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NISOURCE INC.

Index | Page

Note regarding forward-looking statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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, 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.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Annual Report on Form 10-K include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; risks associated with construction and natural gas cost and supply; extreme weather conditions; the ability of subsidiaries to generate cash; uncertainties related to the expected benefits of the Separation and the matters set forth in Item 1A, "Risk Factors" of this report, many of which risks are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

CONSOLIDATED REVIEW

Executive Summary

NiSource is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving customers in seven states. NiSource generates substantially all of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales are more significant, than in other months.

NiSource reported lower income from continuing operations of $198.6 million or $0.63 per basic share for the twelve months ended December 31, 2015 compared to $256.2 million or $0.81 per basic share for the same period in 2014. The lower income from continuing operations during 2015 was due primarily to a $97.2 million loss on early extinguishment of long-term debt recorded as a result of the debt restructuring that occurred in 2015 as part of the Separation.

For the twelve months ended December 31, 2015, NiSource reported operating income of $799.9 million compared to $789.1 million for the same period in 2014. The slightly higher operating income was primarily due to increased net revenues from gas distribution regulatory and service programs, increased return on environmental capital investment at NIPSCO partially offset by lower net revenues due to warmer than normal weather and lower industrial customer usage. Operating expenses were higher due to increased employee and administrative expenses, higher environmental remediation costs and increased depreciation expense.

As part of our long-term regulated infrastructure investment program, NiSource invested $1,367.5 million in 2015 across our gas and electric utilities. Nisource expects to invest an additional $1,391.6 million during 2016.

NiSource believes that through income generated from operating activities, amounts available under its short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2016. At December 31, 2015, NiSource had approximately $1,179.4 million of liquidity available, consisting of cash and available capacity under credit facilities.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

Platform for Growth

NiSource's business plan continues to center on regulatory and customer initiatives.

Regulatory Initiatives

NiSource's utilities continue to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states. NiSource invested approximately $1.4 billion across its gas and electric utilities in 2015. NiSource has now executed against approximately $2.0 billion of an estimated $30 billion in total projected long-term regulated utility infrastructure investments. NiSource expects to invest approximately $1.4 billion in capital during 2016 to continue to modernize and improve its system across all seven states. NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs. These strategies will help improve reliability and safety, enhance customer services and reduce emissions while generating sustainable returns.

Gas Distribution Operations

- On December 3, 2015, the Pennsylvania PUC approved a settlement in Columbia of Pennsylvania's base rate case. The settlement maintains Columbia of Pennsylvania's ability to continue replacing and upgrading its natural gas distribution system. The approved rate adjustment went into effect on December 18, 2015, and will increase Columbia of Pennsylvania's annual revenues by $28.0 million. The settlement also included new incentives that will significantly reduce costs for customers converting to natural gas.

- On November 1, 2015, Columbia of Massachusetts implemented new rates under its previously approved base rate case settlement. The settlement supports Columbia of Massachusetts's continued effort to modernize its pipeline infrastructure and transform its operations to continue to serve customers safely and reliably. The approved settlement provides for increased annual revenues of $32.8 million starting November 1, 2015, with an additional $3.6 million annual increase in revenues starting November 1, 2016.

- On August 21, 2015, Columbia of Virginia received final VSCC approval of its 2014 base rate case. The VSCC reaffirmed the $25.2 million annual revenue increase. The case supports continued capital investments by Columbia of Virginia to improve its system and accommodate customer growth, as well as initiatives to enhance safety and reliability.

- NIPSCO continued executing on its seven-year, approximately $817 million natural gas system modernization program. NIPSCO filed its semi-annual tracker and program update on August 31, 2015, and expects an order from the IURC in the first quarter of 2016.

Electric Operations

- On December 16, 2015, the IURC approved a settlement between NIPSCO, the Indiana Office of Utility Consumer Counselor and NIPSCO's largest industrial customers which resolved all outstanding issues raised by parties in an Indiana Court of Appeals proceeding related to NIPSCO's previous long-term electric infrastructure modernization plan. The settlement agreement required NIPSCO to file an electric base rate case and a new seven-year electric TDSIC plan.

- On December 31, 2015, NIPSCO filed a new $1.3 billion, seven-year electric infrastructure modernization plan with the IURC. The plan is focused on electric transmission and distribution investments made for safety, reliability, and system modernization. NIPSCO expects an order on its seven-year plan in the third quarter of 2016.

- NIPSCO remains on schedule with its electric base rate case filed on October 1, 2015 with the IURC. The case seeks to update rates to reflect the current costs of generating and distributing power, plus ongoing investments which are delivering substantial benefits to customers, including programs that have reduced the duration of power outages by 40 percent. An IURC decision is expected in the third quarter of 2016.

- Progress also continued on two major electric transmission projects designed to enhance region-wide system flexibility and reliability. Right-of-way acquisition, permitting and substation construction are under way for both projects. Line and tower construction is expected to begin in 2016. These projects involve an investment of approximately $450 million for NIPSCO and are anticipated to be in service by the end of 2018.

- NIPSCO's Michigan City Unit 12 FGD was placed in service on December 15, 2015. The approximately $255 million project, supported with cost recovery, improves air quality and helps ensure NIPSCO's generation fleet remains in compliance with current environmental regulations. The project also helps ensure that NIPSCO can continue offering low-cost, reliable and efficient generating capacity for its customers.

Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements for a complete discussion of regulatory matters.

Ethics and Controls
NiSource is committed to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-K and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

For additional information refer to Item 9A, "Controls and Procedures."

Results of Operations

Income from Continuing Operations
For the year ended December 31, 2015 , NiSource reported income from continuing operations of $198.6 million , or $0.63 per basic share, compared to $256.2 million , or $0.81 per basic share in 2014 . Income from continuing operations for the year ended December 31, 2013 was $221.0 million , or $0.71 per basic share.

Comparability of line item operating results is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues
NiSource analyzes its operating results using net revenues. Net revenues are calculated as revenues less the associated cost of sales (excluding depreciation and amortization). NiSource believes net revenues are a better measure to analyze profitability than gross operating revenues since the majority of the cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in gross operating revenues.

Total consolidated net revenues for the year ended December 31, 2015 , were $3,008.1 million , a $108.6 million increase compared with 2014 . Net revenues increased primarily due to increased Gas Distribution Operations' net revenues of $82.4 million and higher Electric Operations' net revenues of $22.3 million.

- Gas Distribution Operations' net revenues increased primarily due to an increase in regulatory and service programs of $88.7 million, including the impact of new rates at Columbia of Pennsylvania, Columbia of Massachusetts and Columbia of Virginia, as well as the implementation of new rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there were higher net revenues due to increased rent billed to affiliates, offset in expense, of $8.4 million and higher regulatory and tax trackers, offset in expense, of $7.5 million. These increases in net revenues were partially offset by the effects of warmer weather of $30.6 million.

- Electric Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of $19.8 million, an increase in the return on the environmental capital investment recovery of $10.3 million due to an increased plant balance eligible for recovery and higher net revenues of $8.8 million as a result of two electric transmission projects. These increases were partially offset by lower industrial usage of $13.8 million.

Total consolidated net revenues for the twelve months ended December 31, 2014 were $2,899.5 million , a $237.1 million increase compared with 2013 . Net revenues increased primarily due to increased Gas Distribution Operations' net revenues of $197.1 million and increased Electric Operations' net revenues of $41.3 million.

- Gas Distribution Operations' net revenues increased primarily due to an increase of $93.4 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania, the rate case at Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, 2014 included an increase in regulatory and tax trackers, which are offset in expense, of $49.2 million, the effects of colder weather of $18.4 million, and higher commercial, residential and industrial usage of $14.6 million.

- Electric Operations' net revenues increased primarily due to higher industrial usage of $21.9 million and an increase in the return on the environmental capital investment recovery of $19.8 million due to an increased plant balance eligible for recovery.

Operating Expenses

Operating expenses were $2,208.2 million in 2015 , an increase of $97.8 million from the comparable 2014 period. This increase was primarily due to higher operation and maintenance expenses of $58.8 million and increased depreciation and amortization of $37.5 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in net revenues, of $19.3 million, higher employee and administrative expenses of $14.5 million, increased environmental costs of $14.3 million and higher electric generation costs of $6.0 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service in 2015.

Operating expenses were $2,110.4 million in 2014 , an increase of $146.1 million from the comparable 2013 period. This increase was primarily due to higher operation and maintenance expenses of $112.9 million, increased depreciation and amortization of $16.5 million and higher other taxes of $14.8 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in net revenues, of $40.3 million, higher employee and administrative expenses of $34.2 million, increased outside services of $17.2 million, higher electric generation costs of $15.2 million as a result of maintenance related outages and increased uncollectibles of $6.3 million. The increase in depreciation and amortization is primarily due to higher capital expenditures related to projects placed in service in 2014. The increase in other taxes is primarily attributable to tax trackers, which are offset in net revenues, of $9.2 million.

Other Income (Deductions)

Other Income (Deductions) in 2015 reduced income $460.0 million compared to a reduction of $366.1 million in 2014 . The increase in deductions is primarily due to a loss on early extinguishment of long-term debt of $97.2 million. Refer to Note 14, "Long-Term Debt," in the Notes to the Consolidated Financial Statements for further information on long-term debt retired in May 2015.

Other Income (Deductions) in 2014 reduced income $366.1 million compared to a reduction of $368.5 million in 2013 .

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NISOURCE INC.

Income Taxes

The effective income tax rates were 41.6% , 39.4% and 32.9% in 2015 , 2014 and 2013 , respectively. The 2.2% increase in the overall effective tax rate in 2015 versus 2014 was primarily the result of a $17.8 million increase in federal income tax expense associated with write downs of charitable contribution carryovers, offset by a $10.5 million decrease in income tax expense related to state apportionment changes and permanent items as a result of remeasurement after the Separation. The 6.5% increase in the overall effective tax rate in 2014 versus 2013 was primarily a result of a $13.5 million increase in tax expense related to state apportionment changes and permanent items as a result of the Separation, a $7.1 million increase due to Indiana state taxes, a $5.4 million increase in tax expense due to Pennsylvania regulatory changes, and $4.1 million of additional state income tax expense related to corporate restructuring. Refer to Note 9, "Income Taxes," in the Notes to the Consolidated Financial Statements for further information on these changes.

Liquidity and Capital Resources

A significant portion of NiSource's operations are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolving credit facility, commercial paper program, accounts receivable securitization programs, long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2016 .

Operating Activities

Net cash from operating activities from continuing operations for the year ended December 31, 2015 was $1,163.4 million , an increase of $402.2 million from 2014. The increase in net cash from operating activities from continuing operations was primarily due to the change in regulatory assets/liabilities, as well as the change in inventories and overrecovered gas and fuel costs working capital accounts as a result of lower gas prices and warmer weather in 2015 compared to 2014.

Net cash from operating activities from continuing operations for the year ended December 31, 2014 was $761.2 million , a decrease of $206.6 million from the prior year. The decrease in net cash from operating activities from continuing operations was primarily attributable to an income tax refund received in 2013.

Pension and Other Postretirement Plan Funding . In 2015 , NiSource contributed $2.7 million to its pension plans and $25.8 million to its postretirement medical and life plans. In 2016 , NiSource expects to make contributions of approximately $3.0 million to its pension plans and approximately $22.2 million to its postretirement medical and life plans. At December 31, 2015 , NiSource's pension and other postretirement benefit plans were underfunded by $459.6 million and $299.9 million , respectively.

Investing Activities

The tables below reflect actual capital expenditures and certain other investing activities by segment for 2015 , 2014 and 2013 , and estimates for 2016 .

(in millions)	2016E	**2015**	2014	2013
Gas Distribution Operations	$ 966.9	**$ 917.0**	$ 860.3	$ 790.8
Electric Operations	418.6	**400.3**	438.8	426.3
Corporate and Other Operations	6.1	**50.2**	40.5	31.4
Total [(1)]	$ 1,391.6	**$ 1,367.5**	$ 1,339.6	$ 1,248.5

[(1)] Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures included in current liabilities and AFUDC Equity.

For 2016 , the projected capital program and certain other investing activities are expected to be $1,391.6 million , which is $24.1 million higher than the 2015 capital program. This increased spending is mainly due to identified Gas Distribution Operations segment growth and betterment projects in 2016.

For 2015 , the capital expenditures and certain other investing activities were $1,367.5 million , which is $27.9 million higher than the 2014 capital program. This increased spending is mainly due to increased TDSIC spend in the Gas Distribution Operations segment, partially offset by lower tracker program spend at the Electric Operations segment.

For 2014 , capital expenditures and certain other investing activities were $1,339.6 million , an increase of $91.1 million compared to 2013 . This increased spending is mainly due to continued spending on infrastructure replacement programs in the Gas Distribution Operations segment.

Restricted cash was $29.7 million and $24.9 million as of December 31, 2015 and 2014 , respectively. The increase in restricted cash was primarily a result of higher margin requirements due to open derivative contracts.

Financing Activities

Long-term Debt. Refer to Note 14, “Long-Term Debt,” in the Notes to Consolidated Financial Statements for information on long-term debt.

Credit Facilities. NiSource Finance currently maintains a $1.5 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of July 1, 2020. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource Finance's $1.5 billion commercial paper program, provide for issuance of letters of credit and also for general corporate purposes.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo.

NiSource Finance had no borrowings outstanding under its revolving credit facility at December 31, 2015 and $500.0 million at December 31, 2014 at a weighted average interest rate of 1.44%. In addition, NiSource Finance had $321.4 million in commercial paper outstanding at December 31, 2015 , at a weighted average interest rate of 1.00% and $792.6 million in commercial paper outstanding at December 31, 2014 , at a weighted average interest rate of 0.82% .

As of December 31, 2015 and December 31, 2014 , NiSource had $246.0 million and $284.3 million , respectively, of short-term borrowings recorded on the Consolidated Balance Sheets relating to its accounts receivable securitization facilities. See Note 17, “Transfers of Financial Assets” in the Notes to Consolidated Financial Statements.

As of December 31, 2015 , NiSource had $14.7 million of stand-by letters of credit outstanding all of which were under the revolving credit facility. At December 31, 2014 , NiSource had $30.9 million of stand-by letters of credit outstanding of which $14.7 million were under the revolving credit facility.

As of December 31, 2015 , an aggregate of $1,163.9 million of credit was available under the credit facility and accounts receivable securitization programs.

Debt Covenants . NiSource is subject to a financial covenant under its revolving credit facility, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70% . A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75% . As of December 31, 2015 , the ratio was 64% .

Refer to Note 14, “Long-Term Debt,” in the Notes to Consolidated Financial Statements for further information on debt covenants.

Sale of Trade Accounts Receivables . Refer to Note 17, “Transfers of Financial Assets,” in the Notes to Consolidated Financial Statements for information on the sale of trade accounts receivable.

All accounts receivable sold to the purchasers are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined, in part, by required loss reserves under the agreements.

Credit Ratings . The credit rating agencies periodically review the Company’s ratings, taking into account factors such as our capital structure and earnings profile. In 2015, Moody’s affirmed the NiSource senior unsecured rating of Baa2 and its commercial paper rating of P-2, with stable outlooks. Moody’s also affirmed NIPSCO’s Baa1 rating and Columbia Gas of Massachusetts’s Baa2 rating, with stable outlooks. In 2015, Standard & Poor’s raised the senior unsecured ratings of NiSource and its subsidiaries to BBB+ and NiSource’s commercial paper rating to A-2, with stable outlooks. In 2015, Fitch affirmed the NiSource senior unsecured rating of BBB-, commercial paper rating of F3 and the existing ratings of its other rated subsidiaries. Fitch revised its outlook to positive.

The Company is committed to maintaining investment grade credit ratings, however, there is no assurance we will be able to do so in the future. The Company's credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Any negative rating action could adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action could also adversely impact our business relationships with suppliers and operating partners.

Certain NiSource subsidiaries have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of December 31, 2015 the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $26.9 million . In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Contractual Obligations . NiSource has certain contractual obligations requiring payments at specified periods. The obligations include long-term debt, lease obligations, energy commodity contracts and service obligations for various services including pipeline capacity and IBM outsourcing. The total contractual obligations in existence at December 31, 2015 and their maturities were:

(in millions)	Total	2016	2017	2018	2019	2020	After
Long-term debt [(1)]	$ 6,227.0	$ 421.5	$ 349.9	$ 476.0	$ 541.0	$ 550.0	$ 3,888.6
Capital leases [(2)]	313.3	23.5	23.0	23.3	23.7	23.5	196.3
Interest payments on long-term debt	4,947.1	355.5	329.2	296.5	263.1	244.9	3,457.9
Operating leases [(3)]	62.1	18.4	11.1	8.8	7.0	3.5	13.3
Energy commodity contracts	455.2	169.3	74.8	67.5	70.6	72.6	0.4
Service obligations:							
Pipeline service obligations	2,164.3	512.7	496.0	341.0	245.4	139.3	429.9
IBM service obligations	410.1	90.9	82.8	80.1	78.6	77.7	—
Other service obligations	165.8	72.0	67.2	19.7	4.6	2.3	—
Other liabilities	25.2	25.2	—	—	—	—	—
Total contractual obligations	$ 14,770.1	$ 1,689.0	$ 1,434.0	$ 1,312.9	$ 1,234.0	$ 1,113.8	$ 7,986.4

(1) Long-term debt balance excludes unamortized discounts and expenses of $45.5 million and non-recourse debt of $2.1 million related to NDC Douglas Properties.
(2) Capital lease payments shown above are inclusive of interest totaling $114.7 million.
(3) Operating lease balances do not include amounts for fleet leases that can be renewed beyond the initial lease term. The Company anticipates renewing the leases beyond the initial term, but the anticipated payments associated with the renewals do not meet the definition of expected minimum lease payments and therefore are not included above. Expected payments are $30.5 million in 2016, $30.9 million in 2017, $26.7 million in 2018, $20.3 million in 2019, $12.5 million in 2020 and $7.5 million thereafter.

NiSource calculated estimated interest payments for long-term debt as follows: for the fixed-rate debt, interest is calculated based on the stated coupon and payment dates; for variable-rate debt, interest rates used are those that are in place as of December 31, 2015 . For 2016 , NiSource projects that it will be required to make interest payments of approximately $359.6 million, which includes $355.5 million of interest payments related to its long-term debt outstanding as of December 31, 2015 . At December 31, 2015 , NiSource also had $567.4 million in short-term borrowings outstanding.

NiSource's expected payments included within "Other liabilities" in the table of contractual commitments above contains employer contributions to pension and other postretirement benefits plans expected to be made in 2016. Plan contributions beyond 2016 are dependent upon a number of factors, including actual returns on plan assets, which cannot be reliably estimated at this time. In 2016, NiSource expects to make contributions of approximately $3.0 million to its pension plans and approximately $22.2 million to its postretirement medical and life plans. Refer to Note 10, "Pension and Other Postretirement Benefits," in the Notes to Consolidated Financial Statements for more information.

NiSource cannot reasonably estimate the settlement amounts or timing of cash flows related to long-term obligations classified as "Other Liabilities and Deferred Credits" on the Consolidated Balance Sheets, other than those described above.

NiSource also has obligations associated with income, property, gross receipts, franchise, payroll, sales and use, and various other taxes and expects to make tax payments of approximately $287.5 million in 2016, which are not included in the table above.

Refer to Note 18, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements for further information on contractual obligations.

Off-Balance Sheet Arrangements

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 18, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements for additional information about NiSource's off balance sheet arrangements.

Market Risk Disclosures

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's energy businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These include but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps and options. NiSource is not involved in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

NiSource subsidiaries are required to make cash margin deposits with their brokers to cover actual and potential losses in the value of outstanding exchange traded derivative contracts. The amount of these deposits, which are reflected in NiSource's restricted cash balance, may fluctuate significantly during periods of high volatility in the energy commodity markets.

There are no material commodity price risk assets or liabilities as of December 31, 2015 and 2014 .

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. NiSource manages interest rate risk by entering into forward starting interest-rate swaps that hedge the interest rate risk related to forecasted issuances of long-term-debt. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by $8.2 million and $20.0 million for the years 2015 and 2014 , respectively.

In December 2015, NiSource Finance entered into two forward starting interest-rate swaps, each hedging the interest rate risk on coupon payments arising from $500 million of forecasted issuances of long-term debt in each of 2017 and 2018. Refer to Note 14, "Long-Term Debt," in the Notes to Consolidated Financial Statements for futher information on NiSource's forward starting interest-rate swaps.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the Risk Management function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to NiSource at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash and letters of credit.

NiSource closely monitors the financial status of its banking credit providers. NiSource evaluates the financial status of its banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, NiSource may utilize models to measure fair value. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures.

Price risk management liabilities also include forward starting interest-rate swaps, which are designated as cash flow hedges. Each period the swap instrument will be measured assuming a hypothetical settlement at that point in time. Upon termination of the swap instruments, NiSource will pay or receive a settlement based on the current market value. Credit risk is considered in the fair value calculation of each interest-rate swap. As they are based on observable data and valuations of similar instruments, the interest-rate swaps are categorized in Level 2 in the fair value hierarchy.

Refer to Note 16, "Fair Value," in the Notes to the Consolidated Financial Statements for additional information on NiSource's fair value measurements.

Other Information

Critical Accounting Policies

NiSource applies certain accounting policies based on the accounting requirements discussed below that have had, and may continue to have, significant impacts on NiSource's results of operations and Consolidated Financial Statements.

Basis of Accounting for Rate-Regulated Subsidiaries. ASC Topic 980, *Regulated Operations* , provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. The total amounts of regulatory assets and liabilities reflected on the Consolidated Balance Sheets were $1,771.9 million and $1,433.7 million at December 31, 2015 , and $1,731.9 million and $1,440.7 million at December 31, 2014 , respectively. For additional information, refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements.

In the event that regulation significantly changes the opportunity for NiSource to recover its costs in the future, all or a portion of NiSource's regulated operations may no longer meet the criteria for the application of ASC Topic 980, *Regulated Operations* . In such event, a write-down of all or a portion of NiSource's existing regulatory assets and liabilities could result. If transition cost recovery is approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If unable to continue to apply the provisions of ASC Topic 980, *Regulated Operations* , NiSource would be required to apply the provisions of ASC Topic 980-20, *Discontinuation of Rate-Regulated Accounting* . In management's opinion, NiSource's regulated subsidiaries will be subject to ASC Topic 980, *Regulated Operations* for the foreseeable future.

Certain of the regulatory assets reflected on NiSource's Consolidated Balance Sheets require specific regulatory action in order to be included in future service rates. Although recovery of these amounts is not guaranteed, NiSource believes that these costs meet the requirements for deferral as regulatory assets. Regulatory assets requiring specific regulatory action amounted to $262.7 million at December 31, 2015 . If NiSource determined that the amounts included as regulatory assets were not recoverable, a charge to income would immediately be required to the extent of the unrecoverable amounts.

Pensions and Postretirement Benefits. NiSource has defined benefit plans for both pensions and other postretirement benefits. The calculation of the net obligations and annual expense related to the plans requires a significant degree of judgment regarding the discount rates to be used in bringing the liabilities to present value, long-term returns on plan assets and employee longevity, among other assumptions. Due to the size of the plans and the long-term nature of the associated liabilities, changes in the assumptions used in the actuarial estimates could have material impacts on the measurement of the net obligations and annual expense recognition. For further discussion of NiSource's pensions and other postretirement benefits, see Note 10, "Pension and Other Postretirement Benefits," in the Notes to Consolidated Financial Statements.

Goodwill. NiSource's goodwill assets at December 31, 2015 were $1,690.7 million , most of which resulted from the acquisition of Columbia on November 1, 2000. As required, NiSource tests for impairment of goodwill on an annual basis and on an interim basis when events or circumstances indicate that a potential impairment may exist. NiSource's annual goodwill test takes place in the second quarter of each year and was most recently finalized as of May 1, 2015.

NiSource completed a quantitative ("step 1") fair value measurement of its reporting units during the May 1, 2012 goodwill test. That test indicated the fair value of each of the reporting units that carry or are allocated goodwill substantially exceeded their carrying values, indicating that no impairment existed under the step 1 annual impairment test. A qualitative ("step 0") test was performed as of May 1, 2015 and 2014. NiSource assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units in its baseline May 1, 2012 test. The results of this assessment indicated that it is not more likely than not that its reporting unit fair values are less than the reporting unit carrying values and no impairments are necessary.

The Separation prompted changes in the way NiSource's chief operating decision maker manages the business where, going forward, financial accountability is largely at the individual state operating company level. This change in management approach triggered an assessment of NiSource's goodwill reporting units. Through this assessment, NiSource concluded each of the six state operating companies within the former Columbia Distribution Operations reporting unit are now operating segments. NiSource further concluded these operating segments represent goodwill reporting units as they do not contain components whose discrete financial information is regularly reviewed by segment management.

Goodwill previously allocated to the Columbia Distribution Operations reporting unit was reallocated to the six new reporting units on a relative fair value basis. In accordance with GAAP, and consistent with NiSource's historical impairment testing of goodwill, fair value was determined based on a weighting of income and market approaches. The resulting fair values were substantially in excess of their respective reporting unit's carrying values. NiSource's remaining reporting unit, NIPSCO Gas

Operations, was not impacted by the changes in reporting structure as it was historically and continues to be reviewed by the chief operating decision maker at a state operating company level.

All of NiSource’s goodwill reporting units at December 31, 2015 remain within the Gas Distribution Operations reportable segment.

Refer to Notes 1-J and 5, “Goodwill and Other Intangible Assets,” in the Notes to Consolidated Financial Statements for additional information.

Revenue Recognition. Revenue is recorded as products and services are delivered. Utility revenues are billed to customers monthly on a cycle basis. Revenues are recorded on the accrual basis and include estimates for electricity and gas delivered but not billed. Refer to Note 1-L, “Revenue Recognition,” in the Notes to Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Consolidated Financial Statements.

Environmental Matters

NiSource is subject to regulation by various federal, state and local authorities in the areas of air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to NiSource’s business and operations. Refer to Note 18-C, “Environmental Matters,” in the Notes to Consolidated Financial Statements for additional information regarding environmental matters.

Bargaining Unit Contract

As of December 31, 2015, NiSource had 7,596 employees of whom 3,157 were subject to collective bargaining agreements. Agreements were reached with the respective unions whose collective bargaining agreements were set to expire during 2015. Six additional collective bargaining contracts, covering approximately 400 employees, are set to expire during 2016.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource’s operations are divided into two primary reportable segments: Gas Distribution Operations and Electric Operations.

NISOURCE INC.
Gas Distribution Operations

Year Ended December 31, *(in millions)*	**2015**	2014	2013
Net Revenues			
Sales revenues	**$ 3,069.1**	$ 3,593.9	$ 3,053.8
Less: Cost of gas sold (excluding depreciation and amortization)	**1,155.5**	1,762.7	1,419.7
Net Revenues	**1,913.6**	1,831.2	1,634.1
Operating Expenses			
Operation and maintenance	**945.3**	900.3	824.8
Depreciation and amortization	**232.6**	217.6	201.4
Loss (Gain) on sale of assets and impairment, net	**0.8**	(0.2)	1.2
Other taxes	**179.1**	176.5	161.3
Total Operating Expenses	**1,357.8**	1,294.2	1,188.7
Operating Income	**$ 555.8**	$ 537.0	$ 445.4
Revenues			
Residential	**$ 2,055.2**	$ 2,286.3	$ 1,901.0
Commercial	**691.4**	800.6	654.0
Industrial	**217.6**	231.3	194.3
Off-System Sales	**87.3**	199.4	266.4
Other	**17.6**	76.3	38.1
Total	**$ 3,069.1**	$ 3,593.9	$ 3,053.8
Sales and Transportation (MMDth)			
Residential sales	**262.0**	295.2	272.3
Commercial sales	**171.5**	189.6	172.9
Industrial sales	**522.7**	512.9	494.5
Off-System Sales	**32.7**	44.9	70.4
Other	**(0.2)**	(0.1)	0.4
Total	**988.7**	1,042.5	1,010.5
Heating Degree Days	**5,459**	6,176	5,698
Normal Heating Degree Days	**5,610**	5,610	5,610
% Colder (Warmer) than Normal	**(3)%**	10%	2%
Customers			
Residential	**3,113,324**	3,098,052	3,079,575
Commercial	**283,357**	282,749	281,535
Industrial	**7,578**	7,637	7,663
Other	**13**	15	22
Total	**3,404,272**	3,388,453	3,368,795

Competition

Gas Distribution Operations competes with investor-owned, municipal, and cooperative electric utilities throughout its service areas as well as other regulated and unregulated natural gas intra and interstate pipelines and other alternate fuels, such as propane and fuel oil. Gas Distribution Operations continues to be a strong competitor in the energy market as a result of strong customer preference for natural gas. Competition with providers of electricity has traditionally been the strongest in the residential and commercial markets of Kentucky, southern Ohio, central Pennsylvania and western Virginia due to comparatively low electric rates. Natural gas competes with fuel oil and propane in the Massachusetts market mainly due to the installed base of fuel oil and propane-based heating which has comprised a declining percentage of the overall market over the last few years. However, fuel oil and propane are more viable in today's depressed oil market.

NISOURCE INC.
Gas Distribution Operations (continued)

Market Conditions
Spot prices at the Henry Hub for the winter through December 2015 have primarily been in the $1.54 to $2.40 per Dth range compared to the price range of $2.75 to $4.28 per Dth experienced during the winter through December 2014.

Entering the 2015 - 2016 winter season, national storage levels were 371 Bcf above the prior year and 147 Bcf above the five- year average inventory level (based on October 30, 2015 Energy Information Administration storage report). During the summer of 2015, prices ranged between $2.08 and $3.07 per Dth averaging below the range of $3.52 to $4.80 per Dth experienced during the summer of 2014.

All NiSource Gas Distribution Operations companies have state-approved recovery mechanisms that provide a means for full recovery of prudently incurred gas costs. Gas costs are treated as pass-through costs and have no impact on the net revenues recorded in the period. The gas costs included in revenues are matched with the gas cost expense recorded in the period and the difference is recorded on the Consolidated Balance Sheets as under-recovered or over-recovered gas cost to be included in future customer billings.

The Gas Distribution Operations companies have pursued non-traditional revenue sources within the evolving natural gas marketplace. These efforts include the sale of products and services upstream of the companies' service territory, the sale of products and services in the companies' service territories, and gas supply cost incentive mechanisms for service to their core markets. The upstream products are made up of transactions that occur between an individual Gas Distribution Operations company and a buyer for the sales of unbundled or rebundled gas supply and capacity. The on-system services are offered by NiSource to customers and include products such as the transportation and balancing of gas on the Gas Distribution Operations company system. The incentive mechanisms give the Gas Distribution Operations companies an opportunity to share in the savings created from such situations as gas purchase prices paid below an agreed upon benchmark and their ability to reduce pipeline capacity charges with their customers. Certain Gas Distribution Operations companies continue to offer choice opportunities, where customers can choose to purchase gas from a third-party supplier, through regulatory initiatives in their respective jurisdictions.

Capital Expenditures and Other Investing Activities
The table below reflects actual capital expenditures and other investing activities by category for 2015, 2014 and 2013, and estimates for 2016.

(in millions)	2016E	**2015**	2014	2013
System Growth	$ 168.3	**$ 157.8**	$ 175.9	$ 166.8
Maintenance and Other	798.6	**759.2**	684.4	624.0
Total	$ 966.9	**$ 917.0**	$ 860.3	$ 790.8

The Gas Distribution Operations segment's capital expenditures and other investing activities were $ 917.0 million in 2015 and are projected to be $ 966.9 million in 2016. This increased spending of $49.9 million is mainly due to growth and betterment projects in 2016. Capital expenditures for 2015 were higher than 2014 by approximately $56.7 million primarily due to increased TDSIC spend.

The Gas Distribution Operations segment's capital expenditures for 2014 were higher than 2013 by approximately $69.5 million primarily due to increased spending on infrastructure replacement projects.

Regulatory Matters
Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Usage for the year ended December 31, 2015 decreased from the same period last year primarily due to warmer weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, Gas Distribution Operations have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which Gas Distribution Operations operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a “de-coupled” rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts received regulatory approval of a decoupling mechanism which adjusts revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland and Columbia of Virginia have received regulatory approval to implement a revenue normalization adjustment for certain customer classes, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment. Columbia of Kentucky has had approval for a weather normalization adjustment for many years. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters

Currently, various environmental matters impact the Gas Distribution Operations segment. As of December 31, 2015 , liabilities have been recorded to cover probable environmental response actions. Refer to Note 18-C, “Environmental Matters,” in the Notes to Consolidated Financial Statements for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather

In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. NiSource's composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations service territories for 2015 was about 3% warmer than normal and was about 12% warmer than 2014 , decreasing net revenues approximately $30 million for the year ended December 31, 2015 compared to 2014.

Weather in the Gas Distribution Operations service territories for 2014 was about 10% colder than normal and was about 8% colder than 2013 , increasing net revenues approximately $18 million for the year ended December 31, 2014 compared to 2013.

Throughput

Total volumes sold and transported for the year ended December 31, 2015 were 988.7 MMDth, compared to 1,042.5 MMDth for 2014 . This decrease is primarily attributable to warmer weather and lower off-system sales opportunities experienced in 2015 compared to 2014.

Total volumes sold and transported for the year ended December 31, 2014 were 1,042.5 MMDth, compared to 1,010.5 MMDth for 2013 . This increase is primarily attributable to colder weather experienced in 2014 compared to 2013.

Net Revenues

Net revenues for 2015 were $1,913.6 million, an increase of $82.4 million from the same period in 2014. The increase in net revenues is due primarily to an increase in regulatory and service programs of $88.7 million, including the impact of new rates at Columbia of Pennsylvania, Columbia of Massachusetts and Columbia of Virginia, as well as the implementation of new rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there were higher net revenues due to increased rent billed to affiliates, offset in expense, of $8.4 million and higher regulatory and tax trackers, offset in expense, of $7.5 million. These increases in net revenues were partially offset by the effects of warmer weather of $30.6 million.

Net revenues for 2014 were $1,831.2 million, an increase of $197.1 million from the same period in 2013. The increase in net revenues is due primarily to an increase of $93.4 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania, the rate case at Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, 2014 included an increase in regulatory and tax trackers, which are offset in expense, of $49.2 million, the effects of colder weather of $18.4 million, and higher commercial, residential and industrial usage of $14.6 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the “Other” gross revenues statistic provided at the beginning of this segment discussion. The adjustments to other gross revenues for the twelve months ended December 31, 2015 and 2014 were a revenue decrease of $68.0 million and a revenue increase of $34.2 million, respectively.

Operating Income

For 2015, Gas Distribution Operations reported operating income of $555.8 million, an increase of $18.8 million from the comparable 2014 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were $63.6 million higher than the comparable period reflecting increased employee and administrative expenses of $16.3 million, and higher depreciation and property taxes of $15.0 million and $9.1 million, respectively, due to increased capital expenditures. Additionally, 2015 included increased outside service costs of $7.7 million and higher regulatory and tax trackers, which are offset in net revenues, of $7.5 million.

For 2014, Gas Distribution Operations reported operating income of $537.0 million, an increase of $91.6 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were $105.5 million higher than the comparable period reflecting increased regulatory and tax trackers, which are offset in net revenues, of $49.2 million, higher employee and administrative expenses of $21.9 million primarily due to a growing workforce and increased information technology support and enhancements projects. Additionally, 2014 included increased depreciation of $16.2 million due to increased capital expenditures, increased outside service costs of $13.7 largely due to Columbia of Pennsylvania's pipeline safety initiatives, higher other taxes of $6.0 million and increased uncollectibles of $5.1 million. These increases were partially offset by a decrease in environmental costs of $6.7 million.

NISOURCE INC.
Electric Operations

Year Ended December 31, *(in millions)*	**2015**	2014	2013
Net Revenues			
Sales revenues	**$ 1,574.4**	$ 1,673.4	$ 1,564.9
Less: Cost of sales (excluding depreciation and amortization)	**488.4**	609.7	542.5
Net Revenues	**1,086.0**	1,063.7	1,022.4
Operating Expenses			
Operation and maintenance	**490.1**	474.9	448.6
Depreciation and amortization	**267.7**	244.4	244.4
Gain on sale of assets, net	**—**	(0.1)	—
Other taxes	**63.8**	61.8	63.9
Total Operating Expenses	**821.6**	781.0	756.9
Operating Income	**$ 264.4**	$ 282.7	$ 265.5
Revenues			
Residential	**$ 427.1**	$ 438.2	$ 426.6
Commercial	**445.4**	449.4	431.5
Industrial	**646.3**	723.6	632.7
Wholesale	**16.4**	32.2	21.0
Other	**39.2**	30.0	53.1
Total	**$ 1,574.4**	$ 1,673.4	$ 1,564.9
Sales (Gigawatt Hours)			
Residential	**3,309.9**	3,384.2	3,444.7
Commercial	**3,866.8**	3,864.2	3,881.9
Industrial	**9,249.1**	10,114.2	9,339.7
Wholesale	**194.8**	675.5	669.7
Other	**137.7**	148.2	132.0
Total	**16,758.3**	18,186.3	17,468.0
Cooling Degree Days	**762**	663	798
Normal Cooling Degree Days	**806**	806	806
% Warmer (Colder) than Normal	**(5)%**	(18)%	(1)%
Electric Customers			
Residential	**404,889**	403,272	402,638
Commercial	**55,053**	54,635	54,452
Industrial	**2,343**	2,352	2,374
Wholesale	**743**	751	725
Other	**6**	5	5
Total	**463,034**	461,015	460,194

Electric Supply

On October 31, 2014, NIPSCO submitted its 2014 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next 20 years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs into the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

NISOURCE INC.
Electric Operations (continued)

Market Conditions
NIPSCO's mwh sales to steel-related industries accounted for approximately 54.2% and 61.3% of the total industrial mwh sales for the years ended December 31, 2015 and 2014, respectively.

NIPSCO's industrial sales volumes and revenues decreased in 2015 as compared to 2014 as industrial activity showed a moderate decline year-over-year. This was primarily due to steel-related mwh volumes and demands that decreased in 2015. Steel mill capacity utilization rates have declined as a result of an unprecedented increase of steel imports into the United States market.

Capital Expenditures and Other Investing Activities
The table below reflects actual capital expenditures by category for 2015, 2014 and 2013, and estimates for 2016.

(in millions)	2016E	**2015**	2014	2013
System Growth	$ 28.2	**$ 32.4**	$ 29.3	$ 42.5
Maintenance and Other	390.4	**367.9**	409.5	383.8
Total	$ 418.6	**$ 400.3**	$ 438.8	$ 426.3

The Electric Operations segment's capital expenditures and other investing activities were $400.3 million in 2015 and are projected to be $418.6 million in 2016. Capital expenditures for 2015 were lower than 2014 by approximately $38.5 million primarily due to higher tracker program spend in 2014.

The Electric Operations segment's capital expenditures for 2014 were higher than 2013 by approximately $12.5 million due to increased TDSIC spend as well as continued spending on the environmental tracker capital projects in the generation fleet.

Regulatory Matters
Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements for information on significant rate developments, MISO, and cost recovery and trackers for the Electric Operations segment.

Environmental Matters
Currently, various environmental matters impact the Electric Operations segment. As of December 31, 2015 , liabilities have been recorded to cover probable environmental response actions. Refer to Note 18-C, "Environmental Matters," in the Notes to Consolidated Financial Statements for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements
On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Consolidated Financial Statements.

Sales
Electric Operations sales were 16,758.3 gwh for the year ended 2015 , a decrease of 1,428.0 gwh compared to 2014 . The 7.9% decrease is primarily attributable to a decrease in industrial usage, which was caused by a reduction in steel production due to the high levels of imports that have impacted the domestic steel market since the start of 2015.

Electric Operations sales were 18,186.3 gwh for the year ended 2014 , an increase of 718.3 gwh compared to 2013 . The 4.1% increase is primarily attributable to an increase in industrial usage due to large industrial customers expanding plant operations and using less internal generation.

NISOURCE INC.
Electric Operations (continued)

Net Revenues
Net revenues were $1,086.0 million for 2015, an increase of $22.3 million from the same period in 2014. The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of $19.8 million, an increase in the return on the environmental capital investment recovery of $10.3 million due to an increased plant balance eligible for recovery and higher net revenues of $8.8 million as a result of two electric transmission projects. These increases were partially offset by lower industrial usage of $13.8 million.

Net revenues were $1,063.7 million for 2014, an increase of $41.3 million from the same period in 2013. The increase in net revenues is due primarily to higher industrial usage of $21.9 million and an increase in the return on the environmental capital investment recovery of $19.8 million due to an increased plant balance eligible for recovery.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to other gross revenues for the twelve months ended December 31, 2015 and 2014 were revenue decreases of $11.6 million and $25.5 million, respectively.

Operating Income
For 2015, Electric Operations reported operating income of $264.4 million, a decrease of $18.3 million from the comparable 2014 period. Operating income decreased as a result of increased operating expenses, partially offset by higher net revenues, as described above. Operating expenses increased $40.6 million due primarily to higher regulatory trackers, which are offset in net revenues, of $19.8 million and increased depreciation of $10.6 million along with higher environmental costs of $10.4 million.

For 2014, Electric Operations reported operating income of $282.7 million, an increase of $17.2 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased $24.1 million due primarily to higher electric generation costs of $15.2 million as a result of maintenance related outages, and increased employee and administrative expenses of $9.7 million.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NISOURCE INC.

Quantitative and Qualitative Disclosures about Market Risk are reported in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

NISOURCE INC.

NISOURCE INC.
REPORT 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, 2015 and 2014, and the related consolidated statements of income, comprehensive income, common stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule 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 NiSource Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, 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.

As discussed in Note 22 to the consolidated financial statements, on July 1, 2015 the Company completed the spin-off of its subsidiary Columbia Pipeline Group, Inc.

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, 2015, based on the criteria established in *Internal Control -Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois
February 18, 2016

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, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* 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. 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, 2015, based on the criteria established in *Internal Control -Integrated Framework (2013)* 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 schedule as of and for the year ended December 31, 2015, of the Company and our report dated February 18, 2016 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph relating to the Company's spin-off of its subsidiary Columbia Pipeline Group, Inc. on July 1, 2015.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois
February 18, 2016

NISOURCE INC.
STATEMENTS OF CONSOLIDATED INCOME

Year Ended December 31, *(in millions, except per share amounts)*		**2015**		2014		2013
Net Revenues						
Gas Distribution	**$**	**2,081.9**	$	2,597.8	$	2,226.3
Gas Transportation		**969.8**		987.4		820.0
Electric		**1,572.9**		1,672.0		1,563.4
Other		**27.2**		15.2		15.7
Gross Revenues		**4,651.8**		5,272.4		4,625.4
Cost of Sales (excluding depreciation and amortization)		**1,643.7**		2,372.9		1,963.0
Total Net Revenues		**3,008.1**		2,899.5		2,662.4
Operating Expenses						
Operation and maintenance		**1,426.1**		1,367.3		1,254.4
Depreciation and amortization		**524.4**		486.9		470.4
Loss on sale of assets and impairments, net		**1.6**		3.0		1.1
Other taxes		**256.1**		253.2		238.4
Total Operating Expenses		**2,208.2**		2,110.4		1,964.3
Operating Income		**799.9**		789.1		698.1
Other Income (Deductions)						
Interest expense, net		**(380.2)**		(379.5)		(375.3)
Other, net		**17.4**		13.4		6.8
Loss on early extinguishment of long-term debt		**(97.2)**		—		—
Total Other Deductions		**(460.0)**		(366.1)		(368.5)
Income from Continuing Operations before Income Taxes		**339.9**		423.0		329.6
Income Taxes		**141.3**		166.8		108.6
Income from Continuing Operations		**198.6**		256.2		221.0
Income from Discontinued Operations - net of taxes		**103.5**		273.8		276.2
Gain on Disposition of Discontinued Operations - net of taxes		**—**		—		34.9
Net Income	**$**	**302.1**	$	530.0	$	532.1
Less: Net income attributable to noncontrolling interest		**15.6**		—		—
Net Income attributable to NiSource	**$**	**286.5**	$	530.0	$	532.1
Amounts attributable to NiSource:						
Income from continuing operations	**$**	**198.6**	$	256.2	$	221.0
Income from discontinued operations		**87.9**		273.8		311.1
Net Income attributable to NiSource	**$**	**286.5**	$	530.0	$	532.1
Basic Earnings Per Share						
Continuing operations	**$**	**0.63**	$	0.81	$	0.71
Discontinued operations		**0.27**		0.87		0.99
Basic Earnings Per Share	**$**	**0.90**	$	1.68	$	1.70
Diluted Earnings Per Share						
Continuing operations	**$**	**0.63**	$	0.81	$	0.71
Discontinued operations		**0.27**		0.86		0.99
Diluted Earnings Per Share	**$**	**0.90**	$	1.67	$	1.70
Basic Average Common Shares Outstanding		**317.7**		315.1		312.4
Diluted Average Common Shares		**319.8**		316.6		313.6

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NISOURCE INC.
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

Year Ended December 31, (in millions, net of taxes)		**2015**		2014		2013
Net Income	**$**	**302.1**	$	530.0	$	532.1
Other comprehensive income (loss):						
Net unrealized gain (loss) on available-for-sale securities [1]		**(0.8)**		0.6		(2.9)
Net unrealized gain (loss) on cash flow hedges [2]		**(7.8)**		2.2		2.8
Unrecognized pension and OPEB benefit (costs) [3]		**(2.4)**		(9.8)		22.0
Total other comprehensive income (loss)		**(11.0)**		(7.0)		21.9
Total Comprehensive Income	**$**	**291.1**	$	523.0	$	554.0
Less: Comprehensive income attributable to noncontrolling interest		**15.6**		—		—
Comprehensive Income attributable to NiSource	**$**	**275.5**	$	523.0	$	554.0

[1] Net unrealized gain (loss) on available-for-sale securities, net of $0.4 million tax benefit, $0.3 million tax expense and $1.5 million tax benefit in 2015 , 2014 and 2013 , respectively.
[2] Net unrealized gain on derivatives qualifying as cash flow hedges, net of $4.8 million tax benefit, and $1.5 million and $1.8 million tax expense in 2015, 2014 and 2013 , respectively.
[3] Unrecognized pension and OPEB benefit (costs), net of $4.6 million and $2.5 million tax benefit, and $14.3 million tax expense in 2015, 2014 and 2013 , respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSource Inc.
CONSOLIDATED BALANCE SHEETS

(in millions)	**December 31, 2015**	December 31, 2014
ASSETS		
Property, Plant and Equipment		
Utility plant	**$ 18,946.9**	$ 17,668.4
Accumulated depreciation and amortization	**(6,853.4)**	(6,629.5)
Net utility plant	**12,093.5**	11,038.9
Other property, at cost, less accumulated depreciation	**18.0**	18.5
Net Property, Plant and Equipment	**12,111.5**	11,057.4
Investments and Other Assets		
Unconsolidated affiliates	**6.9**	8.3
Other investments	**187.7**	204.8
Total Investments and Other Assets	**194.6**	213.1
Current Assets		
Cash and cash equivalents	**15.5**	24.9
Restricted cash	**29.7**	24.9
Accounts receivable (less reserve of $20.3 and $24.9, respectively)	**660.0**	920.8
Gas inventory	**343.5**	440.3
Underrecovered gas costs	**34.8**	32.0
Materials and supplies, at average cost	**86.8**	81.1
Electric production fuel, at average cost	**106.3**	64.8
Exchange gas receivable	**21.0**	28.3
Assets of discontinued operations	**—**	283.4
Regulatory assets	**172.1**	187.4
Prepayments and other	**107.5**	106.5
Total Current Assets	**1,577.2**	2,194.4
Other Assets		
Regulatory assets	**1,599.8**	1,544.5
Goodwill	**1,690.7**	1,690.7
Intangible assets	**253.7**	264.7
Assets of discontinued operations	**—**	7,546.0
Deferred charges and other	**65.0**	79.0
Total Other Assets	**3,609.2**	11,124.9
Total Assets	**$ 17,492.5**	$ 24,589.8

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSource Inc.
CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)		**December 31, 2015**		December 31, 2014
CAPITALIZATION AND LIABILITIES				
Capitalization				
Common Stockholders' Equity				
Common stock - $0.01 par value, 400,000,000 shares authorized; 319,110,083 and 316,037,421 shares outstanding, respectively	**$**	**3.2**	$	3.2
Additional paid-in capital		**5,078.0**		4,787.6
Retained earnings (deficit)		**(1,123.3)**		1,494.0
Accumulated other comprehensive loss		**(35.1)**		(50.6)
Treasury stock		**(79.3)**		(58.9)
Total Common Stockholders' Equity		**3,843.5**		6,175.3
Long-term debt, excluding amounts due within one year		**5,948.5**		8,151.5
Total Capitalization		**9,792.0**		14,326.8
Current Liabilities				
Current portion of long-term debt		**433.7**		266.6
Short-term borrowings		**567.4**		1,576.9
Accounts payable		**433.4**		610.1
Customer deposits and credits		**316.3**		280.9
Taxes accrued		**183.5**		169.2
Interest accrued		**129.0**		140.7
Overrecovered gas and fuel costs		**148.1**		45.6
Exchange gas payable		**62.3**		101.5
Deferred revenue		**6.6**		3.4
Regulatory liabilities		**83.3**		61.1
Accrued liability for postretirement and postemployment benefits		**4.9**		5.3
Liabilities of discontinued operations		**0.3**		369.0
Legal and environmental		**37.6**		22.7
Accrued compensation and employee benefits		**136.4**		166.8
Other accruals		**114.7**		144.5
Total Current Liabilities		**2,657.5**		3,964.3
Other Liabilities and Deferred Credits				
Deferred income taxes		**2,365.3**		2,165.8
Deferred investment tax credits		**14.8**		17.1
Deferred credits		**90.7**		100.9
Accrued liability for postretirement and postemployment benefits		**759.7**		733.9
Liabilities of discontinued operations		**—**		1,558.4
Regulatory liabilities		**1,350.4**		1,379.6
Asset retirement obligations		**254.0**		136.2
Other noncurrent liabilities		**208.1**		206.8
Total Other Liabilities and Deferred Credits		**5,043.0**		6,298.7
Commitments and Contingencies (Refer to Note 18, "Other Commitments and Contingencies")		**—**		—
Total Capitalization and Liabilities	**$**	**17,492.5**	$	24,589.8

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
STATEMENTS OF CONSOLIDATED CASH FLOWS

Year Ended December 31, (in millions)	2015	2014	2013
Operating Activities			
Net Income	**$ 302.1**	$ 530.0	$ 532.1
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:			
Loss on early extinguishment of debt	**97.2**	—	—
Depreciation and amortization	**524.4**	486.9	470.4
Net changes in price risk management assets and liabilities	**3.7**	2.6	2.6
Deferred income taxes and investment tax credits	**135.3**	161.4	118.4
Deferred revenue	**7.2**	(0.1)	0.6
Stock compensation expense and 401(k) profit sharing contribution	**50.7**	66.0	48.5
Loss on sale of assets and impairment, net	**1.6**	3.0	1.1
Income (loss) from unconsolidated affiliates	**0.6**	0.8	0.5
Gain on disposition of discontinued operations - net of taxes	**—**	—	(34.9)
Income from discontinued operations - net of taxes	**(103.5)**	(273.8)	(276.2)
Amortization of discount/premium on debt	**8.7**	10.0	9.4
AFUDC equity	**(11.5)**	(10.7)	(11.7)
Changes in Assets and Liabilities:			
Accounts receivable	**262.2**	(42.8)	(97.3)
Income tax receivable	**(0.6)**	2.3	101.5
Inventories	**46.9**	(115.9)	(13.1)
Accounts payable	**(190.5)**	29.9	62.3
Customer deposits and credits	**35.5**	29.8	(8.2)
Taxes accrued	**8.7**	4.5	9.0
Interest accrued	**(11.6)**	4.3	3.8
Overrecovered gas and fuel costs	**99.6**	27.9	8.6
Exchange gas receivable/payable	**(31.7)**	(43.9)	21.5
Other accruals	**(55.1)**	4.4	1.8
Prepayments and other current assets	**0.7**	(4.5)	(8.3)
Regulatory assets/liabilities	**(17.6)**	(255.6)	436.5
Postretirement and postemployment benefits	**25.6**	136.0	(435.8)
Deferred credits	**(10.1)**	9.1	7.8
Deferred charges and other noncurrent assets	**5.2**	3.9	10.5
Other noncurrent liabilities	**(20.3)**	(4.3)	6.4
Net Operating Activities from Continuing Operations	**1,163.4**	761.2	967.8
Net Operating Activities from Discontinued Operations	**293.4**	558.4	469.0
Net Cash Flows from Operating Activities	**1,456.8**	1,319.6	1,436.8
Investing Activities			
Capital expenditures	**(1,360.7)**	(1,282.5)	(1,205.1)
Proceeds from disposition of assets	**4.5**	4.7	2.7
Restricted cash withdrawals (deposits)	**(4.8)**	(17.1)	38.7
Cash contributions from CPG	**3,798.2**	—	—
Other investing activities	**(62.2)**	(18.6)	(58.7)
Net Investing Activities from (used for) Continuing Operations	**2,375.0**	(1,313.5)	(1,222.4)
Net Investing Activities used for Discontinued Operations	**(430.1)**	(803.1)	(669.0)
Net Cash Flows from (used for) Investing Activities	**1,944.9**	(2,116.6)	(1,891.4)
Financing Activities			
Cash of CPG at Separation	**(136.8)**	—	—
Issuance of long-term debt	**—**	748.4	1,307.6
Repayments of long-term debt and capital lease obligations	**(2,092.2)**	(521.0)	(510.9)

Premium and other debt related costs		**(93.5)**		(8.7)		(3.2)
Change in short-term borrowings, net		**(936.4)**		878.1		(78.1)
Issuance of common stock		**22.5**		30.3		43.7
Acquisition of treasury stock		**(20.4)**		(10.2)		(8.1)
Dividends paid - common stock		**(263.4)**		(321.3)		(305.9)
Net Financing Activities from (used for) Continuing Operations		**(3,520.2)**		795.6		445.1
Net Financing Activities from Discontinued Operations		**108.6**		—		—
Net Cash Flows from (used for) Financing Activities		**(3,411.6)**		795.6		445.1
Change in cash and cash equivalents from continuing operations		**18.2**		243.3		190.5
Change in cash and cash equivalents used for discontinued operations		**(28.1)**		(244.7)		(200.0)
Change in cash included in discontinued operations		**0.5**		(0.2)		0.4
Cash and cash equivalents at beginning of period		**24.9**		26.5		35.6
Cash and Cash Equivalents at End of Period	**$**	**15.5**	$	24.9	$	26.5

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NiSource Inc.
STATEMENTS OF CONSOLIDATED LONG-TERM DEBT

As of December 31, *(in millions)*	**2015**	2014
Columbia of Massachusetts:		
Medium-term notes -		
Interest rates between 6.26% and 6.43% with a weighted average interest rate of 6.30% and maturities between December 15, 2025 and February 15, 2028	**$ 40.0**	$ 40.0
Unamortized issuance costs and discount on long-term debt	**(3.0)**	(3.3)
Total long-term debt of Columbia of Massachusetts	**37.0**	36.7
Columbia of Ohio:		
Capital lease obligations	**138.6**	96.4
Total long-term debt of Columbia of Ohio	**138.6**	96.4
Capital Markets:		
Senior Notes - 6.78%, due December 1, 2027	**3.0**	3.0
Medium-term notes -		
Issued at interest rates between 7.82% and 7.99%, with a weighted average interest rate of 7.92% and various maturities between March 27, 2017 and May 5, 2027	**106.0**	106.0
Unamortized issuance costs and discount on long-term debt	**(0.7)**	(0.8)
Total long-term debt of Capital Markets	**108.3**	108.2
NiSource Corporate Services:		
Capital lease obligations -		
Interest rate of 5.586% due December 31, 2016	**—**	0.5
Interest rate of 3.264% due October 31, 2019	**1.9**	2.0
Interest rate of 2.156% due November 30, 2019	**0.4**	—
Total long-term debt of NiSource Corporate Services	**2.3**	2.5
NiSource Development Company:		
NDC Douglas Properties - Notes Payable -		
Interest rate of 5.56% due July 1, 2041	**2.1**	2.1
Total long-term debt of NiSource Development Company	**2.1**	2.1

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NISOURCE INC.
STATEMENTS OF CONSOLIDATED LONG-TERM DEBT

As of December 31, *(in millions)*	**2015**	2014
NiSource Finance:		
Long-term notes -		
10.75% - due March 15, 2016	—	201.5
Variable rate - due April 15, 2016	—	325.0
5.41% - due November 28, 2016	—	90.0
Variable rate - due August 18, 2017	—	750.0
5.25% - due September 15, 2017	**210.4**	450.0
6.40% - due March 15, 2018	**476.0**	800.0
6.80% - due January 15, 2019	**500.0**	500.0
5.45% - due September 15, 2020	**550.0**	550.0
4.45% - due December 1, 2021	**63.6**	250.0
6.125% - due March 1, 2022	**500.0**	500.0
3.85% - due February 15, 2023	**250.0**	250.0
5.89% - due November 28, 2025	**265.0**	265.0
6.25% - due December 15, 2040	**250.0**	250.0
5.95% - due June 15, 2041	**400.0**	400.0
5.80% - due February 1, 2042	**250.0**	250.0
5.25% - due February 15, 2043	**500.0**	500.0
4.80% - due February 15, 2044	**750.0**	750.0
5.65% - due February 1, 2045	**500.0**	500.0
Unamortized issuance costs and discount on long-term debt	**(41.4)**	(49.6)
Total long-term debt of NiSource Finance	**5,423.6**	7,531.9
NIPSCO:		
Capital lease obligations -		
Interest rate of 3.95% due June 30, 2022	**45.5**	52.8
Pollution control bonds -		
Reoffered interest rates between 5.70% and 5.85%, with a weighted average interest rate of 5.76% and various maturities between July 1, 2017 and April 1, 2019	**96.0**	226.0
Medium-term notes -		
Issued at interest rates between 7.02% and 7.69%, with a weighted average interest rate of 7.57% and various maturities between June 12, 2017 and August 4, 2027	**95.5**	95.5
Unamortized issuance costs and discount on long-term debt	**(0.4)**	(0.6)
Total long-term debt of NIPSCO	**236.6**	373.7
Total Long-Term Debt, Excluding Amount due within One Year	**$ 5,948.5**	$ 8,151.5

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSource Inc.
STATEMENTS OF CONSOLIDATED COMMON STOCKHOLDERS' EQUITY

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of January 1, 2013	**$ 3.1**	**$ (40.5)**	**$ 4,597.6**	**$ 1,059.6**	**$ (65.5)**	**$ 5,554.3**
Comprehensive Income (Loss):						
Net Income	—	—	—	532.1	—	532.1
Other comprehensive income (loss), net of tax	—	—	—	—	21.9	21.9
Dividends:						
Common stock ($0.98 per share)	—	—	—	(306.2)	—	(306.2)
Treasury stock acquired	—	(8.1)	—	—	—	(8.1)
Issued:						
Common stock issuance	0.1	—	—	—	—	0.1
Employee stock purchase plan	—	—	2.9	—	—	2.9
Long-term incentive plan	—	—	43.8	—	—	43.8
401(k) and profit sharing issuance	—	—	37.8	—	—	37.8
Dividend reinvestment plan	—	—	8.0	—	—	8.0
Balance as of December 31, 2013	**$ 3.2**	**$ (48.6)**	**$ 4,690.1**	**$ 1,285.5**	**$ (43.6)**	**$ 5,886.6**
Comprehensive Income (Loss):						
Net Income	—	—	—	530.0	—	530.0
Other comprehensive income (loss), net of tax	—	—	—	—	(7.0)	(7.0)
Dividends:						
Common stock ($1.02 per share)	—	—	—	(321.5)	—	(321.5)
Treasury stock acquired	—	(10.3)	—	—	—	(10.3)
Issued:						
Employee stock purchase plan	—	—	4.2	—	—	4.2
Long-term incentive plan	—	—	40.2	—	—	40.2
401(k) and profit sharing issuance	—	—	45.3	—	—	45.3
Dividend reinvestment plan	—	—	7.8	—	—	7.8
Balance as of December 31, 2014	**$ 3.2**	**$ (58.9)**	**$ 4,787.6**	**$ 1,494.0**	**$ (50.6)**	**$ 6,175.3**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
STATEMENTS OF CONSOLIDATED COMMON STOCKHOLDERS' EQUITY

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of December 31, 2014	**$ 3.2**	**$ (58.9)**	**$ 4,787.6**	**$ 1,494.0**	**$ (50.6)**	**$ 6,175.3**
Comprehensive Income (Loss):						
Net Income attributable to NiSource	—	—	—	286.5	—	286.5
Other comprehensive income (loss), net of tax	—	—	—	—	(11.0)	(11.0)
Allocation of AOCI to noncontrolling interest [2]	—	—	—	—	2.0	2.0
Dividends:						
Common stock ($0.83 per share)	—	—	—	(263.5)	—	(263.5)
Distribution of CPG stock to shareholders (Note 3)	—	—	—	(2,640.3)	24.5	(2,615.8)
Treasury stock acquired	—	(20.4)	—	—	—	(20.4)
Issued:						
Employee stock purchase plan	—	—	5.1	—	—	5.1
Long-term incentive plan	—	—	4.2	—	—	4.2
401(k) and profit sharing issuance	—	—	46.7	—	—	46.7
Dividend reinvestment plan	—	—	7.3	—	—	7.3
Sale of interest in Columbia OpCo to CPPL [1][2]	—	—	227.1	—	—	227.1
Balance as of December 31, 2015	**$ 3.2**	**$ (79.3)**	**$ 5,078.0**	**$ (1,123.3)**	**$ (35.1)**	**$ 3,843.5**

[1] Represents the purchase of an additional 8.4% limited partner interest in Columbia OpCo by an affiliate of CPG, recorded at the historical carrying value of Columbia OpCo's net assets after giving effect to the $1,168.4 million equity contribution from CPPL's IPO completed on February 11, 2015.
[2] This transaction, which occurred prior to the Separation, was distributed through retained earnings as part of the Separation on July 1, 2015.

Shares *(in thousands)*	Common Shares	Treasury Shares	Outstanding Shares
Balance January 1, 2013	**312,291**	**(2,010)**	**310,281**
Treasury stock acquired		(297)	(297)
Issued:			
Employee stock purchase plan	102	—	102
Long-term incentive plan	2,037	—	2,037
Dividend reinvestment	272	—	272
Retirement savings plan	1,281	—	1,281
Balance December 31, 2013	**315,983**	**(2,307)**	**313,676**
Treasury stock acquired		(292)	(292)
Issued:			
Employee stock purchase plan	113	—	113
Long-term incentive plan	1,125	—	1,125
Dividend reinvestment	206	—	206
Retirement savings plan	1,209	—	1,209
Balance December 31, 2014	**318,636**	**(2,599)**	**316,037**
Treasury stock acquired		(472)	(472)
Issued:			
Employee stock purchase plan	203	—	203
Long-term incentive plan	1,423	—	1,423
Dividend reinvestment	275	—	275
Retirement savings plan	1,644	—	1,644
Balance December 31, 2015	**322,181**	**(3,071)**	**319,110**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

1. Nature of Operations and Summary of Significant Accounting Policies

A. Company Structure and Principles of Consolidation . NiSource, a Delaware corporation, is an energy holding company whose subsidiaries are fully regulated natural gas and electric utility companies serving approximately 3.9 million customers in seven states. NiSource generates substantially all of its operating income through these rate-regulated businesses.

The consolidated financial statements include the accounts of NiSource and its majority-owned subsidiaries after the elimination of all intercompany accounts and transactions. Investments for which at least a 20% interest is owned, certain joint ventures and limited partnership interests of more than 3% are accounted for under the equity method. Except where noted above and in the event where NiSource has significant influence, investments with less than a 20% interest are accounted for under the cost method. NiSource also consolidates variable interest entities for which NiSource is the primary beneficiary.

On July 1, 2015, NiSource completed the Separation. CPG's operations consisted of all of NiSource's Columbia Pipeline Group Operations segment prior to the Separation. Following the Separation, NiSource retained no ownership interest in CPG.

The results of operations and cash flows for the former Columbia Pipeline Group Operations segment have been reported as discontinued operations for all periods presented. Additionally, the assets and liabilities of the former Columbia Pipeline Group Operations segment were reclassified as assets and liabilities of discontinued operations for all prior periods. See Note 3, "Discontinued Operations," for additional information.

B. Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash, Cash Equivalents, and Restricted Cash . NiSource considers all investments with original maturities of three months or less to be cash equivalents. NiSource reports amounts deposited in brokerage accounts for margin requirements as restricted cash. In addition, NiSource has amounts deposited in trust to satisfy requirements for the provision of various property, liability, workers compensation, and long-term disability insurance, which is classified as restricted cash and disclosed as an investing cash flow on the Statements of Consolidated Cash Flows.

Restricted cash was $ 29.7 million and $ 24.9 million as of December 31, 2015 and 2014 , respectively. The increase in restricted cash was primarily a result of higher margin requirements due to open derivative contracts.

D. Accounts Receivable and Unbilled Revenue. Accounts receivable on the Consolidated Balance Sheets includes both billed and unbilled amounts as NiSource believes that total accounts receivable is a more meaningful presentation, given the factors which impact both billed and unbilled accounts receivable. Unbilled revenue is based on estimated amounts of electric energy or natural gas delivered but not yet billed to its customers. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing date through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates and weather. Accounts receivable fluctuates from year to year depending in large part on weather impacts and price volatility. NiSource's accounts receivable on the Consolidated Balance Sheets includes unbilled revenue, less reserves, in the amounts of $237.1 million and $340.5 million for the years ended December 31, 2015 and 2014 , respectively. The reserve for uncollectible receivables is the Company's best estimate of the amount of probable credit losses in the existing accounts receivable. The Company determined the reserve based on historical experience and in consideration of current market conditions. Account balances are charged against the allowance when it is anticipated the receivable will not be recovered.

E. Investments in Debt and Equity Securities. NiSource's investments in debt and equity securities are carried at fair value and are designated as available-for-sale. These investments are included within "Other investments" on the Consolidated Balance Sheets. Unrealized gains and losses, net of deferred income taxes, are reflected as accumulated other comprehensive income (loss). These investments are monitored for other than temporary declines in market value. Realized gains and losses and permanent impairments are reflected in the Statements of Consolidated Income. No material impairment charges were recorded for the years ended December 31, 2015 , 2014 and 2013 .

F. Basis of Accounting for Rate-Regulated Subsidiaries . Rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

In the event that regulation significantly changes the opportunity for NiSource to recover its costs in the future, all or a portion of NiSource's regulated operations may no longer meet the criteria for regulatory accounting. In such an event, a write-down of all or a portion of NiSource's existing regulatory assets and liabilities could result. If transition cost recovery was approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If unable to continue to apply the provisions of regulatory accounting, NiSource would be required to apply the provisions of ASC 980-20, *Discontinuation of Rate-Regulated Accounting* . In management's opinion, NiSource's regulated subsidiaries will be subject to regulatory accounting for the foreseeable future. Refer to Note 7, "Regulatory Matters," for additional information.

G. Utility Plant and Other Property and Related Depreciation and Maintenance . Property, plant and equipment (principally utility plant) is stated at cost. The rate-regulated subsidiaries record depreciation using composite rates on a straight-line basis over the remaining service lives of the electric, gas and common properties as approved by the appropriate regulators.

The weighted average depreciation provisions for utility plant, as a percentage of the original cost, for the periods ended December 31, 2015 , 2014 and 2013 were as follows:

	2015	2014	2013
Electric Operations	**3.1%**	3.0%	3.2%
Gas Distribution Operations	**2.0%**	2.1%	2.1%

For rate-regulated companies, AFUDC is capitalized on all classes of property except organization costs, land, autos, office equipment, tools and other general property purchases. The allowance is applied to construction costs for that period of time between the date of the expenditure and the date on which such project is placed in service. The pre-tax rate for AFUDC was 4.7% in 2015 , 4.5% in 2014 and 4.1% in 2013 .

Generally, NiSource's subsidiaries follow the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When regulated property that represents a retired unit is replaced or removed, the cost of such property is credited to utility plant, and such cost, net of salvage, is charged to the accumulated provision for depreciation in accordance with composite depreciation.

H. Carrying Charges and Deferred Depreciation. NIPSCO has capitalized debt-based carrying charges and deferred depreciation related to Sugar Creek in accordance with the February 18, 2008 Order of the IURC. The deferral of Sugar Creek debt-based carrying charges and the deferral of depreciation ceased in December 2011 and deferred balances are being amortized over five years beginning January 2012. As of December 31, 2015 , the remaining balance to be amortized is $14.3 million . An additional $13.9 million is deferred for consideration in NIPSCO's current electric base rate case. Management believes this amount is probable of recovery through future rates.

In 2005, the PUCO authorized Columbia of Ohio to revise its depreciation accrual rates for the period beginning January 1, 2005. The revised depreciation rates are now higher than those which would have been utilized if Columbia of Ohio were not subject to regulation. The amount of depreciation that would have been recorded for 2005 through 2015 had Columbia of Ohio not been subject to rate regulation is a combined $559.8 million , $66.4 million less than the $626.2 million reflected in rates. The regulatory asset was $65.3 million and $72.3 million as of December 31, 2015 and 2014 , respectively. The amount of depreciation that would have been recorded for 2015 had Columbia of Ohio not been subject to rate regulation is $74.7 million , $7.0 million less than the $81.7 million reflected in rates.

Columbia of Ohio has PUCO approval to defer depreciation associated with its IRP and capital expenditure program. As of December 31, 2015, depreciation of $38.5 million was deferred for the programs. Recovery of the IRP depreciation is approved annually through the IRP rider (see Note 7, "Regulatory Matters"). The equivalent of annual depreciation expense, based on the average life of the related assets, is included in the calculation of the rider approved by the PUCO and billed to customers. Deferred depreciation expense is recognized as the rider is billed to customers. The recovery mechanism for depreciation associated with the capital expenditure program will be addressed in a separate proceeding.

I. Amortization of Software Costs. External and internal costs associated with computer software developed for internal use are capitalized. Capitalization of such costs commences upon the completion of the preliminary stage of each project. Once the installed software is ready for its intended use, such capitalized costs are amortized on a straight-line basis generally over a period of five years. NiSource amortized $41.1 million in 2015 , $33.7 million in 2014 and $31.3 million in 2013 related to software costs. NiSource's unamortized software balance was $167.1 million and $162.3 million at December 31, 2015 and 2014 , respectively.

J. Goodwill and Other Intangible Assets. NiSource has $1,690.7 million in goodwill. Substantially all goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. In addition, NiSource has other intangible assets consisting primarily of franchise rights apart from goodwill that were identified as part of the purchase price allocations associated with the acquisition of Columbia of Massachusetts, a wholly-owned subsidiary of NiSource, which is being amortized on a straight-line basis over forty years from the date of acquisition. See Note 5, "Goodwill and Other Intangible Assets," for additional information.

K. Long-lived Assets. NiSource's Consolidated Balance Sheets contain significant long-lived assets other than goodwill and intangible assets discussed above. As a result, NiSource assesses the carrying amount and potential earnings of these assets whenever events or changes in circumstances indicate that the carrying value could be impaired. There were no significant impairments for the years ended December 31, 2015, 2014 and 2013.

L. Revenue Recognition. Revenue is recorded as products and services are delivered. Utility revenues are billed to customers monthly on a cycle basis. Revenues are recorded on the accrual basis and include estimates for electricity and gas delivered but not billed.

M. Earnings Per Share. Basic EPS is computed by dividing net income attributable to NiSource by the weighted-average number of shares of common stock outstanding for the period. The weighted average shares outstanding for diluted EPS include the incremental effects of the various long-term incentive compensation plans.

The numerator in calculating both basic and diluted EPS for each year is reported net income attributable to NiSource. The computation of diluted average common shares follows:

Diluted Average Common Shares Computation	**2015**	2014	2013
Denominator *(thousands)*			
Basic average common shares outstanding	**317,746**	315,120	312,402
Dilutive potential common shares			
Nonqualified stock options	—	6	80
Shares contingently issuable under employee stock plans [1]	—	1,066	708
Shares restricted under stock plans [1]	**2,090**	444	456
Diluted Average Common Shares	**319,836**	316,636	313,646

[1] Change due to Separation-related adjustments, see Note 13, "Share-Based Compensation."

N. Estimated Rate Refunds . Certain rate-regulated subsidiaries collect revenues subject to refund pending final determination in rate proceedings. In connection with such revenues, estimated rate refund liabilities are recorded which reflect management's current judgment of the ultimate outcomes of the proceedings. No provisions are made when, in the opinion of management, the facts and circumstances preclude a reasonable estimate of the outcome.

O. Accounts Receivable Transfer Program. Certain of NiSource's subsidiaries have agreements with third parties to sell certain accounts receivable without recourse. These transfers of accounts receivable are accounted for as secured borrowings. The entire gross receivables balance remains on the December 31, 2015 and 2014 Consolidated Balance Sheets and short-term debt is recorded in the amount of proceeds received from the purchasers involved in the transactions. Fees associated with the securitization transactions are recorded as interest expense. Refer to Note 17, "Transfers of Financial Assets," for further information.

P. Fuel Adjustment Clause. NIPSCO defers most differences between fuel and power purchase costs and the recovery of such costs in revenue, and adjusts future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions.

Q. Gas Cost Adjustment Clause. All of NiSource's Gas Distribution Operations subsidiaries defer most differences between gas purchase costs and the recovery of such costs in revenues, and adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions.

R. Gas Inventory. Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage, as approved by regulators for each of NiSource's regulated subsidiaries. Inventory valued using LIFO was $50.2 million and $55.1 million at December 31, 2015 , and 2014 , respectively. Based on the average cost of gas using the LIFO method, the estimated replacement cost of gas in storage was less than the stated LIFO cost by $27.2 million and $15.8 million at December 31, 2015 and 2014 , respectively. Inventory valued using the weighted average cost methodology was $293.3 million at December 31, 2015 and $385.2 million at December 31, 2014 .

S. Accounting for Exchange and Balancing Arrangements of Natural Gas. NiSource's Gas Distribution Operations segment enters into balancing and exchange arrangements of natural gas as part of its operations and off-system sales programs. NiSource records a receivable or payable for its respective cumulative gas imbalances as well as for any gas inventory borrowed or lent under a Gas Distributions Operations exchange agreement. These receivables and payables are recorded as "Exchange gas receivable" or "Exchange gas payable" on NiSource's Consolidated Balance Sheets, as appropriate.

T. Accounting for Risk Management Activities. NiSource accounts for its derivatives and hedging activities in accordance with ASC 815. NiSource recognizes all derivatives as either assets or liabilities on the Consolidated Balance Sheets at fair value, unless such contracts are exempted as a normal purchase normal sale under the provisions of the standard. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation. There were no material derivative assets or liabilities as of December 31, 2015 and 2014.

U. Income Taxes and Investment Tax Credits. NiSource records income taxes to recognize full interperiod tax allocations. Under the liability method, deferred income taxes are provided for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amount and the tax basis of existing assets and liabilities. Previously recorded investment tax credits of the regulated subsidiaries were deferred on the balance sheet and are being amortized to book income over the regulatory life of the related properties to conform to regulatory policy.

To the extent certain deferred income taxes of the regulated companies are recoverable or payable through future rates, regulatory assets and liabilities have been established. Regulatory assets for income taxes are primarily attributable to property related tax timing differences for which deferred taxes had not been provided in the past, when regulators did not recognize such taxes as costs in the ratemaking process. Regulatory liabilities for income taxes are primarily attributable to the regulated companies' obligation to refund to ratepayers deferred income taxes provided at rates higher than the current federal income tax rate. Such amounts are credited to ratepayers using either the average rate assumption method or the reverse South Georgia method.

Pursuant to the U.S. Internal Revenue Code and relevant state taxing authorities, NiSource and its subsidiaries file consolidated income tax returns for federal and certain state jurisdictions. NiSource and its subsidiaries are parties to an agreement (the "Tax Allocation Agreement") that provides for the allocation of consolidated tax liabilities. The Tax Allocation Agreement generally provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. On June 30, 2015, in connection with the Separation, NiSource entered into an additional Tax Allocation Agreement with CPG to set forth their agreement with respect to tax matters for taxable periods prior to and including June 30, 2015.

V. Environmental Expenditures. NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated, regardless of when the expenditures are actually made. The undiscounted estimated future expenditures are based on currently enacted laws and regulations, existing technology and estimated site-specific costs where assumptions may be made about the nature and extent of site contamination, the extent of cleanup efforts, costs of alternative cleanup methods and other variables. The liability is adjusted as further information is discovered or circumstances change. The reserves for estimated environmental expenditures are recorded on the Consolidated Balance Sheets in "Legal and environmental" reserves for short-term portions of these liabilities and "Other noncurrent liabilities" for the respective long-term portions of these liabilities. Rate-regulated subsidiaries applying regulatory accounting establish regulatory assets on the Consolidated Balance Sheets to the extent that future recovery of environmental remediation costs is probable through the regulatory process. Refer to Note 18, "Other Commitments and Contingencies," for further information.

W. Excise Taxes. NiSource accounts for excise taxes that are customer liabilities by separately stating on its invoices the tax to its customers and recording amounts invoiced as liabilities payable to the applicable taxing jurisdiction. These types of taxes, comprised largely of sales taxes collected, are presented on a net basis affecting neither revenues nor cost of sales. NiSource accounts for taxes for which it is liable by recording a liability for the expected tax with a corresponding charge to “Other taxes” expense.

2. Recent Accounting Pronouncements

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities.* ASU 2016-01 makes limited amendments to the guidance in GAAP on the classification and measurement of financial instruments. The standard requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income unless the investments qualify for the new practicability exception. Additionally, entities will have to record changes in instrument-specific credit risk for financial liabilities measured under the fair value option in other comprehensive income. NiSource is required to adopt ASU 2016-01 for periods beginning after December 15, 2017, including interim periods, with early adoption permitted for certain aspects of the standard. NiSource is currently evaluating the impact the adoption of ASU 2016-01 will have on its Consolidated Financial Statements or Notes to Consolidated Financial Statements.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* . ASU 2015-17 requires entities to present deferred tax assets and liabilities as noncurrent on the balance sheet. This ASU simplifies current guidance which requires entities to separately classify deferred tax assets and liabilities as current or noncurrent on the balance sheet. NiSource is required to adopt ASU 2015-17 for periods beginning after December 15, 2016, including interim periods, with early adoption permitted. NiSource adopted ASU 2015-17 as of December 31, 2015 for both current and prior periods. See Note 9, "Income Taxes," in the Notes to Consolidated Financial Statements for more information on the impact of adopting this standard.

In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory* . ASU 2015-11 replaces the current lower of cost or market test with a lower of cost or net realizable value test. The new standard applies only to inventories for which cost is determined by methods other than LIFO and the retail inventory method. NiSource is required to adopt ASU 2015-11 for periods beginning after December 15, 2016, including interim periods, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-11 will have on the Consolidated Financial Statements or Notes to Consolidated Financial Statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB deferred the effective date by one year for ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim periods. Companies are permitted to adopt ASU 2014-09 on the original effective date of the ASU. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Consolidated Financial Statements or Notes to Consolidated Financial Statements.

In April 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value (NAV) per Share (or its Equivalent)* . ASU 2015-07 eliminates the requirement to categorize investments measured at NAV in the fair value hierarchy table. Instead, an entity is required to include those investments as a reconciling line item so that the total fair value of investments in the footnote disclosure reconciles to the Consolidated Balance Sheets. NiSource is required to adopt ASU 2015-07 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively, with early adoption permitted. NiSource adopted ASU 2015-07 as of December 31, 2015. The adoption of this guidance did not have a material impact on the Consolidated Financial Statements or Notes to Consolidated Financial Statements.

In April 2015, the FASB issued ASU 2015-05, *Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement.* ASU 2015-05 clarifies guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software. NiSource is required to adopt ASU 2015-05 for periods beginning after December 15, 2015, including interim periods, and the guidance is permitted to be applied either (1) prospectively to all agreements entered into or materially modified after the effective date or (2) retrospectively, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-05 will have on the Consolidated Financial Statements or Notes to Consolidated Financial Statements.

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30)* : *Simplifying the Presentation of Debt Issuance Costs* . ASU 2015-03 changes the way entities present debt issuance costs in financial statements by presenting issuance costs on the balance sheet as a direct deduction from the related debt liability rather than as a deferred charge. Amortization of these costs will continue to be reported as interest expense. NiSource is required to adopt ASU 2015-03 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively with early adoption permitted. NiSource adopted ASU 2015-03 as of December 31, 2015. The adoption of this standard did not have a material impact on the Consolidated Financial Statements or Notes to Consolidated Financial Statements.

3. Discontinued Operations

On July 1, 2015, NiSource completed the Separation through a special pro rata stock dividend, distributing one share of CPG common stock for every one share of NiSource common stock held by any NiSource stockholder on June 19, 2015, the record date. The Separation resulted in two stand-alone energy infrastructure companies: NiSource, a fully regulated natural gas and electric utilities company, and CPG, a natural gas pipeline, midstream and storage company. As a stand-alone company, on the date of the Separation, CPG's operations consisted of NiSource's Columbia Pipeline Group Operations segment prior to the Separation. Following the Separation, NiSource retained no ownership interest in CPG. On the date of the Separation, CPG consisted of approximately $9.2 billion of assets, $5.6 billion of liabilities and $3.6 billion of equity.

The results of operations and cash flows for the former Columbia Pipeline Group Operations segment have been reported as discontinued operations for all periods presented. Additionally, the assets and liabilities of the former Columbia Pipeline Group Operations segment were reclassified as assets and liabilities of discontinued operations for all prior periods.

On September 1, 2013, NiSource sold the commercial and industrial natural gas portfolio of its unregulated natural gas marketing business. The sale included the physical contracts and associated financial hedges that comprise the portfolio, as well as the gas inventory and customer deposits of the business. For the year ended December 31, 2013, an after tax loss of $1.5 million was included in Gain on Disposition of Discontinued Operations, net of taxes in the Statements of Consolidated Income.

In January 2013, NiSource sold the service plan and leasing business lines of its Retail Services business. For the year ended December 31, 2013, an after tax gain of $36.4 million was included in Gain on Disposition of Discontinued Operations, net of taxes in the Statements of Consolidated Income.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Results from discontinued operations are provided in the following table. These results are primarily from NiSource's former Columbia Pipeline Group Operations segment.

	Year Ended December 31, 2015		
(in millions)	Columbia Pipeline Group Operations	Corporate and Other	Total
Net Revenues			
Transportation and storage revenues	$ 561.4	$ —	$ 561.4
Other revenues	94.3	—	94.3
Total Sales Revenues	655.7	—	655.7
Less: Cost of sales (excluding depreciation and amortization)	0.2	—	0.2
Net Revenues	655.5	—	655.5
Operating Expenses			
Operation and maintenance	375.8 (1)	—	375.8
Depreciation and amortization	66.4	—	66.4
Gain on sale of assets	(13.6)	—	(13.6)
Other taxes	38.0	—	38.0
Total Operating Expenses	466.6	—	466.6
Equity Earnings in Unconsolidated Affiliates	29.1	—	29.1
Operating Income from Discontinued Operations	218.0	—	218.0
Other Income (Deductions)			
Interest expense, net	(37.1)	—	(37.1)
Other, net	7.8	0.4	8.2
Total Other Income (Deductions)	(29.3)	0.4	(28.9)
Income from Discontinued Operations before Income Taxes	188.7	0.4	189.1
Income Taxes	84.7	0.9	85.6
Income (Loss) from Discontinued Operations - net of taxes	$ 104.0	$ (0.5)	$ 103.5

(1) Includes approximately $55.4 million of transaction costs related to the Separation.

	Year Ended December 31, 2014		
(in millions)	Columbia Pipeline Group Operations	Corporate and Other	Total
Net Revenues			
Transportation and storage revenues	$ 1,034.3	$ —	$ 1,034.3
Other revenues	312.9	—	312.9
Total Sales Revenues	1,347.2	—	1,347.2
Less: Cost of sales (excluding depreciation and amortization)	0.3	—	0.3
Net Revenues	1,346.9	—	1,346.9
Operating Expenses			
Operation and maintenance	769.1 [1]	—	769.1
Depreciation and amortization	118.6	—	118.6
Gain on sale of assets	(34.5)	—	(34.5)
Other taxes	67.1	—	67.1
Total Operating Expenses	920.3	—	920.3
Equity Earnings in Unconsolidated Affiliates	46.6	—	46.6
Operating Income from Discontinued Operations	473.2	—	473.2
Other Income (Deductions)			
Interest expense, net	(64.1)	—	(64.1)
Other, net	8.9	(1.0)	7.9
Total Other Income (Deductions)	(55.2)	(1.0)	(56.2)
Income (Loss) from Discontinued Operations before Income Taxes	418.0	(1.0)	417.0
Income Taxes	143.5	(0.3)	143.2
Income (Loss) from Discontinued Operations - net of taxes	$ 274.5	$ (0.7)	$ 273.8

[1] Includes approximately $23.7 million of transaction costs related to the Separation.

	Year Ended December 31, 2013		
(in millions)	Columbia Pipeline Group Operations	Corporate and Other	Total
Net Revenues			
Transportation and storage revenues	$ 971.1	$ —	$ 971.1
Other revenues	208.7	2.5	211.2
Total Sales Revenues	1,179.8	2.5	1,182.3
Less: Cost of sales (excluding depreciation and amortization)	0.4	—	0.4
Net Revenues	1,179.4	2.5	1,181.9
Operating Expenses			
Operation and maintenance	619.5	—	619.5
Depreciation and amortization	106.9	—	106.9
Gain on sale of assets	(18.6)	—	(18.6)
Other taxes	62.2	—	62.2
Total Operating Expenses	770.0	—	770.0
Equity Earnings in Unconsolidated Affiliates	35.9	—	35.9
Operating Income from Discontinued Operations	445.3	2.5	447.8
Other Income (Deductions)			
Interest expense, net	(39.5)	—	(39.5)
Other, net	17.4	9.1	26.5
Total Other Income (Deductions)	(22.1)	9.1	(13.0)
Income from Discontinued Operations before Income Taxes	423.2	11.6	434.8
Income Taxes	153.3	5.3	158.6
Income from Discontinued Operations - net of taxes	$ 269.9	$ 6.3	$ 276.2
Gain on Disposition of Discontinued Operations - net of taxes	$ —	$ 34.9	$ 34.9

CPG's financing requirements prior to the private placement of senior notes on May 22, 2015 were satisfied through borrowings from NiSource Finance. Interest expense from discontinued operations primarily represents net interest charged to CPG from NiSource Finance, less AFUDC. Subsequent to May 22, 2015, interest expense from discontinued operations also includes interest incurred on CPG's private placement of $2,750.0 million of senior notes.

Continuing Involvement

Natural gas transportation and storage services provided to NiSource by CPG were $147.6 million , $146.2 million and $147.6 million for the years ended December 31, 2015, 2014 and 2013, respectively. Prior to July 1, 2015, these costs were eliminated in consolidation. Beginning July 1, 2015, these costs and associated cash flows represent third-party transactions with CPG and are not eliminated in consolidation, as such services have continued subsequent to the Separation and are expected to continue for the foreseeable future.

As a result of the Separation, NiSource and CPG entered into Transition Services Agreements (TSAs). NiSource expects the TSAs to terminate within 18 months from the date of the Separation. The TSAs set forth the terms and conditions for NiSource and CPG to provide certain transition services to one another. Under the TSAs, NiSource provides CPG certain information technology, financial and accounting, human resource and other specified services. For the period July 1, 2015 to December 31, 2015, the amounts NiSource billed CPG for these services were not significant.

There were no material assets and liabilities of discontinued operations on the Consolidated Balance Sheets at December 31, 2015.

The assets and liabilities of discontinued operations on the Consolidated Balance Sheets at December 31, 2014 were:

	December 31, 2014	
(in millions)	Columbia Pipeline Group Operations	
Current Assets		
Cash and cash equivalents	$	0.5
Accounts receivable, net		149.3
Gas inventory		4.8
Materials and supplies, at average cost		24.9
Exchange gas receivable		34.8
Regulatory assets		6.1
Prepayments and other		63.0
Total current assets	$	283.4
Noncurrent Assets		
Net property, plant and equipment	$	4,959.7
Goodwill		1,975.5
Unconsolidated affiliates		444.3
Other investments		5.6
Regulatory assets		151.9
Deferred charges and other		9.0
Total noncurrent assets	$	7,546.0

	December 31, 2014
(in millions)	Columbia Pipeline Group Operations
Current Liabilities	
Accounts payable	$ 60.5
Customer deposits and credits	13.4
Taxes accrued	106.9
Exchange gas payable	34.7
Deferred revenue	22.2
Regulatory liabilities	1.3
Accrued liability for postretirement and postemployment benefits	0.6
Legal and environmental	1.5
Accrued capital expenditures	61.1
Other accruals	66.8
Total current liabilities	$ 369.0
Noncurrent Liabilities	
Deferred income taxes	$ 1,214.3
Deferred investment tax credits	0.2
Deferred credits	0.2
Accrued liability for postretirement and postemployment benefits [1]	(58.0)
Regulatory liabilities	294.2
Asset retirement obligations	23.2
Other noncurrent liabilities	84.3
Total noncurrent liabilities	$ 1,558.4

[1] Represents Columbia Pipeline Group segment's overfunded position in NiSource's net underfunded other postretirement plan.

4. Property, Plant and Equipment

NiSource’s property, plant and equipment on the Consolidated Balance Sheets are classified as follows:

At December 31, *(in millions)*		**2015**		2014
Property Plant and Equipment				
Gas Distribution Utility [1]	**$**	**10,620.4**	$	9,753.9
Electric Utility [1]		**7,765.7**		7,160.0
Common Utility		**107.2**		181.5
Construction Work in Process		**453.6**		573.0
Non-Utility and Other		**41.2**		43.1
Total Property, Plant and Equipment	**$**	**18,988.1**	$	17,711.5
Accumulated Depreciation and Amortization				
Gas Distribution Utility [1]	**$**	**(3,029.0)**	$	(2,922.7)
Electric Utility [1]		**(3,767.7)**		(3,596.5)
Common Utility		**(56.7)**		(110.3)
Non-Utility and Other		**(23.2)**		(24.6)
Total Accumulated Depreciation and Amortization	**$**	**(6,876.6)**	$	(6,654.1)
Net Property, Plant and Equipment	**$**	**12,111.5**	$	11,057.4

[1] NIPSCO’s common utility plant and associated accumulated depreciation and amortization are allocated between Gas Distribution Utility and Electric Utility Property, Plant and Equipment.

5. Goodwill and Other Intangible Assets

The following presents NiSource's goodwill balance allocated by segment as of December 31, 2015:

(in millions)		Gas Distribution Operations		Electric Operations		Corporate and Other		**Total**
Goodwill	$	1,690.7	$	—	$	—	**$**	**1,690.7**

Goodwill previously allocated to the former Columbia Pipeline Group Operations segment was disposed of in conjunction with the Separation. For prior periods, such balances are presented within "Assets of discontinued operations" on the Consolidated Balance Sheets. There were no other changes to the goodwill balance during 2015.

NiSource's intangible assets, apart from goodwill, consist of franchise rights, which were identified as part of the purchase price allocations associated with the acquisition in February 1999 of Columbia of Massachusetts. These amounts were $253.7 million and $264.7 million , net of accumulated amortization of $188.5 million and $177.5 million , at December 31, 2015 and 2014, respectively and are being amortized over forty years from the date of acquisition. NiSource recorded amortization expense of $11.0 million in 2015, 2014, and 2013 related to its intangible assets. NiSource expects amortization expense to be $11.0 million per year for 2016-2020.

6. Asset Retirement Obligations

Changes in NiSource’s liability for asset retirement obligations for the years 2015 and 2014 are presented in the table below:

(in millions)		**2015**		2014
Beginning Balance	**$**	**136.2**	$	148.1
Accretion recorded as a regulatory asset/liability		**8.6**		8.2
Additions		**6.5**		0.3
Settlements		**(7.0)**		(2.2)
Change in estimated cash flows [1]		**109.7**		(18.2)
Ending Balance	**$**	**254.0**	$	136.2

[1] The change in estimated cash flows for 2015 is primarily attributable to estimated costs associated with the EPA's final rule for regulation of CCRs and changes to cost estimates for certain solid waste management units. See Note 18, "Other Commitments and Contingencies," for additional information on CCRs. The change in estimated cash flows for 2014 is primarily attributed to changes in estimated costs and settlement timing for electric generating stations and to retire pipeline.

NiSource has recognized asset retirement obligations associated with various legal obligations including costs to remove and dispose of certain construction materials located within many of NiSource’s facilities, certain costs to retire pipeline, removal costs for certain underground storage tanks, removal of certain pipelines known to contain PCB contamination, closure costs for certain sites including ash ponds, solid waste management units and a landfill, as well as some other nominal asset retirement obligations. NiSource has a significant obligation associated with the decommissioning of its two hydro facilities located in Indiana. These hydro facilities have an indeterminate life, and no asset retirement obligation has been recorded.

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as Regulatory liabilities on the Consolidated Balance Sheets.

7. Regulatory Matters

Regulatory Assets and Liabilities

NiSource follows the accounting and reporting requirements of ASC Topic 980, which provides that regulated entities account for and report assets and liabilities consistent with the economic effect of regulatory rate-making procedures if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income or expense are deferred on the balance sheet and are recognized in the income statement as the related amounts are included in customer rates and recovered from or refunded to customers.

Regulatory assets were comprised of the following items:

At December 31, *(in millions)*		2015		2014
Assets				
Unrecognized pension benefit and other postretirement benefit costs (see Note 10)	**$**	**928.7**	$	910.3
Other postretirement costs		**47.0**		46.7
Environmental costs (see Note 18-C)		**62.2**		65.9
Regulatory effects of accounting for income taxes (see Note 1-U)		**234.1**		231.8
Underrecovered gas costs (see Note 1-P and 1-Q)		**34.8**		32.0
Depreciation (see Note 1-H)		**124.5**		116.4
Uncollectible accounts receivable deferred for future recovery		**17.0**		26.1
Post-in-service carrying charges		**107.2**		87.8
EERM operation and maintenance and depreciation deferral		**48.1**		31.1
Sugar Creek carrying charges and deferred depreciation (see Note 1-H)		**28.2**		42.5
DSM Program		**35.6**		37.9
Other		**139.3**		135.4
Total Assets	**$**	**1,806.7**	$	1,763.9
Less amounts included as Underrecovered gas cost		**(34.8)**		(32.0)
Total Regulatory Assets reflected in Current Regulatory Assets and Other Regulatory Assets	**$**	**1,771.9**	$	1,731.9

Regulatory liabilities were comprised of the following items:

At December 31, *(in millions)*		2015		2014
Liabilities				
Overrecovered gas and fuel costs (see Notes 1-P and 1-Q)	**$**	**148.1**	$	45.6
Cost of removal (see Note 6)		**1,261.5**		1,287.0
Regulatory effects of accounting for income taxes (see Note 1-U)		**34.2**		42.3
Unrecognized pension benefit and other postretirement benefit costs (see Note 10)		**8.1**		10.1
Other postretirement costs		**38.8**		31.9
Other		**91.1**		69.4
Total Liabilities	**$**	**1,581.8**	$	1,486.3
Less amounts included as Overrecovered gas and fuel cost		**(148.1)**		(45.6)
Total Regulatory Liabilities reflected in Current Regulatory Liabilities and Other Regulatory Liabilities and Other Removal Costs	**$**	**1,433.7**	$	1,440.7

Regulatory assets, including underrecovered gas and fuel cost, of approximately $1,668.7 million as of December 31, 2015 are not earning a return on investment. Regulatory assets of approximately $1,544.0 million include expenses that are recovered as components of the cost of service and are covered by regulatory orders. These costs are recovered over a remaining life of up to 41 years. Regulatory assets of approximately $262.7 million at December 31, 2015 , require specific rate action.

As noted below, regulatory assets for which costs have been incurred or accrued are included (or expected to be included, for costs incurred subsequent to the most recently approved rate case) in certain companies' rate base, thereby providing a return on invested costs. Certain regulatory assets do not result from cash expenditures and therefore do not represent investments included in rate base or have offsetting liabilities that reduce rate base.

Assets:

Unrecognized pension benefit and other postretirement benefit costs – In 2007, NiSource adopted certain updates of ASC 715 which required, among other things, the recognition in other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs. Certain subsidiaries defer the costs as a regulatory asset in accordance with regulatory orders or as a result of regulatory precedent, to be recovered through base rates.

Other postretirement costs – Primarily comprised of costs approved through rate orders to be collected through future base rates, revenue riders or tracking mechanisms.

Environmental costs – Includes certain recoverable costs of investigating, testing, remediating and other costs related to gas plant sites, disposal sites or other sites onto which material may have migrated. Certain companies defer the costs as a regulatory asset in accordance with regulatory orders, to be recovered in future base rates, billing riders or tracking mechanisms.

Regulatory effects of accounting for income taxes – Represents the deferral and under collection of deferred taxes in the rate making process. In prior years, NiSource has lowered customer rates in certain jurisdictions for the benefits of accelerated tax deductions. Amounts are expensed for financial reporting purposes as NiSource recovers deferred taxes in the rate making process.

Underrecovered gas and fuel costs – Represents the difference between the costs of gas and fuel and the recovery of such costs in revenue, and is used to adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. Recovery of these costs is achieved through tracking mechanisms.

Depreciation – Primarily relates to the difference between the depreciation expense recorded by Columbia of Ohio due to a regulatory order and the depreciation expense recorded in accordance with GAAP. The regulatory asset is currently being amortized over the life of the assets. Also included is depreciation associated with the Columbia of Ohio IRP and capital expenditure program. Recovery of these costs is achieved through base rates and rider mechanisms. Refer to Note 1-H for more information.

Uncollectible accounts receivable deferred for future recovery – Represents the difference between certain uncollectible expenses and the recovery of such costs to be collected through cost tracking mechanisms per regulatory orders.

Post-in-service carrying charges – Columbia of Ohio has approval from the PUCO by regulatory order to defer debt-based post-in-service carrying charges as a regulatory asset for future recovery. As such, Columbia of Ohio defers a debt-based carrying charge on eligible property, plant and equipment from the time it is placed into utility service until recovery of the property, plant and equipment is included in customer rates in base rates or through a rider mechanism. Inclusion in customer rates generally occurs when Columbia of Ohio files its next rate proceeding following the in-service date of the property, plant and equipment.

EERM operation and maintenance and depreciation deferral – NIPSCO obtained approval from the IURC to recover certain environmental related costs including operation and maintenance and depreciation expense once the environmental facilities become operational. Recovery of these costs will continue until such assets are included in rate base through an electric base rate case. The EERM deferred charges represent expenses that will be recovered from customers through an annual EERM Cost Tracker which authorizes the collection of deferred balances over a twelve month period.

Sugar Creek carrying charges and deferred depreciation – The IURC approved the deferral of debt-based carrying charges and the deferral of depreciation expense for the Sugar Creek assets. NIPSCO continued to defer such amounts until new electric rates were approved and implemented on December 27, 2011. Balances are being amortized over five years beginning January 2012. As of December 31, 2015 , the remaining unamortized balance is $14.3 million . An additional $13.9 million is deferred for consideration in NIPSCO's current electric base rate case. Management believes this amount is probable of recovery through future rates.

DSM Program - Represents costs associated with Gas Distribution Operations and Electric Operations companies' energy efficiency and conservation programs. Costs are recovered through tracking mechanisms.

Liabilities:

Overrecovered gas and fuel costs – Represents the difference between the cost of gas and fuel and the recovery of such costs in revenues, and is the basis to adjust future billings for such recoveries on a basis consistent with applicable state-approved tariff provisions. Refunding of these revenues is achieved through tracking mechanisms.

Cost of removal – Represents anticipated costs of removal that have been, and continue to be, included in depreciation rates and collected in customer rates of the rate-regulated subsidiaries for future costs to be incurred.

Regulatory effects of accounting for income taxes – Represents amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates and liabilities associated with accelerated tax deductions owed to customers that are established during the rate making process.

Unrecognized pension benefit and other postretirement benefit costs – In 2007, NiSource adopted certain updates of ASC 715 which required, among other things, the recognition in other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs. Certain subsidiaries defer the costs as a regulatory liability in accordance with regulatory orders or as a result of regulatory precedent, to be refunded through base rates.

Other postretirement costs – Primarily represents cash contributions in excess of postretirement benefit expense that is deferred as a regulatory liability by certain subsidiaries in accordance with regulatory orders.

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On April 30, 2013, Indiana Governor Pence signed Senate Enrolled Act 560, the TDSIC statute, into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. Provisions of the TDSIC statute require that, among other things, requests for recovery include a seven-year plan of eligible investments. Once the plan is approved by the IURC, 80 percent of eligible costs can be recovered using a periodic rate adjustment mechanism. The cost recovery mechanism is referred to as a TDSIC mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post-in-service carrying charges, operation and maintenance expenses, depreciation, and property taxes. The remaining 20 percent of recoverable costs are to be deferred for future recovery in the public utility's next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On April 30, 2014, the IURC issued an order approving NIPSCO's gas TDSIC seven-year plan. On May 29, 2014, the NIPSCO Industrial Group filed a Notice of Appeal with the Indiana Court of Appeals in response to the IURC's April 30, 2014 ruling. Subsequently, the NIPSCO Industrial Group filed a Voluntary Notice of Dismissal, which was granted with prejudice. On January 28, 2015, the IURC issued an order approving NIPSCO's gas TDSIC-1 and a revised gas TDSIC seven-year plan of eligible investments for a total of approximately $840 million with the IURC. On August 31, 2015, NIPSCO filed TDSIC-3 which included an updated seven-year plan of approximately $817 million with the IURC. An order is expected in the first quarter of 2016.

On November 28, 2012, the PUCO approved Columbia of Ohio's application to extend its Infrastructure Replacement Program for an additional five years, allowing Columbia of Ohio to continue to invest and recover on its accelerated main replacements. On November 25, 2014, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 27, 2015, and requested authority to increase revenues by $24.7 million . On March 26, 2015, PUCO Staff filed Comments recommending that the PUCO approve Columbia of Ohio's application in full. On April 22, 2015, the PUCO issued an Order that approved Columbia of Ohio's application. New rates went into effect on May 1, 2015. Now in the third year of the extended program, Columbia of Ohio filed a Notice of Intent on November 25, 2015 to file an application to adjust rates associated with its IRP and DSM Riders. The Notice of Intent states that Columbia of Ohio will file an Application by February 28, 2016, in which it will request authority to increase revenues by up to $33.2 million .

On September 12, 2014, Columbia of Ohio filed an application that seeks authority to establish a regulatory asset and defer, for accounting and financial reporting purposes, the expenditures to be incurred in implementing Columbia of Ohio's Pipeline Safety Program. Columbia of Ohio requested authority to defer Pipeline Safety Program costs of up to $15.0 million annually. By Order dated December 17, 2014, the PUCO approved Columbia of Ohio's application, approving a deferral of up to $15.0 million annually. As of December 31, 2015, Columbia of Ohio has deferred $11.6 million related to the program.

On December 24, 2012, Columbia of Ohio filed an application for authority to continue its capital expenditure program in 2013 and succeeding years, and for the authority to defer the related post-in-service carrying charges, depreciation expense, and property taxes on the assets of the capital expenditure program placed into service. As of December 31, 2015, Columbia of Ohio has deferred $57.6 million related to the program.

On March 19, 2015, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of $46.2 million annually. The case was driven by Columbia of Pennsylvania’s ongoing capital investment program which exceeded
$197.0 million in 2015 and is projected to exceed $220.0 million in 2016, as well as operation and maintenance expenditures related to employee training and compliance with pipeline safety regulations. Columbia of Pennsylvania's request for rate relief included the recovery of costs that will be incurred after the implementation of new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. On August 27, 2015, the parties to the case filed a joint petition for approval of a settlement that features an annual revenue increase of $28.0 million . The Pennsylvania PUC approved the petition on December 3, 2015, and Columbia of Pennsylvania implemented new rates on December 18, 2015.

On April 30, 2014, Columbia of Virginia filed a base rate case with the VSCC seeking an annual revenue increase of $31.8 million . New rates went into effect in October 2014, subject to refund. On December 10, 2014, Columbia of Virginia presented at hearing a Stipulation and Proposed Recommendation (“Stipulation”) executed by certain parties to the rate proceeding that included a base revenue increase of $25.2 million including recovery of costs related to the implementation of pipeline safety programs. On March 30, 2015, the VSCC issued an Order Remanding for Further Action approving the revenue increase of $25.2 million contained in the Stipulation, but remanding for further proceedings the single issue of the manner in which fixed costs were to be assigned to the fixed customer charges of each rate class. Following a hearing, the VSCC on August 21, 2015 issued a Final Order resolving the fixed customer charge and allowing Columbia of Virginia to implement new rates.

On July 7, 2014, the Governor of Massachusetts signed into law Chapter 149 of the Acts of 2014, An Act Relative to Natural Gas Leaks (“the Act’). The Act authorizes natural gas distribution companies to file gas infrastructure replacement plans with the Massachusetts DPU to address the replacement of aging natural gas pipeline infrastructure. In addition, the Act provides that the Massachusetts DPU may, after review of the plans, allow the proposed estimated costs of the plan into rates as of May 1 of the subsequent year. Pursuant to the Act, Columbia of Massachusetts filed its first Gas System Enhancement Program (“GSEP”) plan on October 31, 2014, for the 2015 construction year (“2015 GSEP”) proposing to recover $2.6 million . After review, the Massachusetts DPU approved the Columbia of Massachusetts’s 2015 GSEP for effect May 1, 2015 and, in accordance with the Act, Columbia of Massachusetts will file the reconciliation of the 2015 GSEP on May 1, 2016. On October 30, 2015, Columbia of Massachusetts filed its GSEP for the 2016 construction year. Columbia of Massachusetts proposed to recover an increment of $6.4 million for the costs associated with the replacement of eligible leak-prone infrastructure during the 2016 construction year for a cumulative proposed revenue requirement recovery of $9.0 million effective May 1, 2016. The Massachusetts DPU is currently reviewing the plan and is expected to issue an order prior to May 1, 2016.

On October 30, 2009, the Massachusetts DPU approved Columbia of Massachusetts's revenue decoupling mechanism that was filed in its base rate case. This allows Columbia of Massachusetts to apply annual adjustments to its Peak and Off-peak rates. On March 16, 2015, Columbia of Massachusetts filed its Off-peak Period RDAF in the amount of $2.5 million for effect May 1, 2015. The Massachusetts DPU approved the rate for effect May 1, 2015, pending further review and investigation. On August 5, 2015, the Massachusetts DPU issued its final order approving the rate. On September 17, 2015, Columbia of Massachusetts filed its Peak Period RDAF in the amount of a credit to customers of $17.1 million for effect November 1, 2015. The Massachusetts DPU approved the rate for effect November 1, 2015, pending further review and investigation.

On April 16, 2015, Columbia of Massachusetts filed a base rate case with the Massachusetts DPU. The case, which sought increased annual revenues of approximately $49.0 million , was designed to support Columbia of Massachusetts's continued focus on providing safe and reliable service in compliance with increasing state and federal regulations and oversight, and recovery of associated increased operations and maintenance costs. Columbia of Massachusetts arrived at a settlement agreement with the Massachusetts Attorney General in the case which was filed for approval with the Massachusetts DPU on August 19, 2015 and approved on October 7, 2015. The settlement agreement provides for increased annual revenues of $32.8 million beginning November 1, 2015, with an additional $3.6 million annual increase in revenues starting November 1, 2016. The settlement also provides that Columbia of Massachusetts cannot increase base distribution rates to become effective prior to November 1, 2018.

Columbia of Massachusetts's LDAF allows for the recovery of costs related to pension and other postretirement expense, low income programs, environmental remediation programs, Attorney General expert witness costs and energy efficiency programs. This allows Columbia of Massachusetts to file semi-annually to recover the cost in Peak and Off-peak rates. On January 20, 2015, Columbia of Massachusetts filed its 2015 Off-Peak Period LDAF with a proposed effective date of May 1, 2015. The 2015 Off-Peak Period LDAF of $70 million was approved on April 30, 2015, for effect May 1, 2015. On July 30, 2015, Columbia of Massachusetts filed its 2015-2016 Peak Period LDAF and on September 17, 2015, Columbia of Massachusetts filed its 2015 PEF and 2015 RAAF, each with a proposed effective date of November 1, 2015. The 2015-2016 Peak Period LDAF of $49.7 million effective November 1, 2015 was approved on October 30, 2015. The 2015 PEF and 2015 RAAF components of the LDAF were approved subject to further investigation and reconciliation.

On August 7, 2015, Columbia of Maryland filed a base rate proceeding with the Maryland PSC, seeking an annual revenue increase of approximately $0.7 million . The matter was fully litigated. On November 4, 2015, the Maryland PSC issued an Order granting Columbia of Maryland authority to adjust its rates to produce an annual revenue increase of $0.5 million . The new rates went into effect on November 5, 2015.

Cost Recovery and Trackers . A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, and bad debt recovery mechanisms.

Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Increases in the expenses that are the subject of trackers, result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

As further discussed above, NIPSCO has approval from the IURC to recover certain costs for transmission, distribution and storage system improvements. On January 28, 2015, the IURC issued an order approving NIPSCO’s gas TDSIC-1. The Order approved $4.4 million of net capital expenditures for the period ended June 30, 2014 and granted ratemaking relief and accounting treatment. On February 27, 2015, NIPSCO filed gas TDSIC-2 which included $43.3 million of net capital expenditures for the period ended December 31, 2014. Given the Indiana Court of Appeals decision in NIPSCO's electric TDSIC filing (for further information, see "Electric Operations Regulatory Matters" below), NIPSCO elected to dismiss its TDSIC-2 filing in favor of supplying further detailed plan updates in the next proceeding, TDSIC-3. On August 31, 2015, NIPSCO filed TDSIC-3 which included $75.2 million of net capital expenditures for the period ended June 30, 2015. An order is expected in the first quarter of 2016.

Electric Operations Regulatory Matters

Significant Rate Developments . As part of a multi-state effort to strengthen the electric transmission system serving the Midwest, NIPSCO is currently investing in two projects that were authorized by the MISO and are scheduled to be in service during the latter part of the decade. On July 19, 2012 and December 19, 2012, the FERC issued orders approving construction work in progress in rate base and abandoned plant cost recovery requested by NIPSCO for the 100-mile, 345 kV transmission project and its right to develop 50 percent of the 66-mile, 765 kV project. On December 19, 2012, the FERC issued an order authorizing NIPSCO's request to transition to forward looking rates, allowing more timely recovery of NIPSCO's investment in transmission assets. On August 22, 2012, the IURC issued an order authorizing NIPSCO to retain certain revenues under MISO Schedule 26-A. NIPSCO began recording revenue in the first quarter of 2013 using a forward looking rate. These projects involve an investment of approximately $450 million for NIPSCO and are anticipated to be in service by the end of 2018.

On November 12, 2013, several complainants filed in opposition at the FERC regarding the 12.38% base ROE used to set the MISO Transmission Owners' transmission rates and requested a reduction in the base ROE to 9.15% . The complaint requested that the FERC limit the capital structure of MISO Transmission Owners to no more than 50% common equity for ratemaking purposes and that the FERC eliminate incentive adders for membership in a RTO. On October 16, 2014, the FERC issued an Order that dismissed the portions of the complaint that challenged Transmission Owner capital structures and incentive adders; set the base ROE for hearing and suspended it to allow for settlement; set a refund effective date of November 12, 2013; and directed the parties to the new two-step discounted cash flow methodology established by the FERC. On December 22, 2015, the Administrative Law Judge issued an Initial Decision which authorized the MISO Transmission Owners to collect a base ROE of

10.32% for the period of November 12, 2013 through February 11, 2015. The Initial Decision is subject to approval by the full Commission and is not a final order. On January 5, 2015, the FERC approved a 50-basis point adder for the MISO Transmission Owners based on their continued participation in MISO. The FERC established an effective date for the adder of January 6, 2015 but suspended collection of the adder for billing purposes until the November 12, 2013 complaint is resolved. On February 12, 2015, a second group of complainants filed in opposition to the 12.38% base ROE, requesting a refund effective date of February 12, 2015 and recommended a base ROE of 8.67% . Hearings commenced on February 16, 2016 and the FERC anticipates that an initial decision will be issued on the second complaint by June 30, 2016. NIPSCO recorded a liability of $3.4 million related to the complaints and will continue to adjust the liability for ongoing activity.

On July 19, 2013, NIPSCO filed its electric TDSIC with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately $1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO’s seven-year plan of eligible investments. The order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism. The NIPSCO Industrial Group and the OUCC filed Notices of Appeal with the Indiana Court of Appeals in response to the IURC's ruling. On November 25, 2014, NIPSCO’s requested TDSIC factors were approved on an interim basis and subject to refund, pending the outcome of the appeals of the IURC’s February 17, 2014 Orders. On April 8, 2015, the Court of Appeals issued an order concluding that the IURC erred in approving NIPSCO’s seven-year plan given its lack of detail regarding the projects for years two through seven. The court then remanded the decision to the IURC. On May 26, 2015, NIPSCO filed a settlement on remand which, among other things, requires NIPSCO to file an electric base rate case proceeding by December 31, 2015 and a new seven-year electric TDSIC plan following the filing of its next general rate case proceeding. The settlement agreement was rejected by the IURC on September 23, 2015. The settling parties filed a Petition for Rehearing on September 29, 2015 and were granted a rehearing which was held on October 28, 2015. On December 16, 2015, the IURC issued an Order on Remand approving the settlement agreement and NIPSCO’s seven-year electric plan as set forth in the remand proceeding, subject to certain modifications.

On December 31, 2015, NIPSCO filed a new electric seven-year plan of eligible investments for a total of approximately $1.3 billion covering spend in years 2016 through 2022. NIPSCO expects to make a TDSIC rate adjustment mechanism filing later in 2016 to seek recovery and ratemaking relief of such investments. NIPSCO expects a final order in the seven-year plan filing in the third quarter of 2016.

On October 1, 2015, NIPSCO filed an electric base rate case with the IURC, seeking a revenue increase of approximately $148.0 million . As part of this filing, NIPSCO is proposing to update base rates for previously incurred infrastructure improvements, revised depreciation rates, and the inclusion of previously approved environmental and federally mandated compliance costs. A final order is anticipated in the third quarter of 2016.

On November 12, 2014, the IURC issued an Order approving NIPSCO’s 2015 proposed electric energy efficiency programs along with the continued authority to defer and recover the related 2015 program costs estimated to be $18.6 million and associated lost margins. On December 30, 2015, the IURC approved, with modifications, NIPSCO’s electric energy efficiency programs and budgets through December 31, 2018, including authorization to use its energy efficiency recovery mechanism to recover program costs and lost margins, the latter capped at the lesser of four years or the life of the measure.

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a quarterly, regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM.

On October 21, 2015, the IURC issued an order on ECR-26 approving NIPSCO's request to begin earning a return on $776.5 million of net capital expenditures for the period ended June 30, 2015. The order also approved a revised capital cost estimate of $255.3 million for its Phase III multi-pollutant compliance plan projects related to the Michigan City Unit 12 FGD, a decrease from the previous IURC approved cost estimate of $264.8 million and a revised MATS capital cost estimate of $48.6 million , a decrease from the previous IURC approved cost estimate of $59.3 million . On January 29, 2016, NIPSCO filed ECR-27 which included $800.7 million of net capital expenditures for the period ended December 31, 2015. An order is expected in the second quarter of 2016.

As further discussed above, NIPSCO has approval from the IURC to recover certain costs for transmission and distribution system improvements through the electric TDSIC. On November 25, 2014, the IURC approved, on an interim basis and subject to refund pending the outcome of appeals, NIPSCO's requested TDSIC factors associated with the eligible investments, which included $19.4 million of net capital expenditures for the period ended June 30, 2014. As a result of the December 16, 2015 IURC Order on Remand described above, NIPSCO began refunding all monies that were collected through the electric TDSIC mechanism pursuant to the November 25, 2014 IURC order. NIPSCO was authorized to defer, as a regulatory asset, 100% of all TDSIC costs incurred since March 1, 2014 in connection with its 2014 and 2015 eligible TDSIC investments, as specified in the December 16, 2015 Order on Remand, until such deferral is recovered as part of a general rate case. As of December 31, 2015, there are no regulatory assets associated with deferred TDSIC incurred costs on the Consolidated Balance Sheet.

8. Variable Interest Entities

In general, a VIE is an entity (1) that has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any other parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource would consolidate those VIEs for which it was the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits from such entity.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. Services under this contract commenced on July 1, 1992 and expired on June 30, 2012. The agreement was renewed effective July 1, 2012 for ten years and NIPSCO will continue to pay for the services under a combination of fixed and variable charges. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and, as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air and payments under this agreement were $ 19.5 million and $ 23.0 million for the years ended December 31, 2015 and 2014 , respectively. In accordance with GAAP, the renewed agreement was evaluated to determine whether the arrangement qualifies as a lease. Based on the terms of the agreement, the arrangement qualified for capital lease accounting. As the effective date of the new agreement was July 1, 2012, NiSource capitalized this lease beginning in the third quarter of 2012.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

9. Income Taxes

The components of income tax expense were as follows:

Year Ended December 31, *(in millions)*	**2015**	2014	2013
Income Taxes			
Current			
Federal	**$ —**	$ —	$ (11.6)
State	**6.0**	5.4	1.8
Total Current	**6.0**	5.4	(9.8)
Deferred			
Federal	**124.1**	129.5	125.6
State	**13.6**	35.4	(3.4)
Total Deferred	**137.7**	164.9	122.2
Deferred Investment Credits	**(2.4)**	(3.5)	(3.8)
Income Taxes from Continuing Operations	**$ 141.3**	$ 166.8	$ 108.6

Total income taxes from continuing operations were different from the amount that would be computed by applying the statutory federal income tax rate to book income before income tax. The major reasons for this difference were as follows:

Year Ended December 31, *(in millions)*	**2015**		2014		2013	
Book income from Continuing Operations before income taxes	**$ 339.9**		$ 423.0		$ 329.6	
Tax expense at statutory federal income tax rate	**118.9**	**35.0 %**	148.1	35.0 %	115.4	35.0 %
Increases (reductions) in taxes resulting from:						
State income taxes, net of federal income tax benefit	**14.8**	**4.4**	15.7	3.7	2.3	0.7
Regulatory treatment of depreciation differences	**4.3**	**1.3**	0.7	0.2	(0.5)	(0.2)
Amortization of deferred investment tax credits	**(2.4)**	**(0.7)**	(3.5)	(0.8)	(3.8)	(1.2)
Nondeductible expenses	**2.1**	**0.6**	0.8	0.2	2.4	0.7
Employee stock ownership plan dividends	**(2.9)**	**(0.9)**	(3.8)	(0.9)	(3.6)	(1.0)
AFUDC equity	**(3.5)**	**(1.0)**	(3.5)	(0.8)	(3.4)	(1.0)
Charitable contribution carryover	**17.8**	**5.2**	—	—	—	—
Tax accrual adjustments and other, net	**(7.8)**	**(2.3)**	12.3	2.8	(0.2)	(0.1)
Income Taxes from Continuing Operations	**$ 141.3**	**41.6 %**	$ 166.8	39.4 %	$ 108.6	32.9 %

The effective income tax rates were 41.6% , 39.4% and 32.9% in 2015 , 2014 and 2013 , respectively. The 2.2% increase in the overall effective tax rate in 2015 versus 2014 was primarily the result of a $17.8 million increase in federal income tax expense associated with write downs of charitable contribution carryovers discussed below, offset by a $10.5 million decrease in income tax expense related to state apportionment changes and permanent items as a result of remeasurement after the Separation. The 6.5% increase in the overall effective tax rate in 2014 versus 2013 was primarily a result of a $13.5 million increase in tax expense related to state apportionment changes and permanent items, a $7.1 million increase due to Indiana state taxes discussed below, a $5.4 million increase in tax expense due to Pennsylvania regulatory changes discussed below, and $4.1 million of additional state income tax expense related to corporate restructuring.

On December 18, 2015, the President signed into law the Protecting Americans from Tax Hikes Act of 2015 (PATH). PATH, among other things, extends the research credit under U.S. Internal Revenue Code section 41 permanently and also extended and modified bonus depreciation through 2019. In general, 50% bonus depreciation is available for property placed in service before January 1, 2018, 40% bonus depreciation is available for property placed in service before January 1, 2019 and 30% bonus depreciation is available for property placed in service before January 1, 2020. NiSource recorded the effects of PATH in the fourth quarter of 2015.

As a result of PATH and 50% bonus depreciation being extended, NiSource recorded tax expense of $5.8 million in 2015 for the expiration of unused charitable contribution carryforwards which expired due to the 5 year carryover limitation. NiSource also recorded a valuation allowance for an additional $12.0 million of charitable contribution carryforwards that are set to expire in 2016-2019 in the event that NiSource does not have sufficient taxable income to utilize the carryforward amounts.

On March 25, 2014, the governor of Indiana signed into law Senate Bill 1, which among other things, lowers the corporate income tax rate from 6.5% to 4.9% over six years beginning on July 1, 2015. The reduction in the tax rate will impact deferred income taxes and tax-related regulatory assets and liabilities recoverable in the ratemaking process. In addition, deferred tax assets and liabilities, primarily deferred tax assets related to the Indiana net operating loss carry forward, will be reduced to reflect the lower rate at which these temporary differences and tax benefits will be realized. In the first quarter of 2014, NiSource recorded tax expense of $7.1 million to reflect the effect of this rate change. This expense is largely attributable to the remeasurement of the Indiana net operating loss at the 4.9% rate. The majority of NiSource’s tax temporary differences are related to NIPSCO’s utility plant.

As a result of a Pennsylvania PUC Order dated December 3, 2015, Columbia of Pennsylvania adjusted the flow through in rates of tax benefits so that the unamortized balance of a change in accounting method for certain capitalized costs of approximately $2.0 million at December 31, 2014 would be amortized through December 2016. The amortization of excess tax benefits was $9.5 million in 2013, $4.1 million in 2014 and $1.4 million in 2015. On a prospective basis, Columbia of Pennsylvania will recognize deferred tax expense, rather than flow through in rates, the tax benefits resulting from the method change.

On May 22, 2015, NiSource received an acceptance letter from the IRS for its 2011-2013 audit examination. NiSource had recorded a receivable at the end of 2014 in the amount of $6.0 million related to those tax years and in the second quarter of 2015, NiSource recognized additional net operating loss carryforwards from the IRS related to the audit examination. The recognition of the receivables and net operating loss carryforwards did not materially affect tax expense or net income.

Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The principal components of NiSource’s net deferred tax liability were as follows:

At December 31, (in millions)	**2015**	2014
Deferred tax liabilities		
Accelerated depreciation and other property differences	**$ 3,510.8**	$ 2,964.6
Unrecovered gas and fuel costs	**11.2**	11.4
Other regulatory assets	**403.3**	610.6
Premiums and discounts associated with long-term debt	**9.9**	12.5
Total Deferred Tax Liabilities	**3,935.2**	3,599.1
Deferred tax assets		
Other regulatory liabilities	**(74.4)**	(79.3)
Cost of removal	**(519.4)**	(527.7)
Pension and other postretirement/postemployment benefits	**(243.8)**	(191.9)
Environmental liabilities	**(45.9)**	(52.1)
Net operating loss carryforward and Alternative Minimum Tax credit carryforward	**(437.4)**	(372.7)
Other accrued liabilities	**(89.0)**	(58.9)
Other, net	**(160.0)**	(150.7)
Total Deferred Tax Assets	**(1,569.9)**	(1,433.3)
Net Deferred Tax Liabilities	**$ 2,365.3**	$ 2,165.8

NiSource adopted ASU 2015-17 as of December 31, 2015 and applied the provisions of the standard retrospectively. As a result, NiSource's balance sheet as of December 31, 2014 was adjusted to reclassify $272.1 million of deferred income taxes from current assets to noncurrent liabilities. Refer to Note 2, "Recent Accounting Pronouncements," for further information.

State income tax net operating loss benefits are recorded at their realizable value. NiSource anticipates it is more likely than not that it will realize $34.7 million and $31.7 million of these tax benefits as of December 31, 2015 and 2014 , respectively, prior to their expiration. These tax benefits are primarily related to Indiana and Pennsylvania. The carryforward periods for these tax benefits expire in various tax years from 2025 to 2035 . The remaining net operating loss carryforward tax benefit represents a Federal carryforward of $395.4 million that will expire in 2030 and an Alternative Minimum Tax credit of $7.3 million that will carry forward indefinitely. In addition, for tax purposes, the $395.4 million discussed above is increased by $29.0 million for the effect of excess equity compensation deductions that will be realized upon the full utilization of the loss carryforward.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

Reconciliation of Unrecognized Tax Benefits *(in millions)*		**2015**		2014		2013
Unrecognized Tax Benefits - Opening Balance	**$**	**24.4**	$	23.7	$	28.4
Gross increases - tax positions in prior period		**0.4**		—		1.6
Gross decreases - tax positions in prior period		**(23.9)**		(1.0)		(21.4)
Gross increases - current period tax positions		**—**		1.7		15.1
Unrecognized Tax Benefits - Ending Balance	**$**	**0.9**	$	24.4	$	23.7
Offset for net operating loss carryforwards		**(0.9)**		(24.2)		(23.0)
Balance - Net of Net Operating Loss Carryforwards	**$**	**—**	$	0.2	$	0.7

The IRS issued Revenue Procedure 2013-24 on April 30, 2013, which provided guidance for repairs related to generation property. Among other things, the Revenue Procedure listed units of property and material components of units of property for purposes of analyzing repair versus capitalization issues. NiSource adopted this Revenue Procedure for income tax filings for 2014. NiSource evaluated and recorded the effect of this change in method enabled by this Revenue Procedure as of December 31, 2013. As a result of the findings received in 2015 for the 2011-2014 audit, NiSource reversed its previously recorded unrecognized tax benefits related to the requested change in tax accounting method. The reversal of the unrecognized tax benefits did not materially affect tax expense or net income.

Offsetting the liability for unrecognized tax benefits are $0.9 million of related outstanding tax receivables and net operating loss carryforwards resulting in a net balance of zero , including interest, related to the tax method change issues.

Except as discussed above, there have been no other material changes in 2015 to NiSource's uncertain tax positions recorded as of December 31, 2014 .

The total amount of unrecognized tax benefits at December 31, 2015 , 2014 and 2013 that, if recognized, would affect the effective tax rate is $0.9 million , $4.1 million and $4.0 million , respectively. As of December 31, 2015, it is reasonably possible that a $0.9 million decrease in unrecorded tax benefits could occur in 2016 due primarily to the conclusion of the federal audit for tax year 2014.

NiSource recognizes accrued interest on unrecognized tax benefits, accrued interest on other income tax liabilities and tax penalties in income tax expense. Interest expense recorded on unrecognized tax benefits and other income tax liabilities was immaterial for all periods presented. There were no accruals for penalties recorded in the Statements of Consolidated Income for the years ended December 31, 2015, 2014 and 2013 and there were no balances for accrued penalties recorded on the Consolidated Balance Sheets as of December 31, 2015 and December 31, 2014.

NiSource is subject to income taxation in the United States and various state jurisdictions, primarily Indiana, West Virginia, Pennsylvania, Kentucky, Massachusetts, Maryland and New York.

Because NiSource is part of the IRS’s Large and Mid-Size Business program, each year’s federal income tax return is typically audited by the IRS. As of December 31, 2015, tax years through 2013 have been audited and are effectively closed to further assessment. The audit of tax year 2014 under the CAP is expected to be completed in 2016. NiSource is also under the CAP for the audit of tax year 2015 and has been accepted into the program for the audit of tax year 2016.

The statute of limitations in each of the state jurisdictions in which NiSource operates remain open until the years are settled for federal income tax purposes, at which time amended state income tax returns reflecting all federal income tax adjustments are filed. As of December 31, 2015 , there were no state income tax audits in progress that would have a material impact on the consolidated financial statements.

10. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover certain of its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

In connection with the Separation, NiSource entered into an Employees Matters Agreement with CPG, which provides that employees of CPG no longer participate in benefit plans sponsored by NiSource as of the Separation date. Upon the completion of the Separation, the NiSource pension and other postretirement benefit plans transferred assets and obligations to the CPG plans resulting in a net decrease in the pension plans underfunded status of $48.0 million and a net increase in the other postretirement benefit plans underfunded status of $115.9 million . The 2014 amounts included in the discussion below include balances related to CPG. Refer to Note 3, "Discontinued Operations," for additional information.

NiSource Pension and Other Postretirement Benefit Plans' Asset Management . NiSource employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and asset class volatility. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value, small and large capitalizations. Other assets such as private equity funds are used judiciously to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying assets. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

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

The most important component of an investment strategy is the portfolio asset mix, or the allocation between the various classes of securities available to the pension and other postretirement benefit plans for investment purposes. The asset mix and acceptable minimum and maximum ranges established for the NiSource plan assets represents a long-term view and are listed in the table below.

In 2012, a dynamic asset allocation policy for the pension fund was approved. This policy calls for a gradual reduction in the allocation to return-seeking assets (equities, real estate, private equity and hedge funds) and a corresponding increase in the allocation to liability-hedging assets (fixed income) as the funded status of the plans increase above 90% (as measured by the market value of qualified pension plan assets divided by the projected benefit obligations of the qualified pension plans). The asset mix and acceptable minimum and maximum ranges established by the policy for the pension and other postretirement benefit plans are as follows:

Asset Mix Policy of Funds:

Asset Category	Defined Benefit Pension Plan Minimum	Defined Benefit Pension Plan Maximum	Postretirement Benefit Plan Minimum	Postretirement Benefit Plan Maximum
Domestic Equities	25%	45%	35%	55%
International Equities	15%	25%	15%	25%
Fixed Income	23%	37%	20%	50%
Real Estate/Private Equity/Hedge Funds	0%	15%	0%	0%
Short-Term Investments	0%	10%	0%	10%

Pension Plan and Postretirement Plan Asset Mix at December 31, 2015 and December 31, 2014 :

(in millions)		Defined Benefit Pension Assets	December 31, 2015		Postretirement Benefit Plan Assets	December 31, 2015
Asset Class		**Asset Value**	**% of Total Assets**		**Asset Value**	**% of Total Assets**
Domestic Equities	$	686.3	39.3%	$	105.0	46.5%
International Equities		323.2	18.5%		39.6	17.5%
Fixed Income		619.3	35.5%		79.1	35.0%
Real Estate/Private Equity/Hedge Funds		96.7	5.5%		—	—
Cash/Other		21.6	1.2%		2.2	1.0%
Total	**$**	**1,747.1**	100.0%	**$**	**225.9**	100.0%

(in millions)		Defined Benefit Pension Assets	December 31, 2014		Postretirement Benefit Plan Assets	December 31, 2014
Asset Class		**Asset Value**	**% of Total Assets**		**Asset Value**	**% of Total Assets**
Domestic Equities	$	957.2	41.1%	$	219.6	47.2%
International Equities		420.5	18.1%		85.6	18.4%
Fixed Income		802.4	34.4%		158.6	34.1%
Real Estate/Private Equity/Hedge Funds		117.6	5.0%		—	—
Cash/Other		32.6	1.4%		1.2	0.3%
Total	**$**	**2,330.3**	100.0%	**$**	**465.0**	100.0%

The categorization of investments into the asset classes in the table above are based on definitions established by the NiSource Benefits Committee.

Fair Value Measurements. The following table sets forth, by level within the fair value hierarchy, the Master Trust and other postretirement benefits investment assets at fair value as of December 31, 2015 and 2014 . Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Total Master Trust and other postretirement benefits investment assets at fair value classified within Level 3 were $95.3 million and $117.0 million as of December 31, 2015 and December 31, 2014 , respectively. Such amounts were approximately 5% and 4% of the Master Trust and other postretirement benefits' total investments as reported on the statement of net assets available for benefits at fair value as of December 31, 2015 and 2014 , respectively.

Valuation Techniques Used to Determine Fair Value:

Level 1 Measurements

Most common and preferred stocks are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented. Cash is stated at cost which approximates their fair value, with the exception of cash held in foreign currencies which fluctuates with changes in the exchange rates. Short-term bills and notes are priced based on quoted market values.

Level 2 Measurements

Most U.S. Government Agency obligations, mortgage/asset-backed securities, and corporate fixed income securities are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Other fixed income includes futures and options which are priced on bid valuation or settlement pricing.

Commingled funds that hold underlying investments that have prices which are derived from the quoted prices in active markets are classified as Level 2. The funds' underlying assets are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. The fair value of the investments in commingled funds has been estimated using the net asset value per share of the investments.

Level 3 Measurements

Commingled funds that hold underlying investments that have prices which are not derived from the quoted prices in active markets are classified as Level 3. The respective fair values of these investments are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. These investments are often valued by investment managers on a periodic basis using pricing models that use market, income, and cost valuation methods.

Private equity investment strategies include buy-out, venture capital, growth equity, distressed debt, and mezzanine debt. Private equity investments are held through limited partnerships.

Limited partnerships are valued at estimated fair market value based on their proportionate share of the partnership's fair value as recorded in the partnerships' audited financial statements. Partnership interests represent ownership interests in private equity funds and real estate funds. Real estate partnerships invest in natural resources, commercial real estate and distressed real estate. The fair value of these investments is determined by reference to the funds' underlying assets, which are principally securities, private businesses, and real estate properties. The value of interests held in limited partnerships, other than securities, is determined by the general partner, based upon third-party appraisals of the underlying assets, which include inputs such as cost, operating results, discounted cash flows and market based comparable data. Private equity and real estate limited partnerships typically call capital over a three to five year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 10-15 years and these investments typically cannot be redeemed prior to liquidation.

For the year ended December 31, 2015 , there were no significant changes to valuation techniques to determine the fair value of NiSource's pension and other postretirement benefits' assets.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Fair Value Measurements at December 31, 2015 :

(in millions)	December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plan assets:				
Cash	$ 7.0	$ 7.0	$ —	$ —
Equity securities				
International equities	45.3	45.3	—	—
Fixed income securities				
Government	64.6	—	64.6	—
Corporate	95.8	—	95.8	—
Other fixed income	0.1	—	—	0.1
Mutual Funds				
U.S. multi-strategy	257.1	257.1	—	—
International equities	64.9	64.9	—	—
Fixed income	150.5	150.5	—	—
Private equity limited partnerships				
U.S. multi-strategy (1)	46.4	—	—	46.4
International multi-strategy (2)	29.3	—	—	29.3
Distressed opportunities	5.9	—	—	5.9
Real estate	13.6	—	—	13.6
Commingled funds				
Short-term money markets (3)	22.9			
U.S. equities (3)	429.2			
International equities (3)	210.1			
Fixed income (3)	302.5			
Pension plan assets subtotal	1,745.2	524.8	160.4	95.3
Other postretirement benefit plan assets:				
Mutual funds				
U.S. equities	89.8	89.8	—	—
International equities	41.4	41.4	—	—
Fixed income	78.0	78.0	—	—
Commingled funds				
Short-term money markets (3)	2.4			
U.S. equities (3)	14.3			
Other postretirement benefit plan assets subtotal	225.9	209.2	—	—
Due to brokers, net (4)	(0.2)			
Receivables/payables	2.1			
Total pension and other post-retirement benefit plan assets	$ 1,973.0	$ 734.0	$ 160.4	$ 95.3

(1) This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily inside the United States.
(2) This class includes limited partnerships/fund of funds that invest in diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily outside the United States.
(3) This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.
(4) This class represents pending trades with brokers.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2015 :

	Balance at January 1, 2015	Total gains or losses (unrealized / realized)	Purchases	(Sales)	Transfers into/(out of) level 3	Balance at December 31, 2015
Fixed income securities						
Other fixed income	$ 0.6	$ —	$ —	$ (0.5)	$ —	$ 0.1
Private equity limited partnerships						
U.S. multi-strategy	56.2	(3.5)	1.1	(7.4)	—	46.4
International multi-strategy	35.3	(2.3)	0.1	(3.8)	—	29.3
Distressed opportunities	7.6	(0.5)	—	(1.2)	—	5.9
Real estate	17.3	(0.5)	0.1	(3.3)	—	13.6
Total	$ 117.0	$ (6.8)	$ 1.3	$ (16.2)	$ —	$ 95.3

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2015 :

(in millions)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Funds				
Short-term money markets	$ 25.3	$ —	Daily	1 day
U.S. equities	443.5	—	Monthly	3 days
International equities	210.1	—	Monthly	14-30 days
Fixed income	302.5	—	Monthly	3 days
Total	$ 981.4	$ —		

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Fair Value Measurements at December 31, 2014 :

(in millions)	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plan assets:				
Cash	$ 17.1	$ 17.1	$ —	$ —
Equity securities				
U.S. equities	0.4	0.4	—	—
International equities	134.5	133.9	0.6	—
Fixed income securities				
Government	118.4	104.6	13.8	—
Corporate	257.0	—	257.0	—
Mortgages/Asset backed securities	2.7	—	2.7	—
Other fixed income	0.6	—	—	0.6
Private equity limited partnerships				
U.S. multi-strategy [(1)]	56.2	—	—	56.2
International multi-strategy [(2)]	35.3	—	—	35.3
Distressed opportunities	7.6	—	—	7.6
Real Estate	17.3	—	—	17.3
Commingled funds				
Short-term money markets [(3)]	32.6			
U.S. equities [(3)]	957.2			
International equities [(3)]	279.9			
Fixed income [(3)]	409.0			
Pension plan assets subtotal	2,325.8	256.0	274.1	117.0
Other postretirement benefit plan assets:				
Mutual funds				
U.S. equities	189.8	189.8	—	—
International equities	85.6	85.6	—	—
Fixed income	158.2	158.2	—	—
Commingled funds				
Short-term money markets [(3)]	1.6			
U.S. equities [(3)]	29.8			
Other postretirement benefit plan assets subtotal	465.0	433.6	—	—
Due to brokers, net [(4)]	(0.6)			
Accrued investment income/dividends	4.6			
Receivables/payables	0.5			
Total pension and other post-retirement benefit plan assets	$ 2,795.3	$ 689.6	$ 274.1	$ 117.0

(1) This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily in the United States.
(2) This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily outside the United States.
(3) This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.
(4) This class represents pending trades with brokers.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The table below sets forth a summary of changes in the fair value of the Plan’s Level 3 assets for the year ended December 31, 2014 :

	Balance at January 1, 2014	Total gains or losses (unrealized / realized)	Purchases	(Sales)	Transfers into/(out of) level 3	Balance at December 31, 2014
Fixed income securities						
Mortgages/Asset backed securities	$ 0.1	$ —	$ —	$ (0.1)	$ —	$ —
Other fixed income	—	0.3	0.3	—	—	0.6
Private equity limited partnerships						
U.S. multi-strategy	57.9	2.7	2.5	(6.9)	—	56.2
International multi-strategy	38.2	(0.4)	0.5	(3.0)	—	35.3
Distress opportunities	8.9	0.5	0.1	(1.9)	—	7.6
Real estate	19.6	2.3	0.1	(4.7)	—	17.3
Total	$ 124.7	$ 5.4	$ 3.5	$ (16.6)	$ —	$ 117.0

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2014 :

(in millions)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Funds				
Short-term money markets	$ 34.2	$ —	Daily	1 day
U.S. equities	987.0	—	Monthly	3 days
International equities	279.9	—	Monthly	14-30 days
Fixed income	409.0	—	Monthly	3 days
Total	$ 1,710.1	$ —		

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSource Pension and Other Postretirement Benefit Plans' Funded Status and Related Disclosure . The following table provides a reconciliation of the plans' funded status and amounts reflected in NiSource's Consolidated Balance Sheets at December 31 based on a December 31 measurement date:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2015**	2014	**2015**	2014
Change in projected benefit obligation [1]				
Benefit obligation at beginning of year	**$ 2,751.4**	$ 2,528.2	**$ 716.0**	$ 714.2
Service cost	**34.8**	34.8	**6.4**	8.5
Interest cost	**95.9**	109.0	**24.9**	30.1
Plan participants' contributions	**—**	—	**7.3**	9.1
Plan amendments	**—**	0.6	**0.1**	(41.5)
Actuarial loss (gain)	**(91.7)**	272.1	**(71.5)**	47.6
Settlement loss	**0.5**	—	**—**	—
Benefits paid	**(171.8)**	(193.3)	**(43.7)**	(53.7)
Estimated benefits paid by incurred subsidy	**—**	—	**0.8**	1.7
Separation of CPG (Note 3)	**(412.4)**	—	**(114.5)**	—
Projected benefit obligation at end of year	**$ 2,206.7**	$ 2,751.4	**$ 525.8**	$ 716.0
Change in plan assets				
Fair value of plan assets at beginning of year	**$ 2,330.3**	$ 2,267.3	**$ 465.0**	$ 454.2
Actual return on plan assets	**(49.7)**	200.4	**1.9**	20.3
Employer contributions	**2.7**	55.9	**25.8**	35.1
Plan participants' contributions	**—**	—	**7.3**	9.1
Benefits paid	**(171.8)**	(193.3)	**(43.7)**	(53.7)
Separation of CPG (Note 3)	**(364.4)**	—	**(230.4)**	—
Fair value of plan assets at end of year	**$ 1,747.1**	$ 2,330.3	**$ 225.9**	$ 465.0
Funded Status at end of year	**$ (459.6)**	$ (421.1)	**$ (299.9)**	$ (251.0)
Amounts recognized in the statement of financial position consist of:				
Current liabilities	**(3.0)**	(3.5)	**(0.6)**	(0.6)
Noncurrent liabilities	**(456.6)**	(417.6)	**(299.3)**	(250.4)
Net amount recognized at end of year [2]	**$ (459.6)**	$ (421.1)	**$ (299.9)**	$ (251.0)
Amounts recognized in accumulated other comprehensive income or regulatory asset/liability [3]				
Unrecognized prior service credit	**$ 0.7**	$ (3.5)	**$ (41.6)**	$ (49.2)
Unrecognized actuarial loss	**925.6**	1,009.8	**66.1**	95.5
	$ 926.3	$ 1,006.3	**$ 24.5**	$ 46.3

[1] The change in benefit obligation for Pension Benefits represents the change in Projected Benefit Obligation while the change in benefit obligation for Other Postretirement Benefits represents the change in Accumulated Postretirement Benefit Obligation.
[2] NiSource recognizes in its Consolidated Balance Sheets the underfunded and overfunded status of its various defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation.
[3] NiSource determined that for certain rate-regulated subsidiaries the future recovery of pension and other postretirement benefits costs is probable. These rate-regulated subsidiaries recorded regulatory assets and liabilities of $928.7 million and $8.1 million , respectively, as of December 31, 2015 , and $910.3 million and $10.1 million , respectively, as of December 31, 2014 that would otherwise have been recorded to accumulated other comprehensive loss.

NiSource's accumulated benefit obligation for its pension plans was $2,190.5 million and $2,732.3 million as of December 31, 2015 and 2014 , respectively. The accumulated benefit obligation as of a date is the actuarial present value of benefits attributed by the pension benefit formula to employee service rendered prior to that date and based on current and past compensation levels. The accumulated benefit obligation differs from the projected benefit obligation disclosed in the table above in that it includes no assumptions about future compensation levels.

NiSource pension plans were underfunded by $459.6 million at December 31, 2015 compared to being underfunded at December 31, 2014 by $421.1 million . The decline in the funded status was due primarily to unfavorable asset returns offset by the adoption of new mortality improvement assumptions released by the Society of Actuaries in 2015 and the separation of CPG's net liability position in the plans. NiSource contributed $2.7 million and $55.9 million to its pension plans in 2015 and 2014 , respectively.

NiSource's funded status for its other postretirement benefit plans decreased by $48.9 million to an underfunded status of $299.9 million primarily due to unfavorable asset returns and the separation of CPG's net asset position in the plans offset by the adoption of new mortality improvement assumptions released by the Society of Actuaries in 2015. NiSource contributed approximately $25.8 million and $35.1 million to its other postretirement benefit plans in 2015 and 2014 , respectively. No amounts of NiSource's pension or other postretirement benefit plans' assets are expected to be returned to NiSource or any of its subsidiaries in 2016.

The following table provides the key assumptions that were used to calculate the pension and other postretirement benefits obligations for NiSource's various plans as of December 31:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	**2015**	2014
Weighted-average assumptions to Determine Benefit Obligation				
Discount Rate	**4.24%**	3.81%	**4.33%**	3.94%
Rate of Compensation Increases	**4.00%**	4.00%	—	—
Health Care Trend Rates				
Trend for Next Year	—	—	**8.41%**	6.90%
Ultimate Trend	—	—	**4.50%**	4.50%
Year Ultimate Trend Reached	—	—	**2022**	2021

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

(in millions)	1% point increase	1% point decrease
Effect on service and interest components of net periodic cost	$ 1.7	$ (1.5)
Effect on accumulated postretirement benefit obligation	32.4	(28.0)

NiSource expects to make contributions of approximately $3.0 million to its pension plans and approximately $22.2 million to its postretirement medical and life plans in 2016 .

The following table provides benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same assumptions used to measure NiSource's benefit obligation at the end of the year and includes benefits attributable to the estimated future service of employees:

(in millions)	**Pension Benefits**	**Other Postretirement Benefits**	**Federal Subsidy Receipts**
Year(s)			
2016	$ 174.1	$ 34.7	$ 0.9
2017	175.8	35.4	0.9
2018	177.1	36.0	0.9
2019	176.1	36.7	0.9
2020	174.5	37.0	0.9
2021-2025	837.8	181.5	3.6

The following table provides the components of the plans' net periodic benefits cost for each of the three years ended December 31, 2015 , 2014 and 2013 :

	Pension Benefits			Other Postretirement Benefits		
(in millions)	**2015**	2014	2013	**2015**	2014	2013
Components of Net Periodic Benefit Cost (Income)						
Service cost	**$ 34.8**	$ 34.8	$ 36.4	**$ 6.4**	$ 8.5	$ 12.1
Interest cost	**95.9**	109.0	98.9	**24.9**	30.1	32.2
Expected return on assets	**(167.2)**	(181.1)	(168.1)	**(28.2)**	(36.8)	(30.3)
Amortization of transitional obligation	**—**	—	—	**—**	—	0.5
Amortization of prior service cost (credit)	**0.1**	0.2	0.3	**(5.2)**	(4.3)	(0.7)
Recognized actuarial loss	**59.3**	47.5	77.8	**3.4**	0.4	11.0
Net Periodic Benefit Costs (Income)	**22.9**	10.4	45.3	**1.3**	(2.1)	24.8
Additional loss recognized due to:						
Settlement loss	**2.5**	—	33.4	**—**	—	—
Total Net Periodic Benefits Cost (Income)	**$ 25.4**	$ 10.4	$ 78.7	**$ 1.3**	$ (2.1)	$ 24.8

The following table provides the key assumptions that were used to calculate the net periodic benefits cost for NiSource's various plans:

	Pension Benefits			Other Postretirement Benefits		
	2015	2014	2013	**2015**	2014	2013
Weighted-average Assumptions to Determine Net Periodic Benefit Cost						
Discount Rate	**3.81%**	4.50%	3.63%	**3.94%**	4.75%	3.95%
Expected Long-Term Rate of Return on Plan Assets	**8.30%**	8.30%	8.30%	**8.15%**	8.14%	8.14%
Rate of Compensation Increases	**4.00%**	4.00%	4.00%	**—**	—	—

NiSource believes it is appropriate to assume an 8.30% and 8.15% rate of return on pension and other postretirement plan assets, respectively, for its calculation of 2015 pension benefits cost. This is primarily based on asset mix and historical rates of return.

The following table provides other changes in plan assets and projected benefit obligations recognized in other comprehensive income or regulatory asset or liability:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2015**	2014	**2015**	2014
Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Other Comprehensive Income or Regulatory Asset or Liability				
Net prior service cost (credit)	**$ —**	$ 0.6	**$ 0.1**	$ (41.5)
Net actuarial loss (gain)	**125.7**	252.8	**(45.2)**	64.0
Settlements	**(2.5)**	—	**—**	—
Less: amortization of prior service cost (credit)	**(0.1)**	(0.2)	**5.2**	4.3
Less: amortization of net actuarial loss (gain)	**(59.3)**	(47.5)	**(3.4)**	(0.4)
Less: Separation of CPG (Note 3)	**(143.8)**	—	**21.5**	—
Total Recognized in Other Comprehensive Income or Regulatory Asset or Liability	**$ (80.0)**	$ 205.7	**$ (21.8)**	$ 26.4
Amount Recognized in Net Periodic Benefits Cost and Other Comprehensive Income or Regulatory Asset or Liability	**$ (54.6)**	$ 216.1	**$ (20.5)**	$ 24.3

Based on a December 31 measurement date, the net unrecognized actuarial loss, unrecognized prior service cost (credit), and unrecognized transition obligation that will be amortized into net periodic benefit cost during 2016 for the pension plans are $61.2 million , $(0.2) million and zero , respectively, and for other postretirement benefit plans are $3.1 million , $(4.9) million and zero , respectively.

11. Authorized Classes of Cumulative Preferred and Preference Stocks

NiSource has 20,000,000 authorized shares of Preferred Stock with a $0.01 par value, of which 4,000,000 shares are designated Series A Junior Participating Preferred Shares.

The authorized classes of par value and no par value cumulative preferred and preference stocks of NIPSCO are as follows: 2,400,000 shares of Cumulative Preferred with a $100 par value; 3,000,000 shares of Cumulative Preferred with no par value; 2,000,000 shares of Cumulative Preference with a $50 par value; and 3,000,000 shares of Cumulative Preference with no par value.

As of December 31, 2015 , NiSource and NIPSCO had no preferred shares outstanding.

12. Common Stock

As of December 31, 2015 , NiSource had 400,000,000 authorized shares of common stock with a $0.01 par value.

Common Stock Dividend. Holders of shares of NiSource's common stock are entitled to receive dividends when, as and if declared by the Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. NiSource has paid quarterly common dividends totaling $0.830 , $1.02 and $0.98 per share for the years ended December 31, 2015 , 2014 and 2013 , respectively. At its January 27, 2016 meeting, the Board declared a quarterly common dividend of $0.155 per share, payable on February 19, 2016 to holders of record on February 8, 2016 . NiSource has certain debt covenants which could potentially limit the amount of dividends the Company could pay in order to maintain compliance with these covenants. Refer to Note 14, "Long-Term Debt," for more information. As of December 31, 2015 , these covenants did not restrict the amount of dividends that were available to be paid.

Dividend Reinvestment and Stock Purchase Plan. NiSource offers a Dividend Reinvestment and Stock Purchase Plan which allows participants to reinvest dividends and make voluntary cash payments to purchase additional shares of common stock on the open market.

13. Share-Based Compensation

The NiSource stockholders originally approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan ("Omnibus Plan") at the Annual Meeting of Stockholders held on May 11, 2010. Stockholders re-approved the Omnibus Plan as amended at the Annual Meeting of Stockholders held on May 12, 2015. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and supersedes the long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan") and the Director Stock Incentive Plan ("Director Plan"). The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards that expire or terminate for any reason that were granted under either the 1994 Plan or the Director Plan, plus the number of shares that were awarded as a result of the Separation-related adjustments described below. At December 31, 2015 , there were 5,704,139 shares reserved for future awards under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of $18.8 million , $29.8 million and $19.6 million , during 2015 , 2014 and 2013 , respectively, as well as related tax benefits of $7.2 million , $11.8 million and $7.8 million , respectively.

As of December 31, 2015 , the total remaining unrecognized compensation cost related to nonvested awards amounted to $14.9 million , which will be amortized over the weighted-average remaining requisite service period of 1.7 years.

Separation-related Adjustments . In connection with the Separation, NiSource and CPG entered into an Employee Matters Agreement, effective July 1, 2015. Under the terms of the Employee Matters Agreement, and pursuant to the terms of the Omnibus Plan, the Compensation Committee of the Board of NiSource approved an adjustment to outstanding awards granted under the Omnibus Plan in order to preserve the intrinsic aggregate value of such awards before the Separation (the "Valuation Adjustment"). The Separation-related adjustments did not have a material impact on either compensation expense or the potentially dilutive securities to be considered in the calculation of diluted earnings per share of common stock. Former NiSource employees transferred to CPG as a result of the Separation surrendered their outstanding unvested NiSource awards effective July 1, 2015.

Restricted Stock Units and Restricted Stock . In 2015 , NiSource granted restricted stock units and shares of restricted stock of 660,230 , subject to service conditions. The total grant date fair value of the shares of restricted stock units and shares of restricted stock was $23.9 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. Including the effect of the Valuation Adjustment, 808,928 of the unvested restricted stock units and shares of restricted stock granted in 2015 remained outstanding as of December 31, 2015 .

In 2014 , NiSource granted restricted stock units and shares of restricted stock of 158,633 , subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $5.2 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. Including the effect of the Valuation Adjustment, 46,810 of the unvested restricted stock units and shares of restricted stock granted in 2014 remained outstanding as of December 31, 2015 .

In 2013 , NiSource granted restricted stock units and shares of restricted stock of 69,651 , subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $1.8 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. Including the effect of the Valuation Adjustment, 83,415 of the unvested restricted stock units and shares of restricted stock granted in 2013 remained outstanding as of December 31, 2015 .

If an employee terminates employment before the service conditions lapse under the 2013, 2014 and 2015 awards due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the service conditions will lapse on the date of such termination with respect to a pro rata portion of the restricted stock units and shares of restricted stock based upon the percentage of the service period satisfied between the grant date and the date of the termination of employment. In the event of a Change-in-

Control (as defined in the award agreement), all unvested shares of restricted stock and restricted stock units awarded prior to 2014 will immediately vest and all unvested shares of restricted stock and restricted stock units awarded in 2014 and 2015 will immediately vest upon termination of employment occurring in connection with a Change-in-Control. Termination due to any other reason will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee's date of termination.

As a result of the Separation, restricted stock units were substituted for outstanding performance shares awarded in 2013 and 2014 (discussed below), as adjusted based on a modified performance period and modified performance goals, and were subject to the same service based vesting conditions as the performance share awards they replaced. These converted restricted stock unit awards were also subject to the Valuation Adjustment. As of December 31, 2015, 2,190,129 of these restricted stock units remained outstanding.

Under these new restricted stock unit agreements, if the employee terminates employment before the service conditions lapse under the 2013 and 2014 awards due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the employment conditions will lapse with respect to a pro rata portion of the new restricted stock units based upon the percentage of the service period satisfied between the grant date and the date of the termination of employment. In the event of a Change-in-Control (as defined in the award agreement), all new restricted stock units will immediately vest upon termination of employment occurring in connection with a change-in-control. Termination due to any other reason will result in all of the new restricted stock units awarded being forfeited effective on the employee's date of termination.

	Restricted Stock Units	Weighted Average Grant Date Fair Value ($) [1]
Nonvested at December 31, 2014	307,329	27.92
Granted	660,230	36.23
Forfeited	(22,860)	16.98
Vested	(94,380)	20.61
Awards surrendered as a result of the Separation	(445,123)	
Awards granted in conversion as a result of the Separation	547,148	
Nonvested and Expected to Vest	952,344	14.38
Performance Shares Converted to Restricted Stock Units as a result of the Separation	2,190,129	6.01
Nonvested and Expected to Vest at December 31, 2015	**3,142,473**	**8.55**

(1) The reduction in weighted average grant date fair value during 2015 primarily resulted from the significant number of incremental units issued as a result of the Separation. As discussed above in "Separation-related Adjustments," these incremental units were issued to preserve the intrinsic value of such awards immediately before the Separation.

Performance Shares . In 2015 , NiSource did not grant any performance shares subject to performance and service conditions.

In 2014 , NiSource granted 535,037 performance shares subject to performance and service conditions. The grant date fair-value of the awards was $16.6 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service period. The performance conditions were based on achievement of cumulative net operating earnings per share, a non-GAAP financial measure that NiSource defines as income from continuing operations adjusted for certain items, for the three-year period ending December 31, 2016; and relative total shareholder return, a non-GAAP market measure that NiSource defines as the annualized growth in the dividends and share price of a share of NiSource's common stock (calculated using a 20 trading day average of NiSource's closing price, over a period beginning December 31, 2013 and ending on December 31, 2016) compared to the total shareholder return performance of a predetermined peer group of companies. The service conditions for these awards lapse on February 28, 2017.

In 2013 , NiSource granted 664,776 performance shares subject to performance and service conditions. The grant date fair-value of the awards was $15.7 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service period. The performance conditions are based on achievement of certain non-GAAP financial measures:

cumulative net operating earnings, which NiSource defines as income from continuing operations adjusted for certain items; and cumulative funds from operations, which NiSource defines as net operating cash flows provided by continuing operations, in each case for the three-year period ending December 31, 2015; and relative total shareholder return, a non-GAAP market measure that NiSource defines as the annualized growth in the dividends and share price of a share of NiSource's common stock (calculated using a 20 trading day average of NiSource's closing price beginning December 31, 2012 and ending on December 31, 2015) compared to the total shareholder return performance of a predetermined peer group of companies. The service conditions for these awards lapse on February 29, 2016.

	Performance Awards	Weighted Average Grant Date Fair Value ($)
Nonvested at December 31, 2014	1,727,855	24.80
Granted	—	—
Forfeited	(110,013)	9.24
Vested	(649,896)	20.29
Awards surrendered as a result of the Separation	(573,486)	
Awards granted in conversion as a result of the Separation	1,795,669	
Performance Shares at July 1, 2015	2,190,129	6.01
Awards Converted to Restricted Stock Units as a result of the Separation	(2,190,129)	
Nonvested and Expected to Vest at December 31, 2015	—	—

Non-employee Director Awards . As of May 11, 2010, awards to non-employee directors may be made only under the Omnibus Plan. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's restricted stock units vest on the last day of the non-employee director's annual term corresponding to the year the restricted stock units were awarded subject to special pro-rata vesting rules in the event of Retirement or Disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's election to defer. Certain restricted stock units remain outstanding from the Director Plan. All such awards are fully vested and shall be distributed to the directors upon their separation from the Board.

In connection with the Separation, non-employee directors holding vested restricted stock units received one CPG restricted stock unit (settled in common stock of CPG) for each vested NiSource restricted stock unit. Restricted stock units granted to directors in 2015, however, were not yet vested as of the Separation. Accordingly, these restricted stock unit awards were subject to the Valuation Adjustment described in the "Separation-related Adjustments" section above.

As of December 31, 2015 , 198,996 restricted stock units are outstanding to non-employee directors under either the Omnibus Plan or the Director Plan. Of this amount, 50,092 restricted stock units are nonvested and expected to vest.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of NiSource common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of NiSource common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010 receive a non-elective company contribution of 3% of eligible pay payable in shares of NiSource common stock. For the years ended December 31, 2015 , 2014 and 2013 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of $27.4 million , $28.1 million and $21.6 million , respectively. In connection with the Separation, employees participating in the 401(k) plan who were invested in the NiSource common stock investment option received a stock dividend of one share of CPG common stock for each share of NiSource common stock owned by them through the 401(k) plan.

14. Long-Term Debt

NiSource Finance is a 100% owned, consolidated finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance was incorporated in March 2000 under the laws of the state of Indiana. Prior to 2000, the function of NiSource Finance was performed by Capital Markets. NiSource Finance obligations are fully and unconditionally guaranteed by NiSource. Consequently, no separate financial statements for NiSource Finance are required to be reported. No NiSource subsidiaries guarantee debt.

During 2015, NiSource Finance executed a $750.0 million tender offer on fixed-rate long-term debt, redeemed $230.0 million fixed-rate long-term debt at maturity, settled $1,075.0 million term loans, and entered into two forward starting swap-lock transactions with notional values totaling $1,000.0 million . These transactions are detailed as follows:

- Prior to the Separation, CPG closed its placement of $2,750.0 million in aggregate principal amount of its senior notes. Using the proceeds from this offering, CPG made cash payments to NiSource representing the settlement of inter-company borrowings and the payment of a one-time special dividend. In May 2015, using proceeds from the cash payments from CPG, NiSource Finance settled its two bank term loans in the amount of $1,075.0 million and executed a tender offer for $750.0 million consisting of a combination of its 5.25% notes due 2017 , 6.40% notes due 2018 and 4.45% notes due 2021 . In conjunction with the debt retired, NiSource Finance recorded a $97.2 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.
- On November 28, 2015, NiSource Finance redeemed $230.0 million of 5.36% senior unsecured notes at maturity.
- On December 3, 2015, NiSource Finance entered into a forward starting interest rate swap, with a notional amount of $500.0 million , to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the period from the effective date of the swap to the anticipated date of a forecasted debt issuance in 2017. The forward starting interest rate swap was designated as a cash flow hedge at the time the agreements were executed, whereby any gain or loss recognized from the effective date of the swap to the date the associated debt is issued for the effective portion of the hedge is recorded net of tax in AOCI and amortized as a component of interest expense over the life of the designated debt. If some portion of the hedge becomes ineffective, the associated gain or loss will be recognized in earnings. As of December 31, 2015, no ineffectiveness has been recorded.
- On December 4, 2015, NiSource Finance entered into a forward starting interest rate swap, with a notional amount of $500.0 million , to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the period from the effective date of the swap to the anticipated date of a forecasted debt issuance in 2018. The forward starting interest rate swap was designated as a cash flow hedge at the time the agreements were executed, whereby any gain or loss recognized from the effective date of the swap to the date the associated debt is issued for the effective portion of the hedge is recorded net of tax in AOCI and amortized as a component of interest expense over the life of the designated debt. If some portion of the hedge becomes ineffective, the associated gain or loss will be recognized in earnings. As of December 31, 2015, no ineffectiveness has been recorded.

During 2014, NiSource Finance negotiated a $ 750.0 million term loan and redeemed $ 500.0 million of long-term debt securities. These transactions are detailed as follows:

- On August 20, 2014, NiSource Finance negotiated a $ 750.0 million three -year bank term loan with a syndicate of banks which carries a floating interest rate of BBA LIBOR plus 100 basis points.
- On July 15, 2014, NiSource Finance redeemed $ 500.0 million of 5.40% senior unsecured notes at maturity. Contemporaneous with this redemption, $500.0 million of associated fixed-to-floating interest rate swaps expired.

In the following table are the outstanding long-term debt maturities at December 31, 2015 . The long-term debt maturities shown below include capital lease obligations and the debt of certain low-income housing real estate investments. NiSource does not guarantee the long-term debt obligations of the low-income housing real estate investments.

Year Ending December 31, *(in millions)*		
2016	$	433.7
2017		362.2
2018		488.9
2019		554.7
2020		563.8
After		4,024.4
Total [1]	$	6,427.7

[1] This amount excludes $45.5 million of unamortized discount, premium and expenses.

Unamortized debt expense, premium and discount on long-term debt applicable to outstanding bonds are being amortized over the life of such bonds.

Of NiSource's long-term debt outstanding at December 31, 2015 , $109.0 million was issued by NiSource's subsidiary, Capital Markets. The financial obligations of Capital Markets are subject to a Support Agreement between NiSource and Capital Markets, under which NiSource has committed to make payments of interest and principal on Capital Markets' obligations in the event of a failure to pay by Capital Markets. Under the terms of the Support Agreement, in addition to the cash flow from cash dividends paid to NiSource by any of its consolidated subsidiaries, the assets of NiSource, other than the stock and assets of NIPSCO, are available as recourse for the benefit of Capital Markets' creditors. The carrying value of the NiSource assets, excluding the assets of NIPSCO, was $10.4 billion at December 31, 2015 .

NiSource is subject to a financial covenant under its revolving credit facility which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70% . A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75% . As of December 31, 2015 , the ratio was 64% .

NiSource is also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to $150 million . An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of NiSource or any of its subsidiaries in a principal amount of $50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of $5 million to $50 million , and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

15. Short-Term Borrowings

NiSource Finance currently maintains a $1.5 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of July 1, 2020 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource Finance's $1.5 billion commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. At December 31, 2015, NiSource had no outstanding borrowings under this facility. At December 31, 2014, NiSource had $500.0 million outstanding under this facility.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. At December 31, 2015 , NiSource had $321.4 million of commercial paper outstanding. At December 31, 2014, NiSource had $792.6 million of commercial paper outstanding.

As of December 31, 2015 , NiSource had $14.7 million of stand-by letters of credit outstanding all of which were under the revolving credit facility. At December 31, 2014, NiSource had $30.9 million of stand-by letters of credit outstanding, of which $14.7 million were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term debt on the Consolidated Balance Sheets in the amount of $246.0 million and $284.3 million as of December 31, 2015 and 2014 , respectively. Refer to Note 17, "Transfers of Financial Assets," for additional information.

Short-term borrowings were as follows:

At December 31, *(in millions)*	**2015**	2014
Commercial Paper weighted average interest rate of 1.00 % and 0.82% at December 31, 2015 and 2014, respectively.	**$ 321.4**	$ 792.6
Credit facilities borrowings weighted average interest rate of 1.44% at December 31, 2014.	—	500.0
Accounts receivable securitization facility borrowings	**246.0**	284.3
Total Short-Term Borrowings	**$ 567.4**	$ 1,576.9

Given their turnover is less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Statements of Consolidated Cash Flows.

16. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements . The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2015 and December 31, 2014 :

Recurring Fair Value Measurements December 31, 2015 (*in millions*)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2015
Assets				
Price risk management assets:				
Commodity financial price risk programs	$ 0.1	$ —	$ —	$ 0.1
Available-for-sale securities	—	128.7	—	128.7
Total	**$ 0.1**	**$ 128.7**	**$ —**	**$ 128.8**
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	$ 14.3	$ —	$ 0.2	$ 14.5
Interest rate risk activities	—	17.4	—	17.4
Total	**$ 14.3**	**$ 17.4**	**$ 0.2**	**$ 31.9**

Recurring Fair Value Measurements December 31, 2014 (*in millions*)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2014
Assets				
Price risk management assets:				
Commodity financial price risk programs	0.1	—	—	0.1
Available-for-sale securities	28.4	103.5	—	131.9
Total	**$ 28.5**	**$ 103.5**	**$ —**	**$ 132.0**
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	$ 14.2	$ —	$ 0.1	$ 14.3
Total	**$ 14.2**	**$ —**	**$ 0.1**	**$ 14.3**

Price risk management assets and liabilities include NYMEX futures and NYMEX options which are commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, (i.e., inputs derived principally from or corroborated by observable market data by correlation or other means). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of December 31, 2015 and 2014 , there were no material transfers between fair value hierarchies. Additionally there were no changes in the method or significant assumptions used to estimate the fair value of NiSource’s financial instruments.

Commodity price risk resulting from derivative activities at NiSource’s rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource’s rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

In December 2015, NiSource Finance entered into two forward starting interest-rate swaps, each hedging the interest rate risk on coupon payments arising from $500.0 million of forecasted issuances of long-term debt in each of 2017 and 2018. The 2017 swap was executed with four counterparties, and the 2018 swap with five counterparties. These swaps have been recorded as price risk management liabilities, and are designated as cash flow hedges. Each period the swap instruments will be measured assuming a hypothetical settlement at that point in time. Upon termination of the swap instruments, NiSource will pay or receive a settlement based on the current market value. Credit risk is considered in the fair value calculation of each interest rate swap. As they are based on observable data and valuations of similar instruments, the interest-rate swaps are categorized in Level 2 in the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and NiSource can settle the swaps at any time.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Consolidated Balance Sheets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total unrealized gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses and fair value of available-for-sale debt securities at December 31, 2015 and December 31, 2014 were:

December 31, 2015 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury securities	$ 33.7	$ 0.1	$ (0.3)	$ 33.5
Corporate/Other bonds	95.7	0.3	(0.8)	95.2
Total	**$ 129.4**	**$ 0.4**	**$ (1.1)**	**$ 128.7**

December 31, 2014 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury securities	$ 30.8	$ 0.3	$ (0.2)	$ 30.9
Corporate/Other bonds	100.6	1.0	(0.6)	101.0
Total	**$ 131.4**	**$ 1.3**	**$ (0.8)**	**$ 131.9**

For the years ended December 31, 2015 , 2014 , and 2013 , the realized gain on sale of available for sale U.S. Treasury debt securities was $ 0.2 million , $ 0.1 million and $ 0.5 million , respectively. For the years ended December 31, 2015 , 2014 , and 2013 , the realized gain on sale of available for sale Corporate/Other bond debt securities was $ 0.2 million , $ 0.4 million , and $ 0.4 million , respectively.

The cost of maturities sold is based upon specific identification. At December 31, 2015 , approximately $2.2 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At December 31, 2015 , approximately $ 6.2 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended December 31, 2015 and 2014 .

Non-recurring Fair Value Measurements . There were no significant non-recurring fair value measurements recorded during the twelve months ended December 31, 2015 .

Other Fair Value Disclosures for Financial Instruments . The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. NiSource's long-term borrowings are recorded at historical amounts.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term debt .The fair values of these securities are estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified as Level 2 within the fair value hierarchy. For the years ended December 31, 2015 and 2014 , there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

The carrying amount and estimated fair values of financial instruments were as follows:

At December 31, *(in millions)*	**Carrying Amount 2015**	**Estimated Fair Value 2015**	Carrying Amount 2014	Estimated Fair Value 2014
Long-term debt (including current portion)	**$ 6,382.2**	**$ 6,975.7**	$ 8,418.1	$ 9,505.7

17. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Consolidated Balance Sheets. The maximum amount of debt that can be recognized related to NiSource’s accounts receivable programs is $515 million .

All accounts receivables sold to the purchasers are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource’s subsidiaries.

Throughout 2015 and 2014, Columbia of Ohio has been under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS, under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. This agreement was last renewed on October 16, 2015; the current agreement expires on October 15, 2016 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is $240 million . As of December 31, 2015 , $99.4 million of accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC’s obligations must be satisfied out of CGORC’s assets prior to any value becoming available to CGORC’s stockholder.

Throughout 2015 and 2014, NIPSCO has been under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to PNC and a commercial paper conduit sponsored by Mizuho. This agreement was last renewed on August 26, 2015; the current agreement expires on August 24, 2016 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is $200 million . As of December 31, 2015 , $111.6 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC’s obligations must be satisfied out of NARC’s assets prior to any value becoming available to NARC’s stockholder.

Throughout 2015 and 2014, Columbia of Pennsylvania has been under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The agreement with BTMU was last renewed on March 10, 2015, having a current scheduled termination date of March 9, 2016 and can be further renewed if mutually agreed to by both parties. The maximum seasonal program limit under the terms of the agreement is $75 million . As of December 31, 2015 , $35.0 million of accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC’s obligations must be satisfied out of CPRC’s assets prior to any value becoming available to CPRC’s stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of December 31, 2015 and 2014 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

(in millions)	**December 31, 2015**	December 31, 2014
Gross Receivables	**$ 450.8**	$ 611.7
Less: Receivables not transferred	**204.8**	327.4
Net receivables transferred	**$ 246.0**	$ 284.3
Short-term debt due to asset securitization	**$ 246.0**	$ 284.3

During 2015 and 2014 , $38.3 million and $19.2 million was recorded as cash flows from financing activities related to the change in short-term borrowings due to the securitization transactions, respectively. For the years ended December 31, 2015 and 2014 , fees of $2.5 million and $2.9 million associated with the securitization transactions were recorded as interest expense, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

18. Other Commitments and Contingencies

A. Guarantees and Indemnities . As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. At December 31, 2015 , NiSource had issued stand-by letters of credit of approximately $14.7 million for the benefit of third parties.

B. Other Legal Proceedings . The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. If one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

C. Environmental Matters . NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with the environmental regulations currently applicable to its operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain NiSource companies.

As of December 31, 2015 and 2014 , NiSource had recorded an accrual of approximately $123.2 million and $126.6 million , respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Consolidated Balance Sheets. The noncurrent portion is included in "Other noncurrent liabilities" in the Consolidated Balance Sheets. NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup may differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup and the availability of cost recovery. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air
The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change . Future legislative and regulatory programs, including implementation of the recently promulgated EPA CPP, could significantly restrict GHG emissions or impose a cost or tax on GHG emissions. Additionally, certain rules that increase methane leak detection and permitting requirements for natural gas facilities could restrict GHG emissions or impose additional costs. The CPP and other federally enacted or proposed GHG reduction measures are subject to numerous legal challenges that could change the way the programs are implemented, and NiSource will carefully monitor all GHG reduction proposals and regulations. In addition to the federal programs, the United States and 194 other countries agreed by consensus to limit GHGs to Nationally Determined Contributions (NDCs) beginning after 2020 in the 2015 United Nations Framework Convention on Climate Change Paris Agreement. The United States has proposed a NDC of a 26% reduction from 2005 levels by 2025, a figure that cannot be met with the CPP alone.

National Ambient Air Quality Standards . The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically, the EPA imposes new, or modifies existing, NAAQS. States that contain areas that do not meet the new or revised standards or contribute significantly to nonattainment of downwind states may be required to take steps to achieve and maintain compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines and other facilities owned by electric generation and gas distribution operations.

The following NAAQS were recently added or modified:

Ozone: On October 26, 2015, the EPA issued a final rule to lower the 8-hour ozone standard from 75 ppb to 70 ppb. After the EPA proceeds with designations, areas where NiSource operates that are currently designated in attainment with the standards may be re-classified as nonattainment. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, NiSource affiliates have retained environmental liabilities, including cleanup liabilities, associated with certain former operations.

A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 64 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third-party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2015. The total estimated liability at NiSource related to the facilities subject to remediation was $110.4 million and $121.5 million at December 31, 2015 and 2014 , respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as $25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect individual business segments for which NiSource has retained a liability.

Electric Operations.

Air

NIPSCO is subject to a number of air-quality mandates in the next several years. The mandates, which include the NSR Consent Decree, the Utility Mercury and Air Toxics Standards Rule (MATS), and the CPP, require or may require NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements associated with the NSR Consent Decree and MATS is estimated to be $860 million , of which approximately $28.8 million remains to be spent. The cost to comply with the CPP cannot be estimated at this time. NIPSCO believes that the capital costs associated with these air quality mandates are likely recoverable through rates.

Utility Mercury and Air Toxics Standards Rule: On February 16, 2012, the EPA issued the MATS rule establishing new emissions limits for mercury and other air toxics. Certain affected NIPSCO units have completed projects to meet the April 2015 compliance deadline. For NIPSCO's remaining affected units, a one-year compliance extension granted by IDEM delays the compliance date until April 2016. NIPSCO continues to implement an IURC-approved plan for the installation of additional environmental controls needed to comply with the MATS extension. On June 29, 2015, the United States Supreme Court remanded the MATS rule back to the United States Court of Appeals for the District of Columbia Circuit for further proceedings. On December 15, 2015, the United States Court of Appeals for the District of Columbia Circuit issued an order remanding the MATS rule to the EPA without vacating the rule. The MATS rule remains in effect while the EPA addresses the issues raised by the United State Supreme Court. The EPA indicates that these issues will be fully addressed by April 15, 2016. NIPSCO will continue to monitor developments in this matter.

Clean Power Plan : On October 23, 2015, the EPA issued a final rule to regulate CO_2 emissions from existing fossil-fuel EGUs under section 111(d) of the CAA. The final rule establishes national CO_2 emission-rate standards that are applied to each state's mix of affected EGUs to establish state-specific emission-rate and mass-emission limits. The final rule requires each state to submit a plan indicating how the state will meet the EPA's emission-rate or mass-emission limit, including possibly imposing reduction obligations on specific units. If a state does not submit a satisfactory plan, the EPA will impose a federal plan on that state. On February 9, 2016, the U.S. Supreme Court stayed implementation of the CPP until litigation is decided on its merits. The cost to comply with this rule will depend on a number of factors, including the outcome of CPP litigation, the requirements of the state plan or final federal plan, and the level of NIPSCO's required CO_2 emission reductions. It is possible that this new rule, comprehensive federal or state GHG legislation, or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results. NIPSCO will continue to monitor this matter and cannot estimate its impact at this time.

Cross State Air Pollution Rule: On December 3, 2015, the EPA issued a proposed rule to address interstate air quality impacts associated with the 2008 ozone NAAQS and also in response to a court mandate requiring the recalculation of downwind contributions of NOx to states' abilities to meet the ozone NAAQS. Under the proposed recalculation, NIPSCO may be required to meet a more stringent NOx emission allocation associated with its already well-controlled units. NIPSCO will continue to monitor this matter and cannot estimate its impact at this time.

Water

On August 15, 2014, the EPA issued the final Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures. Under this rule, stations will have to either demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. The cost to comply will depend on a number of factors, including evaluation of the various compliance options available under the regulation and permitting-related determinations by IDEM. NIPSCO estimates that the cost of compliance is between \$4 million and \$35 million , dependent upon study results, agency requirements and technology ultimately required to achieve compliance.

On November 3, 2015, the EPA issued a final rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. The final rule became effective January 4, 2016. The rule imposes new water treatment and discharge requirements on NIPSCO's electric generating facilities to be applied between 2018-2023. NIPSCO is currently reviewing the rule and cannot estimate the cost of compliance at this time.

Waste

On April 17, 2015, the EPA issued a final rule for regulation of CCRs. The rule regulates CCRs under the Resource Conservation and Recovery Act Subtitle D, which determines them to be nonhazardous. The rule will require increased groundwater monitoring, reporting, record keeping and posting of related information to the Internet. The rule also establishes requirements related to CCR management, impoundments, landfills and storage. The rule will allow NIPSCO to continue its byproduct beneficial use program.

The publication of the CCR rule resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the compliance strategies that will be used and the preliminary nature of available data used to estimate costs. Refer to Note 6, "Asset Retirement Obligations," for further information. In addition, to comply with the rule, NIPSCO will be required to incur future capital expenditures to modify its infrastructure and manage CCRs. Based upon a preliminary engineering study, capital compliance costs are currently expected to be in the $100 million to $220 million range. As allowed by the EPA, NIPSCO will continue to collect data over time to determine the specific compliance solutions and associated costs and, as a result, the actual costs may vary. NIPSCO believes that the costs associated with CCR compliance are likely recoverable through rates.

D. Operating and Capital Lease Commitments. NiSource leases assets in several areas of its operations. Payments made in connection with operating leases were $ 47.5 million in 2015 , $ 59.8 million in 2014 and $ 47.2 million in 2013 , and are primarily charged to operation and maintenance expense as incurred. Capital lease assets and related accumulated depreciation included in the Consolidated Balance Sheets were $ 236.2 million and $ 44.0 million at December 31, 2015 , and $ 286.8 million and $ 86.0 million at December 31, 2014 , respectively.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. Services under this contract commenced on July 1, 1992 and expired on June 30, 2012. The agreement was renewed effective July 1, 2012 for ten years and NIPSCO will continue to pay for the services under a combination of fixed and variable charges. In accordance with GAAP, the renewed agreement was evaluated to determine whether the arrangement qualified as a lease. Based on the terms of the agreement, the arrangement qualified for capital lease accounting. As the effective date of the new agreement was July 1, 2012, NiSource capitalized this lease beginning in the third quarter of 2012.

Future minimum rental payments required under operating and capital leases that have initial or remaining non-cancelable lease terms in excess of one year are:

(in millions)	Operating Leases [1]	Capital Leases [2]
2016	$ 18.4	$ 23.5
2017	11.1	23.0
2018	8.8	23.3
2019	7.0	23.7
2020	3.5	23.5
After	13.3	196.3
Total future minimum payments	$ 62.1	$ 313.3

[1] Operating lease balances do not include amounts for fleet leases that can be renewed beyond the initial lease term. The Company anticipates renewing the leases beyond the initial term, but the anticipated payments associated with the renewals do not meet the definition of expected minimum lease payments and therefore are not included above. Expected payments are $30.5 million in 2016, $30.9 million in 2017, $26.7 million in 2018, $20.3 million in 2019, $12.5 million in 2020 and $7.5 million thereafter.
[2] Capital lease payments shown above are inclusive of interest totaling $114.7 million .

E. Purchase and Service Obligations . NiSource has entered into various purchase and service agreements whereby NiSource is contractually obligated to make certain minimum payments in future periods. NiSource's purchase obligations are for the purchase of physical quantities of natural gas, electricity and coal. NiSource's service agreements encompass a broad range of business support and maintenance functions which are generally described below.

NiSource's subsidiaries have entered into various energy commodity contracts to purchase physical quantities of natural gas, electricity and coal. These amounts represent minimum quantities of these commodities NiSource is obligated to purchase at both fixed and variable prices.

In July 2008, the IURC issued an order approving NIPSCO's purchase power agreements with subsidiaries of Iberdrola Renewables, Buffalo Ridge I LLC and Barton Windpower LLC. These agreements provide NIPSCO the opportunity and obligation to purchase up to 100 mw of wind power generated commencing in early 2009. The contracts extend 15 and 20 years, representing 50 mw of wind power each. No minimum quantities are specified within these agreements due to the variability of electricity generation from wind, so no amounts related to these contracts are included in the table below. Upon any termination of the agreements by NIPSCO for any reason (other than material breach by Buffalo Ridge I LLC or Barton Windpower LLC), NIPSCO may be required to pay a termination charge that could be material depending on the events giving rise to termination and the timing of the termination. NIPSCO began purchasing wind power in April 2009.

NiSource has pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2016 to 2045 , require NiSource to pay fixed monthly charges. The amounts in the table below include agreements with CPG. Beginning July 1, 2015, these agreements represent third-party transactions and are not eliminated in consolidation.

On December 31, 2013, NiSource Corporate Services signed a seven year agreement with IBM to continue to provide business process and support functions to NiSource under a combination of fixed or variable charges, with the variable charges fluctuating based on the actual need for such services. The agreement was effective January 1, 2014 with a commencement date of April 1, 2014 and includes some targeted service enhancements as well as continued existing information technology support services and a few additional support services. On June 15, 2015, NiSource Corporate Services signed an Amendment to this agreement to incorporate changes in services related to the Separation. Refer to Note 3, "Discontinued Operations," in the notes to the Consolidated Financial Statements for additional information on the Separation. Under the amended agreement, at December 31, 2015, NiSource Corporate Services expects to pay approximately $410.1 million to IBM in service and project fees as shown in the table below. Upon any termination of the agreement by NiSource for any reason (other than material breach by IBM), NiSource may be required to pay IBM a termination charge that could include a breakage fee, repayment of IBM's capital investments not yet recovered and IBM's wind-down expense. This termination fee could be material depending on the events giving rise to the termination and the timing of the termination.

NIPSCO has contracts with three major rail operators providing for coal transportation services for which there are certain minimum payments. These service contracts extend for various periods through 2018 .

The estimated aggregate amounts of minimum fixed payments at December 31, 2015 , were:

(in millions)	**Energy Commodity Agreements**	**Pipeline Service Agreements**	**IBM Service Agreement**	**Other Service Agreements**	**Total**
2016	$ 169.3	$ 512.7	$ 90.9	$ 72.0	$ 844.9
2017	74.8	496.0	82.8	67.2	720.8
2018	67.5	341.0	80.1	19.7	508.3
2019	70.6	245.4	78.6	4.6	399.2
2020	72.6	139.3	77.7	2.3	291.9
After	0.4	429.9	—	—	430.3
Total purchase and service obligations	$ 455.2	$ 2,164.3	$ 410.1	$ 165.8	$ 3,195.4

F. Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO’s transmission system on behalf of those sponsors. The upgrade sponsors agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Consolidated Financial Statements.

Springfield, Massachusetts. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts fully cooperated with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident, which have been concluded. Columbia of Massachusetts believes any costs associated with damages, injuries and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any accruals and the related insurance recoveries resulting from this incident on a gross basis within the Consolidated Balance Sheets.

19. Accumulated Other Comprehensive Loss

The following table displays the activity of Accumulated Other Comprehensive Loss, net of tax:

(in millions)	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2013	**$ 2.6**	**$ (28.6)**	**$ (39.5)**	**$ (65.5)**
Other comprehensive income before reclassifications	(2.4)	0.1	17.8	15.5
Amounts reclassified from accumulated other comprehensive income	(0.5)	2.7	4.2	6.4
Net current-period other comprehensive income (loss)	(2.9)	2.8	22.0	21.9
Balance as of December 31, 2013	**$ (0.3)**	**$ (25.8)**	**$ (17.5)**	**$ (43.6)**
Other comprehensive income before reclassifications	0.9	(0.3)	(10.2)	(9.6)
Amounts reclassified from accumulated other comprehensive income	(0.3)	2.5	0.4	2.6
Net current-period other comprehensive income (loss)	0.6	2.2	(9.8)	(7.0)
Balance as of December 31, 2014	**$ 0.3**	**$ (23.6)**	**$ (27.3)**	**$ (50.6)**
Other comprehensive income before reclassifications	(0.5)	(11.0)	(5.0)	(16.5)
Amounts reclassified from accumulated other comprehensive income	(0.3)	3.2	2.6	5.5
Net current-period other comprehensive income (loss)	(0.8)	(7.8)	(2.4)	(11.0)
Allocation of AOCI to noncontrolling interest	—	2.0	—	2.0
Distribution of CPG to shareholders (Note 3)	—	13.9	10.6	24.5
Balance as of December 31, 2015	**$ (0.5)**	**$ (15.5)**	**$ (19.1)**	**$ (35.1)**

[1] All amounts are net of tax. Amounts in parentheses indicate debits.

20. Other, Net

Year Ended December 31, *(in millions)*	**2015**	2014	2013
Interest Income	**$ 0.8**	$ 3.8	$ 3.5
AFUDC Equity	**11.5**	10.7	11.7
Charitable Contributions	**(4.8)**	(11.1)	(8.2)
Miscellaneous [1]	**9.9**	10.0	(0.2)
Total Other, net	**$ 17.4**	$ 13.4	$ 6.8

[1] Miscellaneous primarily consists of transmission upgrade agreement income in 2015 and 2014.

21. Interest Expense, Net

Year Ended December 31, *(in millions)*	**2015**	2014	2013
Interest on long-term debt	**$ 377.5**	$ 368.6	$ 364.4
Interest on short-term borrowings [(1)]	**2.2**	5.2	2.7
Debt discount/cost amortization	**8.7**	8.0	7.5
Accounts receivable securitization	**2.5**	2.9	2.7
Allowance for borrowed funds used and interest capitalized during construction	**(5.4)**	(5.3)	(6.1)
Other	**(5.3)**	0.1	4.1
Total Interest Expense, net	**$ 380.2**	$ 379.5	$ 375.3

(1) Refer to Note 15, "Short-Term Borrowings," for additional information.

22. Segments of Business

At December 31, 2015 , NiSource's operations are divided into two primary reportable segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

On July 1, 2015, NiSource completed the Separation. CPG's operations consisted of all of NiSource's former Columbia Pipeline Group Operations segment prior to the Separation. Results of the Columbia Pipeline Group Operations segment are included in discontinued operations.

The following table provides information about business segments. NiSource uses operating income as its primary measurement for each of the reported segments and makes decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

Year Ended December 31, *(in millions)*	**2015**	2014	2013
REVENUES			
Gas Distribution Operations			
Unaffiliated	**$ 3,068.7**	$ 3,593.6	$ 3,053.5
Intersegment	**0.4**	0.3	0.3
Total	**3,069.1**	3,593.9	3,053.8
Electric Operations			
Unaffiliated	**1,573.6**	1,672.6	1,564.2
Intersegment	**0.8**	0.8	0.7
Total	**1,574.4**	1,673.4	1,564.9
Corporate and Other			
Unaffiliated	**9.5**	6.2	7.7
Intersegment	**396.4**	412.5	370.2
Total	**405.9**	418.7	377.9
Eliminations	**(397.6)**	(413.6)	(371.2)
Consolidated Revenues	**$ 4,651.8**	$ 5,272.4	$ 4,625.4

Year Ended December 31, *(in millions)*		**2015**		2014		2013
Operating Income (Loss)						
Gas Distribution Operations	**$**	**555.8**	$	537.0	$	445.4
Electric Operations		**264.4**		282.7		265.5
Corporate and Other		**(20.3)**		(30.6)		(12.8)
Consolidated	**$**	**799.9**	$	789.1	$	698.1
Depreciation and Amortization						
Gas Distribution Operations	**$**	**232.6**	$	217.6	$	201.4
Electric Operations		**267.7**		244.4		244.4
Corporate and Other		**24.1**		24.9		24.6
Consolidated	**$**	**524.4**	$	486.9	$	470.4
Assets						
Gas Distribution Operations	**$**	**10,094.5**	$	9,443.7		
Electric Operations		**5,265.3**		5,009.9		
Corporate and Other [(1)]		**2,132.7**		10,136.2		
Consolidated	**$**	**17,492.5**	$	24,589.8		
Capital Expenditures [(2)]						
Gas Distribution Operations	**$**	**917.0**	$	860.3	$	790.8
Electric Operations		**400.3**		438.8		426.3
Corporate and Other		**50.2**		40.5		31.4
Consolidated	**$**	**1,367.5**	$	1,339.6	$	1,248.5

[(1)] The 2014 balances for Corporate and Other includes assets of Discontinued Operations refer to Note 3 "Discontinued Operations," for additional information.
[(2)] Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures included in current liabilities and AFUDC Equity.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

23. Quarterly Financial Data (Unaudited)

Quarterly financial data does not always reveal the trend of NiSource's business operations due to nonrecurring items and seasonal weather patterns, which affect earnings, and related components of net revenues and operating income.

(in millions, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2015				
Gross revenues	$ 1,852.2	$ 884.6	$ 817.2	$ 1,097.8
Operating Income	386.3	84.4	109.7	219.5
Income (Loss) from Continuing Operations	192.5	(73.1)	14.8	64.4
Results from Discontinued Operations - net of taxes (1)	82.8	45.4	(19.7)	(5.0)
Net Income (Loss)	275.3	(27.7)	(4.9)	59.4
Net Income (Loss) attributable to NiSource	268.4	(36.4)	(4.9)	59.4
Basic Earnings (Loss) Per Share				
Continuing Operations	0.61	(0.23)	0.05	0.20
Discontinued Operations	0.24	0.12	(0.07)	(0.01)
Basic Earnings (Loss) Per Share	$ 0.85	$ (0.11)	$ (0.02)	$ 0.19
Diluted Earnings (Loss) Per Share				
Continuing Operations	0.61	(0.23)	0.05	0.20
Discontinued Operations	0.24	0.12	(0.07)	(0.01)
Diluted Earnings (Loss) Per Share	$ 0.85	$ (0.11)	$ (0.02)	$ 0.19
2014				
Gross revenues	$ 2,017.2	$ 1,023.7	$ 838.2	$ 1,393.3
Operating Income	373.3	117.8	71.1	226.9
Income (Loss) from Continuing Operations	173.1	20.8	(17.2)	79.5
Results from Discontinued Operations - net of taxes (1)	93.1	57.4	48.6	74.7
Net Income	266.2	78.2	31.4	154.2
Net Income attributable to NiSource	266.2	78.2	31.4	154.2
Basic Earnings Per Share				
Continuing Operations	0.55	0.07	(0.05)	0.25
Discontinued Operations	0.30	0.18	0.15	0.24
Basic Earnings Per Share	$ 0.85	$ 0.25	$ 0.10	$ 0.49
Diluted Earnings Per Share				
Continuing Operations	0.55	0.07	(0.05)	0.25
Discontinued Operations	0.30	0.18	0.15	0.24
Diluted Earnings Per Share	$ 0.85	$ 0.25	$ 0.10	$ 0.49

(1) Includes the results of the former Columbia Pipeline Group segment.

On July 1, 2015, NiSource completed the Separation. The results of operations of the former Columbia Pipeline Group Operations segment have been classified as discontinued operations for all periods. As a result, certain quarterly financial data presented in the table above is different from the corresponding data originally filed on Form 10-Q or in Quarterly Financial Data (Unaudited) for those periods. The affected quarterly financial data originally filed for these periods is presented in the table below:

(in millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2015				
Gross revenues	$ 2,149.7	$ 1,169.0		
Operating Income	530.1	165.1		
Income (Loss) from Continuing Operations	275.3	(27.4)		
Results from Discontinued Operations - net of taxes	$ —	$ (0.3)		
2014				
Gross revenues	$ 2,320.5	$ 1,335.1	$ 1,123.9	$ 1,691.1
Operating Income	533.7	219.6	157.8	351.3
Income from Continuing Operations	266.4	78.5	31.5	154.3
Results from Discontinued Operations - net of taxes	$ (0.2)	$ (0.3)	$ (0.1)	$ (0.1)

24. Supplemental Cash Flow Information

The following tables provide additional information regarding NiSource's Consolidated Statements of Cash Flows for the years ended December 31, 2015 , 2014 and 2013 :

Year Ended December 31, *(in millions)*	**2015**	2014	2013
Supplemental Disclosures of Cash Flow Information			
Non-cash transactions:			
Capital expenditures included in current liabilities	**$ 121.6**	$ 127.4	$ 96.7
Assets acquired under a capital lease	**47.5**	76.7	28.4
Schedule of interest and income taxes paid:			
Cash paid for interest, net of interest capitalized amounts	**$ 390.4**	$ 429.3	$ 402.7
Cash paid for income taxes	**21.3**	19.4	10.4

NiSource Inc.

Schedule II – Valuation and Qualifying Accounts

Twelve months ended December 31, 2015

($ in millions)	Balance Jan. 1, 2015	Additions: Charged to Costs and Expenses	Additions: Charged to Other Account [1]	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2015
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 24.9	$ 22.5	$ 56.7	$ 83.8	$ 20.3
Reserve for other investments	3.0	—	—	—	3.0

Twelve months ended December 31, 2014

($ in millions)	Balance Jan. 1, 2014	Additions: Charged to Costs and Expenses	Additions: Charged to Other Account [1]	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2014
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 23.4	$ 21.8	$ 69.9	$ 90.2	$ 24.9
Reserve for other investments	3.0	—	—	—	3.0

Twelve months ended December 31, 2013

($ in millions)	Balance Jan. 1, 2013	Additions: Charged to Costs and Expenses	Additions: Charged to Other Account [1]	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2013
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 23.8	$ 13.8	$ 55.3	$ 69.5	$ 23.4
Reserve for other investments	3.0	—	—	—	3.0

[1] Charged to Other Accounts reflects the deferral of bad debt expense to a regulatory asset.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource’s chief executive officer and its principal financial officer, are responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). NiSource's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including NiSource's chief executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, NiSource's chief executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Management’s Annual Report on Internal Control over Financial Reporting

NiSource management, including NiSource’s principal executive officer and principal financial officer, are responsible for establishing and maintaining NiSource’s internal control over financial reporting, as such term is defined under Rule 13a-15(f) or Rule 15d-15(f) promulgated under the Exchange Act. However, management would note that a control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. NiSource’s management has adopted the 2013 framework set forth in the Committee of Sponsoring Organizations of the Treadway Commission report, Internal Control - Integrated Framework, the most commonly used and understood framework for evaluating internal control over financial reporting, as its framework for evaluating the reliability and effectiveness of internal control over financial reporting. During 2015, NiSource conducted an evaluation of its internal control over financial reporting. Based on this evaluation, NiSource management concluded that NiSource’s internal control over financial reporting was effective as of the end of the period covered by this annual report.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by NiSource in the reports that it files or submits under the Exchange Act is accumulated and communicated to NiSource’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Deloitte & Touche LLP, NiSource’s independent registered public accounting firm, issued an attestation report on NiSource’s internal controls over financial reporting which is contained in Item 8, “Financial Statements and Supplementary Data.”

Changes in Internal Controls

There have been no changes in NiSource’s internal control over financial reporting during the most recently completed quarter covered by this report that has materially affected, or is reasonably likely to materially affect, NiSource’s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except for the information required by this item with respect to our executive officers included at the end of Item 4 of Part I of this report on Form 10-K and our Code of Business Conduct, the information required by this Item 10 is incorporated herein by reference to the discussion in "Proposal 1 Election of Directors," "Corporate Governance," "Section 16(a) Beneficial Ownership Reporting Compliance," of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2016.

The Company has adopted a Code of Business Conduct to promote (i) ethical behavior, including the ethical handling of conflicts of interest, (ii) full, fair, accurate, timely and understandable financial disclosure, (iii) compliance with applicable laws, rules and regulations, (iv) accountability for adherence to our code, and (v) prompt internal reporting of violations of our code. Our Code of Business Conduct satisfies applicable SEC and NYSE requirements and applies to all directors, officers (including our principal executive officer, principal financial officer, principal accounting officer and controller) as well as employees of the Company and its affiliates. A copy of our Code of Business Conduct is available on our website at *http://ir.nisource.com/governance.com* and also is available to any stockholder upon written request to our Corporate Secretary.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated herein by reference to the discussion in "Corporate Governance - Compensation Committee Interlocks and Insider Participation," "Director Compensation," "Executive Compensation," and "Executive Compensation - Compensation Committee Report," of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2016 .

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 is incorporated herein by reference to the discussion in "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2016 .

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated herein by reference to the discussion in "Corporate Governance - Policies and Procedures with Respect to Transactions with Related Persons" and "Corporate Governance - Director Independence" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2016 .

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item 14 is incorporated herein by reference to the discussion in "Independent Auditor Fees" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2016 .

PART IV

NISOURCE INC.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Financial Statements and Financial Statement Schedules

The following financial statements and financial statement schedules filed as a part of the Annual Report on Form 10-K are included in Item 8, "Financial Statements and Supplementary Data."

Exhibits

The exhibits filed herewith as a part of this report on Form 10-K are listed on the Exhibit Index immediately following the signature page. Each management contract or compensatory plan or arrangement of NiSource, listed on the Exhibit Index, is separately identified by an asterisk.

Pursuant to Item 601(b), paragraph (4)(iii)(A) of Regulation S-K, certain instruments representing long-term debt of NiSource's subsidiaries have not been included as Exhibits because such debt does not exceed 10% of the total assets of NiSource and its subsidiaries on a consolidated basis. NiSource agrees to furnish a copy of any such instrument to the SEC upon request.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: February 18, 2016

By: /s/ JOSEPH HAMROCK
Joseph Hamrock
President, Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ JOSEPH HAMROCK Joseph Hamrock	President, Chief Executive Officer and Director (Principal Executive Officer)	Date: February 18, 2016
/s/ DONALD E. BROWN Donald E. Brown	Executive Vice President and Chief Financial Officer and Treasurer (Principal Financial Officer)	Date: February 18, 2016
/s/ JOSEPH W. MULPAS Joseph W. Mulpas	Vice President and Chief Accounting Officer (Principal Accounting Officer)	Date: February 18, 2016
/s/ RICHARD L. THOMPSON Richard L. Thompson	Chairman and Director	Date: February 18, 2016
/s/ RICHARD A. ABDOO Richard A. Abdoo	Director	Date: February 18, 2016
/s/ ARISTIDES S. CANDRIS Aristides S. Candris	Director	Date: February 18, 2016
/s/ DEBORAH A. HENRETTA Deborah A. Henretta	Director	Date: February 18, 2016
/s/ MICHAEL E. JESANIS Michael E. Jesanis	Director	Date: February 18, 2016
/s/ KEVIN T. KABAT Kevin T. Kabat	Director	Date: February 18, 2016
/s/ CAROLYN Y. WOO Carolyn Y. Woo	Director	Date: February 18, 2016

Table of Contents

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION OF ITEM
(2.1)	Separation and Distribution Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 2.1 to the NiSource Inc. Form 8-K filed on July 2, 2015).
(3.1)	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 10-Q filed on August 3, 2015).
(3.2)	Bylaws of NiSource Inc., as amended and restated through January 29, 2016 (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 8-K filed on February 1, 2016).
(4.1)	Indenture, dated as of March 1, 1988, by and between Northern Indiana Public Service Company ("NIPSCO") and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4 to the NIPSCO Registration Statement (Registration No. 33-44193)).
(4.2)	First Supplemental Indenture, dated as of December 1, 1991, by and between Northern Indiana Public Service Company and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Registration Statement (Registration No. 33-63870)).
(4.3)	Indenture Agreement, dated as of February 14, 1997, by and between NIPSCO Industries, Inc., NIPSCO Capital Markets, Inc. and Chase Manhattan Bank as trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Industries, Inc. Registration Statement (Registration No. 333-22347)).
(4.4)	Second Supplemental Indenture, dated as of November 1, 2000, by and among NiSource Capital Markets, Inc., NiSource Inc., New NiSource Inc., and The Chase Manhattan Bank, as trustee (incorporated by reference to Exhibit 4.45 to the NiSource Inc. Form 10-K for the period ended December 31, 2000).
(4.5)	Indenture, dated November 14, 2000, among NiSource Finance Corp., NiSource Inc., as guarantor, and The Chase Manhattan Bank, as Trustee (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form S-3, dated November 17, 2000 (Registration No. 333-49330)).
(10.1)	2010 Omnibus Incentive Plan (incorporated by reference to Exhibit B to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 11, 2010, filed on April 2, 2010).*
(10.2)	First Amendment to the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-K filed on February 18, 2014.)*
(10.3)	2010 Omnibus Incentive Plan (incorporated by reference to Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 12, 2015, filed on April 7, 2015).*
(10.4)	Second Amendment to the NiSource Inc. 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed October 23, 2015.)*
(10.5)	Form of Performance Share Award Agreement under the 2010 Omnibus Incentive Plan. (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q filed on April 30, 2014.)*
(10.6)	Form of Amended and Restated 2013 Performance Share Agreement effective on implementation of the spin-off on July 1, 2015, (under the 2010 Omnibus Incentive Plan)(incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q filed on November 3, 2015).*

(10.7)	Form of Amended and Restated 2014 Performance Share Agreement effective on the implementation of the spin-off on July 1, 2015, (under the 2010 Omnibus Incentive Plan)(incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-Q filed on November 3, 2015).*
(10.8)	Form of Amendment to Restricted Stock Unit Award Agreement related to Vested but Unpaid NiSource Restricted Stock Unit Awards for Nonemployee Directors of NiSource entered into as of July 13, 2015 (incorporated by reference to Exhibit 10.3 to the NiSource Inc. Form 10-Q filed on November 3, 2015).*
(10.9)	Form of Restricted Stock Unit Award Agreement under the Columbia Pipeline Group, Inc. 2015 Omnibus Incentive Plan relating to Vested but Unpaid NiSource Restricted Stock Unit Awards for Nonemployee Directors of Columbia Pipeline Group, Inc. entered into as of July 13, 2015 (incorporated by reference to Exhibit 10.4 to the NiSource Inc. Form 10-Q filed on November 3, 2015).*
(10.10)	NiSource Inc. Nonemployee Director Retirement Plan, as amended and restated effective May 13, 2008. (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-K filed on February 27, 2009).*
(10.11)	Supplemental Life Insurance Plan effective January 1, 1991, as amended, (incorporated by reference to Exhibit 2 to the NIPSCO Industries, Inc. Form 8-K filed on March 25, 1992).*
(10.12)	Form of Change in Control and Termination Agreement (incorporated by reference to Exhibit 99.1 to the NiSource Inc. Form 8-K filed January 6, 2014).*
(10.13)	Revised Form of Change in Control and Termination Agreement (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 8-K filed on October 23, 2015.)*
(10.14)	Form of Agreement between NiSource Inc. and certain officers of Columbia Energy Group and schedule of parties to such Agreements (incorporated by reference to Exhibit 10.33 to the NiSource Inc. Form 10-K filed on March 3, 2013).*
(10.15)	NiSource Inc. 1994 Long-Term Incentive Plan, as amended and restated effective January 1, 2005 (incorporated by reference to Exhibit 10.4 to the NiSource Inc. Form 8-K filed on December 2, 2005).*
(10.16)	1st Amendment to NiSource Inc. 1994 Long Term Incentive Plan, effective January 22, 2009. (incorporated by reference to Exhibit 10.10 to the NiSource Inc. Form 10-K filed on February 27, 2009).*
(10.17)	Form of Nonqualified Stock Option Agreement under the NiSource Inc. 1994 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 8-K filed on January 3, 2005).*
(10.18)	Form of Contingent Stock Agreement under the NiSource Inc. 1994 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to NiSource Inc. Form 10-Q filed on May 4, 2010).*
(10.19)	Form of Restricted Stock Unit Agreement under the NiSource Inc. 1994 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.17 to the NiSource Inc. Form 10-K filed on February 28, 2011).*
(10.20)	Form of Restricted Stock Agreement under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.18 to the NiSource Inc. Form 10-K filed February 28, 2011).*
(10.21)	Form of Restricted Stock Unit Award Agreement for Non-employee directors under the Non-employee Director Stock Incentive Plan. (incorporated by reference to Exhibit 10.19 to the NiSource Inc. Form 10-K for the period ended December 31, 2010).*
(10.22)	Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to NiSource Inc. Form 10-Q filed on August 2, 2011).*

(10.23)	Amended and Restated NiSource Inc. Supplemental Executive Retirement Plan effective May 13, 2011 (incorporated by reference to Exhibit 10.3 to NiSource Inc. Form 10-Q filed on October 28, 2011).*
(10.24)	Amended and Restated Pension Restoration Plan for NiSource Inc. and Affiliates effective May 13, 2011 (incorporated by reference to Exhibit 10.4 to NiSource Inc. Form 10-Q filed on October 28, 2011).*
(10.25)	Amended Restated Savings Restoration Plan for NiSource Inc. and Affiliates effective October 22, 2012 (incorporated by reference to Exhibit 10.20 to the NiSource Inc. Form 10-K filed on February 19, 2013).*
(10.26)	Amended and Restated NiSource Inc. Executive Deferred Compensation Plan effective November 1, 2012 (incorporated by reference to Exhibit 10.21 to the NiSource Inc. Form 10-K filed on February 19, 2013).*
(10.27)	NiSource Inc. Executive Severance Policy, as amended and restated, effective January 1, 2015 (incorporated by reference to Exhibit 10.22 to the NiSource Inc. Form 10-K filed on February 19, 2013).*
(10.28)	Letter Agreement between NiSource Corporate Services Company and Stephen P. Smith dated May 14, 2008. (incorporated by reference to Exhibit 10.24 to the NiSource Inc. Form 10-K filed on February 27, 2009).*
(10.29)	Second Amended and Restated Revolving Credit Agreement, dated as of September 30, 2013, by and among NiSource Finance Corp., as Borrower, NiSource Inc., as Guarantor, the Lenders party thereto and Barclays Bank PLC, as Administrative Agent, Credit Suisse Securities (USA) LLC, as Syndication Agent, and The Bank of Tokyo-Mitsubishi UFJ, LTD., Citibank, N.A. and JPMorgan Chase Bank, N.A., as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q filed October 31, 2013).
(10.30)	Third Amended and Restated Revolving Credit Agreement, dated as of December 5, 2014, by and among NiSource Finance Corp., as Borrower, NiSource Inc., as Guarantor, the Lenders party thereto, and Barclays Bank PLC, as Administrative Agent, Credit Suisse Securities (USA) LLC, as Syndication Agent, and The Bank of Tokyo-Mitsubishi UFJ, LTD., Citibank, N.A. and JPMorgan Chase Bank, N.A., as Co-Documentation Agents (incorporated by reference to Exhibit 10.25 to the NiSource Inc. Form 10-K filed on February 18, 2015).
(10.31)	Note Purchase Agreement, dated as of August 23, 2005, by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Current Report on Form 8-K filed on August 26, 2005).
(10.32)	Amendment No. 1, dated as of November 10, 2008, to the Note Purchase Agreement by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers whose names appear on the signature page thereto (incorporated by reference to Exhibit 10.30 to the NiSource Inc. Form 10-K filed on February 27, 2009).
(10.33)	Term Loan Agreement, dated as of August 20, 2014, by and among the lenders party thereto, CoBank, ACB, as Syndication Agent, JP Morgan Chase Bank, N.A. as Administrative Agent, and J.P. Morgan Securities LLC and CoBank,ACB, as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q filed October 30, 2014).
(10.34)	Letter Agreement, dated as of March 17, 2015, by and between NiSource Inc. and Donald Brown. (incorporated by reference Exhibit 10.1 to the NiSource Inc. Form 10-Q filed on April 30, 2015).*
(10.35)	Tax Allocation Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on July 2, 2015).
(10.36)	Employee Matters Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on July 2, 2015).
(12)	Ratio of Earnings to Fixed Charges.**

(21)	List of Subsidiaries.**
(23)	Consent of Deloitte & Touche LLP.**
(31.1)	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
(31.2)	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
(32.1)	Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).**
(32.2)	Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).**
(101.INS)	XBRL Instance Document.**
(101.SCH)	XBRL Schema Document.**
(101.CAL)	XBRL Calculation Linkbase Document.**
(101.LAB)	XBRL Labels Linkbase Document.**
(101.PRE)	XBRL Presentation Linkbase Document.**
(101.DEF)	XBRL Definition Linkbase Document.**

* Management contract or compensatory plan or arrangement of NiSource Inc.

** Exhibit filed herewith.

References made to NIPSCO filings can be found at Commission File Number 001-04125. References made to NiSource Inc. filings made prior to November 1, 2000 can be found at Commission File Number 001-09779.

Exhibit 12

NiSource Inc.
Ratio of Earnings to Fixed Charges

	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Earnings as defined in item 503(d) of Regulation S-K:					
Add:					
Pretax income from continuing operations [(a)(b)]	$ 340,406,027	$ 423,910,493	$ 330,158,304	$ 253,968,177	$ 144,678,120
Fixed Charges	422,886,197	421,483,105	410,081,138	415,593,947	359,930,875
Amortization of capitalized interest [(c)]	—	—	—	—	—
Distributed income of equity investees	151,119	110,964	118,416	—	50,143
Share of pre-tax losses of equity investees for which charges arising guarantees are included in fixed charges	—	—	—	—	—
Deduct:					
Interest capitalized [(c)]	—	—	—	—	—
Preference security dividend requirements of consolidated subsidiaries [(d)]	—	—	—	—	—
Non-Controlling interest in pre-tax income of subsidiaries that have not incurred fixed charges	—	—	—	—	—
	$ 763,443,343	$ 845,504,562	$ 740,357,858	$ 669,562,124	$ 504,659,138
Fixed charges as defined in item 503(d) of Regulation S-K:					
Interest on long-term debt	$ 377,469,202	$ 368,614,101	$ 364,427,942	$ 366,907,783	$ 332,791,395
Other interest	20,897,004	22,963,342	20,521,761	24,790,198	5,081,466
Capitalized interest during period [(c)]					
Amortization of premium, reacquisition premium, discount and expense on debt, net	8,701,321	9,967,085	9,395,881	9,699,157	8,941,809
Interest portion of rent expense	15,818,670	19,938,578	15,735,555	14,196,608	13,116,205
Non-controlling interest	—	—	—	—	—
	$ 422,886,197	$ 421,483,106	$ 410,081,139	$ 415,593,746	$ 359,930,876
Plus preferred stock dividends: Preferred dividend requirements of subsidiary	$ —	$ —	$ —	$ —	$ —
Preferred dividend requirements factor	0.58	0.61	0.67	0.67	0.75
Preference security dividend requirements of consolidated subsidiaries [(d)]	—	—	—	—	—
Fixed charges	422,886,197	421,483,106	410,081,139	415,593,746	359,930,876
	$ 422,886,197	$ 421,483,106	$ 410,081,139	$ 415,593,746	$ 359,930,876
Ratio of earnings to fixed charges	1.81	2.01	1.81	1.61	1.40

[(a)] Income Statement amounts have been adjusted for discontinued operations.

[(b)] Excludes adjustment for minority interest in consolidated subsidiaries or income or loss from equity investees.

[(c)] NiSource is a public utility following ASC 980 and therefore does not add amortization of capitalized interest or subtract interest capitalized in determining earnings, nor reduces fixed charges for Allowance for Funds Used During Construction.

[(d)] Preferred dividends, as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one minus the effective income tax rate applicable to continuing operations.

Exhibit 21

SUBSIDIARIES OF NISOURCE

as of December 31, 2015

Segment/Subsidiary	State of Incorporation
GAS DISTRIBUTION OPERATIONS	
Bay State Gas Company d/b/a Columbia Gas of Massachusetts	Massachusetts
Columbia Gas of Kentucky, Inc.	Kentucky
Central Kentucky Transmission Company	Delaware
Columbia Gas of Maryland, Inc.	Delaware
Columbia Gas of Ohio, Inc.	Ohio
Columbia Gas of Pennsylvania, Inc.	Pennsylvania
Columbia Gas of Virginia, Inc.	Virginia
NiSource Gas Distribution Group, Inc.	Delaware
ELECTRIC OPERATIONS	
Northern Indiana Public Service Company*	Indiana
CORPORATE AND OTHER OPERATIONS	
Columbia Gas of Ohio Receivables Corporation	Delaware
Columbia Gas of Pennsylvania Receivables Corporation	Delaware
NiSource Capital Markets, Inc.	Indiana
NiSource Corporate Group, Inc.	Delaware
NiSource Corporate Services Company	Delaware
NiSource Development Company, Inc.	Indiana
NiSource Energy Technologies, Inc.	Indiana
NiSource Finance Corp.	Indiana
NiSource Insurance Corporation, Inc.	Utah
NIPSCO Accounts Receivable Corporation	Indiana

* Reported under Gas Distribution Operations and Electric Operations.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-191983, 333-191983-01 and 333-202363 on Form S-3, and Registration Statement Nos., 333-107743, 333-166888, 333-170706, and 333-204168 on Form S-8 of our reports dated February 18, 2016, relating to the consolidated financial statements and financial statement schedule of NiSource Inc. and subsidiaries (the “Company”) (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company’s spin-off of its subsidiary Columbia Pipeline Group, Inc. on July 1, 2015) and the effectiveness of the Company’s internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2015.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois

February 18, 2016

Exhibit 31.1

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Joseph Hamrock, certify that:

1. I have reviewed this Annual Report of NiSource Inc. on Form 10-K for the year ended December 31, 2015 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	February 18, 2016	By:	/s/ Joseph Hamrock
			Joseph Hamrock
			President and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald E. Brown, certify that:

1. I have reviewed this Annual Report of NiSource Inc. on Form 10-K for the year ended December 31, 2015 ;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2016

By: /s/ Donald E. Brown

Donald E. Brown

Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of NiSource Inc. (the “Company”) on Form 10-K for the year ending December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Date: February 18, 2016

Exhibit 32.2

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of NiSource Inc. (the "Company") on Form 10-K for the year ending December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial Officer

Date: February 18, 2016

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(m)

Description of Filing Requirement:

The current chart of accounts if more detailed than the Uniform System of Accounts chart prescribed by the commission;

Response:

Please refer to the attached for the current chart of accounts.

Responsible Witness:

Jana T. Croom

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
10100000	Plant In Service-Beg Bal	PLANT
10100001	Plant In Service-Additions	PLANT
10100002	Plant In Service-Retirements	PLANT
10100003	Plant In Service-Oth Changes	PLANT
10100004	Plant In Service-GAAP Reclass	PLANT
10100010	CIAC_CMA ONLY	PLANT
10100050	ARO-Beg Bal	ARO
10100051	ARO-Additions	ARO
10100052	ARO-Retirements	ARO
10100053	ARO-Other Changes	ARO
10110000	Capital Leases-Beg Bal	CAP LEASE
10110001	Capital Leases-Additions	CAP LEASE
10110002	Capital Leases-Retirements	CAP LEASE
10110003	Capital Leases-Other Changes	CAP LEASE
10200000	Plant Purchased or Sold	PLANT
10300000	Experimental Plnt Unclassified	PLANT
10400000	Plant Leased to Others	PLANT_LEAS
10500000	Plant Held for Future Use	PLANT_HELD
10600000	Comp Constr Not Class Beg Bal	PLANT
10600001	Comp Const not Class Additions	PLANT
10600002	Comp Const not Class Retiremnt	PLANT
10600003	Comp Const not Class Other	PLANT
10700000	CWIP-Beg Balance	CWIP
10700001	CWIP-Additions	CWIP
10700003	CWIP-Other Changes	CWIP
10700004	CWIP-Transfers to Affil-NCS	CWIP
10800000	Accum Deprec Plant -Beg Bal	ACC DEPR
10800001	Accum Deprec Plant-Additions	ACC DEPR
10800002	Accum Deprec Plant-Retiremnt	ACC DEPR
10800003	Accum Deprec Plant-Other Chg	ACC DEPR
10800004	Accum Deprec Plant-GAAP Reclas	ACC DEPR
10800010	Retirement WIP-Beg Bal	RWIP
10800011	Retirement WIP-Additions	RWIP
10800012	Retirement WIP-Reductions	RWIP
10800013	Retirement WIP-Other Changes	RWIP
10800050	ARO-Accum Amortization Beg Bal	ACC AMTZ
10800051	ARO-Accum Amortization Add	ACC AMTZ
10800052	ARO-Accum Amortization Retir	ACC AMTZ
10800053	ARO-Accum Amortization OthChng	ACC AMTZ
10800100	Accum Deprec Cap Lease-Beg Bal	ACC DEPR
10800101	Accum Deprec Cap Lease-Add	ACC DEPR
10800102	Accum Deprec Cap Lease-Retir	ACC DEPR
10800150	AccumDeprPlant-Beg Bal-SgrCrk	ACC DEPR
10801000	Neg Salvage Reclas-BegBal	RWIP
10801010	Neg Salvage Reclass	RWIP
11100000	Accum Amortization-Beg Bal	ACC AMTZ
11100001	Accum Amortization-Additions	ACC AMTZ
11100002	Accum Amortization-Retiremnt	ACC AMTZ
11100003	Accum Amortization-Other Chg	ACC AMTZ
11100010	Accum Amortization-RWIP-BegBal	ACC AMTZ
11100011	Accum Amortization-RWIP-Add	ACC AMTZ
11100013	Accum Amort-RWIP-Oth Chngs	ACC AMTZ

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
11400000	Plant Acq Adj-BegBal Intangibl	PLANT_AQAJ
11400100	Plant Acq Adj-Add Intangible	PLANT_AQAJ
11400200	Plant Acq Adj-Retire Intangibl	PLANT_AQAJ
11400300	Plant Acq Adj-Oth Chg Intangib	PLANT_AQAJ
11401000	Tang Plant Acq Adj-BegBal	PLANT_AQAJ
11401010	Tangible Plant Acq Adj-Add	PLANT_AQAJ
11401100	Tang Plant Acq Adj-AccDep BBal	PLANT_AQAJ
11401200	Tang Plant Acq Adj-AccDep Addn	PLANT_AQAJ
11401300	Tang Plant Acq Adj-AccDep Othr	PLANT_AQAJ
11500000	Accum Amort Plnt Acqu Adj-BB	ACC AMTZ
11500100	Accum Amort Plnt Acqu Adj-Add	ACC AMTZ
11500200	Accum Amort Plnt Acqu Adj-Ret	ACC AMTZ
11500300	Accum Amort Plnt Acqu Adj-Oth	ACC AMTZ
11501000	Tang Acc Amort Plnt Acq Adj-BB	ACC AMTZ
11501010	Tang Acc Amor Plnt Acq Adj-ADD	ACC AMTZ
11600000	Other plant adjustments	OTH_PLANT
11710000	Gas Store Undergrnd NCurr BB	GASBB
11710002	Gas Store Undergrnd NCurr Ret	GASRETIRE
11710003	Gas Store Undergrnd NCurr Chng	GASCHNG
11710004	Gas Store Undergrnd Reserv BB	GASBB
11710005	Gas Store Undergrnd Reserv Ch	GASCHNG
11725000	System Balancing Gas BB	BALANCEBB
11725002	System Balancing Gas Retire	BALANCERET
11725003	System Balancing Gas Other Chg	BALANCEOTH
11800000	Other Utility Plant	OthUtilPlt
11900000	Acc Dep Other Utility Plant	AccDeprOPt
12100000	NonUtil Oth Prop-Beg Balance	PROPERTY
12100001	NonUtil Oth Prop-Additions	PROPERTY
12100002	NonUtil Oth Prop-Retirements	PROPERTY
12100003	NonUtil Oth Prop-Oth Chngs	PROPERTY
12101000	NonUtil Oth Prop -CWIP-Beg Bal	CWIP
12101001	NonUtil Oth Prop-CWIP-Add	CWIP
12101003	NonUtil Oth Prop-CWIP-Oth Chng	CWIP
12200000	NonUtil Accum Depr -Beg Bal	ACC DEPR
12200001	NonUtil Accum Depr -Add	ACC DEPR
12200002	NonUtil Accum Depr -Retire	ACC DEPR
12200003	NonUtil Accum Depr -Oth Chng	ACC DEPR
12200010	NonUtil Retirmnt WIP-Beg Bal	NONUTRWIP
12200011	NonUtil Retirmnt WIP-Add	NONUTRWIP
12200013	NonUtil Retirmnt WIP-Retire	NONUTRWIP
12300000	Inv Assoc Co-CS	INVSUBCO
12300200	Inv Assoc Co-DI	INVSUBCO
12300211	Inv Assoc Co-PL	INVSUBCO
12300887	Inv Assoc Co Milln Prtship Tax	INVSUBCO
12300888	Inv Assoc Co-Guarantee	INVSUBCO
12300889	Inv Assoc Co-OCI	INVSUBCO
12310000	Inv Sub Co-Common Stock	INVSUBCO
12310001	Inv Sub Co-PL	INVSUBCO
12310002	Inv Sub Co-Capital Contrib	INVSUBCO
12310003	Inv Sub Co-Distrib	INVSUBCO
12310004	Inv Sub Co-Preferred Stock	INVSUBCO
12310007	Inv Sub Co-OCI-SFAS 133 Adj	INVSUBCO
12310008	Inv Sub Co-OCI-Pension Oblig	INVSUBCO

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
12310011	Inv Sub Co-Goodwill	INVSUBCO
12310015	Inv Sub Co-APIC Tax Savings	INVSUBCO
12310016	Inv Sub Co-APIC Tx Stk Comp IC	INVSUBCO
12310017	Inv-Sub OCI OPEB Oblig	INVSUBCO
12400000	Other Investment at Cost	OTHERINV
12400001	Other Inv-Rabbi Trust SERP	OTHERINV
12400002	Other Inv-Rabbi Trust SERP Ins	OTHERINV
12400004	Other Inv-Rabbi Trust SRP Ins	OTHRINV
12400020	Other Inv-Rabbi Trust EDC	OTHERINV
12400023	Other Inv-Rabbi Trust EDC Ins	OTHERINV
12400025	Other Inv - Rabbi Trust Dir	OTHER INV
12400037	Other Inv-Land for Resale	OTHERINV
12400040	Other Inv-Rabbi Trust SRP Ins	OTHRINV
1240025	Other Inv - Rabbi Trust	OTHER INV
12400500	Other Inv-Evergreen Solar	OTHERINV
12400510	Other Inv-Acumentrics	OTHERINV
12400520	Other Inv-Res Acumentrics	OTHERINV
12400530	Other Inv-Springfield Area Dev	OTHERINV
12400999	Diff IC Sub Inv Elim	OTHERINV
12401000	Other Inv-Assts Hld For Sale	OTHERINV
12405100	Assets of Disco Ops	OTHERINV
12500000	Sinking Funds	SINK_FUND
12800000	Funds Held in Trust	OTHERFUNDS
12800001	Funds Held in Trust -OPEB Life	OTHERFUNDS
12801000	Heel Gas-LPG	HL_GAS_LPG
12801010	Heel Gas-LNG	HL_GAS_LNG
13100000	Cash	CASH
13100002	Cash-Depository Account	CASH
13100003	Cash-Disbursement Account	CASH
13400000	Other Special Deposits	DEPOSITS
13400001	Oth Spec Dep-Bank Escrow	DEPOSITS
13401000	Oth Spec Dep-Restricted Cash	DEPOSITS
13401010	Oth Spec Dep-Apartments	DEPOSITS
13500000	Working Funds	WRKG FNDS
13500002	Petty Cash Funds	PTCSH FNDS
13600000	Temporary Cash Investments	TEMP CASH
13600001	Temp Cash Inv-Money Pool	TEMP CASH
13600002	Temp Cash Inv - Money Pool 2	TEMP CASH
13600006	Temp Cash Inv-ST Securities	TEMP CASH
13601000	Temp Cash Inv-Brkr Margn Dep	TEMP CASH
14100000	Notes Rec-Short Term	NOTE REC
14100100	Notes Receivable Reserve	NOTE REC
14100200	Other AR Sold	NOTE REC
14105000	Notes Rec-Long Term	NOTE REC
14200000	Customer Account Receivable	CUST AR
14200001	Cust AR-Costs Excess Billng	CUST AR
14200002	Cust AR-Trans_Stor Rel Pntly	CUST AR
14200003	Cust AR-Trans_Stor Pnlty-Resv	CUST AR
14200007	Cust AR-Release Capacity	CUST AR
14200009	Cust AR-Gathering Unregulated	CUST AR
14200114	Imbalance Cashout	CUST AR
14200115	Cust AR - OTRA Gas Sales Rec	CUST AR
14200150	Cust AR-Pend Bank Confirm	CUST AR

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
14200160	Cust AR-Credit Balances	CUST AR
14200170	Cust AR-Cust Paymnt in Trans	CUST AR
14200180	Cust AR-Unapp Cust Paymnt	CUST AR
14200190	Cust AR-Other AR Sold	CUST AR
14200200	Cust AR-AR Sold	CUST AR
14200210	Cust AR-PIP	CUST AR
14200220	Cust AR-CAB	CUST AR
14200230	Cust AR-CAB Late Payment	CUST AR
14200240	Cust AR-Other	CUST AR
14200250	Cust AR-GMB	CUST AR
14200260	Cust AR-Cust Premise Work	CUST AR
14200270	Cust AR-Water Tank Loans	CUST AR
14200280	Cust AR-MDSE	CUST AR
14200290	Cust AR-Rental	CUST AR
14200300	Cust AR-Guardian Care	CUST AR
14200310	Cust AR-Service Jobbing	CUST AR
14200320	Cust AR-Admin	CUST AR
14200330	Cust AR-Utility Unbilled	CUST AR
14300000	Other AR_AR Module Only	OTH AR
14300001	Misc Accts Rec-Other	OTH AR
14300018	Other AR-Billed OSS	OTH AR
14300027	Billed Reimb Projects	OTH AR
14300034	Unbilled Reimb Projects	OTH AR
14300045	Contra Reimbursable Billing	OTH AR
14300100	Other AR-Factoring Account	OTH AR
14300101	Other AR-Customer-Sold	OTH AR
14300102	Other AR-Other-Sold	OTH AR
14300150	Other AR-Rate Refund	OTH AR
14300160	Other AR-Imbalance Supplier	OTH AR
14300170	Other AR-Gas-Unbilled	OTH AR
14300180	Other AR-Employee Wage Advan	OTH AR
14300190	Other AR-Gatherco	OTH AR
14300200	Other AR-Lake Choctaw	OTH AR
14300210	Other AR-CAP	OTH AR
14300220	Other AR-GMB Estimate	OTH AR
14300230	Other AR-Knox Coop	OTH AR
14300240	Other AR-GTS	OTH AR
14300250	Other AR-NYSEG	OTH AR
14300260	Other AR-Choice-Billing Fee	OTH AR
14300270	Other AR-Retail Service	OTH AR
14300280	Other AR-HEAP	OTH AR
14300290	Other AR-CNR	OTH AR
14300300	Other AR-Rent Deposits	OTH AR
14300309	Other A/R-Unallocated Insuranc	OTHER AR
14300310	Other AR-Defective Pipe Prog	OTH AR
14300320	Other AR-MF Global	OTH AR
14300330	Other AR Choice Trans-Columbia	OTH AR
14300340	Other AR Choice Trans-Marketer	OTH AR
14300350	Other AR Choice Trans-Purchase	OTH AR
14300360	Other AR Choice Trans-Builder	OTH AR
14300370	Other AR-Retiree Cap RE Pru	OTH AR
14300380	Other AR-Hewitt	OTH AR
14300390	Other AR-Transition Srvces CPG	OTH AR

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
14300395	Other AR-CPG Non-Transit Srvcs	OTH AR
14300400	Long Term Other AR	OTH AR
14301000	AR-Tax-Curr-Federal	OTH AR TX
14302000	AR-Tax-Curr-State	OTH AR TX
14303000	AR-Tax-Curr-State and Local	OTH AR TX
14304000	AR-Tax-Curr-AR Sold	OTH AR TX
14305000	AR-Tax-NonCurr-Federal	OTH AR TX
14305000	AR-Tax-NonCurr-Federal	OTH RG AST
14306000	AR-Tax-NonCurr-State	OTH AR TX
14306000	AR-Tax-NonCurr-State	OTH RG AST
14400000	Acc Prov for Uncol-Beg Bal	UNCOLLECT
14400100	Acc Prov for Uncol-Reserve	UNCOLLECT
14400150	Acc Prov for Uncol-Charge-Offs	UNCOLLECT
14400200	Acc Prov for Uncol-Recoveries	UNCOLLECT
14400250	Acc Prov for Uncol-BB PIPP	UNCOLLECT
14400300	Acc Prov for Uncol-CY PIPP	UNCOLLECT
14400350	Acc Prov for Uncol-BB CAP	UNCOLLECT
14400400	Acc Prov for Uncol-ChrgOff CAP	UNCOLLECT
14400450	Acc Prov for Uncol-Recov CAP	UNCOLLECT
14400500	Accm Prov Uncoll-AR Sold	UNCOLLECT
14400600	Accm Prov Uncoll-Unbilled	UNCOLLECT
14400700	Accm Prov Uncoll-Misc	UNCOLLECT
14400800	Accm Prov Uncoll-MDSE	UNCOLLECT
14400900	Accm Prov Uncoll-Service Job	UNCOLLECT
14401000	Accm Prov Uncoll-Rental	UNCOLLECT
14401100	Accm Prov Uncoll-Guardian Care	UNCOLLECT
14401200	Accm Prov Uncoll-NASR CIAC	UNCOLLECT
14402000	Accm Prov Uncoll-New Business	UNCOLLECT
14500000	NR from Assoc Co-Short Term	NR
14505000	NR from Assoc Co-Long Term	NR
14600000	AR Assoc Co-Mech	AR ASSOC
14600001	AR Assoc Co-Taxes	AR ASSOC
14600002	AR Assoc Co-Misc	AR ASSOC
14600003	AR Assoc Co-Dividend	AR ASSOC
14600005	AR Assoc Co-Exchange Gas	AR ASSOC
14600010	AR Assoc Co-Interest	AR ASSOC
14600012	AR Assoc Co-TCO Bnd Int Ser H	AR ASSOC
14600014	AR Assoc Co-Gulf-D2 only	AR ASSOC
14600051	AR Assoc Co-TCO-D2 only	AR ASSOC
14600051	AR Assoc Co-TCO-D2 only	AR ASSOC
14600059	AR Assoc Co-NIPSCO-EASI	AR ASSOC
14600101	AR Assoc Convenience Billing	AR ASSOC
14600102	AR Assoc Contract Billing	AR ASSOC
14600104	AR Assoc Payroll	AR ASSOC
14600106	AR Assoc Co-Contract Est	AR ASSOC
14600111	AR Assoc Co-ERS_Only	AR ASSOC
14600113	AR Assoc Co-Mellon Funding	AR ASSOC
14600120	AR Assoc Co-FactorAcct-AR Sold	AR ASSOC
14600200	AR Assoc Co-Long Term	AR ASSOC
14600999	AR Assoc-GL Only Auto-Gen	AR ASSOC
14601000	AR Assoc-Stock	AR ASSOC
14610000	Money Pool Deposits	AR ASSOC
14610010	Money Pool-Intrst Receivable	AR ASSOC

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
14620000	Foreign Cash	AR ASSOC
14620001	Money Pool 2 - Deposits	AR ASSOC
14620010	Money Pool 2-Intrst Receivable	AR ASSOC
14630000	AR-Non Consolidated Assoc Co	AR ASSOC
14640000	Affil Exchange Gas Recvbl FERC	AR ASSOC
15100000	Fuel Stock - Electric	FUEL_STOCK
15100010	Fuel Stock-Elec-Unallocated	FUEL_STOCK
15101000	Fuel Stock - Gas	FUEL_STOCK
15102000	Fuel Stock - LPG	FUEL_STOCK
15103000	Fuel Stock - LNG	FUEL_STOCK
15200000	Fuel Stock Exp Undistr	FUEL_STOCK
15300000	Residuals and Extracted Prdct	RESIEXTPRD
15400000	Plant Materials-Oth Supplies	MATER_SUPP
15400710	Plant Mat-Fab Shop Inv-Raw Mat	MATER_SUPP
15400720	Plt Mat-Fab Shop Build AheadMR	MATER_SUPP
15400730	Plt Mat-Fab Shop BldAhead McJu	MATER_SUPP
15400740	Plt Mat-Fab Shop Inv Consumabl	MATER_SUPP
15400800	Plant Mat-Meter Shop Clearing	MATER_SUPP
15500000	Merchandise	MERCHANDIS
15810000	Allowance Inventory	ALLW_INVEN
15820000	Allowances Withheld	ALLW_WTHLD
16300000	Stores Exp Undistributed	STR_EXP_UD
16300080	Stores Expense Credit	StoresCred
16410000	Gas Stored-Current	GAS STOR
16411000	Gas Stored-Current-LIFO	GAS STOR
16420000	Liquefied Natural Gas Stored	LQ_NAT_GAS
16421000	LNG Stored-LIFO	LQ_NAT_GAS
16500000	Other Misc Prepayments	PREPAID
16500010	Prepaid-Medical LTD	PREPAID
16500020	Prepaid - NI CPG Transition	PREPAID
16500100	Prepaid-Software-Misc	PREPAID
16500110	Prepaid-IT Costs	PREPAID
16500200	Prepaid-DSM Reimbursement	PREPAID
16500300	Prepd-VEBA Trust Medical-Activ	PREPAID
16500400	Prepaid-Transformation	PREPAID
16500500	Prepaid - NiFiT	PREPAID
16503200	Prepaid Taxes - Property	PREPAID
16503400	Prepaid Taxes - Gross Receipts	PREPAID
16503600	Prepaid Taxes - Other	PREPAID
16520000	Prepaid-Insurance Affiliate	PREPAID
16521000	Prepaid-Insurance NonAffil	PREPAID
16530000	Prepaid-Price Risk	PREPAID
16530010	Price Risk-Curr Reserve	PRICE RISK
16530020	Price Risk-Hedging Current IC	PRICE RISK
16591015	Prepaid-Transformation-NonCurr	PREPAID
17100000	Interest and Dividends Rec	INTERSTREC
17100004	Int Rec-SWAP	INTERSTREC
17100010	Int Rec-Non-Aff Money Pool	INTERSTREC
17100011	Int Rec-Reserve	INTERSTREC
17100012	Int Rec - Non-Aff Money Pool 2	INTERSTREC
17100020	Int Rec-Other AR Sold	INTERSTREC
17101000	Int Rec-Tax-Curr-Fed	INTERSTREC
17102000	Int Rec-Tax-Curr-State	INTERSTREC

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
17103000	Int Rec-Tax-Stat_Local	INTERSTREC
17104000	Int Rec-Tax-Payroll	INTERSTREC
17105000	Int Rec-Tax-Noncurr-Fed	INTERSTREC
17106000	Int Rec-Tax-Noncurr-State	INTERSTREC
17107000	Int Rec - Noncurr SWAP	INTERSTREC
17200000	Rent Receivables	RENTREC
17200001	Rent Receivables-Land	RENTREC
17200100	Rent Receiv-Oth AR Sold	RENTREC
17300000	AR Accrued Revenues	ACCD REV
17300001	AR Accrd Rev Unbill Reg Cust	ACCD REV
17301000	AR Sold Cust Unbilled Revenue	ARSOLD
17302000	AR Accrd Rev Unbill Exch Gas	ACCD REV
17302010	AR Sold Unbilled Exchange Gas	ARSOLD
17400000	Misc Curr and Accrued Assets	MISC ASSET
17401000	Misc Assets-Exch Gas Receiv	MISC ASSET
17401010	Misc Assets-Shipper Gas	MISC ASSET
17401020	Exchange Gas Recvbl Reserve	MISC ASSET
17403200	Misc Assets-Property Tax	MISC ASSET
17406000	Misc Assets-Storage	MISC ASSET
17410000	Assets of Disco Ops - Curr	DISCOP
17500000	Deriv Instrmnt Asset -Curr	DERV_INSTR
17505000	Deriv Instrmnt Asset -Non-Curr	DERV_INSTR
17600000	Deriv Instrmnt Asset-Hedg -Cur	DERV_INSTR
17605000	Deriv Instrmnt Assett-Hedg-NC	DERV_INSTR
18100000	Def Chrgs-Unamortized Debt Exp	DEFCHARGES
18100001	Def Chrgs-Miscellaneous	DEFCHARGES
18100004	Def Chrgs-Financing	DEFCHARGES
18100005	Def Chrgs-Unamort Med Note	DEFCHARGES
18210000	Extraordinary Property Losses	EXTR_PLOSS
18230000	Reg Asset Other	OTH RG AST
18230002	Reg Asset ACA	OTH RG AST
18230003	Reg Asset Software	OTH RG AST
18230004	Reg Asset Environ Cur	OTH RG AST
18230005	Reg Asset OPEB Transition	OTH RG AST
18230006	Reg Asset Retiree Life Reg	OTH RG AST
18230007	Reg Asset FAS 112 Current	OTH RG AST
18230008	Reg Asset Pension Rest	OTH RG AST
18230009	Reg Asset Retire Inc Plan	OTH RG AST
18230013	Reg Asset OPEB Trker-Cur	OTH RG AST
18230014	Reg Asset Pension Trker - Curr	OTH RG AST
18230050	Reg Asset Imbalance Cashout	OTH RG AST
18230100	Reg Asset Decoupling-Peak	OTH RG AST
18230101	Reg Asset Decoupling-Off Peak	OTH RG AST
18230110	Reg Asset Def Wkg Cap Cmdty-Pk	OTH RG AST
18230111	Reg Asset Def Wkg CapCmdty-OPk	OTH RG AST
18230120	Reg Asset Def Wkg CapDema-Peak	OTH RG AST
18230121	Reg Asset Def Wkg CapDema-OPk	OTH RG AST
18230130	Reg Asset Unbill-Recoveries	OTH RG AST
18230140	Reg Asset Def Gas Cost Bad Dbt	OTH RG AST
18230150	Reg Asset Bad Dbt Gas cost Hld	OTH RG AST
18230160	Reg Asset Prod-Stor-Peak	OTH RG AST
18230161	Reg Asset Prod-Stor-Off Peak	OTH RG AST
18230170	Reg Asset DSM LNR-May	OTH RG AST

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
18230180	Reg Asset DSM Implementation	OTH RG AST
18230185	Reg Asset DSM Incentive	OTH RG AST
18230190	Reg Asset Debt Redem Prem Curr	OTH RG AST
18230200	Reg Asset Cr Bal Transf	OTH RG AST
18230210	Reg Asset TIRF	OTH RG AST
18230220	Reg Asset CMA Cares	OTH RG AST
18230230	Reg Asset Metscan Current	OTH RG AST
18230240	Reg Asset Residential Discount	OTH RG AST
18230250	Reg Asset Rate Case Current	OTH RG AST
18230260	Reg Asset Atty Gen Consult Fee	OTH RG AST
18230270	Reg Asset Longwel Mng Proj-Cur	OTH RG AST
18230280	Reg Asset PIP-Current	OTH RG AST
18230290	Reg Asset Deferrd Depreciation	OTH RG AST
18230295	Reg Asset Whle LF/Remaining LF	OTH RG AST
18230300	Reg Asset IRP Accum Depr	OTH RG AST
18230310	Reg Asset Weatherization	OTH RG AST
18230320	Reg Asset Bad Debt Tracker	OTH RG AST
18230350	Reg Asset DSM Expenses-GAS	OTH RG AST
18230360	Reg Asset Riser Project	OTH RG AST
18230370	Reg Asset Integrated Resource	OTH RG AST
18230380	Reg Asset Def Int Exp-GCR	OTH RG AST
18230390	Reg Asset Def Int Exp-Rate Ref	OTH RG AST
18230400	Reg Asset PISCC	OTH RG AST
18230410	Reg Asset Def PISCC-Rider IRP	OTH RG AST
18230420	Reg Asset Int Undercollection	OTH RG AST
18230430	Reg Asset Hedging	OTH RG AST
18230440	Reg Asset GTI Funding	OTH RG AST
18230450	Reg Asset EAP	OTH RG AST
18230460	Reg Asset CGV CHOICE IT	OTH RG AST
18230470	Reg Asset CPA USP Rider	OTH RG AST
18230480	Reg Asset USP Unbilled	OTH RG AST
18230490	Reg Asset POR Implementation	OTH RG AST
18230500	Reg Asset CGV Residential RNA	OTH RG AST
18230510	Reg Asset CGV SGS RNA	OTH RG AST
18230520	Reg Asset CGV CARES Program	OTH RG AST
18230530	Reg Asset CGV SAVE Program Ph2	OTH RG AST
18230540	Reg Asset Gas Cost Incentive	OTH RG AST
18230550	Reg Asset Unbilled Res RNA	OTH RG AST
18230560	Reg Asset Unbilled SGS RNA	OTH RG AST
18230570	Reg Asset GSEP	OTH RG AST
18230580	Reg Asset Training Facility	OTH RG AST
18230611	Reg Asset-EERM Deprec Deferral	OTH RG AST
18230612	Reg Asset-EERM OM Deferral	OTH RG AST
18230615	Reg Asset-MISO Non-Fuel Amort	OTH RG AST
18230616	Reg Asset-RA Rider Deferral	OTH RG AST
18230618	Reg Asset-RMS 18 Deprec	OTH RG AST
18230619	Reg Asset-RTO Rider Deferral	OTH RG AST
18230620	Reg Asset-Sugar Creek Amortiz	OTH RG AST
18230621	Reg Asset-Sugar Creek Stub	OTH RG AST
18230622	Reg Asset-Pure Air Cap Ls	OTH RG AST
18230623	Reg Asset-Mercury Air Toxin 20	OTH RG AST
18230624	Reg Asset-Mercury Air Toxin 80	OTH RG AST
18230625	Reg Asset-Elec Energy Eff-CU	OTH RG AST

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
18230626	Reg Asset-Energy Curtailment	OTH RG AST
18230627	Reg Asset-FMCA Ele 20	OTH RG AST
18230628	Reg Asset-FMCA Ele 80	OTH RG AST
18230629	Reg Asset-TDSIC Ele 20	OTH RG AST
18230630	Reg Asset-TDSIC Ele 80	OTH RG AST
18230631	Reg Asset-UnamrtLoss-ReacqDebt	OTH RG AST
18230632	Reg Asset-Green Power	OTH RG AST
18230633	Reg Asset-DSM Lost Margin	OTH RG AST
18230634	Reg Asset-Unrecovrd Fuel Costs	OTH RG AST
18230635	Reg Asset-Unrecovrd Gas Costs	OTH RG AST
18230637	Reg Asset-FMCA Gas 80	OTH RG AST
18230639	Reg Asset-TDSIC Gas 80	OTH RG AST
18230640	Reg Asset G-TDSIC Rurl Mrgn Cr	OTH RG AST
18230641	Rg Ast G TDSIC - Rl Mrg CR Amo	OTH RG AST
18230642	Reg Asset - Gas TDSIC - Amort	OTH RG AST
18230643	Reg Asset - Elec TDSIC - Amort	OTH RG AST
18230644	Reg Asset - Elec FMCA - Amort	OTH RG AST
18230645	Reg Asset - 2015 Ele Rate Case	OTH RG AST
18230646	Reg Asset MISO D 1 UPLIFT CHRG	OTH RG AST
18230647	Reg Asset TDSIC20 Track 80 Elc	OTH REG
18231000	Reg Asset Oth-Inc Tax Cur Fed	OTH RG AST
18232000	Reg Asset Oth-Inc Tax Curr ST	OTH RG AST
18233320	Reg Asset Def Property Tax	OTH RG AST
18233330	Reg Asset Def Property Tax-IRP	OTH RG AST
18233340	Reg Asset NiFiT_WMS Impl Cst	OTH RG AST
18233350	Reg Asset DEF DEPR - CEP	OTH RG AST
18233360	Reg Asset DEF DEPR - CAP LEASE	OTH RG AST
18233370	Reg Asset - GCR - Current	OTH RG AST
18233380	Reg Asset - STRIDE Program	OTH RG AST
18233390	Reg Asset-AMRP	OTH RG AST
18233400	Reg Asset-DIMP Deferrl-Level 1	OTH RG AST
18233410	Reg Asset - Rate Refunds	RATEREFUND
18233420	Reg Asset-Prf Base Rt Adj PBRA	OTH RG AST
18233430	Reg Asset-Retail Mrkt Investgn	OTH RG AST
18235000	NC Reg Asset Other	OTH RG AST
18235104	NC Reg Asset Envir Non-Curr	OTH RG AST
18235105	NC Reg Asset OPEB Regulatory	OTH RG AST
18235107	NC Reg Asset FAS 112 NC	OTH RG AST
18235108	NC Reg Asset Pension RestorNC	OTH RG AST
18235109	NC Reg Asset Retire Income NC	OTH RG AST
18235111	NC Reg Asset Thrift Rest NC	OTH RG AST
18235112	NC Reg Asset AFUDC Equity	OTH RG AST
18235113	NC Reg Asset OPEB Trker-NC	OTH RG AST
18235114	NC Reg Asset FAS 158 OPEB	OTH RG AST
18235115	NC Reg Asset FAS158 Pension	OTH RG AST
18235116	NC Reg Asset Levelized COS	OTH RG AST
18235119	NC Reg Asset Ret Inc Trkr FRC	OTH RG AST
18235122	NC Reg Asset AFUDC Eqty Recl	OTH RG AST
18235123	NC Reg Asset OPEB Trkr NC RIR	OTH RG AST
18235126	NC Reg Asset Levelzd COS Recl	OTH RG AST
18235129	NC Reg Asset Ret Inc Trkr RIR	OTH RG AST
18235200	NC Reg Asset Partnership AFUDC	OTH RG AST
18235320	NC Reg Asset Def Property Tax	OTH RG AST

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
18235330	NC Reg Asset Def Prop Tax-IRP	OTH RG AST
18235340	Reg Asset Def Property Tax-CEP	OTH RG AST
18235400	NC Reg Asset ERC Site Cost	OTH RG AST
18235410	NC Reg Asset ERC Yearly Layers	OTH RG AST
18235420	NC Reg Asset Dbt Rdmpt Prem NC	OTH RG AST
18235430	NC Reg Asset Metscan Non-Curr	OTH RG AST
18235440	NC Reg Asset Rate Case Non-Cur	OTH RG AST
18235450	NC Reg Asset Pen NQulfd FAS158	OTH RG AST
18235460	NC Reg Asset CMA NOL 2008	OTH RG AST
18235470	NC Reg Asset CMA NOL 2008 Impr	OTH RG AST
18235480	NC Reg Asset Longwe Mng Prj-NC	OTH RG AST
18235490	NC Reg Asset PIP-NonCurrent	OTH RG AST
18235500	NC Reg Asset Def Depreciation	OTH RG AST
18235501	NC Reg Asset Whle LF_Remain LF	OTH RG AST
18235505	NC Reg Asset Deferred Depr CEP	OTH RG AST
18235506	NC Reg Asset Def Depr Cap Lse	OTH RG AST
18235510	NC Reg Asset IRP Accum Depr	OTH RG AST
18235520	NC Reg Asset Bad Debt Tracker	OTH RG AST
18235550	NC Reg Asset DSM Expenses	OTH RG AST
18235555	NC Reg Asset DSM Incentive	OTH RG AST
18235560	NC Reg Asset Riser Project	OTH RG AST
18235570	NC Reg Asset GCR	OTH RG AST
18235580	NC Reg Asset PISCC	OTH RG AST
18235585	NC Reg Asset PISCC-Rider IRP	OTH RG AST
18235586	NC Reg Asset Def PISCC - CEP	OTH RG AST
18235590	NC Reg Asset Rate Case Exp	OTH RG AST
18235600	NC Reg Asset Hedging	OTH RG AST
18235613	NC Reg Asset-ElecVehicle Def	OTH RG AST
18235614	NC Reg Asset-ElecVehicle Depr	OTH RG AST
18235615	NC Reg Asset-MISO Non-FuelAmtz	OTH RG AST
18235618	NC Reg Asset-RMS 18 Deprec	OTH RG AST
18235620	NC Reg Asset-Sugar Creek Amtz	OTH RG AST
18235621	NC Reg Asset-Sugar Creek Stub	OTH RG AST
18235622	NC Reg Asset-Pure Air Cap Ls	OTH RG AST
18235623	NC Reg Asset-Merc Air Toxin 20	OTH RG AST
18235624	NC Reg Assset-FMCA Gas 20	OTH RG AST
18235625	NC Reg Asset-TDSIC Gas 20	OTH RG AST
18235626	NC Reg Asset-Energy Curtailmnt	OTH RG AST
18235627	NC Reg Asset-FMCA Ele 20	OTH RG AST
18235628	NC Reg Asset-TDSIC Ele 20	OTH RG AST
18235629	MISO DAY 1 UPLIFT CHARGES	OTH RG AST
18235630	NC Reg Asset TDSIC1 Def 100 El	OTH REG
18235631	NC Reg Asset UnamrtLssReacqDbt	OTH RG AST
18235632	NC Reg Asset TDSIC1A Def 100 E	OTH REG
18235633	NC Reg Asset TDSIC2 Track 20 E	OTH REG
18235700	NC Reg Asset ARO	OTH RG AST
18235800	NC Reg Asset NiFiT_WMS Impl Co	OTH RG AST
18235850	NC Reg Asset Training Facility	OTH RG AST
18235900	NC Reg Asset-DIMP Defl-Level 1	OTH RG AST
18235901	NC Reg Asset-DIMP Defl-Level 2	OTH RG AST
18236000	NC Reg Asset NEED Rtrn on Invs	OTH RG AST
18236100	NC Reg Asset NEED Rev conv fac	OTH RG AST
18236200	NC Reg Asset NEED O_M Costs	OTH RG AST

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
18236300	NC Reg Asset NEED Defrd Deprec	OTH RG AST
18236400	NC Reg Asset NEED Defrd Pr tax	OTH RG AST
18236500	NC Reg Asset NEED Bs NGRev Off	OTH RG AST
18236600	NC Reg Asset-PSP	OTH RG AST
18236700	NC Reg Asset STRIDE Program	OTH RG AST
18236800	NC Reg Assett-Retail Mrkt Invs	OTH RG AST
18236900	NC Reg Asset MAIN	OTH RG AST
18237000	NC Reg Asset Inc Tax NC Fed	OTH RG AST
18237100	NC Reg Asset CIS Rider 677	OTH RG AST
18300000	Prelim Survey Charge Elec B Ba	PRELIMSURV
18300001	Prelim Survey Charge Elec Adds	PRELIMSURV
18300002	Prelim Survey Charge Elec Chng	PRELIMSURV
18310000	Prelim Survey Charge B Bal	PRELIMSURV
18310001	Prelim Survey Charge Additions	PRELIMSURV
18310002	Prelim Survey Charge Oth Chang	PRELIMSURV
18320000	Oth Prelim Survey B Bal	PRELIMSURV
18320001	Oth Prelim Survey Additions	PRELIMSURV
18320003	Oth Prelim Survey Othr Change	PRELIMSURV
18400000	Clearing Accounts	CLEARING
18400100	Building Clearing	CLEARING
18400101	Convenience Bill Clearing	ConvBilClr
18400200	Car Clearing	CLEARING
18400250	Truck Clearing	CLEARING
18400275	Clearing-Fleet	CLEARING
18400300	Garage Exp Clearing	CLEARING
18400400	General Tool Clearing	CLEARING
18400420	Clearing-Paymaster	CLEARING
18400440	Clearing-Group Life Ins	CLEARING
18400500	Non-Productive Time Clearing	CLEARING
18400520	Clearing-Payroll Deposit	CLEARING
18400530	Clearing-Meta-Bank	CLEARING
18400550	Clearing-CMEP Claims Pd System	CLEARING
18400600	DSM Clearing	CLEARING
18400610	Clearing-Prem Bill Stmt AllOth	CLEARING
18400620	Clearing-Prem Bill Stmt Dental	CLEARING
18400630	Clearing-Prem Bill Stm Medical	CLEARING
18400640	Clearing-Prem Bill Stmt RXDrug	CLEARING
18400660	Clearing-Adecco	CLEARING
18400700	Fab Shop Inventory-Labor-Other	FabExpClr
18400710	Fab Shop Inv-Raw Mat_Finished	FabExpClr
18400720	Fab Shop Inv-Build Ahead MR	FabExpClr
18400730	FabShop Inv-BuildAhead McJunkn	FabExpClr
18400740	FabShop Inv-Consumable Goods	FabExpClr
18400800	Meter Shop Clearing	MeterClr
18400900	Sand-Gravel Clearing	CLEARING
18400910	Consumables Clearing	CLEARING
18400920	Workers Comp Claims	CLEARING
18400930	Clearing-Training Op Cost	CLEARING
18400940	Clearing-Trainee Cost	CLEARING
18400950	Clearing-Inventory	CLEARING
18600000	Def Debit-Tax Recble fr Membrs	DEF DEBIT
18600200	Def Debit-Maint and Jobng WIP	DEF DEBIT
18600300	Def Debit-Gen Office Lease	DEF DEBIT

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
18600400	DefDebitCusAdv_DEPPST12-31-99	DEF DEBIT
18600500	Def Debit-Convenience Bill	DEF DEBIT
18600700	Def Debit-Non-Current	DEF DEBIT
18600800	Def Dr Land Gain-Loss-Non-util	DEF DEBIT
18601000	Def Debit-OPEB-Union	DEF DEBIT
18601040	Def Debit-OPEB	DEF DEBIT
18601050	Def Debit-SFAS 112	DEF DEBIT
18601060	Def Dr LT Pension Cost-Qual	DEF DEBIT
18601070	Def Dr Prior Svc Cst Prpd Pens	DEF DEBIT
18601080	Def Debit-Work Continuity Proj	DEF DEBIT
18602010	Def Debit-Goodwill CEG	DEF DEBIT
18602011	Def Debit-GW CEG Debentures	DEF DEBIT
18602015	Def Debit-Goodwill	DEF DEBIT
18602050	Def Debit-Accum Amor GW-CEG	DEF DEBIT
18603000	Unamortized Rate Case Exp	DEF DEBIT
18603500	Unamortized Rate Case Exp-Cur	DEF DEBIT
18604000	Def Debit-LT Price Risk	DEF DEBIT
18604010	Price Risk-LT Reserve	DEF DEBIT
18604020	Def Debit-Elyria Mortgage Rec	DEF DEBIT
18605000	Def Debit-Non-Current Rate Ref	DEF DEBIT
18605050	AR-Tax-Gross Receipts	AR TAX
18605100	AR-Tax-Noncurrent-Fed	AR TAX
18606100	AR-Tax-Noncurrent-State	AR TAX
18607000	Def Debit-TRA Tracker	DEF DEBIT
18608000	Def Debit-Current	DEF DEBIT
18608100	Def Debit-Material Holding	DEF DEBIT
18608200	Def Debit-Mutual Materials	DEF DEBIT
18608300	Def Debit-Def Prop Tax	DEF DEBIT
18608400	Def Debit-PISCC	DEF DEBIT
18608500	Def Debit-Accum Depr	DEF DEBIT
18608600	Def Debit-DIMP Deferl-Level 1	DEF DEBIT
18609000	Def Debit NC-DIMP Defl-Level 1	DEF DEBIT
18609001	Def Debit NC-DIMP Defl-Level 2	DEF DEBIT
18609100	Def Debit NC-Def Prop Tax IRP	Def Debit
18609200	Def Debit NC-PISCC	Def Debit
18609300	Def Debit NC-Accum Depr	Def Debit
18800000	Research Dev and Demo Exp	RESEARCH
18900000	Unamort Loss On Reacquire Debt	UNAMTZ LOS
19001000	ADIT-Other-Current-Fed	ADIT_OTH
19001200	ADIT FIT BEN - CURRENT - FED	ADIT_BEN
19002000	ADIT-Other-Current-State	ADIT_OTH
19005000	ADIT-Other-Noncurr-Fed	ADIT_OTH
19005100	ADIT Reg Liability NC - Fed	ADIT_OTH
19005200	ADIT 1 percent Rate Base - Fed	ADIT_OTH
19005300	ADIT FIT BEN - NON CURR - FED	ADIT_BEN
19006000	ADIT-Other-Noncurr-State	ADIT_OTH
19006100	ADIT Reg Liability NC - State	ADIT_OTH
19100100	Unrecov Purchs Gas Costs-Com	UNPURC_GAS
19100200	Unrecov Purchs Gas Costs-Dem	UNPURC_GAS
19100300	CPA Storage Interest Rate	CPA_STR_RT
19100400	End User Exchange	END_USE_EX
19100500	Unrecov PurchGas Cst-Specl Adj	UNPURC_GAS
19100600	Transporter Imbalance	TRANSP_IMB

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
19100700	Supplier Imbalance	SUPP_IMB
19100800	Unrecov Purch Gas Cst-Unbill	UNPURC_GAS
19100900	CPA Base Gas	CPA_BASGAS
19101000	UnrecovPurchGas Cst-Off-Pk Com	UNPURC_GAS
19101100	UnrecovPurchGas Cst-Off-Pk Dem	UNPURC_GAS
19101200	Def Asset Manager	DEF_AST_MG
19101300	Unrecov Purch-Cr Bal Transfer	UNPURC_GAS
19900000	Error Suspense	SUSPENSE
20100000	Common Stock-Beg Balance	CMN_STOCK
20110000	Common Stock-Issuance	CMN_STOCK
20200000	Common Stock-Subscribed	CMN_STOCK
20400000	Preferred Stock	PREF_STOCK
20500000	Preferred Stock-Subscribed	PREF_STOCK
20700000	Premium on Capital Stock	CAP_STOCK
20800000	Donations Received B Bal IC	DONA_RECEV
20900000	Reductn Par Value Commm Stk IC	RED_PARVAL
21000000	Gain_Resale-Cancl Reacq CapStk	GnReaqStk
21001000	Equity Allocation Adj	GnReaqStk
21100000	APIC Beg Balance	APIC
21101010	APIC Forward Equity Settlement	APIC
21101020	APIC Issuances	APIC
21101050	APIC Grant	APIC
21101080	APIC Vested	APIC
21104100	APIC Comp Beg Balance	APIC
21104110	APIC Comp Issuance	APIC
21104120	APIC Comp Amortization	APIC
21106020	APIC NiSource Shares	APIC
21106030	APIC Outside Partners	APIC
21106040	APIC Tax on Emp Stk Options	APIC
21106050	APIC Topies Issuance Costs	APIC
21106060	APIC Tax Ben Topies Issuance	APIC
21106070	APIC Equity Forward Repurch	APIC
21106082	APIC Hardy Storage	APIC
21107040	APIC Restricted Spec Grant	APIC
21108000	APIC Tax Savings Allocation	APIC
21110012	NCI Partner Capital	APICr
21400000	Capital Stock Exp	CAP_STK_EX
21600000	Retained Earnings-Beg Bal	RETN_ERNG
21600001	Retained Earnings Adj-Aff	RETN_ERNG
21600003	Retained Earnings-Pre Merger	RETN_ERNG
21600100	Retained Earnings-NI Beg Bal	RETN_ERNG
21600101	Retained Earnings-Adj NI	RETN_ERNG
21610000	Unapprop Undist Sub Earnings	UNAPR_UNDI
21700000	Reacquired Cap Stock-Beg Bal	RAQ_CAPSTK
21700001	Reacquired Cap Stock-Issued	RAQ_CAPSTK
21900000	OCI-Beg Balance	OCI
21900010	OCI Adjustments	OCI
21901000	OCI-SFAS 133 Beg Bal	OCI
21901010	OCI-SFAS 133 Gross	OCI
21901020	OCI-SFAS 133 Reclass Adj	OCI
21901025	OCI-SFAS 133 Other	OCI
21901030	OCI-SFAS 133 Fed Tax	OCI
21901040	OCI-SFAS 133 St Tax	OCI

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
21902100	OCI Unrealized-Gross	OCI
21902101	OCI Unrealized-Add	OCI
21902102	OCI Unrealized-Adj	OCI
21902110	OCI Unrealized-Fed Tax	OCI
21902120	OCI Unrealized-ST Tax	OCI
21903020	OCI-EDC Trust MTM	OCI
21903030	OCI-SERP Trust MTM	OCI
21904000	OCI-Trust MTM Fed Tax	OCI
21904010	OCI-Trust MTM ST Tax	OCI
21905000	OCI-Pension Oblig Beg Bal	OCI
21905005	OCI-Pension Oblig Add	OCI
21905010	OCI-Pension Oblig Adj	OCI
21905015	OCI-Pension Oblig Other	OCI
21905020	OCI-Pension Oblig Fed Tx	OCI
21905030	OCI-Pension Oblig St Tax	OCI
21905200	OCI-OPEB Oblig Beg Bal	OCI
21905210	OCI-OPEB Oblig Add	OCI
21905220	OCI-OPEB Oblig Adj	OCI
21905225	OCI-OPEB Oblig Other	OCI
21905230	OCI-OPEB Oblig Fed Tax	OCI
21905240	OCI-OPEB Oblig State Tax	OCI
21931000	OCI-GAAP Reclass Fed Tax	OCI
21932000	OCI-GAAP Reclass State Tax	OCI
22100000	Bonds-Med Term Note Beg Bal	BONDS
22100010	Medium Term Note Issuances	BONDS
22100020	Medium Term Note Retirement	BONDS
22100030	Medium Term Note Transfers	BONDS
22104000	Bonds-LT Debt-IntRateRiskMgt	BONDS
22105000	Current Med Term Note Beg Bal	BONDS
22105010	Current Med Term Note Issuance	BONDS
22105020	Current Med Term Note Retiremt	BONDS
22105030	Current Med Term Note Transfer	BONDS
22300000	Adv from Assoc Co-Beg Bal	ADVASSOCCO
22300010	Adv from Assoc Co-Issuances	ADVASSOCCO
22300020	Adv from Assoc Co-Retirement	ADVASSOCCO
22300030	Adv from Assoc Co-Transfers	ADVASSOCCO
22305000	Curr Adv from Assoc Co-Beg Bal	ADVASSOCCO
22305010	Curr Adv from Assoc Co-Issuanc	ADVASSOCCO
22305020	Curr Adv from Assoc Co-Retirem	ADVASSOCCO
22305030	Curr Adv from Assoc Co-Transfr	ADVASSOCCO
22400000	Other LongTerm Debt-Beg Bal	OTHER LTD
22400010	Other Long-Term Debt-Issuanc	OTHER LTD
22400020	Other LTD Retirements	OTHER LTD
22400030	Other Long-Term Debt-Trnsfrs	OTHER LTD
22401000	Long Term Debt IC Beg Balance	LTD IC
22401010	Long Term Debt IC Issuances	LTD IC
22401020	Long Term Debt IC Retirements	LTD IC
22401030	Long Term Debt IC Transfers	LTD IC
22405000	Curr LT Debt IC Beg Bal	CUR LTD
22405010	Curr LT Debt IC Retire	CUR LTD
22405020	Curr LT Debt IC Transfers	CUR LTD
22406000	Curr LT Debt Beg Bal	CUR LTD
22406010	Curr LT Debt Retire	CUR LTD

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
22406020	Curr LT Debt Transfers	CUR LTD
22500000	Unamort Premium on LT Debt	UNAMTZ LTD
22600000	Unamort Discount on LT Debt	UNAMTZ LTD
22700000	Oblig Und Cap Leas B Bal	CAP LEASE
22700001	Oblig Und Cap Leas NC Issuance	CAP LEASE
22700002	Oblig Und Cap Leas NC Transfer	CAP LEASE
22700003	Oblig Und Cap Leas NC Payment	CAP LEASE
22810000	Accum Prov for Prop Insur	ACCUM_PROV
22820000	Accum Prov Prop Injur Damg	ACCUM_PROV
22820100	Accum Prov Window Warranties	ACCUM_PROV
22832500	Accum Provisions Thrft Pln NI	OPEB
22832501	Accum Provisions Thrft Pln EE	OPEB
22833000	Accum Provisions FAS 112	OPEB
22834010	Accum Provisions OPEB- Active	OPEB
22834020	Accum Provisions OPEB- Retiree	OPEB
22836010	Accum Provisions LT Pen Rst Pl	OPEB
22838000	Accum Provisions Pen Cost Qual	OPEB
22838010	Accum Provisions SERP	OPEB
22838020	Accum Prov LT PenCost Non-Qual	OPEB
22838030	Misc Op Res-NC OPEB Retire Cnt	OPEB
22839000	Accum Prov ST PenCost Non-Qual	OPEB
22840000	Misc Operating Reserves	OP RSV
22840010	Other LT Liab-Vacation Banked	OTHER LT
22840020	Misc Op Res-NC OPEB Retire Cnt	OPEB
22900000	Provision for Rate Refunds Pen	RATEREFUND
22900001	Provision for Rate Refunds Aff	RATEREFUND
22900002	Rate Refund Reserve-4E	RATEREFUND
23000000	AccMiscOpProv-ARO Beg Balance	ARO
23000001	AccMiscOpProv-ARO Additions	ARO
23000003	AccMiscOpProv-ARO Accretion	ARO
23000004	AccMiscOpProv-ARO Settlement	ARO
23000005	AccMiscOpProv-ARO Adj-Rev	ARO
23100000	Notes Payable	NP
23100002	NP-Commercial Paper	NP
23100005	NP-Other	NP
23100010	Short Term Debt-Sale of AR	NP
23200000	AP - AP Module Use Only	AP
23200001	AP-Misc	AP
23200040	AP-Payroll	AP
23200051	AP-Outstanding Payroll-ADP	AP
23200059	AP-Nipsco MAPPS Unpaid Inv	AP
23200080	AP-Leases	AP
23200090	AP-Gas	AP
23201010	AP-Outstanding Checks	AP
23201048	AP-Purchased Power	AP
23201049	AP-Underground Storage	AP
23201050	AP-MISO Transmission	AP
23201051	AP-AMEX	AP
23201052	AP-Appalachian Transportation	AP
23201053	AP-Southwest Transportation	AP
23201054	AP-P/L Purchases	AP
23201055	AP-PNC Wires_ACH	AP
23201056	AP-PNC Disbursement	AP

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
23201058	AP-PNC Land Disbursement	AP
23201059	AP-Chase Disbursement	AP
23201061	AP-MellonBank Disbursement_ACH	AP
23201064	AP-RBS Manual Disbursement	AP
23201065	AP-PNC Manual Disbursement	AP
23201070	AP-Nexus	AP
23201080	AP-PNC_GERS	AP
23201081	AP-BU Emp-ee Reimbursements	AP
23202100	AP-Mechan Accr Non-Mech Chks	AP
23202200	AP-SSO Purchases	AP
23202300	AP-Gas Purchases-Producer	AP
23202400	AP-Gas Purchases-Transport	AP
23202500	AP-Choice Marketer Payable	AP
23202600	AP-Capital Invoice Accrual	AP
23202700	AP-Marketer Refunds	AP
23202800	AP-Civ Cntr Lease Payable	AP
23202900	AP-CPG Non-Transition Srvces	AP
23203000	AP-Fuel Stock	AP
23208990	AP-AR Refunds	AP
23209000	Diff IC AR AP Elim	AP
23300000	NP Assoc Co-Beg Bal	NPASSOC CO
23300010	NP Assoc Co-Issuances	NPASSOC CO
23300020	NP Assoc Co-Retirements	NPASSOC CO
23300030	NP Assoc Co-Transfers	NPASSOC CO
23400000	AP Assoc Co-Mech	AP ASSOC
23400001	AP Assoc Co-Taxes	AP ASSOC
23400002	AP Assoc Co-Misc	AP ASSOC
23400003	AP Assoc Co-Dividends	AP ASSOC
23400005	AP Assoc Co-Exch Gas Payabl	AP ASSOC
23400008	AP Assoc Co-CS Contr Bill Est	AP ASSOC
23400009	AP Assoc Co-Due To_From	AP ASSOC
23400010	AP Assoc Co-Interest	AP ASSOC
23400020	AP Assoc Co-Long Term	AP ASSOC
23400030	AP Assoc Co-Transportation	AP ASSOC
23400107	AP Assoc Co-ST Transformation	AP ASSOC
23400111	AP Assoc Co-ERS_Only	AP ASSOC
23400999	AP Assoc GL Only Auto-gen	AP ASSOC
23401000	AP Assoc Co-Stock	AP ASSOC
23402000	AP Assoc Co-Corporate	AP ASSOC
23402206	Unbilled Reimbursable Projects	AP ASSOC
23405001	AP-Non Consolidated Affil.	AP ASSOC
23410000	Money Pool Borrowings	AP ASSOC
23410001	Money Pool Borrowings Int Pay	AP ASSOC
23420000	Money Pool 2 Borrowings	AP ASSOC
23420010	Money Pool 2 Borrowing Int Pay	AP ASSOC
23430005	Affil Exchange Gas Payabl FERC	AP ASSOC
23500000	Customer Deposits	DEPOSITS
23500100	Rental Deposits	DEPOSITS
23500200	RepublicTech Deposit	DEPOSITS
23500300	Drilling Well Service Deposits	DEPOSITS
23601000	Accrd Fed Inc Tax-Current	ACCRD TAX
23602000	Accrd ST Inc Tax-Current Year	ACCRD TAX
23603100	Accrd Lic and Franch Tax	ACCRD TAX

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
23603200	Accrd Property Tax	ACCRD TAX
23603300	Accrd Sales and Use Tax	ACCRD TAX
23603400	Accrd Tax-FICA OASDI	ACCRD TAX
23603500	Accrd Tax-Consumption	ACCRD TAX
23603600	Accrd State-Local Other	ACCRD TAX
23603700	Accrd Taxes Incentive Plan	ACCRD TAX
23603800	Accrd Tax-Gross Receipts	ACCRD TAX
23603900	Accrd Tax-FICA MHI	ACCRD TAX
23604000	Accrd Unempl Insur-Fed	ACCRD TAX
23604100	Accrd Unempl Insur-State	ACCRD TAX
23604200	Accrd Tax-EE FICA Thrif Rest	ACCRD TAX
23604300	Accrd Tax-Special Fuels Tax	ACCRD TAX
23605000	Accrd Fed Inc Tax-Noncurrent	ACCRD TAX
23606000	Accrd ST Inc Tax-Noncurrent	ACCRD TAX
23700000	Int Accrued	INT ACCD
23700010	Int Accrued-Cust Deposit	INT ACCD
23700020	Interest on Long Term Debt	INT ACCD
23700500	Int Accrued - Affiliated	INT ACCD
23701000	Int Accrued-Fed Cur	INT ACCD
23702000	Int Accrued-ST Cur	INT ACCD
23703000	Int Accrued-ST and Local Tx	INT ACCD
23704000	Int Accrued-Payroll	INT ACCD
23705000	Int Accrued-Fed NC	INT ACCD
23705010	Int Accrued-Debt NC	IntDebtNC
23706000	Int Accrued-ST NC	INT ACCD
23800000	Div Declared-Common Dividend	DIV DECL
23800010	Div Declared-Intercompany	DIV DECL
24000000	Cur Portion of LTD-Beg Bal	MATUR INT
24000002	Cur Portion of LTD-Retiremnt	MATUR INT
24000003	Cur Portion of LTD-Transfers	MATUR INT
24100000	Tax Collections Payable	TAXCOLLPAY
24103100	Tax Coll Pay Incentive	TAX PAY
24103110	Tax Coll Pay Fed Inc Tx	TAX PAY
24103120	Tax Coll Pay St Inc Tx	TAX PAY
24103130	Tax Coll Pay Loc Inc Tx	TAX PAY
24103140	Tax Coll Pay Tx WH OASDI	TAX PAY
24103150	Tax Coll Pay Tx WH Medicare	TAX PAY
24103160	Tax Coll Pay Unemploy Ins-Fed	TAX PAY
24103170	Tax Coll Pay Unemploy Ins-ST	TAX PAY
24103180	Tax Coll Pay EE FICA Thrf Rest	TAX PAY
24103300	Tax Coll Pay Sales and Use Tax	TAX PAY
24103400	Tax Coll Pay Util Gross Rcpts	TAX PAY
24103500	Tax Coll Pay State Consum Tax	TAX PAY
24103600	Tax Coll Pay State-Local Oth	TAX PAY
24200000	Accd Liab-Misc	ACCD LIAB
24200010	Accd Liab-Plant In Service	ACCD LIAB
24200020	Accd Liab-Work in Progress	ACCD LIAB
24200060	Accd Liab-Defd Comp	ACCD LIAB
24200070	Accd Liab-Severance	ACCD LIAB
24200080	Accd Liab-Chase	ACCD LIAB
24200090	Accd Liab-Bank Escrow	ACCD LIAB
24200100	Accd Liab-Chase NSF	ACCD LIAB
24200110	Accd Liab-SERP-nonqualified	ACCD LIAB

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
24201627	Accd Liab-Payouts	ACCD LIAB
24201628	Accd Liab-Withheld Land Rental	ACCD LIAB
24201629	Accd Liab-Unclaimed AP Checks	ACCD LIAB
24202010	Accd Liab-Sppmtl Pension liab	ACCD LIAB
24202011	Accd Liab-Sppmtl Pensn Offset	ACCD LIAB
24202012	Accd Liab-Supp Pens Pymt Offst	ACCD LIAB
24202013	Accd Liab-Misc Cur Supp Pens	ACCD LIAB
24202500	Accd Liab-Thrft Pln Restr Com	ACCD LIAB
24202501	Accd Liab-Thrft Pln Restr Emp	ACCD LIAB
24203000	Accd Liab-Profit Sharing	ACCD LIAB
24203100	Accd Liab-Incentive Compnstion	ACCD LIAB
24203200	Accd Liab-Vacation Pay PY	ACCD LIAB
24203201	Accd Liab-Vacation Pay CY	ACCD LIAB
24203300	Accd Liab-Payroll	ACCD LIAB
24203305	Accd Liab-Gross Payroll	ACCD LIAB
24204000	Accd Liab-PR Ded Misc	ACCD LIAB
24204040	Accd Liab-PR Ded Union Dues	ACCD LIAB
24204050	Accd Liab-PR Ded Wage Attchmt	ACCD LIAB
24204060	Accd Liab-PR Ded United Way	ACCD LIAB
24204070	Accd Liab-PR Ded PAC	ACCD LIAB
24204080	Accd Liab-PR Ded ThrftPlan Pyt	ACCD LIAB
24204081	Accd Liab-PR Ded ThrftPlan EE	ACCD LIAB
24204082	Accd Liab-PR Ded Roth401k Plan	ACCD LIAB
24204090	Accd Liab-PR Ded FSA Health	ACCD LIAB
24204091	Accd Liab-PR Ded FSA Dep Care	ACCD LIAB
24204092	Accd Liab-PR Ded HSA Benefits	ACCD LIAB
24204120	Accd Liab-PR Ded Credit Union	ACCD LIAB
24204140	Accd Liab-PR Ded Fitness Cent	ACCD LIAB
24204150	Accd Liab-PR Ded Parking	ACCD LIAB
24204160	Accd Liab-PR Ded Medicare	ACCD LIAB
24204170	Accd Liab-PR Ded Med Ass Plan	ACCD LIAB
24204210	Accd Liab-PR Ded Employee Stk	ACCD LIAB
24205010	Accd Liab-Outstanding Checks	ACCD LIAB
24205020	Accd Liab-Unclaimed Bonds	ACCD LIAB
24205100	Accd Liab-State and Local Tax	ACCD LIAB
24205200	Accd Liab-Prop Tax	ACCD LIAB
24205300	Accd Liab-Sales Tax Audit	ACCD LIAB
24205527	Accd Liab-Sev Exec Beg	ACCD LIAB
24205528	Accd Liab-Sev Exec Addition	ACCD LIAB
24205529	Accd Liab-Sev Exec Subtract	ACCD LIAB
24206000	Accd Liab-Pension Restoration	ACCD LIAB
24207000	Accd Liab-Professional Srvcs	ACCD LIAB
24207020	Accd Liab-Benefits Admin Fees	ACCD LIAB
24207500	Accd Liab-Insurance	ACCD LIAB
24207510	Accd Liab-Workers Comp	ACCD LIAB
24208000	Accd Liab-Health Benefits	ACCD LIAB
24208010	Accd Liab-Rx Drug	ACCD LIAB
24208020	Accd Liab-Dental	ACCD LIAB
24209000	Accd Liab-Environmental	ACCD LIAB
24209010	Accd Liab-Legal	ACCD LIAB
24209015	Accd Liab-Legal Disco Beg bal	ACCD LIAB
24209016	Accd Liab-Legal Disco Adds	ACCD LIAB
24209017	Accd Liab-Legal Disco Subtr	ACCD LIAB

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
24211263	Accd Liab-ST FAS112	ACCD LIAB
24212263	Accd Liab-ST SFAS 106 OPEB	ACCD LIAB
24213263	Accd Liab-ST Non-Qual Pension	ACCD LIAB
24214000	Accd Liab-Restructrng Beg Bal	ACCD LIAB
24214010	Accd Liab-Restructrng Addition	ACCD LIAB
24214020	Accd Liab-Restructrng Subtract	ACCD LIAB
24217000	Accd Liab-Price Risk	ACCD LIAB
24217010	Price Risk-Hedging Current IC	ACCD LIAB
24220100	Accd Liab-Supp Refun-Peak	ACCD LIAB
24220200	Accd Liab-Supp Refun-Off Peak	ACCD LIAB
24220300	Accd Liab-Rate Refunds	ACCD LIAB
24222000	Accd Liab-Inv Defic Gas Deliv	ACCD LIAB
24223000	Accd Liab-Defer Direct Cost	ACCD LIAB
24224000	Customer AR Credit Balances	ACCD LIAB
24230000	Accd Liab-Common Stock Div P	ACCD LIAB
24240000	Accd Liab-Res Sys Gas Lost	ACCD LIAB
24240050	Accd Liab-Shipper Gas	ACCD LIAB
24240100	Accd Liab-Shipper Gas Pst 93	ACCD LIAB
24240150	Accd Liab-Shipper Gas Exch Adj	ACCD LIAB
24240200	Accd Liab-Shipper Gas Reserve	ACCD LIAB
24240250	Def Debit-TRA Tracker	ACCD LIAB
24250000	Accd Liab-Def Revenue Current	ACCD LIAB
24250100	Accd Liab-Delayed Deposits	ACCD LIAB
24250110	Accd Liab-Heatshare Cust Cntri	ACCD LIAB
24250120	Accd Liab-Tenn Gas PL Ref	ACCD LIAB
24250130	Accd Liab-Gas Line Breaks	ACCD LIAB
24250140	Accd Liab-SSO Auction Deposits	ACCD LIAB
24250150	Accd Liab-Bear Garden Reserve	ACCD LIAB
24250160	Accd Liab-Gas Supply Cr Dep	ACCD LIAB
24250170	Accd Liab-191 Cr Bal Transfer	ACCD LIAB
24260000	Liab of Disco Ops - Curr	DISCOP
24300000	Oblig Cap Leases Curr-Beg Bal	CAP LEASE
24300001	Oblig Cap Leases Cur-Additions	CAP LEASE
24300002	Oblig Cap Leases Curr-Payments	CAP LEASE
24300003	Oblig Cap Leases Curr-Transfer	CAP LEASE
24400000	Deriv Instrmnt Liab-Curr	DERIV LIAB
24405000	Deriv Instrmnt Liab-Non-Curr	DERIV LIAB
24500000	Deriv Instrmnt-Hedg-Curr	DERIV HEDG
24505000	Deriv Instrmnt-Hedg-Non-Curr	DERIV HEDG
25200000	Custmr Advn for Constr NonCur	CUST_ADV
25200271	Custmr Advn for Constr Current	CIAC
25300000	Def Credits	DEF_CRDT
25301000	Def Credits Curr-NonMrgn Call	DEF_CRDT
25301010	Def Credits-Pnlty Cr Passback	DEF_CRDT
25302000	Def Credits-Noncurrent Rev	DEF_CRDT
25302500	Def Credits-Current Rev	DEF_CRDT
25303000	Def Credits-Oth NC Liab	DEF_CRDT
25303010	Def Credits-Millenium Pipe	DEF_CRDT
25303020	Def Credits-Environmental	DEF_CRDT
25303030	Def Credits-Minority Interst	DEF_CRDT
25303040	Def Credits-Comp Executives	DEF_CRDT
25303050	Def Credits-GrossRcptTaxUnbill	DEF_CRDT
25303060	Deferred Credits - RT Dir	Def Cred

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
25303265	Def Credits-BOD Retirement	DEF_CRDT
25304000	Def Credits-OPEB	DEF_CRDT
25304010	Def Credits-FAS112	DEF_CRDT
25304040	Def Credits-Pension	DEF_CRDT
25304050	Def Credits-Def Comp SERP	DEF_CRDT
25305000	Def Credits-Non Cur Price Risk	DEF_CRDT
25305050	Def Credits-Unearned Interest	DEF_CRDT
25305060	Def Credits-Civ Cntr Lease Rev	DEF_CRDT
25305070	Def Credits-Civ Cntr Lease	DEF_CRDT
25305080	Def Credits-Excess Bank Purch	DEF_CRDT
25305090	Def Credits-Nicole Energy Res	DEF_CRDT
25305100	Def Credits-OFO_OMO Penalties	DEF_CRDT
25305110	Def Credits-Bear Garden Res	DEF_CRDT
25305120	Def Credits-LNG Tank Revenue	DEF_CRDT
25305130	Def Credits-Guardian Care Rev	DEF_CRDT
25400100	Reg Liab Curr-Group MedSub	REG LIAB
25400150	Reg Liab Curr-Imbalanc Cashout	REG LIAB
25400200	Reg Liab Curr-Asset Sales	REG LIAB
25400250	Reg Liab Curr-Asset Cr Trans	REG LIAB
25400260	Reg Liab Curr-Masspower	REG LIAB
25400300	Reg Liab Curr-Rate Refund	REG LIAB
25400400	Reg Liab Curr-Nontrad Sales	REG LIAB
25400450	Reg Liab Curr-Other	REG LIAB
25400500	Reg Liab Curr-Tax Chng Mthd	REG LIAB
25400550	Reg Liab Curr-OPEB Liab	REG LIAB
25400600	Reg Liab Curr-OPEB Subsidy	REG LIAB
25400634	Reg Liab Curr-OverRecovrd Fuel	REG LIAB
25400635	Reg Liab Curr-OverRecovrd Gas	REG LIAB
25400650	Reg Liab Curr-PA NOL Benefit	REG LIAB
25400700	Reg Liab Curr-Hedging Prog	REG LIAB
25400750	Reg Liab Curr-TGP Setlmnt Ref	REG LIAB
25400800	Reg Liab Curr-EA Sugar Creek	REG LIAB
25400850	Reg Liab Curr-Storage Credit	REG LIAB
25400900	Reg Liab Curr-MFGlobal Funds	REG LIAB
25400950	Reg Liab Curr-RTO Rider Defrl	REG LIAB
25401000	Reg Liab Curr-Inc Tax Fed	REG LIAB
25401050	Reg Liab Curr-Gulf Cashout	REG LIAB
25401100	Reg Liab Curr-PIP Asset Recls	REG LIAB
25401150	Reg Liab Curr-PBR Passback	REG LIAB
25401200	Reg Liab Curr-POR Implement	REG LIAB
25401250	Reg Liab Curr-CSRR Overcollect	REG LIAB
25401300	Reg Liab Curr-Bad Debt Trckr	REG LIAB
25401350	Reg Liab Curr-DSM Uncollect	REG LIAB
25401351	Reg Liab Curr-DSM	REG LIAB
25401352	Reg Liab Curr-DSM-Lost Margin	REG LIAB
25401360	Reg Liab Curr-DSM Electric	REGLIAB
25401365	Reg Liab Curr-DSM El-Lost Marg	REGLIAB
25401370	Reg Liab Curr-DSM Gas	REGLIAB
25401400	Reg Liab Curr-CARE Program	REG LIAB
25401410	Reg Liab Curr-CGV Residntl RNA	REG LIAB
25401420	Reg Liab Curr-CGV SGS RNA	REG LIAB
25401430	Reg Liab Curr-Unbilled Res RNA	REG LIAB
25401440	Reg Liab Curr-Unbilled SGS RNA	REG LIAB

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
25401450	Reg Liab Curr-OFS Cust Proceed	REG LIAB
25401500	Reg Liab Curr-Cap Rel Proceeds	REG LIAB
25401550	Reg Liab Curr-Unified Cr-OFS	REG LIAB
25401600	Reg Liab Curr-OFS Proceeds	REG LIAB
25401650	Reg Liab Curr-OFS Proceed-PGCC	REG LIAB
25401700	Reg Liab Curr-OFS Sharing-Cust	REG LIAB
25401750	Reg Liab Curr-OFS Cr Bal Recl	REG LIAB
25401800	Reg Liab Curr-OFS Cap Rel Cr	REG LIAB
25401850	Reg Liab Curr-OFS Unbill Proc	REG LIAB
25402000	Reg Liab Curr-Tx OPEB Mdcr Sub	REG LIAB
25402200	Reg Liab Curr-Settlement Rev	REG LIAB
25402300	Reg Liab Curr-CVA Save Prog	REG LIAB
25402400	Reg Liab Curr-Asset Reclass	Reg Liab
25402500	Reg Liab Curr-Gain on Sale EPS	REG LIAB
25402600	Reg Liab Curr-Logo Fee for SCO	REG LIAB
25402700	Reg Liab Supplier deposits SCO	REG LIAB
25402800	Reg Liab Curr - STRIDE Program	REG LIAB
25402900	Reg Lia Curr-AMRP	REG LIAB
25403000	Reg Liab Cur-Int Ovrcollection	REG LIAB
25403100	Reg Lia Cur-PBRA Pr Bse Rt adj	OTH RG AST
25403110	Reg Lia Cur-TDSIC Ele Sub Rfnd	REG Liab
25403120	Reg Liab Curr - FMCA Ele 80	REG LIAB
25403130	Reg Liab Curr-Penalty Credits	REG LIAB
25405000	Reg Liab NC-Inc Tax Fed-St	REG LIAB
25405050	Reg Liab NC-Deferred ITC	REG LIAB
25405100	Reg Liab NC-Retire Income	REG LIAB
25405150	Reg Liab NC-OPEB Tracker	REG LIAB
25405160	Reg Liab NC - OPEB Liability	REG LIAB
25405200	Reg Liab NC-Ret Inc Trkr FRC	REG LIAB
25405300	Reg Liab NC-SFAS 158 OPEB	REG LIAB
25405350	Reg Liab NC-Neg Salvage Recls	REG LIAB
25405450	Reg Liab NC-Nontrad Sales	REG LIAB
25405500	Reg Liab NC-CVA Save Prog	REG LIAB
25405550	Reg Liab NC-Settlemnt Rev	REG LIAB
25405600	Reg Liab NC-Tax Chng Mthd	REG LIAB
25405650	Reg Liab NC-Gulf Cashout	REG LIAB
25405700	Reg Liab NC-PIP Asset Recls	REG LIAB
25405800	Reg Liab NC-PBR Passback	REG LIAB
25405850	Reg Liab NC-Hedging Prog	REG LIAB
25405900	Reg Liab NC-POR Implement	REG LIAB
25405950	Reg Liab NC-CSRR Overcollect	REG LIAB
25405960	Reg Liab NC-FAS158 Qul Pension	Reg Lia
25405970	Reg Liab NC-FAS158 NQ Pension	Reg Lia
25407000	Reg Liab NC-Bad Debt Trckr	REG LIAB
25407100	Reg Liab NC-PA NOL Benefit	REG LIAB
25407150	Reg Liab NC-BA Lost Credits	REG LIAB
25407200	Reg Liab NC-Asset Reclass	REG LIAB
25407250	Reg Liab NC-Asset Sales	REG LIAB
25407300	Reg Liab NC-Rate Refund	REG LIAB
25407400	Reg Liab NC-Gain on Sale EPS	REG LIAB
25407500	Reg Liab NC Supplier depos SCO	REG LIAB
25407600	Reg Liab NC ARO	REG LIAB
25407700	Reg Liab NC - FMCA Ele 20	REG LIAB

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
25407800	Reg Liab NC DIMP Layer 2	REG LIAB
25407900	Reg Liab NC MAIN	Reg Liab
2541370	Reg Liab Curr-DSM Gas	REGLIAB
25500000	Investment Tax Credit-ITC	ITC
28205000	Fed ADIT-Property	ADIT
28205100	Fed ADIT-Unprovided Property	ADIT
28205200	Fed ADIT-1 percent Rate Base	ADIT
28205300	Fed ADIT-ARAM	ADIT
28205400	Fed ADIT-FASB 1 percent	ADIT
28206000	St ADIT-Property	ADIT
28206100	St ADIT-Unprovided Property	ADIT
28206300	St ADIT-ARAM	ADIT
28301000	Fed ADIT-Other Current	OTH ADIT
28302000	ST ADIT-Other Current	OTH ADIT
28305000	Fed ADIT-Other NC	OTH ADIT
28305100	Fed ADIT-Reg Asset NC	OTH ADIT
28305200	Fed ADIT-Pension OCI NC	OTH ADIT
28305300	Fed ADIT-OPEB OCI NC	OTH ADIT
28306000	ST ADIT-NC Other	OTH ADIT
28306100	ST ADIT-Reg Asset NC	OTH ADIT
28306200	ST ADIT-Pension OCI NC	OTH ADIT
28306300	ST ADIT-OPEB OCI NC	OTH ADIT
40000000	Oper Rev-Miscellaneous	OPER REV
40001000	Oper Rev-Leasing	OPER REV
40300000	Dep Exp	DEPREC
40300100	Dep Ex on PISCC Related Assets	DEPREC
40300110	Dep Ex on PISCC Assets	DEPREC
40300120	Dep Ex-IRP Accounts	DEPREC
40300130	Def Dep Exp -IRP Accounts	DEPREC
40300140	Dep Exp-IRP PISCC Assets	DEPREC
40300150	Def Depr Non-IRP PISCC Asset	DEPREC
40300160	Amort of Dep on IRP Program	DEPREC
40310000	Depreciation Exp-ARO	DEPREC ARO
40400000	Amortization Exp Ele and Com	AMORT EXP
40410000	Amortization Exp-Ratio MS	AMORT EXP
40420000	Underground Storage Rights	AMORT_USTG
40430000	Amortization Exp-Other	AMORT EXP
40430100	Amort Exp on PISCC Rel Assets	AMORT EXP
40430200	Amort Exp on PISCC Asset	AMORT EXP
40430300	Amort of Capital PISSC on IRP	AMORT EXP
40500000	Amortization of Oth Plant	AMORT
40500100	Amort of Work Mgmt Software	AMRTWMSFTW
40600000	Amort of Plant Acquisition Adj	AMORT
40720000	Amort of Conversion Exp	AMORT
40730250	Amort Rate Case Costs-Db	AMORT
40730615	Amort MISO Non-Fuel-Db	AMORT
40730618	Amort RMS 18 Depreciation-Db	AMORT
40730620	Amort Sugar Creek-Db	AMORT
40731000	Amort OPEB Tracker Deferral-Db	AMORT
40735000	Environmental Regulatory Debt	AMORT
40741000	Amort OPEB Tracker Deferral-Cr	AMORT
40742000	Amort of Excess Def Taxes	AMORT
40744000	AFUDC Equity-Reg Credit	AMORT

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
40745000	Environmental Regulatory Cr	AMORT
40746000	Amort Reg Cr Retiremt Inc Plan	AMORT
40748000	Levelized Cost of Service	AMORT
40813100	Tax Exp-License_Franchise	TAX EXP
40813200	Tax Exp-Property	TAX EXP
40813300	Tax Exp-Sales and Use Tax	TAX EXP
40813400	Tax Exp-Gross Receipts	TAX EXP
40813500	Tax Exp-Consumption	TAX EXP
40813600	Tax Exp-State and Local-Oth	TAX EXP
40814100	Tax Exp-Payroll-Incentive	TAX EXP
40814500	Tax Exp-Payroll FICA-OASDI	TAX EXP
40814600	Tax Exp-Payroll FICA-Medicar	TAX EXP
40814700	Tax Exp-FUTA Employer	TAX EXP
40814800	Tax Exp-SUTA Employer	TAX EXP
40814900	Tax Exp-EE FICA Thrift Rest	TAX EXP
40823100	Non Util Tax Exp License_Fran	NU TAX EXP
40823200	Non Util Property Tax	NU TAX EXP
40823300	Non Util Sales and Use Tax	NU TAX EXP
40823600	Non Util State and Local-Other	NU TAX EXP
40824100	Non Util-Payroll-Incentive	NU TAX EXP
40824500	Non Util-Payroll FICA-OASDI	NU TAX EXP
40824600	Non Util FICA Medicare	NU TAX EXP
40824700	Non Util FUTA Tax Employer	NU TAX EXP
40824800	Non Util SUTA Tax Employer	NU TAX EXP
40824900	Non Util-EE FICA Thrift Rest	NU TAX EXP
40911000	Util Cur Fed Exp	UTIL EXP
40912000	Util Cur ST Exp	UTIL EXP
40921000	Non Util Cur Fed Exp	NU EXP
40921400	Non Util Cur Fed Exp-Pshp Rcls	NU EXP
40921415	Non Util Cur Fed Exp-MDSE	NU EXP
40921417	Non Util Cur Fed Exp-Propane	NU EXP
40921419	Non Util Cur Fed Exp-Int-Div	NU EXP
40921421	Non Util Cur Fed Exp-Misc	NU EXP
40921426	Non Util Cur Fed Exp-Other	NU EXP
40922000	Non Util Cur ST Exp	NU EXP
40922400	Non Util Cur ST Exp-Pshp Rcls	NU EXP
40922415	Non Util Cur ST Exp-MDSE	NU EXP
40922417	Non Util Cur ST Exp-Propane	NU EXP
40922419	Non Util Cur ST Exp-Int-Div	NU EXP
40922421	Non Util Cur ST Exp-Misc	NU EXP
40922426	Non Util Cur ST Exp-Other	NU EXP
40931000	Cur Fed Exp-Extrao Item	CUR EXP EX
40932000	Cur ST Exp-Extrao Item	CUR EXP EX
40941000	Cur Fed Exp-GL Disp	CUR EXP GL
40942000	Cur ST Exp-GL Disp	CUR EXP GL
40951000	Cur Fed Exp-Chg Acct	CUR EXP CG
40952000	Cur ST Exp-Chg Acct	CUR EXP CG
40961000	Cur Fed Exp-Disc Ops	CUR EXP DO
40962000	Cur ST Exp-Disc Ops	CUR EXP DO
41011000	Util Def Fed Exp-Dr	DEF EXP
41012000	Util Def ST Exp-Dr	DEF EXP
41021000	Non Util Def Fed Exp-DR	NU DEF EXP
41022000	Non Util Def ST Exp-Dr	NU DEF EXP

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
41031000	Defd Inc Tax-Fed-Dr-Extraor	DEF IN TAX
41032000	Defd Inc Tax-ST-Dr-Extraord	DEF IN TAX
41041000	Defd Inc Tax-Fed-Dr-GL Disp	DEF IN TAX
41042000	Defd Inc Tax-ST-Dr-GL Disp	DEF IN TAX
41051000	Defd Inc Tax-Fed-Dr-ChgAcct	DEF IN TAX
41052000	Defd Inc Tax-ST-Dr-Chg Acct	DEF IN TAX
41061000	Defd Inc Tax-Fed-Dr-Disc Op	DEF IN TAX
41062000	Defd Inc Tax-ST-Dr-Disc Ops	DEF IN TAX
41110000	Accretion Expense-ARO	DEF EXP CR
41111000	Util Def Fed Exp-Cr	DEF EXP CR
41112000	Util Def ST Exp-Cr	DEF EXP CR
41121000	Non Util Def Fed Exp-Cr	DEF EXP CR
41122000	Non Util Def ST Exp-Cr	DEF EXP CR
41141000	Def Inc Tax-Fed-Cr-Util ITC	DEF IN TAX
41151000	Def Inc Tax-Fed-Cr-NonUtil ITC	DEF IN TAX
41161000	Def Inc Tax-Fed-GainDispPlant	DEF IN TAX
41162000	Def Inc Tax-ST-GainDispPlant	DEF IN TAX
41171000	Def Inc Tax-Fed-LossDispPlant	DEF IN TAX
41172000	Def Inc Tax-ST-LossDispPlant	DEF IN TAX
41181000	Defd Inc Tax-Fed-Cr-Extraor	DEF IN TAX
41182000	Defd Inc Tax-ST-Cr-Extraord	DEF IN TAX
41185100	Def Inc Tax-Fed-Cr-Chg Acct	DEF IN TAX
41185200	Def Inc Tax-ST-Cr-Chg Acctn	DEF IN TAX
41191000	Defd Inc Tax-Fed-Cr-Disc Op	DEF IN TAX
41192000	Defd Inc Tax-ST-Cr-Disc Ops	DEF IN TAX
41200000	Costs of Construct or Oth Svcs	OTHER COST
41500000	Rev Merch Job-Contrct Wrk	REV MERCH
41501000	Elec Rev Merch Job-Contrct Wrk	REV MERCH
41600000	Costs-Exp Merch Job-ContrctWrk	COST EXP
41601000	Elec Costs-Exp Merch Job Work	COST EXP
41700000	Non Util Revenues	NU REV
41700100	AR Sales Program Fees	NU REV
41700488	Non Util Revenues-CMA	NU REV
41710010	Non Util COS Unaffiliated	EXP NU OPS
41710020	Non Util Purchases Unaff	EXP NU OPS
41710030	Non Util Trans Purch Unaff	EXP NU OPS
41710040	Non Util Trans Line SWAP Unaff	EXP NU OPS
41711010	Non Util COS Affiliated	EXP NU OPS
41711020	Non Util Purchases Aff	EXP NU OPS
41711030	Non Util Trans Purch Aff	EXP NU OPS
41714000	Depr Exp-Misc Non Util	EXP NU OPS
41715000	Non Util Operating Exp	EXP NU OPS
41715415	Non Util Op Exp-CMA	EXP NU OPS
41800004	Rental Inc Earning NonAssoc Co	NON OP REN
41800005	Non Util Depreciation Exp	NON OP REN
41804010	Equity Inc Disco Ops	NON OP REN
41810000	Affil Equity in Earngs of Subs	EQTY ENGS
41810002	Affil Equity Subs Earngs Divnd	EQTY ENGS
41815000	Equity Income Investments	EQ INV
41900000	Other Interest Income	INT DV INC
41901000	Affiliated Interest Income	INT DV INC
41902000	Interest Income Money Pool	INT DV INC
41902001	Interest Income Money Pool 2	INT DV INC

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
41904080	Interest Income Non Affil	INT DV INC
41904090	Interest Dividend Inc Non Op	INT DV INC
41904100	Int Div Inc NonOp-Investment	INT DV INC
41905000	Elec Power Cost Adj Carry Chgs	INT DV INC
41905100	Int Inc-Uncollectible Exp	INT DV INC
41905200	Int Inc-Weatherization	INT DV INC
41905300	Int Inc-Homebuilders	INT DV INC
41910000	Allow for Other FUDC	AFUDC
41931000	Int Inc-Cont Tax-Fed Inc	INT INC
41932000	Int Inc-Cont Tax-State Inc	INT INC
41933000	Int Inc-State and Local	INT INC
41934000	Int Inc-Payroll	INT INC
42000000	Amortization of ITC	AMOR ITC
42100000	Misc Non Operating Income	NON OP INC
42101000	Misc I_C Non Op Inc-Other	NON OP INC
42101100	Capacity Mitigation	NON OP INC
42101150	Capacity Rel Threshold Sharing	NON OP INC
42101200	OSS Threshold Sharing	NON OP INC
42101250	DSM Incentives	NON OP INC
42101300	CIAC Gross Up	NON OP INC
42101350	Unitil-Transition Services	NON OP INC
42101400	Full Balancing Service	NON OP INC
42101450	Gas Cost Recovery Initiatives	NON OP INC
42110000	Gain on Disposition of Asset	GAIN DISP
42115000	Gain Disp of Disc Op Net Tax	OTH INC_DE
42121000	Loss on Disposition of Asset	LOSS DISP
42122000	Loss on Impairment	LOSS IMP
42125000	Loss Disp of Disc Op Net Tax	OTH INC_DE
42500000	Misc Amortization	MISC AMORT
42610000	Other Inc_Exp-Donations	OTHER INC
42611000	Other Inc_Exp-DPU_Donations	OTHER INC
42620000	Corporate Owned Life Insurance	COLI
42630000	Penalties-Others	PENALTY
42631000	Penalties-Fed Inc Tax	PENALTY
42632000	Penalties-State Inc Tax	PENALTY
42633000	Penalties-St and Local Tax	PENALTY
42634000	Penalties-Payroll	PENALTY
42640000	Oth Inc_Exp Political Contrib	OTH INC/EX
42650000	Other Inc_Deductions FAS 133	OTH INC/DE
42651001	Gain_Loss Early Ext Dr_OthInc	OTH DED
42652000	Loss on Impairment of Assets	OTH DED
42652010	Gain_Loss Sale Asset_Property	OTH DED
42653000	Minority Interest Eliminations	OTH DED
42654000	Other Misc Exp Deduction	OTH DED
42655000	Other Income Deductions	OTH DED
42655100	NUR Pension Exp	OTH DED
42655200	NUR OPEB Exp	OTH DED
42655300	NUR Other Related Exp	OTH DED
42655500	Oth Income-Deductn Dependabill	OTH DED
42656000	Branding Exp	OTH DED
42656100	Engine Compressor Parts	OTH DED
42656400	Merger Costs-Nonrecoverable	OTH DED
42700000	Interest on LT Debt	INTLTDEBT

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
42701000	Int on LT Debt-SWAP	INTLTDEBT
42800000	Amort Debt Disc and Exp	AMORT
42810000	Amort Loss on Reacquired Debt	AMORT
42900000	Amort Prem on Debt Cr	AMORT
43000000	Int on Debt to Assoc Co	INT DEBT
43002000	Int on Debt to Assoc Co MonyPl	INT DEBT
43002001	Interest Expense Money Pool 2	INT DEBT
43009000	Diff IC Interest Elim	INT DEBT
43100000	Other Interest Exp	OTH INT EX
43102000	ST Debt Int Exp-Sale of AR	OTH INT EX
43104000	Short Term Interest Exp	OTH INT EX
43105000	Oth Int Exp-Credit Facil Fees	OTH INT EX
43105100	Oth Int Exp-Cust Deposits	OTH INT EX
43105300	Oth Int Exp-Def Comp	OTH INT EX
43106000	Oth Int Exp-Refunds	OTH INT EX
43131000	Int Exp-Cont Tax-Fed Exp	INT EXP
43132000	Int Exp-Cont Tax-State Exp	INT EXP
43133000	Int Exp-State and Local	INT EXP
43134000	Int Exp-Payroll	INT EXP
43200000	Allow for Borrowd FUDC	AFUDC
43200100	AFUDC-PISCC	AFUDC
43400000	Extraordinary Income	EXTRA INCM
43500000	Gain_Loss Accounting Change	ACCTGCHG
43700000	Dividends Declared-Pref Stck	DIVDECLRD
43800000	Dividends Declared-Com Stck	DIVDECLRD
43801000	Dividends Declared-NI only	DIVDECLRD
43900000	Adj to Retained Earnings	ADJ RE
43910000	Adj RE-FAS 123	ADJ RE
43911000	Adj RE-FAS 123 Fed Tx Effect	ADJ RE
43912000	Adj RE-FAS 123 St Tax Effect	ADJ RE
43920000	Adj RE-FIN 48	ADJ RE
43921000	Adj RE-FIN 48 Fed Tax	ADJ RE
43922000	Adj RE-FIN 48 State Tax	ADJ RE
44000000	Electric Sales-Residential	ELEC SALE
44200000	Electric Sales-Commercial	ELEC SALE
44201000	Electric Sales-Industrial	ELEC SALE
44400000	Public Strt-Highway Lighting	ST HWY LHT
44500000	Other Sales to Public Auth	OTH SAL
44600000	Sales to Railroads-Railways	SAL RR
44700000	Sales for Resale-Elec	SAL RESAL
44800000	Interdepartmental Sales-Elec	INTDEP SAL
45000000	Forfeited Discounts-Elec	FORFE DISC
45100000	Misc Service Revenues-Elec	MISC SV RV
45400000	Rent From Electric Property	RENT ELEC
45600000	Other Electric Revenues	POWER
45600009	MISO Trans Rev Sch 9	MISCOSCH9
45600010	Purchased Power Exp Netting	POWER
45600026	MTEP Reimbursement	MTEPReimb
45600345	MISO MVP Reimb TOP	MISOMVPTOP
45600765	MISO MVP Reimb GRNTN	MISOMVP
45601000	Affil Power Option Premium	POWER
45602000	FAC Deferred	OTH EL REV
45610000	Rev from Trans of Elec of Oth	REV TRANS

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
45610001	MISO-Sch1 Schdlng Sys Cntrl	MISOSCH1
45610002	MISO-Sch2 Rctv Volt Cntrl	MISOSCH2
45610007	MISO-Sch7 Firm Ptp	MISCOSCH7
45610008	MISO-Sch8 NonFirm Ptp	MISOSch8
45700000	Non Util IC Rev Direct	NU REV
45700010	Non Util IC Rev Allocated	NU REV
45700030	Non Util IC Rev Indirect	NU REV
45700040	Non Util IC Rev Interest	NU REV
45700060	Non Util IC Rev Clearing	NU REV
45700070	Non Util IC Rev Actuals	NU REV
45700080	Non Util IC Rev Estimate	NU REV
45710000	Reg Trans Svcs Rev	REG TRANS
45810000	Non Util Non-Affill Revenue	NU REV
45830000	Non Util Non-A Cost of Capital	NU REV
45840000	NU Non-A Excess or Defciency	NU Rev
48000000	Residential Sales	RESID SALE
48000100	Residential Sales Norm	RESID SALE
48101000	Commercial Gas Sales	COMM GAS
48101200	Commercial Gas Sales Norm	COMM GAS
48102000	Industrial Gas Sales	INDUS GAS
48102300	Industrial Gas Sales Norm	INDUS GAS
48103000	Gas Sales-Other	OTHER GAS
48300000	Sales for Resale-Gas	SALE RESAL
48400000	Interdepartmental Sales-Gas	INTDEP SAL
48500000	Intracompany Transfers	INTCOM TRA
48700000	Forfeited Discounts-Gas	FORFE DISC
48800000	Misc Service Revenues-Gas	SERV REV
48800100	Misc Serv Rev-Labor	SERV REV
48800200	Misc Serv Rev-Parts Tax	SERV REV
48800300	Misc Serv Rev-Parts Non-Tax	SERV REV
48800400	Misc Serv Rev-Late Payments	SERV REV
48910000	Transportation Rev-Gathering	TRANP REV
48920000	Transportation Rev-Trans	TRANP REV
48930000	Transp Rev Distr Residential	TRANP REV
48930100	Transp Rev Distr Res Norm	TRANP REV
48930200	Unbilled Residential Trans Vol	TRANP REV
48930300	Unbilled Res Trans Cust chrg	TRANP REV
48931000	Transp Rev Distr Commercial	TRANP REV
48931200	Transp Rev Distr Comm Norm	TRANP REV
48931300	Unbilled Comm Trans Vol	TRANP REV
48931400	Unbilled Comm Trans Cust chrg	TRANP REV
48932000	Transp Rev Distr Industrial	TRANP REV
48932300	Transp Rev Distr Ind Norm	TRANP REV
48932400	Unbilled Ind Trans Vol	TRANP REV
48932500	Unbilled Ind Trans Cust chrg	TRANP REV
48940000	Storage Revenue	STORG REV
49000000	Natural Gas Products Sales	NT GAS SAL
49200001	Incidental Gasoline-Oil Sale	INCD GSOIL
49300000	Rent from Gas Property	RNT GS PRP
49300100	LPG Tank Lease Revenue	RNT GS PRP
49500000	Other Gas Revenue	OTH GS REV
49500050	Billed Off System Sales	OTH GS REV
49500300	RCS Revenues	OTH REV
49500485	Unbilled Residential-Vol	OTH GS REV

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
49501485	Unbilled Res Customer Chrg	OTH GS REV
49502000	GCA Deferred	OTH GS REV
49503483	Unbilled Off System Sales	OTH GS REV
49510485	Unbilled Commercial-Vol	OTH GS REV
49511485	Unbilled Comm Customer Chrg	OTH GS REV
49520485	Unbilled Industrial-Vol	OTH GS REV
49521485	Unbilled Ind Customer Chrg	OTH GS REV
49600001	Rate Refund Reserv-4E Nonaffil	PROVRATREF
50000000	Op Superv_Eng-Steam	STEAM EXP
50100000	Fuel for Steam Production	STEAM EXP
50101000	Fuel-Steam Prod-Trackable Coal	STEAM EXP
50102000	Fuel-Steam Prod-Trackable Gas	STEAM EXP
50200000	Steam Exp	STEAM EXP
50500000	Electric Exp	STEAM EXP
50600000	Misc Steam Power Exp	STEAM EXP
50700000	Steam-Rents	STEAM RENT
50701000	Capital Lease Interest	STEAM RENT
50702000	Capital Lease Depreciation	STEAM RENT
51000000	Maint Supv_Eng-Steam	STEAM EXP
51100000	Maint of Structures-Steam	STEAM EXP
51200000	Maint of Boiler Plant	STEAM EXP
51300000	Maint of Elec Plant-Steam Gen	STEAM EXP
51400000	Maint of Misc Steam Plant	STEAM EXP
53500000	Op Superv_Eng-Hydraulic	HYDRAULIC
53900000	Misc Hydraulic Pwr Gener Exp	HYDRAULIC
54100000	Maint Supv_Eng-Hydraulic	HYDRAULIC
54200000	Maint of Structures-Hydraulic	HYDRAULIC
54300000	Maint of Reservoir Dams-Wtrwy	HYDRAULIC
54400000	Maint of Elec Plant-Hydraulic	HYDRAULIC
54500000	Maint of Misc Hydraulic Plant	HYDRAULIC
54700000	Fuel for Gen Station	OTH POWER
54800000	Generation Exp	OTH POWER
55200000	Maint of Structures-Other Gen	OTH POWER
55300000	Maint of Gene_Elec Plant	OTH POWER
55400000	Maint of Misc Oth Pwr Gen Plnt	OTH POWER
55500000	Electric Purchased Power	OTH POWER
55500010	Electric Purch Power-Capacity	OTH POWER
55500020	Electric Purch Power Tariff	OTH POWER
55500030	Elec Purch Pwr MISO Track Sett	OTH Power
55500031	Elec Pur Pwr MISO NonTrack Set	OTH POWER
55500171	Elec Purch Pwr MISO Settle RA	OTH POWER
55500447	Elec Pur Pwr MISO Sale for Res	OTH POWEr
55502912	Elec Purch Pwr Bilateral Track	OTH POWER
55502914	Elec Purch Pwr Bilatl Non-Trac	OTH POWER
55600000	Sys Contrl-Load Dispatching	OTH POWER
55700000	Other Exp	OTH POWER
55700010	Oth Exp RTO Tracker MISO Trans	OTH POWER
55700030	Oth Exp RTO Track MISO Energy	OTH Power
56000000	Op Superv_Eng-Elec Trans	ELEC TRANS
56100000	Load Dispatching	ELEC TRANS
56100026	RTO Tracker - MTEP & MVP	OTH POWER
56110000	Load Dispatch-Reliability	ELEC TRANS
56111000	Load Dist-Reliab Balance Auth	ELEC TRANS
56120000	Load Disp-Montr-Oper Trans Sys	ELEC TRANS
56121000	Load Disp-Montr-Opr Trn Sys BA	ELEC TRANS
56140000	Sched Sys Contrl-Disp Svcs	ELEC TRANS

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
56150000	Reliabl Plan-Standrd Dev	ELEC TRANS
56160000	Transmission Service Studies	ELEC TRANS
56180000	Reliabl Plan-Standrd Dev Svcs	ELEC TRANS
56200000	Station Exp-Trans	ELEC TRANS
56300000	Overhead Line Exp-Trans	ELEC TRANS
56500000	Trans of Electricity by Others	ELEC TRANS
56600000	Misc Electric Transmission Exp	ELEC TRANS
56800000	Maint Supv-Eng-Elec Trans	ELEC TRANS
56900000	Maint of Structures-Trans	ELEC TRANS
56910000	Maint of Computer Hardware	ELEC TRANS
56920000	Maint of Computer Software	ELEC TRANS
57000000	Maint of Station Equip-Trans	ELEC TRANS
57100000	Maint of Overhead Lines-Trans	ELEC TRANS
57300000	Maint of Misc Trans Plant	ELEC TRANS
57570000	Mkt Facil Monitr-Compli Svcs	ELEC TRANS
57570010	RTO Tracker - Transmission Adm	OTH POWER
57570030	RTO Tracker - Energy Admin	ELEC TRANS
58000000	Op Superv_Eng-Elec Distr	ELEC DISTR
58200000	Station Exp-Distr	ELEC DISTR
58300000	Overhead Line Exp-Distr	ELEC DISTR
58400000	Underground Line Exp	ELEC DISTR
58500000	Street Light-Signal Sys Exp	ELEC DISTR
58600000	Meter Exp	ELEC DISTR
58700000	Customer Installations Exp	ELEC DISTR
58800000	Misc Distribution Exp	ELEC DISTR
58900000	Electric Distr Rents	ELEC DISTR
59000000	Maint Supv_Eng-Elec Distr	ELEC DISTR
59100000	Maint of Struct-Elec Distr	ELEC DISTR
59200000	Maint of Station Equip-Distr	ELEC DISTR
59300000	Maint of Overhead Lines-Distr	ELEC DISTR
59400000	Maint of Underground Lines	ELEC DISTR
59500000	Maint of Line Transformers	ELEC DISTR
59600000	Maint Strt Light-Signl Sys	ELEC DISTR
59700000	Maint of Meters	ELEC DISTR
59800000	Maint of Misc Distri Plant	ELEC DISTR
71000000	Mfd Gas Op Supervsn_Eng	MFD SUP EG
71200000	Other Power Exp	OTH PWR EX
71700000	Liquefied Petroleum Gas Exp	LQ PGAS EX
71701000	LPG Supervision_Engineering	LQPGASEX
71800000	Other Process Production Exp	OTH PRD EX
72300000	Fuel Liquefi Petrol Gas Procs	FLIQ PROCS
72400000	Other Gas Fuels	OTH GS FUL
72800000	Liquefied Petroleum Gas	LQ PET GAS
72800100	Liquefied Petroleum Gas O_M	LQ PET GAS
73500000	Misc Production Exp	MISC PR EX
73600000	Manufactured Gas Rents	MFD GS REN
74000000	Mfd Gas Maint Supervisn_Eng	MFD GS MNT
74100000	Maint Struct and Improv-Elec	MNT STRUIM
74200000	Maint Of Product Equipment	MNT PRDEQP
75000000	Gath Op Supervsn-Engineering	GATH OP
75300000	Gath Field Lines Exp	GATH FLD
75400000	Gath Field Compressor Exp	GATH COMPR
75600000	Gath Measurng_Reg Statn Exp	GATH STN
75900000	Gath Other Exp	GATH OTH
76000000	Gathering Rents	GATH RENT
76100000	Gath Maint Superv-Engineerng	GATH MNTSE

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
76200000	Gath Maint Struct-Improve	GATH MNTSI
76400000	Gath Maint Field Lines	GATH MNTFL
76500000	Gath Maint Field Comp Stat Equ	GATH MNTCS
76600000	Gath Maint Meas_Reg Stat Equ	GATH MNTMR
77200000	Gas Shrinkage	GATH SHRNK
77210000	Retainage for Gas Shrinkage	GATH RTNG
77300000	Gathering Fuel	GATH FUEL
77310000	Retainage for Processing Fuel	GATH RTNG
77600000	Extraction Op Supplies_Exp	EXTOPSUP
78300000	Extraction Rents	EXTOPRENT
80100000	Natural gas field line purchas	NGAS L PUR
80300000	Gas Purchases	GAS COST
80300100	Transmission Line Purch	GAS COST
80300200	Producer Purchases	GAS COST
80300300	Short Term Producer Purch	GAS COST
80300400	Transportation Pipeline Exp	GAS COST
80300500	Storage Charges Pipeline Exp	GAS COST
80300600	OFS_System Supply Credit	GAS COST
80300808	Storage Demand	GAS COST
80390000	Diff-Misc Other Cost of Sale	GAS COST
80400000	Natural Gas City Gate Purchase	NGS GT PUR
80400100	Natural Gas City Gate NSS	NGS GT PUR
80400200	City Gate Purch_Sys Supply CR	NGS GT PUR
80400300	ST City Gate Purchases	NGS GT PUR
80410000	Liquefied Natural Gas Purchase	LIQ GS PUR
80500000	Other Gas Purchases	OTH GS PUR
80500001	Other Gas Purchases-Affiliated	OTH GS PUR
80500100	Propane Purchases	OTH GS PUR
80500200	Recoveries from Trans Cust	OTH GS PUR
80500300	Recoveries from Streamed Cust	OTH GS PUR
80500400	Propane Adjustments	OTH GS PUR
80510000	Purchased Gas Cost Adjustments	PUR GS ADJ
80510100	Unbilled Res Purch Gas Adj	PUR GS ADJ
80510200	Unbilled Comm Purch Gas Adj	PUR GS ADJ
80510300	Unbilled Ind Purch Gas Adj	PUR GS ADJ
80600000	Affil Exchange Gas	EXCH GAS
80601000	Exchange Gas-Received	EXCH GAS
80601100	Shipper Gas Received Affil	EXCH GAS
80602000	Exchange Gas-Delivered	EXCH GAS
80602100	Shipper Gas Delivered-Affili	EXCH GAS
80603000	Transport Retainage Adj Defrl	EXCH GAS
80720000	Oper-Purch Gas Measrg Stations	GAS PURCH
80750000	Purchased Gas Exp	GAS PURCH
80750100	Broker Fees System Supply	GAS PURCH
80751000	Purch Gas Exp - Mgmt Fee	MGMT FEE
80810000	Gas Withdrawn	GAS WITHDR
80820000	Gas Delivered	GAS DEL
81000000	Fuel Retainage-Offset	GAS RETAIN
81010000	Gas Used-Compressors Offset	GAS USED
81100000	Gas Retainage for Processing	GAS RETAIN
81110000	Gas Used for Processing-CR	GAS USED
81200000	Unaccounted For-Offset	UNACCT
81210000	UF Other Fuel Retainage-Offset	UNACCT
81220000	Gas Used-Other-Offset	UNACCT
81300000	Other Gas Supply Exp	SUPPLY EXP
81400000	Storage Op Supervision-Engin	STORAGEEXP

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
81500000	Storage Op Maps_Records	STORAGEEXP
81600000	Storage Op Wells	STORAGEEXP
81700000	Storage Op Lines	STORAGEEXP
81730000	Storage Op Lines-NonConsl Affl	STORAGEEXP
81800000	Storage Op Compressor Station	STORAGEEXP
81900000	Storage Op Comp Stn Fuel-Pwr	STORAGEEXP
82000000	Storage Op Meas_Reg Station	STORAGEEXP
82100000	Storage Op Purification	STORAGEEXP
82300000	Storage Op Gas Losses	STORAGEEXP
82400000	Storage Op Other	STORAGEEXP
82500000	Storage Op Stor Well Royalties	STORAGEEXP
82500001	Land Accounting Imbalances	STORAGEEXP
82600000	Storage Op Rents	STORAGEEXP
83000000	Storage Maint Supervsn_Engin	STORAGEEXP
83100000	Storage Maint Structure	STORAGEEXP
83200000	Storage Maint Reservoirs	STORAGEEXP
83300000	Storage Maint Lines	STORAGEEXP
83400000	Storage Maint Compressor Equip	STORAGEEXP
83500000	Storage Maint Meas_Reg Sta	STORAGEEXP
83600000	Storage Maint Purification Equ	STORAGEEXP
83700000	Storage Maint Other Equi	STORAGEEXP
84000000	Other Storage-Op Superv-Eng	OthSt_OpSp
84100000	Other Storage-Op Labor-Exp	OthSt_Labr
84220000	Other Storage-Power	OthSt_Powr
84310000	Other Storage-Maint Superv-Eng	OthSt_MSup
84320000	Other Storage-Maint Struct-Imp	OthSt_MStr
84330000	Other Storage-Maint Gas Holdrs	OthSt_MGsH
84340000	Other Storage-Maint PurifctnEq	OthSt_MPrE
84350000	Other Storage-Maint LiqifctnEq	OthSt_MLqE
84360000	Other Storage-Maint Vaporz Eq	OthSt_MVpE
84370000	Other Storage-Maint CmpressrEq	OthSt_MCpE
84380000	Other Storage-Maint MR Eq	OthSt_MM_R
84390000	Other Storage-Maint Other Eq	OthSt_MOth
84410000	LNG Op Supervision-Engineer	LNG EXP
84420000	LNG Op Proc Terminal Equip	LNG EXP
84421000	LNG Terminal Equip Unload	LNG EXP
84510000	LNG Fuel	LNG EXP
84520000	LNG Power - O_M	LNG EXP
84520001	Tracked LNG Electric-Demand	LNG EXP
84520002	Tracked LNG Electric-Commodity	LNG EXP
84521000	LNG Power - Gas Cost	LNG EXP
84720000	LNG Maint Structure-Improv	LNG EXP
84730000	LNG Maint Proc Term Equip	LNG EXP
85000000	Op Superv_Eng-Gas Trans	SUPERV EXP
85100000	System Load-Cntrl Disptchg	SYS LOAD
85200000	Communication Exp Base Rate	COMM EXP
85200010	Communication System Exp Scada	COMM EXP
85200020	Communication Exp Long Distanc	COMM EXP
85200030	Communication System Exp	COMM EXP
85300000	Compressor Stn Labor Exp	COMPSTN
85400000	Trans Ops Gas for Compr Fuel	TRANS OP
85410000	Trans Ops Gas Retainage	TRANS OP
85500000	Power for Compressor Stn	COMPSTN
85500001	Tracked CS Electric-Demand	COMPSTN
85500002	Tracked CS Electric-Commodity	COMPSTN
85600000	Mains Exp	MAINSEXP

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
85700000	Measuring_Regulating Stn Exp	REG ST EXP
85800000	Transm-Compr of Gs-Appl	T_C OF GAS
85801000	Transm-Compr of Gs Affiliate	T_C OF GAS
85810000	Transm-Compr of Gs-NonAppl	T_C OF GAS
85900000	Gas Transmission Exp	TRANSM EXP
85910000	Gas Retaind-Unaccntd Fr Contra	UNACCT GAS
85920000	Gas Unaccounted For Contra	UNACCT GAS
86000000	Rents-Easements	RENTS EXP
86010000	Transmission Rents	RENTS EXP
86100000	Maint Supv-Eng-Gas Trans	MAINT EXP
86200000	Maint Trans Struct-Improve	MAINT EXP
86300000	Maint-Mains	MAINT EXP
86400000	Maint Compressor Stn Equip	MAINT EXP
86500000	Maint Meas_Reg Stn Equip-Trans	MAINT EXP
86600000	Trans Maint Commun Equip	MAINT EXP
86700000	Trans Maint Other Equip	MAINT EXP
87000000	Op Superv-Eng-Gas Distr	SERV EXP
87100000	Distribution Load Dispatching	DIS LD DIS
87400000	Mains and Services Exp	SERV EXP
87500000	Measur-Reg Statn Exp Gen	MSR REG EX
87600000	Measur-Reg Statn Exp-Indus	MSR REG EX
87800000	Meter and House Regulator Exp	MET HS EXP
87900000	Oper Installation Service Exp	SERV EXP
87900100	Oper Install-NoChrg Labor	SERV EXP
87900200	Oper Install-Chrg Labor	SERV EXP
87900300	Oper Install-NoChrg Part Tax	SERV EXP
87900400	Oper Install-Chrg Part Tax	SERV EXP
87900500	Oper Install-NoChrg PartNonTax	SERV EXP
87900600	Oper Install-Chrg Part Non-Tax	SERV EXP
88000000	Operations Exp Other	OPER EXP
88100000	Gas Distr Rents	RENTS EXP
88500000	Maint Supv-Eng-Gas Distr	OPER EXP
88600000	Maint Struct-Improv-Gas Distr	MNT STRIMP
88700000	Maint of Mains	DIST_MAINT
88900000	Maint Msr-Reg Statn Equi Gen	MNT EQP G
89000000	Maint Meas_Reg Stn Equip-Distr	DIST_MAINT
89200000	Maint of Services	DIST_MAINT
89300000	Maint Meters_House Regulators	DIST_MAINT
89400000	Other Maint Equipment	OTHMAINT
90100000	Customer Acnt Supervision	CUST EXP
90200000	Cust Accnt Meter Reading Exp	CUST EXP
90300000	Cust Records Collection Exp	CUST EXP
90400000	Uncollectible Accounts	UNCOLLECT
90500000	Misc Cust Accts Exp	CUST EXP
90700000	Cust Serv Info Exp Supv	CUST EXP
90800000	Customer Assistance Exp	CUST EXP
90900000	Inform_Instruct Advertisng Exp	ADV EXP
91000000	Misc Cust Serv and Info Exp	CUST EXP
91100000	Sales Supervision	SALES EXP
91200000	Demonstrating and Selling Exp	SALES EXP
91300000	Sales Advertising Exp	SALES EXP
91600000	Misc Sales Exp	SALES EXP
92000000	A_G Salaries	A_G_SALAR
92000495	CMA Care-A_G Salaries	A_G_SALAR
92001000	Discretionary and Spot Awards	AG_SALAR
92002000	Stock Compensation Expense	AG_SALAR

Columbia Gas of Kentucky, Inc.
Chart of Accounts (System of Accounts)

Account	Descr	Short Desc
92100000	Office Supplies and Exp	OFF SUP EX
92100495	CMA Care-Office Suppl and Exp	OFF SUP EX
92101000	Employee Expenses	EMP-EE EXP
92200000	Admin Exp Transferred Credit	ADMIN EXP
92300000	Outside Service Employed	OS EXP
92301000	Mgmt Fee Actuals-Affil	OS EXP
92301100	Management Fee Transfers	OS EXP
92301110	Management Fee Transf-Affil	OS EXP
92400000	Property Insurance	PROP INS
92500000	Injuries and Damages	INJUR DAM
92600000	Employee Pensions and Benefits	EMP PEN BN
92600495	CMA Care-EE Pensions and Ben	EMP PEN BN
92800000	Regulatory Commission Exp	REGCOMMEXP
92900000	Duplicate Charges Credit	DUPCHCR
93010000	General Advertising Exp	GENADVEXP
93020000	Misc General Exp	MIS GEN EX
93020130	AP Disc Earned	MIS GEN EX
93020495	CMA Care-Misc General Exp	MIS GEN EX
93029000	Diff IC Income Elim	MIS GEN EX
93100000	Rents Admin and General	RENT EXP
93200000	Maint General Plant	PLANT EXP
93300000	Transportation Exp Electric	TRANS EXP
93500000	Maint General Plant Electric	PLANT EXP

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(n)

Description of Filing Requirement:

The latest twelve (12) months of the monthly managerial reports providing financial results of operations in comparison to the forecast;

Response:

Please refer to the attached. Information unrelated to Columbia has been redacted since it is not relevant to the Application.

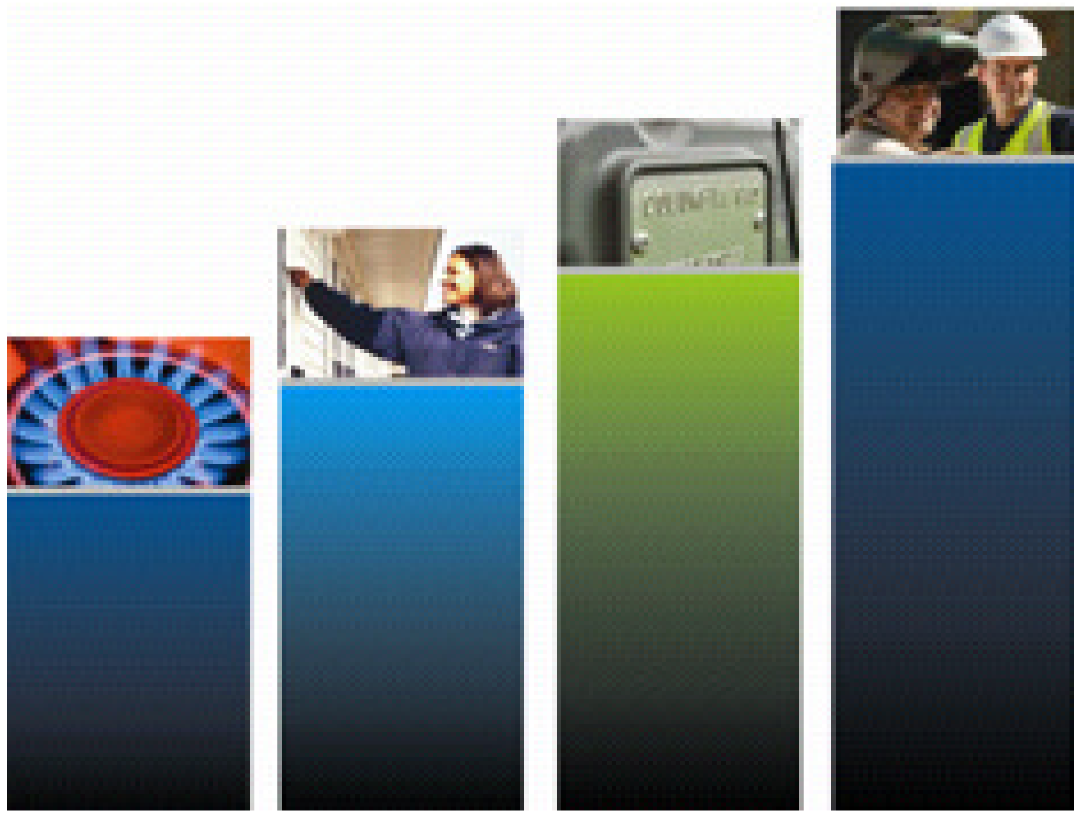
Responsible Witness:

Brian J. Noel

NiSource Gas Distribution

April 2015
Results of Operations

CKY



NiSource Gas Distribution
April 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD April 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY April YTD operating earnings of $16.4M are $0.3M over plan.

* Base margin is down by ($0.3M) and is offset by favorability in OGDR.

* O&M is on target YTD for CKY.

NiSource Gas Distribution
April 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]			31.4	31.0	0.4	[redacted]			[redacted]		
O&M Expense				11.0	11.0	0.0						
Depreciation				2.7	2.7	(0.0)						
Other Taxes				1.3	1.2	(0.0)						
Operating Earnings				16.4	16.1	0.3						
Interest Exp.				1.8	1.8	0.0						
Other Income				0.1	0.2	(0.1)						
Earnings from Sub				0.0	-	0.0						
Operating Earnings before Tax				14.7	14.4	0.3						
Income Taxes				5.9	5.7	(0.3)						
Net Operating Earnings				8.8	8.8	0.0						
Net OE without Earnings from Sub				8.8	8.8	(0.0)						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]											
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
April 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			27.3	27.6	(0.3)	[redacted]			[redacted]		
LCR - Large Volume Customers				2.2	2.3	(0.1)						
Other **G**as **D**epartment **R**evenue				1.4	0.7	0.7						
Uncollectibles				0.4	0.4	(0.1)						
Trackers				0.7	0.5	0.2						
Total Revenue				**32.1**	**31.5**	**0.5**						
Total Revenue Less Trackers				**31.4**	**31.0**	**0.4**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - unfavorability due to usage

Other Gas Department Revenue - Continued favorability in Misc. revenue including a Demand Penalty Charge (+$213k in April)

NiSource Gas Distribution
April 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)

	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			3,861.0	3,500.3	(360.7)	[redacted]			[redacted]		
Construction & Engineering				234.6	225.5	(9.1)						
Customer Operations				212.9	222.5	9.7						
President (Regulatory & Communications)				442.3	482.2	40.0						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				1,951.7	1,919.5	(32.2)						
Corporate Co 12				4,289.2	4,691.9	402.7						
Trackers				632.2	582.3	(49.9)						
Total O&M				**11,623.9**	**11,624.3**	**0.4**						
Total O&M Less Trackers				**10,991.7**	**11,042.0**	**50.3**						
	-	-		(0.0)	0.0		-	-		-	-	

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												
	-	-		-	-		-	-		-	-	

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY April 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	2,105.2	1,879.6	(225.6)	58.2	46.2	(12.1)	(0.0)	-	0.0
Benefits	9.2	-	(9.2)	2.5	-	(2.5)	-	-	-
Outside Services	985.5	829.1	(156.4)	116.6	133.9	17.4	0.1	-	(0.1)
Materials	213.6	254.7	41.0	19.6	16.0	(3.6)	208.8	218.8	10.0
Fleet & Equipment	452.0	397.1	(54.9)	12.9	8.8	(4.2)	-	-	-
Employee Expenses	58.6	60.9	2.3	3.8	16.0	12.2	0.2	-	(0.2)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	37.1	79.0	42.0	21.0	4.6	(16.5)	3.9	3.8	(0.1)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**3,861.0**	**3,500.3**	**(360.7)**	**234.6**	**225.5**	**(9.1)**	**212.9**	**222.5**	**9.7**
Total Less Trackers	**3,861.0**	**3,500.3**	**(360.7)**	**234.6**	**225.5**	**(9.1)**	**212.9**	**222.5**	**9.7**
	-	-		-	-		-	-	

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	317.1	320.6	3.6	133.6	185.2	51.6	2,614.0	2,431.5	(182.5)
Benefits	-	-	-	503.6	464.6	(39.0)	515.3	464.6	(50.7)
Outside Services	169.4	90.5	(78.9)	123.6	150.1	26.5	1,395.1	1,203.7	(191.4)
Materials	17.3	16.7	(0.6)	0.2	6.0	5.8	459.4	512.1	52.7
Fleet & Equipment	2.5	0.7	(1.8)	-	-	-	467.4	406.5	(60.9)
Employee Expenses	23.3	45.8	22.5	5.5	-	(5.5)	91.3	122.7	31.4
Corporate Service Fee	-	-	-	4,289.2	4,691.9	402.7	4,289.2	4,691.9	402.7
Miscellaneous/Other Expense	(87.3)	7.9	95.2	746.3	727.3	(19.0)	721.0	822.6	101.6
Uncollectibles	-	-	-	438.9	386.3	(52.7)	438.9	386.3	(52.7)
Trackers	-	-	-	632.2	582.3	(49.9)	632.2	582.3	(49.9)
Totals	**442.3**	**482.2**	**40.0**	**6,873.1**	**7,193.8**	**320.6**	**11,623.90**	**11,624.3**	**0.4**
Total Less Trackers	**442.3**	**482.2**	**40.0**	**6,240.9**	**6,611.4**	**370.5**	**10,991.69**	**11,042.0**	**50.3**
	-	-		-	-	-	-	-	

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

Labor - unfavorable by $0.2M due to Leak Odor Investigation and Maintenance of Mains $119K plant and service training $74K and Plant Regulation/Dispatching $27K

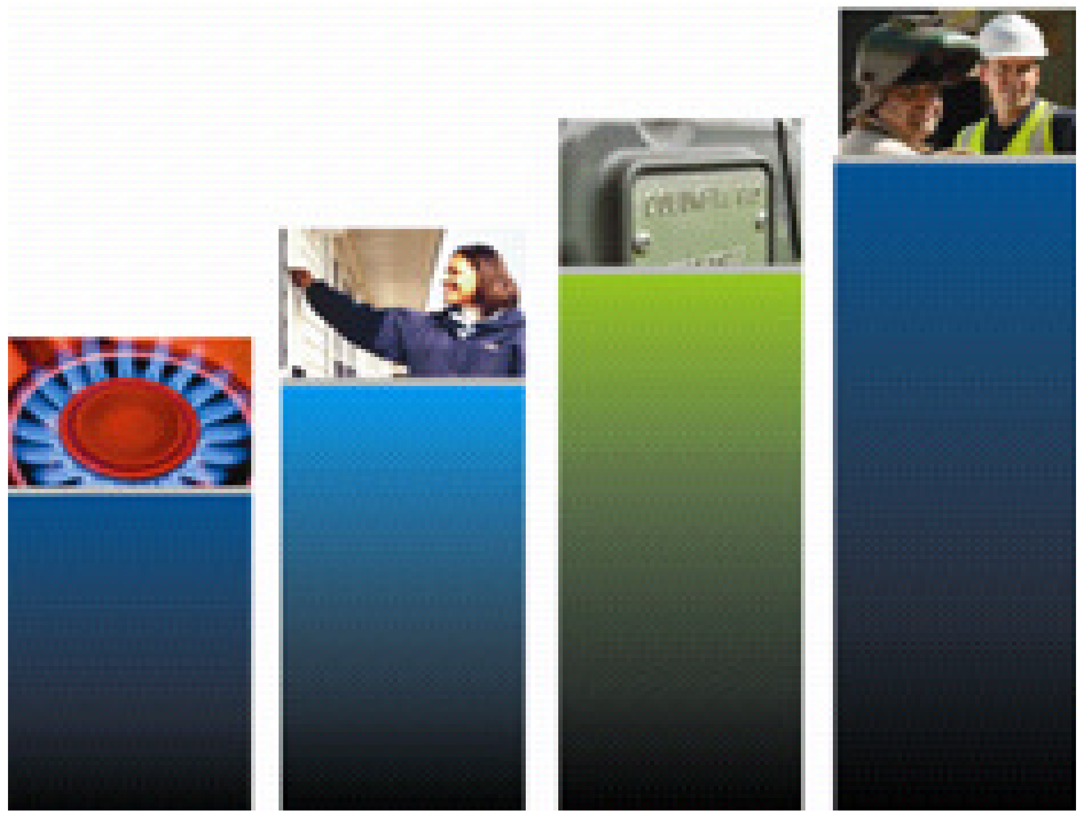
Corporate Undistributed

Corporate Service Fee - favorable $0.4M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

May 2015
Results of Operations

CKY



NiSource Gas Distribution
May 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD May 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY May YTD operating earnings of $16.4M are ($0.3M) down to plan.

* Favorability in OGDR $0.7M offset by Base Margin shortfall of ($0.6M).

* O&M is unfavorable by $0.2M driven by increased labor and outside services in field operations, partially off-set by favorability in corporate service fee.

NiSource Gas Distribution
May 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			35.2	35.2	0.0	[redacted]			[redacted]		
O&M Expense				13.9	13.7	(0.2)						
Depreciation				3.4	3.4	(0.0)						
Other Taxes				1.6	1.5	(0.1)						
Operating Earnings				16.4	16.6	(0.2)						
Interest Exp.				2.3	2.3	0.0						
Other Income				0.2	0.2	0.0						
Earnings from Sub				0.0	-	0.0						
Operating Earnings before Tax				14.3	14.5	(0.2)						
Income Taxes				5.9	5.7	(0.2)						
Net Operating Earnings				8.4	8.8	(0.4)						
Net OE without Earnings from Sub				8.4	8.8	(0.4)						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
May 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Revenue	NGD Consolidated			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			30.7	31.3	(0.6)	[redacted]			[redacted]		
LCR - Large Volume Customers				2.7	2.7	(0.1)						
Other **G**as **D**epartment **R**evenue				1.5	0.8	0.7						
Uncollectibles				0.4	0.4	(0.1)						
Trackers				0.8	0.6	0.2						
Total Revenue				**36.1**	**35.8**	**0.2**						
Total Revenue Less Trackers				**35.2**	**35.2**	**0.0**						

Fav / (Unfav)

Revenue	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - unfavorability due to usage

Other Gas Department Revenue - Continued favorability in Misc. revenue including a Demand Penalty Charge of $213k from April.

NiSource Gas Distribution
May 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			4,971.5	4,368.8	(602.7)	[redacted]			[redacted]		
Construction & Engineering				355.9	290.7	(65.3)						
Customer Operations				262.2	276.4	14.1						
President (Regulatory & Communications)				549.0	598.0	49.0						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				2,331.2	2,370.5	39.3						
Corporate Co 12				5,436.1	5,841.6	405.5						
Trackers				784.1	666.1	(118.1)						
Total O&M				**14,690.2**	**14,412.1**	**(278.1)**						
Total O&M Less Trackers				**13,906.0**	**13,746.0**	**(160.0)**						
	-	-		-	-		-	-		-	-	

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												
	-	-		-	-		-	-		-	-	

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY May 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	2,642.1	2,336.4	(305.7)	69.6	57.7	(12.0)	(0.0)	-	0.0
Benefits	9.2	-	(9.2)	2.5	-	(2.5)	-	-	-
Outside Services	1,325.4	1,045.5	(279.9)	192.9	167.3	(25.6)	0.1	-	(0.1)
Materials	268.3	315.6	47.2	50.3	29.5	(20.8)	257.3	271.4	14.1
Fleet & Equipment	561.5	496.4	(65.1)	15.5	10.9	(4.6)	-	-	-
Employee Expenses	77.2	76.2	(1.0)	4.1	19.5	15.5	0.2	-	(0.2)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	87.9	98.8	10.9	21.1	5.7	(15.3)	4.7	4.9	0.2
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**4,971.5**	**4,368.8**	**(602.7)**	**355.9**	**290.7**	**(65.3)**	**262.2**	**276.4**	**14.1**
Total Less Trackers	**4,971.5**	**4,368.8**	**(602.7)**	**355.9**	**290.7**	**(65.3)**	**262.2**	**276.4**	**14.1**
	-	-		-	-		-	-	

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	394.8	398.2	3.4	169.6	231.5	61.9	#VALUE!	#VALUE!	#VALUE!
Benefits	-	-	-	599.5	580.8	(18.7)	#VALUE!	#VALUE!	#VALUE!
Outside Services	180.3	113.2	(67.1)	141.1	188.4	47.3	#VALUE!	#VALUE!	#VALUE!
Materials	22.9	20.8	(2.0)	0.3	7.5	7.2	#VALUE!	#VALUE!	#VALUE!
Fleet & Equipment	2.9	0.8	(2.1)	(0.0)	-	0.0	#VALUE!	#VALUE!	#VALUE!
Employee Expenses	30.9	56.7	25.7	5.8	-	(5.8)	#VALUE!	#VALUE!	#VALUE!
Corporate Service Fee	-	-	-	5,436.1	5,841.6	405.5	#VALUE!	#VALUE!	#VALUE!
Miscellaneous/Other Expense	(82.9)	8.3	91.1	924.1	915.8	(8.2)	#VALUE!	#VALUE!	#VALUE!
Uncollectibles	-	-	-	490.9	446.5	(44.4)	490.9	446.5	(44.4)
Trackers	-	-	-	784.1	666.1	(118.1)	#VALUE!	#VALUE!	#VALUE!
Totals	**549.0**	**598.0**	**49.0**	**8,551.5**	**8,878.2**	**326.8**	**#VALUE!**	**#VALUE!**	**#VALUE!**
Total Less Trackers	**549.0**	**598.0**	**49.0**	**7,767.3**	**8,212.2**	**444.8**	**#VALUE!**	**#VALUE!**	**#VALUE!**
	-	-		-	-	-	#VALUE!	#VALUE!	

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

Labor - unfavorable by $0.3M due to Leak Odor Investigation and Maintenance of Mains $119K plant and service training $142K, Plant Regulation/Dispatching $27K, and Inspect critical values $11K

Outside Services - unfavorable due to plant leak repair $126K, $148K of snow removal, Line Locating True-up of $133K, and Service Leak Inspections of $19K partially offset by Plant facility protection $122K.

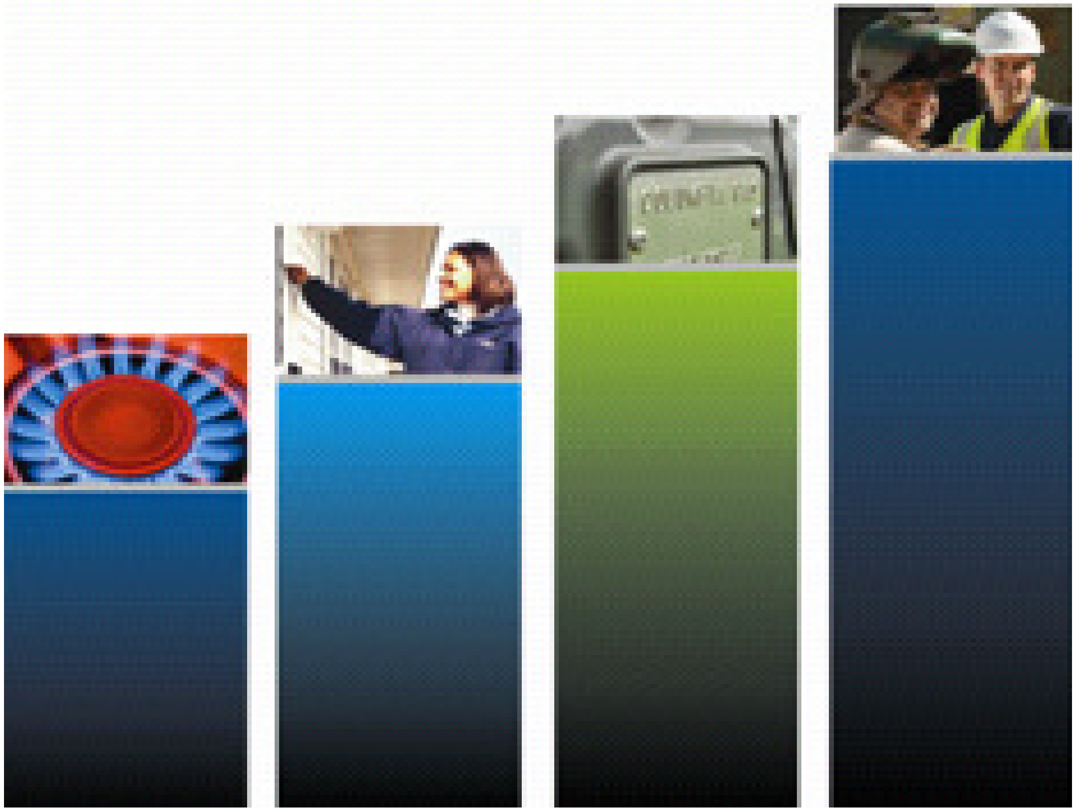
Corporate Undistributed

Corporate Service Fee - favorable $0.4M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

June 2015
Results of Operations

CKY



NiSource Gas Distribution
June 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD June 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY June YTD operating earnings of $15.5M are down ($1.0M) to plan.

* Base margin is down by ($1.1M) due primarily to unfavorable usage and is partially offset by favorability in OGDR.

* O&M is unfavorable by ($0.6M) driven by increased labor and outside services in field operations, partially off-set by favorability in corporate service fee

NiSource Gas Distribution
June 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	38.6	38.9	(0.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	17.1	16.5	(0.6)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	4.1	4.1	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	1.9	1.8	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	15.5	16.5	(1.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	2.8	2.8	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	(0.7)	0.2	(0.9)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	0.0	-	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	12.0	13.9	(1.9)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	5.2	5.5	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	6.8	8.4	(1.6)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	6.8	8.4	(1.6)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

[redacted]

Columbia Gas of Kentucky Highlights

[redacted]

NiSource Gas Distribution
June 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	33.3	34.4	(1.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	3.3	3.1	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other **G**as **D**epartment **R**evenue	[redacted]	[redacted]	[redacted]	1.6	0.9	0.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	0.3	0.4	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	0.9	0.6	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	**39.5**	**39.5**	**(0.1)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	**38.6**	**38.9**	**(0.3)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	-	-		-	-		-	-		-	-	

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	-	-		-	-		-	-		-	-	

Columbia Gas of Kentucky -

Base Margin - unfavorability due to usage

Other Gas Department Revenue - Continued favorability in Misc. revenue including a Demand Penalty Charge of $213k from April.

NiSource Gas Distribution
June 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			6,154.4	5,247.3	(907.1)	[redacted]			[redacted]		
Construction & Engineering				363.6	354.1	(9.5)						
Customer Operations				316.4	335.8	19.4						
President (Regulatory & Communications)				705.0	708.0	3.0						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				2,789.5	2,791.3	1.8						
Corporate Co 12				6,792.3	7,061.3	269.0						
Trackers				845.7	736.8	(108.8)						
Total O&M				**17,966.8**	**17,234.6**	**(732.1)**						
Total O&M Less Trackers				**17,121.1**	**16,497.8**	**(623.3)**						
	-	-		-	-		-	-		-	-	

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												
	-	-		-	-		-	-		-	-	

Key Business Drivers - Columbia Gas of Kentucky

[redacted]

NiSource Gas Distribution
CKY June 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	3,212.7	2,785.6	(427.1)	79.4	69.3	(10.1)	(0.0)	-	0.0
Benefits	9.3	-	(9.3)	2.5	-	(2.5)	-	-	-
Outside Services	1,658.6	1,270.2	(388.4)	173.8	201.1	27.3	0.1	-	(0.1)
Materials	382.1	384.8	2.7	63.2	38.0	(25.2)	310.7	330.0	19.3
Fleet & Equipment	702.7	595.6	(107.1)	18.1	13.3	(4.8)	-	-	-
Employee Expenses	107.1	91.8	(15.3)	5.2	25.5	20.3	0.2	-	(0.2)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	81.9	119.2	37.3	21.5	6.9	(14.6)	5.5	5.8	0.3
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**6,154.4**	**5,247.3**	**(907.1)**	**363.6**	**354.1**	**(9.5)**	**316.4**	**335.8**	**19.4**
Total Less Trackers	**6,154.4**	**5,247.3**	**(907.1)**	**363.6**	**354.1**	**(9.5)**	**316.4**	**335.8**	**19.4**
	-	-		-	-		-	-	

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	485.7	467.6	(18.1)	218.8	277.7	58.9	3,996.6	3,600.3	(396.3)
Benefits	-	-	-	734.7	697.0	(37.7)	746.5	697.0	(49.5)
Outside Services	208.1	135.8	(72.3)	186.9	224.7	37.8	2,227.4	1,831.8	(395.6)
Materials	28.2	25.0	(3.2)	3.3	9.0	5.7	787.5	786.8	(0.6)
Fleet & Equipment	3.8	1.0	(2.8)	(0.0)	-	0.0	724.6	609.9	(114.6)
Employee Expenses	45.1	70.0	24.9	5.8	-	(5.8)	163.4	187.3	23.9
Corporate Service Fee	-	-	-	6,792.3	7,061.3	269.0	6,792.3	7,061.3	269.0
Miscellaneous/Other Expense	(65.8)	8.6	74.4	1,108.0	1,095.4	(12.6)	1,151.1	1,235.9	84.8
Uncollectibles	-	-	-	531.9	487.5	(44.4)	531.9	487.5	(44.4)
Trackers	-	-	-	845.7	736.8	(108.8)	845.7	736.8	(108.8)
Totals	**705.0**	**708.0**	**3.0**	**10,427.4**	**10,589.5**	**162.0**	**17,966.79**	**17,234.6**	**(732.1)**
Total Less Trackers	**705.0**	**708.0**	**3.0**	**9,581.7**	**9,852.6**	**270.9**	**17,121.11**	**16,497.8**	**(623.3)**
	-	-		-	-	-	-	-	

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

Labor - unfavorable by $0.3M due to Leak Odor Investigation and Maintenance of Mains $119K plant and service training $142K, Plant Regulation/Dispatching $27K, and Inspect critical values $11K

Outside Services - Plant facility protection ($122K), off-set by $126K of plant leak repair, and $148K of snow removal, and a Line Locating True-up of $133K, and Service Leak Inspections of $19K

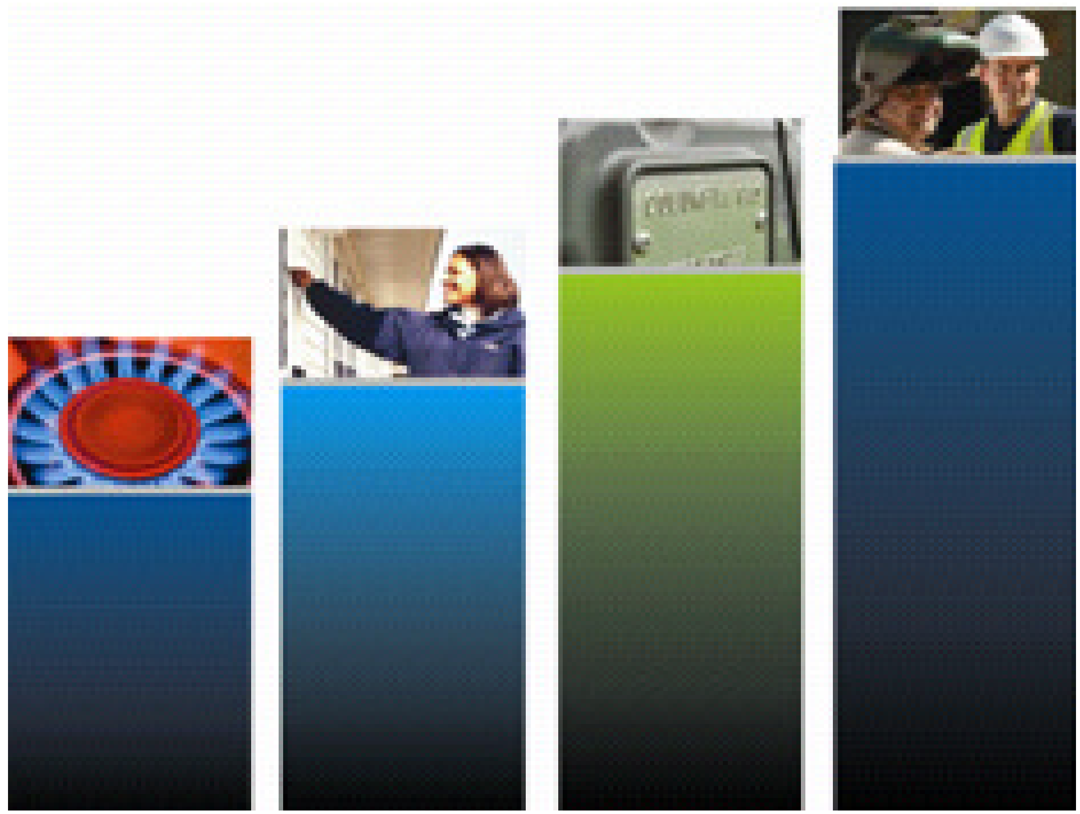
Corporate Undistributed

Corporate Service Fee - favorable $0.4M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

July 2015
Results of Operations

CKY



NiSource Gas Distribution
July 2015 Reporting Package
Table of Contents

Gas Distribution (East)
July 2015 YTD Operating Earnings vs. 3&9 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]			3.6	3.7	(0.0)	[redacted]			[redacted]		
O&M Expense				2.6	2.8	0.2						
Depreciation				0.7	0.7	0.0						
Other Taxes				0.3	0.3	(0.0)						
Operating Earnings				0.1	(0.1)	0.2						
Interest Exp.				0.5	0.5	(0.0)						
Other Income				0.8	0.0	0.7						
Earnings from Sub				(0.0)	-	(0.0)						
Operating Earnings before Tax				0.4	(0.5)	0.9						
Income Taxes				0.2	(0.2)	(0.4)						
Net Operating Earnings				0.1	(0.3)	0.5						
Net OE without Earnings from Sub				0.1	(0.3)	0.5						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

Columbia Gas of Kentucky Highlights

OE Actual vs. Goal - CKY July operating earnings of $0.1M. This is $0.2M favorable to the 3&9 budget

YTD **Revenue** is flat to plan

YTD **O&M** is $0.2M favorable primarily due to corporate service fee

YTD **Other Income** is $0.7M favorable due to July reclass of loss on TCO POD asset transfer booked in June

Gas Distribution (East)
July 2015 YTD Revenue vs. 3&9 Budget
By Company ($M)

Fav / (Unfav)

Revenue	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	3.2	3.2	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	0.4	0.4	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other **G**as **D**epartment **R**evenue	[redacted]	[redacted]	[redacted]	0.1	0.1	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	(0.0)	(0.0)	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	0.1	0.1	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	**3.7**	**3.8**	**(0.1)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	**3.6**	**3.7**	**(0.0)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav)

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Columbia Gas of Kentucky -

- Total Revenue is flat to plan for the month of July

Gas Distribution (East)
July 2015 YTD O&M Variances vs. 3&9 Budget
By Company ($000)

Fav / (Unfav)

O&M	[redacted]	CKY Actuals	CKY Budget	CKY Variance	[redacted]	[redacted]
Gas Operations		897.5	848.7	(48.8)		
Construction & Engineering		22.1	63.8	41.7		
Customer Operations		53.1	65.3	12.2		
President (Regulatory & Communications)		89.9	128.2	38.3		
Other		-	-	-		
Corporate Undistributed (w/o Co 12)		451.5	422.1	(29.4)		
Corporate Co 12		1,053.8	1,244.8	191.0		
Trackers		85.4	123.2	37.9		
Total O&M		**2,653.3**	**2,896.2**	**242.9**		
Total O&M Less Trackers		**2,567.9**	**2,773.0**	**205.0**		

O&M	[redacted]	[redacted]	[redacted]	[redacted]
Gas Operations				
Construction & Engineering				
Customer Operations				
President (Regulatory & Communications)				
Other				
Corporate Undistributed (w/o Co 12)				
Corporate Co 12				
Trackers				
Total O&M				
Total O&M Less Trackers				

Gas Distribution (East)
July 2015 YTD O&M Variances vs. 3&9 Budget
Operations O&M ($000)

032

Fav / (Unfav)	Distribution Operations YTD Actuals	Distribution Operations YTD Plan	Distribution Operations YTD Variance	Construction Operations YTD Actuals	Construction Operations YTD Plan	Construction Operations YTD Variance	Customer Operations YTD Actuals	Customer Operations YTD Plan	Customer Operations YTD Variance
Labor	495.8	425.6	(70.2)	7.7	11.5	3.8	1.0	-	(1.0)
Benefits	-	-	-	-	-	-	-	-	-
Outside Services	219.4	217.4	(2.1)	8.5	33.4	24.9	-	-	-
Materials	63.4	71.2	7.7	4.5	12.0	7.4	51.2	64.5	13.3
Fleet & Equipment	119.3	99.3	(20.0)	1.3	2.1	0.8	-	-	-
Employee Expenses	13.3	15.5	2.2	0.2	3.7	3.6	-	-	-
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	(13.7)	19.8	33.5	0.0	1.1	1.1	0.9	0.8	(0.1)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**897.5**	**848.7**	**(48.8)**	**22.1**	**63.8**	**41.7**	**53.1**	**65.3**	**12.2**
Total Less Trackers	**897.5**	**848.7**	**(48.8)**	**22.1**	**63.8**	**41.7**	**53.1**	**65.3**	**12.2**

Fav / (Unfav)	Presidential Operations YTD Actuals	Presidential Operations YTD Plan	Presidential Operations YTD Variance	Corporate Undistributed/Corp. Service Fee YTD Actuals	Corporate Undistributed/Corp. Service Fee YTD Plan	Corporate Undistributed/Corp. Service Fee YTD Variance	Total CKY YTD Actuals	Total CKY YTD Plan	Total CKY YTD Variance
Labor	77.9	86.1	8.3	91.3	47.0	(44.3)	673.6	570.3	(103.4)
Benefits	-	-	-	118.7	105.5	(13.2)	118.7	105.5	(13.2)
Outside Services	11.0	26.6	15.5	11.8	32.1	20.3	250.8	309.4	58.7
Materials	5.6	4.2	(1.4)	(2.6)	1.5	4.1	122.2	153.3	31.1
Fleet & Equipment	0.2	0.2	(0.0)	-	-	-	120.8	101.5	(19.2)
Employee Expenses	7.9	10.8	2.9	1.7	-	(1.7)	23.0	30.1	7.1
Corporate Service Fee	-	-	-	1,053.8	1,244.8	191.0	1,053.8	1,244.8	191.0
Miscellaneous/Other Expense	(12.7)	0.4	13.1	188.4	186.9	(1.5)	162.8	209.0	46.2
Uncollectibles	-	-	-	42.2	49.0	6.8	42.2	49.0	6.8
Trackers	-	-	-	85.4	123.2	37.9	85.4	123.2	37.9
Totals	**89.9**	**128.2**	**38.3**	**1,590.7**	**1,790.1**	**199.5**	**2,653.3**	**2,896.2**	**242.9**
Total Less Trackers	**89.9**	**128.2**	**38.3**	**1,505.3**	**1,666.9**	**161.6**	**2,567.9**	**2,773.0**	**205.0**

Key O&M Drivers

Distribution Operations

- **Labor -** unfavorable ($0.07M) due to one week of suspended labor. This is due to the month ending on a Friday.

Corporate Undistributed

- **Labor -** unfavorable ($0.04M) due to a CIP true-up from CL 2015-39
- **Corporate Service Fee -** favorable $0.2M primarily due to the timing of actuals vs. budget spread for unidentified projects

August CKY Financial Detail

NiSource®

Table of Contents

August 2015 2H YTD Operating Earnings vs. 3&9 Budget

Fav / (Unfav):in Millions

Operating Earnings*	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]			7.3	7.2	0.0	[redacted]			[redacted]		
O&M Expense				5.3	5.7	0.4						
Depreciation				1.4	1.4	0.0						
Other Taxes				0.6	0.6	(0.0)						
Operating Earnings				(0.0)	(0.5)	0.4						
Interest Exp.				1.0	0.9	(0.0)						
Other Income				0.8	0.1	0.7						
Earnings from Sub				(0.0)	-	(0.0)						
Operating Earnings before Tax				(0.2)	(1.3)	1.1						
Income Taxes				0.1	(0.4)	(0.6)						
Net Operating Earnings				(0.3)	(0.9)	0.6						
Net OE without Earnings from Sub				(0.3)	(0.9)	0.6						

* All Values Less Trackers

Fav / (Unfav):in Millions

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]											
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

Columbia Gas of Kentucky Highlights

OE Actual vs. Goal - CKY YTD operating earnings of $0.0M is $0.4M favorable to the 3&9 budget

YTD **Revenue** is flat to budget

YTD **O&M** is $0.4M favorable primarily due to under-runs in Corporate Service Fee

YTD **Other Income** $0.7M favorable due to July reclass of loss on TCO POD asset transfer booked in June.

NiSource®

August 2015 2H YTD Revenue vs. 3&9 Budget

Fav / (Unfav): in Millions

Revenue	Gas Distribution (East)			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			6.3	6.3	(0.0)	[redacted]			[redacted]		
LCR - Large Volume Customers				0.9	0.8	0.0						
Other Gas Department Revenue				0.1	0.1	0.0						
Uncollectibles				(0.0)	(0.0)	0.0						
Trackers				0.1	0.2	(0.1)						
Total Revenue				**7.4**	**7.5**	**(0.0)**						
Total Revenue Less Trackers				**7.3**	**7.2**	**0.0**						

Fav / (Unfav): in Millions

Revenue	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

[redacted]

Columbia Gas of Kentucky Highlights
Revenue is flat to plan

August 2015 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
August 2015 YTD O&M Variances vs. 3&9 Budget
By Company ($000)

Fav / (Unfav): in Thousands

O&M	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Gas Operations	[redacted]	[redacted]	[redacted]	1,760.3	1,799.7	39.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	79.2	123.0	43.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	104.2	120.8	16.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	205.5	257.9	52.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	839.2	851.7	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	2,268.4	2,514.5	246.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	157.0	234.4	77.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	**5,413.7**	**5,901.9**	**488.2**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	**5,256.8**	**5,667.5**	**410.7**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav): in Thousands

O&M	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Gas Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

Columbia Gas of Kentucky Highlights
Favorable O&M variance of $0.4M is driven by:
- **Corp Co.12 / Corp Undistributed and Other-** Favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

August 2015 CKY 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
August 2015 YTD O&M Variances vs. 3&9 Budget
Operations O&M ($000)

032

Fav / (Unfav): in Thousands

O&M	Distribution Operations Actuals	Distribution Operations Budget	Distribution Operations Variance	Construction Operations Actuals	Construction Operations Budget	Construction Operations Variance	Customer Operations Actuals	Customer Operations Budget	Customer Operations Variance
Labor	962.3	904.4	(57.9)	21.6	23.0	1.4	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Outside Services	409.7	471.9	62.3	41.3	66.8	25.5	-	-	-
Materials	140.6	154.3	13.7	10.0	19.4	9.4	102.3	119.1	16.8
Fleet & Equipment	244.9	198.5	(46.3)	4.7	4.7	0.0	-	-	-
Employee Expenses	37.3	31.0	(6.2)	0.3	6.8	6.5	-	-	-
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	(34.4)	39.5	73.9	1.3	2.3	1.0	1.8	1.7	(0.2)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**1,760.3**	**1,799.7**	**39.4**	**79.2**	**123.0**	**43.8**	**104.2**	**120.8**	**16.6**
Total Less Trackers	**1,760.3**	**1,799.7**	**39.4**	**79.2**	**123.0**	**43.8**	**104.2**	**120.8**	**16.6**

Fav / (Unfav): in Thousands

O&M	Presidential Operations Actuals	Presidential Operations Budget	Presidential Operations Variance	Corporate Undistributed/Corp. Service Fee Actuals	Corporate Undistributed/Corp. Service Fee Budget	Corporate Undistributed/Corp. Service Fee Variance	Total CKY Actuals	Total CKY Budget	Total CKY Variance
Labor	170.8	177.6	6.8	128.2	94.0	(34.2)	1,282.9	1,199.1	(83.9)
Benefits	-	-	-	224.7	211.1	(13.6)	224.7	211.1	(13.6)
Outside Services	25.2	49.2	24.0	40.3	64.2	24.0	516.4	652.1	135.7
Materials	8.7	8.3	(0.4)	(2.0)	3.0	5.0	259.7	304.2	44.5
Fleet & Equipment	(1.3)	0.3	1.6	-	-	-	248.3	203.6	(44.7)
Employee Expenses	17.7	21.7	3.9	2.8	-	(2.8)	58.1	59.5	1.4
Corporate Service Fee	-	-	-	2,268.4	2,514.5	246.0	2,268.4	2,514.5	246.0
Miscellaneous/Other Expense	(15.7)	0.7	16.4	378.0	376.0	(1.9)	330.9	420.2	89.3
Uncollectibles	-	-	-	67.2	103.3	36.1	67.2	103.3	36.1
Trackers	-	-	-	157.0	234.4	77.5	157.0	234.4	77.5
Totals	**205.5**	**257.9**	**52.4**	**3,264.6**	**3,600.6**	**336.0**	**5,413.7**	**5,901.9**	**488.2**
Total Less Trackers	**205.5**	**257.9**	**52.4**	**3,107.6**	**3,366.1**	**258.5**	**5,256.8**	**5,667.5**	**410.7**

Key O&M Drivers

Corporate Undistributed
- **Labor -** unfavorable ($0.05M) due to a CIP true-up from CL 2015-39
- **Corporate Service Fee -** favorable $0.2M primarily due to the timing of actuals vs. budget spread for unidentified projects

September CKY Financial Detail

Table of Contents

September 2015 2H YTD Operating Earnings vs. 3&9 Budget

Gas Distribution (East)
September 2015 YTD Operating Earnings vs. 3&9 Budget
By Company ($M)

Fav / (Unfav): in Millions

	Gas Distribution (East)			CKY			COH			CMD		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			11.0	10.9	0.2	[redacted]			[redacted]		
O&M Expense				8.0	8.4	0.4						
Depreciation				2.1	2.1	0.0						
Other Taxes				0.9	0.9	(0.0)						
Operating Earnings				(0.0)	(0.5)	0.5						
Interest Exp.				1.4	1.4	0.0						
Other Income				0.8	0.1	0.7						
Earnings from Sub				(0.0)	-	(0.0)						
Operating Earnings before Tax				(0.6)	(1.8)	1.2						
Income Taxes				0.0	(0.6)	(0.6)						
Net Operating Earnings				(0.6)	(1.2)	0.6						
Net OE without Earnings from Sub				(0.6)	(1.2)	0.6						

* All Values Less Trackers

Fav / (Unfav): in Millions

	CPA			CGV			CMA			East Adj. Co.		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

Columbia Gas of Kentucky Highlights

OE Actual vs. Goal - CKY YTD operating loss of ($0.0M) is $0.5M favorable to the 3&9 budget

YTD **Revenue** is $0.2M favorable primarily driven by favorable LCR

YTD **O&M** is $0.4M favorable primarily due to under-runs in Corporate Service Fee

YTD **Other Income** $0.7M favorable primarily due to July reclass of loss on TCO POD asset transfer booked in June.

September 2015 2H YTD Revenue vs. 3&9 Budget

Fav / (Unfav): in Millions

Revenue	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate activity)	[redacted]			9.5	9.5	-	[redacted]			[redacted]		
LCR - Large Volume Customers				1.3	1.2	0.1						
Other Gas Department Revenue				0.2	0.2	-						
Uncollectibles				-	-	-						
Trackers				0.2	0.3	(0.1)						
Total Revenue				**11.2**	**11.2**	**0.0**						
Total Revenue Less Trackers				**11.0**	**10.9**	**0.2**						

Fav / (Unfav): in Millions

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	East Adj. Co. Actuals	East Adj. Co. Budget	East Adj. Co. Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

[redacted]

Columbia Gas of Kentucky Highlights

Favorable Revenue variance of $0.2M is driven by:

Slightly favorable LCR

September 2015 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
September 2015 YTD O&M Variances vs. 3&9 Budget
By Company ($000)

Fav / (Unfav): in Thousands

	Gas Distribution (East)			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Gas Operations	[redacted]	[redacted]	[redacted]	2,688.6	2,626.3	(62.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	140.5	180.1	39.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	155.1	181.0	26.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	345.7	389.4	43.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	1,174.7	1,232.3	57.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	3,507.6	3,784.4	276.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	217.4	356.8	139.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	**8,229.6**	**8,750.2**	**520.7**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	**8,012.2**	**8,393.4**	**381.2**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav): in Thousands

	CPA			CGV			CMA			East Adj. Co		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Gas Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Columbia Gas of Kentucky Highlights

Favorable O&M variance of $0.4M is driven by:

- **Corp Co.12 / Corp Undistributed and Other-** Favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

NiSource®

September 2015 CKY 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
September 2015 YTD O&M Variances vs. 3&9 Budget
Operations O&M ($000)

032

Fav / (Unfav): in Thousands

O&M	Distribution Operations Actuals	Distribution Operations Budget	Distribution Operations Variance	Construction Operations Actuals	Construction Operations Budget	Construction Operations Variance	Customer Operations Actuals	Customer Operations Budget	Customer Operations Variance
Labor	1,419.9	1,325.3	(94.5)	29.9	34.7	4.8	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Outside Services	679.7	684.4	4.7	83.6	100.5	17.0	-	-	-
Materials	212.5	212.9	0.5	16.0	23.4	7.4	152.3	178.5	26.2
Fleet & Equipment	350.0	297.8	(52.2)	6.2	7.2	1.0	-	-	-
Employee Expenses	47.9	46.6	(1.3)	0.4	10.8	10.4	-	-	-
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	(21.4)	59.3	80.6	4.5	3.4	(1.0)	2.7	2.6	(0.2)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**2,688.6**	**2,626.3**	**(62.3)**	**140.5**	**180.1**	**39.5**	**155.1**	**181.0**	**26.0**
Total Less Trackers	**2,688.6**	**2,626.3**	**(62.3)**	**140.5**	**180.1**	**39.5**	**155.1**	**181.0**	**26.0**

Fav / (Unfav): in Thousands

O&M	Presidential Operations Actuals	Presidential Operations Budget	Presidential Operations Variance	Corporate Undistributed/Corp. Service Fee Actuals	Corporate Undistributed/Corp. Service Fee Budget	Corporate Undistributed/Corp. Service Fee Variance	Total CKY Actuals	Total CKY Budget	Total CKY Variance
Labor	264.8	263.7	(1.2)	165.2	141.1	(24.1)	1,879.8	1,764.7	(115.0)
Benefits	-	-	-	319.2	316.6	(2.5)	319.2	316.6	(2.5)
Outside Services	41.0	76.6	35.6	68.5	96.4	27.9	872.8	957.9	85.1
Materials	13.3	12.5	(0.8)	(1.8)	4.5	6.3	392.3	431.8	39.5
Fleet & Equipment	(1.0)	0.5	1.5	-	-	-	355.2	305.5	(49.7)
Employee Expenses	26.3	35.0	8.7	3.3	-	(3.3)	77.9	92.4	14.5
Corporate Service Fee	-	-	-	3,507.6	3,784.4	276.8	3,507.6	3,784.4	276.8
Miscellaneous/Other Expense	1.3	1.1	(0.2)	538.4	521.5	(16.9)	525.5	587.8	62.3
Uncollectibles	-	-	-	82.0	152.3	70.3	82.0	152.3	70.3
Trackers	-	-	-	217.4	356.8	139.4	217.4	356.8	139.4
Totals	**345.7**	**389.4**	**43.6**	**4,899.7**	**5,373.4**	**473.7**	**8,229.6**	**8,750.2**	**520.7**
Total Less Trackers	**345.7**	**389.4**	**43.6**	**4,682.3**	**5,016.6**	**334.3**	**8,012.2**	**8,393.4**	**381.2**

Key O&M Drivers

Gas Operations
- **Labor -** unfavorable ($0.1M) due to suspended labor in September as well as small over-runs for Maintenance on Mains and Training.

Corporate Undistributed
- **Labor -** unfavorable ($0.1M) due to a CIP true-up from CL 2015-39
- **Corporate Service Fee -** favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

NiSource

October CKY Financial Detail

NiSource

Table of Contents

October 2015 2H YTD Operating Earnings vs. 3&9 Budget

Gas Distribution (East)
October 2015 YTD Operating Earnings vs. 3&9 Budget
By Company ($M)

Fav / (Unfav): in Millions

Operating Earnings*	Gas Distribution (East) Actuals	Budget	Variance	CKY Actuals	Budget	Variance	COH Actuals	Budget	Variance	CMD Actuals	Budget	Variance
Net Revenues	[redacted]			15.5	15.7	(0.2)	[redacted]			[redacted]		
O&M Expense	[redacted]			10.8	11.2	0.4	[redacted]			[redacted]		
Depreciation	[redacted]			2.8	2.8	0.0	[redacted]			[redacted]		
Other Taxes	[redacted]			1.2	1.2	(0.0)	[redacted]			[redacted]		
Operating Earnings	[redacted]			0.6	0.4	0.2	[redacted]			[redacted]		
Interest Exp.	[redacted]			1.9	2.0	0.1	[redacted]			[redacted]		
Other Income	[redacted]			0.9	0.2	0.7	[redacted]			[redacted]		
Earnings from Sub	[redacted]			(0.0)	-	(0.0)	[redacted]			[redacted]		
Operating Earnings before Tax	[redacted]			(0.5)	(1.4)	1.0	[redacted]			[redacted]		
Income Taxes	[redacted]			0.3	(0.4)	(0.7)	[redacted]			[redacted]		
Net Operating Earnings	[redacted]			(0.7)	(1.0)	0.3	[redacted]			[redacted]		
Net OE without Earnings from Sub	[redacted]			(0.7)	(1.0)	0.3	[redacted]			[redacted]		

* All Values Less Trackers

Fav / (Unfav): in Millions

Operating Earnings*	CPA Actuals	Budget	Variance	CGV Actuals	Budget	Variance	CMA Actuals	Budget	Variance	Adj. Actuals	Budget	Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense	[redacted]			[redacted]			[redacted]			[redacted]		
Depreciation	[redacted]			[redacted]			[redacted]			[redacted]		
Other Taxes	[redacted]			[redacted]			[redacted]			[redacted]		
Operating Earnings	[redacted]			[redacted]			[redacted]			[redacted]		
Interest Exp.	[redacted]			[redacted]			[redacted]			[redacted]		
Other Income	[redacted]			[redacted]			[redacted]			[redacted]		
Earnings from Sub	[redacted]			[redacted]			[redacted]			[redacted]		
Operating Earnings before Tax	[redacted]			[redacted]			[redacted]			[redacted]		
Income Taxes	[redacted]			[redacted]			[redacted]			[redacted]		
Net Operating Earnings	[redacted]			[redacted]			[redacted]			[redacted]		
Net OE without Earnings from Sub	[redacted]			[redacted]			[redacted]			[redacted]		

* All Values Less Trackers

Columbia Gas of Kentucky Highlights

OE Actual vs. Goal - CKY YTD operating earnings of $0.6M is $0.2M favorable to the 3&9 budget

YTD **Revenue** is ($0.2M) unfavorable primarily driven by Base Margin

YTD **O&M** is $0.4M favorable primarily due to timing in Corporate Service Fee

YTD **Other Income** $0.7M favorable primarily due to July reclass of loss on TCO POD asset transfer booked in June.

October 2015 2H YTD Revenue vs. 3&9 Budget

Fav / (Unfav): in Millions

Revenue	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	13.5	13.8	(0.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	1.8	1.7	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	0.2	0.2	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	0.3	0.5	(0.2)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	**15.8**	**16.2**	**(0.5)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	**15.5**	**15.7**	**(0.2)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav): in Millions

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	Adj. Actuals	Adj. Budget	Adj. Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

Columbia Gas of Kentucky Highlights

Unfavorable Revenue variance of ($0.2M) is driven by:

Base Margin: unfavorable due to usage

October 2015 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
October 2015 YTD O&M Variances vs. 3&9 Budget
By Company ($000)

Fav / (Unfav): in Thousands

	Gas Distribution (East)			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Gas Operations	[redacted]			3,660.1	3,527.3	(132.8)	[redacted]			[redacted]		
Construction & Engineering				185.7	237.7	52.0						
Customer Operations				210.1	237.4	27.4						
President (Regulatory & Communications)				465.9	555.3	89.4						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				1,527.5	1,619.9	92.3						
Corporate Service Fee				4,772.1	5,050.3	278.2						
Trackers				304.3	564.5	260.3						
Total O&M				**11,125.7**	**11,792.4**	**666.8**						
Total O&M Less Trackers				**10,821.4**	**11,227.9**	**406.5**						

Fav / (Unfav): in Thousands

	CPA			CGV			CMA			Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Gas Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Service Fee												
Trackers												
Total O&M												
Total O&M Less Trackers												

Columbia Gas of Kentucky Highlights
Favorable O&M variance of $0.4M is driven by:
- **Corporate Service Fee-** Favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

October 2015 CKY 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
October 2015 YTD O&M Variances vs. 3&9 Budget
Operations O&M ($000)

032

Fav / (Unfav): in Thousands

O&M	Distribution Operations Actuals	Distribution Operations Budget	Distribution Operations Variance	Construction Operations Actuals	Construction Operations Budget	Construction Operations Variance	Customer Operations Actuals	Customer Operations Budget	Customer Operations Variance
Labor	1,893.3	1,806.1	(87.2)	32.5	46.2	13.7	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Outside Services	998.0	903.3	(94.7)	113.7	133.9	20.3	-	-	-
Materials	284.0	279.7	(4.4)	28.0	28.7	0.7	206.3	233.8	27.5
Vehicle & Tools Costs	453.0	397.1	(55.9)	6.6	10.1	3.5	-	-	-
Employee Expenses	64.0	62.1	(1.9)	0.5	14.2	13.7	-	-	-
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	(32.2)	79.0	111.2	4.5	4.6	0.1	3.8	3.6	(0.2)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**3,660.1**	**3,527.3**	**(132.8)**	**185.7**	**237.7**	**52.0**	**210.1**	**237.4**	**27.4**
Total Less Trackers	**3,660.1**	**3,527.3**	**(132.8)**	**185.7**	**237.7**	**52.0**	**210.1**	**237.4**	**27.4**

Fav / (Unfav): in Thousands

O&M	Presidential Operations Actuals	Presidential Operations Budget	Presidential Operations Variance	Corporate Undistributed/Corp. Service Fee Actuals	Corporate Undistributed/Corp. Service Fee Budget	Corporate Undistributed/Corp. Service Fee Variance	Total CKY Actuals	Total CKY Budget	Total CKY Variance
Labor	358.6	353.9	(4.6)	202.1	188.1	(14.0)	2,486.4	2,394.3	(92.1)
Benefits	-	-	-	425.7	422.2	(3.6)	425.7	422.2	(3.6)
Outside Services	55.9	99.3	43.3	86.3	128.5	42.1	1,254.0	1,265.0	11.0
Materials	17.1	16.7	(0.4)	(1.8)	6.0	7.8	533.7	564.9	31.2
Vehicle & Tools Costs	(0.9)	0.7	1.5	-	-	-	458.7	407.9	(50.9)
Employee Expenses	38.7	65.8	27.1	3.9	-	(3.9)	107.0	142.1	35.1
Corporate Service Fee	-	-	-	4,772.1	5,050.3	278.2	4,772.1	5,050.3	278.2
Miscellaneous/Other Expense	(3.6)	18.9	22.5	707.3	675.9	(31.4)	679.7	782.0	102.3
Uncollectibles	-	-	-	104.0	199.3	95.3	104.0	199.3	95.3
Trackers	-	-	-	304.3	564.5	260.3	304.3	564.5	260.3
Totals	**465.9**	**555.3**	**89.4**	**6,603.9**	**7,234.7**	**630.8**	**11,125.7**	**11,792.4**	**666.8**
Total Less Trackers	**465.9**	**555.3**	**89.4**	**6,299.6**	**6,670.2**	**370.5**	**10,821.4**	**11,227.9**	**406.5**

Key O&M Drivers

Corporate Undistributed

- **Labor** - unfavorable ($0.1M) due to a CIP true-up from CL 2015-39
- **Corporate Service Fee** - favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

NiSource®

November 2015 MTD

Actual		CKY
Net Revenues	$	6.0
O&M Expense		(3.1)
Depreciation		(0.7)
Other Taxes		(0.3)
Operating Earnings	**$**	**1.9**

3&9 Plan		CKY
Net Revenues	$	6.3
O&M Expense		(2.9)
Depreciation		(0.7)
Other Taxes		(0.4)
Operating Earnings	**$**	**2.3**

Variance		CKY
Net Revenues	$	(0.3)
O&M Expense		(0.2)
Depreciation		-
Other Taxes		0.1
Operating Earnings	**$**	**(0.4)**

MTD Variance Explanations

CKY MTD operating income of $1.9M is ($0.4M) unfavorable to the 3&9 budget

MTD Revenue is ($0.3M) unfavorable due primarily to usage

MTD O&M Expense is ($0.2M) unfavorable due to increased Corporate Services Fee

2H 2015 YTD

Actual		CKY
Net Revenues	$	21.5
O&M Expense		(13.9)
Depreciation		(3.5)
Other Taxes		(1.6)
Operating Earnings	**$**	**2.5**

3&9 Plan		CKY
Net Revenues	$	22.0
O&M Expense		(14.2)
Depreciation		(3.6)
Other Taxes		(1.6)
Operating Earnings	**$**	**2.6**

Variance		CKY
Net Revenues	$	(0.5)
O&M Expense		0.3
Depreciation		0.1
Other Taxes		-
Operating Earnings	**$**	**(0.1)**

Note: Categories are net of Trackers

2H 2015 YTD Variance Explanations

CKY YTD operating earnings of $2.5M is ($0.1M) unfavorable to the 3&9 budget

YTD Revenue is ($0.5M) unfavorable due primarily to usage

YTD O&M is $0.3M favorable primarily due to Corporate Service Fee

Cash Flow

November 2015 MTD		
Actual		**CKY**
Net Operating Earnings	**$**	**1.3**
Weather (Compared to Normal)		(0.3)
Other Reconciling Items to GAAP		0.1
Net Income (Loss) - GAAP	**$**	**1.1**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		0.4
Regulatory Assets/Liabilities		(0.3)
Postretirement and Postemployment Benefits		(0.1)
Other Items		-
Funds From Operations	**$**	**1.8**
Changes in Working Capital		(1.0)
Cash From Operations - GAAP	**$**	**0.8**
3&9 Plan		**CKY**
Net Operating Earnings	**$**	**1.2**
Weather (Compared to Normal)		-
Other Reconciling Items to GAAP		-
Net Income (Loss) - GAAP	**$**	**1.2**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		0.3
Regulatory Assets/Liabilities		-
Postretirement and Postemployment Benefits		-
Other Items		-
Funds From Operations	**$**	**2.2**
Changes in Working Capital		0.2
Cash From Operations - GAAP	**$**	**2.4**
Variance		**CKY**
Net Operating Earnings	**$**	**0.1**
Weather (Compared to Normal)		(0.3)
Other Reconciling Items to GAAP		0.1
Net Income (Loss) - GAAP	**$**	**(0.1)**
Depreciation & Amortization		-
Deferred Income Taxes and Investment Tax Credits		0.1
Regulatory Assets/Liabilities		(0.3)
Postretirement and Postemployment Benefits		(0.1)
Other Items		-
Funds From Operations	**$**	**(0.4)**
Changes in Working Capital		(1.2)
Cash From Operations - GAAP	**$**	**(1.6)**

MTD Variance Explanations
Working Capital variance primariliy due to increases in AR and decreases in AP over plan

Cash Flow

2H 2015 YTD			2H 2015 YTD Variance Explanations
Actual		**CKY**	
Net Operating Earnings	**$**	**1.8**	
Weather (Compared to Normal)		(0.4)	
Other Reconciling Items to GAAP		(0.3)	
Net Income (Loss) - GAAP	**$**	**1.1**	
Depreciation & Amortization		3.5	
Deferred Income Taxes and Investment Tax Credits		0.9	
Regulatory Assets/Liabilities		(1.2)	
Postretirement and Postemployment Benefits		(0.3)	
Other Items		(0.1)	
Funds From Operations	**$**	**3.9**	
Changes in Working Capital		(0.5)	
Cash From Operations - GAAP	**$**	**3.4**	
3&9 Plan		**CKY**	
Net Operating Earnings	**$**	**0.6**	
Weather (Compared to Normal)		-	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**0.6**	
Depreciation & Amortization		3.6	
Deferred Income Taxes and Investment Tax Credits		1.6	
Regulatory Assets/Liabilities		0.2	
Postretirement and Postemployment Benefits		(0.3)	
Other Items		-	
Funds From Operations	**$**	**5.7**	
Changes in Working Capital		(0.2)	
Cash From Operations - GAAP	**$**	**5.5**	
Variance		**CKY**	
Net Operating Earnings	**$**	**1.2**	
Weather (Compared to Normal)		(0.4)	
Other Reconciling Items to GAAP		(0.3)	
Net Income (Loss) - GAAP	**$**	**0.5**	
Depreciation & Amortization		(0.1)	
Deferred Income Taxes and Investment Tax Credits		(0.7)	Variance primarily due to decreases in Deferred FIT and SIT
Regulatory Assets/Liabilities		(1.4)	Primarily due to an increase in Other Reg Assets
Postretirement and Postemployment Benefits		-	
Other Items		(0.1)	
Funds From Operations	**$**	**(1.8)**	
Changes in Working Capital		(0.3)	Working Capital variance primariliy due to decreases in AP over plan
Cash From Operations - GAAP	**$**	**(2.1)**	

Balance Sheet

Please explain any variance greater than $5M

November 2015

Actual	CKY
Funds From Operations	
Total Regulatory Assets	12.1
Total Regulatory Liabilities	30.6
Accrued Liability for Postretirement & Postemployment Benefits	5.9
Working Capital	
Customer A/R, less Reserve	10.3
Gas Inventory	52.4
Underrecovered Gas Costs	-
Exchange Gas Receivable	-
Legal & Environmental Reserve	-
Customer Deposits & Credits	15.1
Accounts Payable	8.1
Taxes Accrued	4.7
Current Deferred Taxes	4.7
Deferred Income Taxes	66.4
Overrecoverred Gas & Fuel Costs	16.3
Exchange Gas Payable	6.7

3&9 Plan	CKY
Funds From Operations	
Total Regulatory Assets	9.6
Total Regulatory Liabilities	29.9
Accrued Liability for Postretirement & Postemployment Benefits	5.9
Working Capital	
Customer A/R, less Reserve	13.4
Gas Inventory	51.6
Underrecovered Gas Costs	-
Exchange Gas Receivable	0.9
Legal & Environmental Reserve	-
Customer Deposits & Credits	19.6
Accounts Payable	8.9
Taxes Accrued	2.7
Current Deferred Taxes	3.4
Deferred Income Taxes	64.6
Overrecoverred Gas & Fuel Costs	10.2
Exchange Gas Payable	8.3

Variance	CKY	Variance Explanations
Funds From Operations		
Total Regulatory Assets	2.5	
Total Regulatory Liabilities	0.7	
Accrued Liability for Postretirement & Postemployment Benefits	-	
Working Capital		
Customer A/R, less Reserve	(3.1)	
Gas Inventory	0.8	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	(0.9)	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	(4.5)	
Accounts Payable	(0.8)	
Taxes Accrued	2.0	
Current Deferred Taxes	1.3	
Deferred Income Taxes	1.8	
Overrecoverred Gas & Fuel Costs	6.1	Driven by a reduction of underlying gas cost assumptions
Exchange Gas Payable	(1.6)	

December 2015 MTD

Actual	CKY
Net Revenues	$ 8.2
O&M Expense	(3.4)
Depreciation	(0.7)
Other Taxes	(0.3)
Operating Earnings	**$ 3.8**

3&9 Plan	CKY
Net Revenues	$ 8.6
O&M Expense	(2.8)
Depreciation	(0.7)
Other Taxes	(0.3)
Operating Earnings	**$ 4.8**

Variance	CKY
Net Revenues	$ (0.4)
O&M Expense	(0.6)
Depreciation	-
Other Taxes	-
Operating Earnings	**$ (1.0)**

MTD Variance Explanations

CKY MTD operating earnings of $3.8M is ($1.0M) unfavorable to the 3&9 budget

MTD Revenue is ($0.4M) unfavorable primarily due to warm weather and usage

MTD O&M Expense is ($0.6M) unfavorable due to increased spending on Operational Initiatives

2H 2015 YTD

Actual	CKY
Net Revenues	$ 29.7
O&M Expense	(17.3)
Depreciation	(4.3)
Other Taxes	(1.9)
Operating Earnings	**$ 6.2**

3&9 Plan	CKY
Net Revenues	$ 30.6
O&M Expense	(17.0)
Depreciation	(4.3)
Other Taxes	(1.8)
Operating Earnings	**$ 7.5**

Variance	CKY
Net Revenues	$ (0.9)
O&M Expense	(0.3)
Depreciation	-
Other Taxes	(0.1)
Operating Earnings	**$ (1.3)**

2H 2015 YTD Variance Explanations

CKY YTD operating earnings of $6.2M is ($1.3M) unfavorable to the 3&9 budget

YTD Revenue is ($0.9M) unfavorable primarily due to warm weather and usage

YTD O&M is ($0.3M) unfavorable primarily due to increased spending on Operational Initiatives, nearly offset by favorable Uncollectibles and Corp Service Fee

Cash Flow

December 2015 MTD			MTD Variance Explanations
Actual		**CKY**	
Net Operating Earnings	**$**	**2.5**	
Weather (Compared to Normal)		(0.5)	
Other Reconciling Items to GAAP		(0.1)	
Net Income (Loss) - GAAP	**$**	**1.9**	
Depreciation & Amortization		0.7	
Deferred Income Taxes and Investment Tax Credits		5.8	
Regulatory Assets/Liabilities		(2.1)	
Postretirement and Postemployment Benefits		1.6	
Other Items		0.1	
Funds From Operations	**$**	**8.0**	
Changes in Working Capital		(7.5)	
Cash From Operations - GAAP	**$**	**0.5**	
3&9 Plan		**CKY**	
Net Operating Earnings	**$**	**3.0**	
Weather (Compared to Normal)		-	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**3.0**	
Depreciation & Amortization		0.7	
Deferred Income Taxes and Investment Tax Credits		0.2	
Regulatory Assets/Liabilities		-	
Postretirement and Postemployment Benefits		(0.1)	
Other Items		-	
Funds From Operations	**$**	**3.8**	
Changes in Working Capital		(4.9)	
Cash From Operations - GAAP	**$**	**(1.1)**	
Variance		**CKY**	
Net Operating Earnings	**$**	**(0.5)**	
Weather (Compared to Normal)		(0.5)	
Other Reconciling Items to GAAP		(0.1)	
Net Income (Loss) - GAAP	**$**	**(1.1)**	
Depreciation & Amortization		-	
Deferred Income Taxes and Investment Tax Credits		5.6	FIT Deferred - Plant related, primarily due to Bonus Depreciation extension
Regulatory Assets/Liabilities		(2.1)	Primarily due to Pension and OPEB remeasurements
Postretirement and Postemployment Benefits		1.7	Primarily due to Pension and OPEB remeasurements
Other Items		0.1	
Funds From Operations	**$**	**4.2**	
Changes in Working Capital		(2.6)	
Cash From Operations - GAAP	**$**	**1.6**	Primarily due to a decrease in Current FIT payable driven by bonus depreciation

Cash Flow

2H 2015 YTD		2H 2015 YTD Variance Explanations
Actual	**CKY**	
Net Operating Earnings	**$ 4.3**	
Weather (Compared to Normal)	(0.9)	
Other Reconciling Items to GAAP	(0.4)	
Net Income (Loss) - GAAP	**$ 3.0**	
Depreciation & Amortization	4.3	
Deferred Income Taxes and Investment Tax Credits	6.8	
Regulatory Assets/Liabilities	(3.3)	
Postretirement and Postemployment Benefits	1.4	
Other Items	(0.3)	
Funds From Operations	**$ 11.9**	
Changes in Working Capital	(7.9)	
Cash From Operations - GAAP	**$ 4.0**	
3&9 Plan	**CKY**	
Net Operating Earnings	**$ 3.6**	
Weather (Compared to Normal)	-	
Other Reconciling Items to GAAP	-	
Net Income (Loss) - GAAP	**$ 3.6**	
Depreciation & Amortization	4.3	
Deferred Income Taxes and Investment Tax Credits	1.8	
Regulatory Assets/Liabilities	0.2	
Postretirement and Postemployment Benefits	(0.4)	
Other Items	-	
Funds From Operations	**$ 9.5**	
Changes in Working Capital	(5.0)	
Cash From Operations - GAAP	**$ 4.5**	
Variance	**CKY**	
Net Operating Earnings	**$ 0.7**	
Weather (Compared to Normal)	(0.9)	
Other Reconciling Items to GAAP	(0.4)	
Net Income (Loss) - GAAP	**$ (0.6)**	
Depreciation & Amortization	-	
Deferred Income Taxes and Investment Tax Credits	5.0	FIT Deferred - Plant related, primarily due to Bonus Depreciation extension
Regulatory Assets/Liabilities	(3.5)	Primarily due to Pension and OPEB remeasurements
Postretirement and Postemployment Benefits	1.8	Primarily due to Pension and OPEB remeasurements
Other Items	(0.3)	
Funds From Operations	**$ 2.4**	
Changes in Working Capital	(2.9)	
Cash From Operations - GAAP	**$ (0.5)**	Primarily due to a decrease in Current FIT payable driven by bonus depreciation

Balance Sheet

Please explain any variance greater than $5M

December 2015		Variance Explanations
Actual	**CKY**	
Funds From Operations		
Total Regulatory Assets	13.4	
Total Regulatory Liabilities	30.0	
Accrued Liability for Postretirement & Postemployment Benefits	7.5	
Working Capital		
Customer A/R, less Reserve	13.0	
Gas Inventory	46.4	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	14.7	
Accounts Payable	7.6	
Taxes Accrued	3.2	
Current Deferred Taxes	-	
Deferred Income Taxes	67.5	
Overrecoverred Gas & Fuel Costs	12.3	
Exchange Gas Payable	5.8	
3&9 Plan	**CKY**	
Funds From Operations		
Total Regulatory Assets	9.6	
Total Regulatory Liabilities	29.9	
Accrued Liability for Postretirement & Postemployment Benefits	5.8	
Working Capital		
Customer A/R, less Reserve	19.9	
Gas Inventory	46.3	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	0.9	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	17.7	
Accounts Payable	12.0	
Taxes Accrued	6.0	
Current Deferred Taxes	3.4	
Deferred Income Taxes	64.9	
Overrecoverred Gas & Fuel Costs	9.5	
Exchange Gas Payable	6.3	
Variance	**CKY**	
Funds From Operations		
Total Regulatory Assets	3.8	
Total Regulatory Liabilities	0.1	
Accrued Liability for Postretirement & Postemployment Benefits	1.7	
Working Capital		
Customer A/R, less Reserve	(6.9)	AR is down primarily due to warm weather in October and November
Gas Inventory	0.1	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	(0.9)	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	(3.0)	
Accounts Payable	(4.4)	
Taxes Accrued	(2.8)	
Current Deferred Taxes	(3.4)	
Deferred Income Taxes	2.6	
Overrecoverred Gas & Fuel Costs	2.8	
Exchange Gas Payable	(0.5)	

January 2016 MTD		
Actual		**CKY**
Net Revenues	$	9.9
O&M Expense		(2.9)
Depreciation		(0.7)
Other Taxes		(0.4)
Operating Earnings	**$**	**5.9**
0&12 Plan		**CKY**
Net Revenues	$	10.2
O&M Expense		(3.3)
Depreciation		(0.7)
Other Taxes		(0.4)
Operating Earnings	**$**	**5.8**
Variance		**CKY**
Net Revenues	$	(0.3)
O&M Expense		0.4
Depreciation		-
Other Taxes		-
Operating Earnings	**$**	**0.1**

MTD Variance Explanations

CKY MTD operating earnings of $5.9M is $0.1M favorable to the 0&12 budget

MTD Revenue is ($0.3M) unfavorable primarily due to usage

MTD O&M Expense is $0.4M favorable primarily due to underruns in Gas Operations and Corporate Services Fee

January 2016 YTD		
Actual		**CKY**
Net Revenues	$	9.9
O&M Expense		(2.9)
Depreciation		(0.7)
Other Taxes		(0.4)
Operating Earnings	**$**	**5.9**
0&12 Plan		**CKY**
Net Revenues	$	10.2
O&M Expense		(3.3)
Depreciation		(0.7)
Other Taxes		(0.4)
Operating Earnings	**$**	**5.8**
Variance		**CKY**
Net Revenues	$	(0.3)
O&M Expense		0.4
Depreciation		-
Other Taxes		-
Operating Earnings	**$**	**0.1**

YTD Variance Explanations

CKY MTD operating earnings of $5.9M is $0.1M favorable to the 0&12 budget

MTD Revenue is ($0.3M) unfavorable primarily due to usage

MTD O&M Expense is $0.4M favorable primarily due to underruns in Gas Operations and Corporate Services Fee

Cash Flow

January 2016 MTD			MTD Variance Explanations
Actual		**CKY**	
Net Operating Earnings	**$**	**3.7**	
Weather (Compared to Normal)		(0.1)	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**3.6**	
Depreciation & Amortization		0.7	
Deferred Income Taxes and Investment Tax Credits		0.8	
Regulatory Assets/Liabilities		(0.5)	
Postretirement and Postemployment Benefits		(0.1)	
Other Items		0.1	
Funds From Operations	**$**	**4.6**	
Changes in Working Capital		(0.3)	
Cash From Operations - GAAP	**$**	**4.3**	
0&12 Plan		**CKY**	
Net Operating Earnings	**$**	**3.6**	
Weather (Compared to Normal)		-	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**3.6**	
Depreciation & Amortization		0.7	
Deferred Income Taxes and Investment Tax Credits		0.5	
Regulatory Assets/Liabilities		(1.9)	
Postretirement and Postemployment Benefits		(0.1)	
Other Items		0.2	
Funds From Operations	**$**	**3.0**	
Changes in Working Capital		4.6	
Cash From Operations - GAAP	**$**	**7.6**	
Variance		**CKY**	
Net Operating Earnings	**$**	**0.1**	
Weather (Compared to Normal)		(0.1)	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**-**	
Depreciation & Amortization		-	
Deferred Income Taxes and Investment Tax Credits		0.3	
Regulatory Assets/Liabilities		1.4	Regulatory Program assumptions and timing
Postretirement and Postemployment Benefits		-	
Other Items		(0.1)	
Funds From Operations	**$**	**1.6**	
Changes in Working Capital		(4.9)	Driven by increases in AR
Cash From Operations - GAAP	**$**	**(3.3)**	

Cash Flow

January 2016 YTD			YTD Variance Explanations
Actual		**CKY**	
Net Operating Earnings	**$**	**3.7**	
Weather (Compared to Normal)		(0.1)	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**3.6**	
Depreciation & Amortization		0.7	
Deferred Income Taxes and Investment Tax Credits		0.8	
Regulatory Assets/Liabilities		(0.5)	
Postretirement and Postemployment Benefits		(0.1)	
Other Items		0.1	
Funds From Operations	**$**	**4.6**	
Changes in Working Capital		(0.3)	
Cash From Operations - GAAP	**$**	**4.3**	
0&12 Plan		**CKY**	
Net Operating Earnings	**$**	**3.6**	
Weather (Compared to Normal)		-	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**3.6**	
Depreciation & Amortization		0.7	
Deferred Income Taxes and Investment Tax Credits		0.5	
Regulatory Assets/Liabilities		(1.9)	
Postretirement and Postemployment Benefits		(0.1)	
Other Items		0.2	
Funds From Operations	**$**	**3.0**	
Changes in Working Capital		4.6	
Cash From Operations - GAAP	**$**	**7.6**	
Variance		**CKY**	
Net Operating Earnings	**$**	**0.1**	
Weather (Compared to Normal)		(0.1)	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**-**	
Depreciation & Amortization		-	
Deferred Income Taxes and Investment Tax Credits		0.3	
Regulatory Assets/Liabilities		1.4	Regulatory Program assumptions and timing
Postretirement and Postemployment Benefits		-	
Other Items		(0.1)	
Funds From Operations	**$**	**1.6**	
Changes in Working Capital		(4.9)	Driven by increases in AR
Cash From Operations - GAAP	**$**	**(3.3)**	

Balance Sheet

Please explain any variance greater than $5M

January 2016		Variance Explanations
Actual	**CKY**	
Funds From Operations		
Total Regulatory Assets	13.8	
Total Regulatory Liabilities	29.7	
Accrued Liability for Postretirement & Postemployment Benefits	7.6	
Working Capital		
Customer A/R, less Reserve	20.2	
Gas Inventory	25.4	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	12.6	
Accounts Payable	9.1	
Taxes Accrued	4.2	
Current Deferred Taxes	-	
Deferred Income Taxes	68.3	
Overrecoverred Gas & Fuel Costs	10.1	
Exchange Gas Payable	5.0	
0&12 Plan	**CKY**	
Funds From Operations		
Total Regulatory Assets	13.3	
Total Regulatory Liabilities	27.9	
Accrued Liability for Postretirement & Postemployment Benefits	7.7	
Working Capital		
Customer A/R, less Reserve	16.7	
Gas Inventory	38.9	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	13.6	
Accounts Payable	11.1	
Taxes Accrued	4.8	
Current Deferred Taxes	-	
Deferred Income Taxes	68.1	
Overrecoverred Gas & Fuel Costs	10.7	
Exchange Gas Payable	4.6	
Variance	**CKY**	
Funds From Operations		
Total Regulatory Assets	0.5	
Total Regulatory Liabilities	1.8	
Accrued Liability for Postretirement & Postemployment Benefits	(0.1)	
Working Capital		
Customer A/R, less Reserve	3.5	
Gas Inventory	(13.5)	LIFO pricing adjustment
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	(1.0)	
Accounts Payable	(2.0)	
Taxes Accrued	(0.6)	
Current Deferred Taxes	-	
Deferred Income Taxes	0.2	
Overrecoverred Gas & Fuel Costs	(0.6)	
Exchange Gas Payable	0.4	

February 2016 MTD

Actual	CKY
Net Revenues	$ 8.4
O&M Expense	(3.1)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 4.2**

0&12 Plan	CKY
Net Revenues	$ 8.8
O&M Expense	(3.1)
Depreciation	(0.7)
Other Taxes	(0.3)
Operating Earnings	**$ 4.7**

Variance	CKY
Net Revenues	$ (0.4)
O&M Expense	(0.0)
Depreciation	-
Other Taxes	(0.1)
Operating Earnings	**$ (0.5)**

MTD Variance Explanations

CKY MTD operating earnings of $4.2M is ($0.5M) unfavorable to the 0&12 budget

MTD Revenue is ($0.4M) unfavorable primarily due to usage

MTD O&M Expense is flat to the 0&12 budget

February 2016 YTD

Actual	CKY
Net Revenues	$ 18.4
O&M Expense	(6.0)
Depreciation	(1.5)
Other Taxes	(0.7)
Operating Earnings	**$ 10.2**

0&12 Plan	CKY
Net Revenues	$ 19.2
O&M Expense	(6.4)
Depreciation	(1.5)
Other Taxes	(0.7)
Operating Earnings	**$ 10.6**

Variance	CKY
Net Revenues	$ (0.8)
O&M Expense	0.4
Depreciation	-
Other Taxes	-
Operating Earnings	**$ (0.4)**

YTD Variance Explanations

CKY YTD operating earnings of $10.2M is ($0.4M) unfavorable to the 0&12 budget

YTD Revenue is ($0.8M) unfavorable primarily due to usage

YTD O&M Expense is $0.4M favorable primarily due to timing in Corporate Services Fee

Cash Flow

February 2016 MTD		MTD Variance Explanations
Actual	**CKY**	
Net Operating Earnings	**$ 2.8**	
Weather (Compared to Normal)	(0.3)	
Other Reconciling Items to GAAP	0.1	
Net Income (Loss) - GAAP	**$ 2.6**	
Depreciation & Amortization	0.7	
Deferred Income Taxes and Investment Tax Credits	1.3	
Regulatory Assets/Liabilities	(0.4)	
Postretirement and Postemployment Benefits	(0.1)	
Other Items	-	
Funds From Operations	**$ 4.1**	
Changes in Working Capital	3.7	
Cash From Operations - GAAP	**$ 7.8**	
0&12 Plan	**CKY**	
Net Operating Earnings	**$ 2.9**	
Weather (Compared to Normal)	-	
Other Reconciling Items to GAAP	-	
Net Income (Loss) - GAAP	**$ 2.9**	
Depreciation & Amortization	0.7	
Deferred Income Taxes and Investment Tax Credits	0.5	
Regulatory Assets/Liabilities	0.1	
Postretirement and Postemployment Benefits	-	
Other Items	-	
Funds From Operations	**$ 4.2**	
Changes in Working Capital	1.7	
Cash From Operations - GAAP	**$ 5.9**	
Variance	**CKY**	
Net Operating Earnings	**$ (0.1)**	
Weather (Compared to Normal)	(0.3)	
Other Reconciling Items to GAAP	0.1	
Net Income (Loss) - GAAP	**$ (0.3)**	
Depreciation & Amortization	-	
Deferred Income Taxes and Investment Tax Credits	0.8	Increased FIT and SIT deferrals
Regulatory Assets/Liabilities	(0.5)	Regulatory Program assumptions and timing
Postretirement and Postemployment Benefits	(0.1)	
Other Items	-	
Funds From Operations	**$ (0.1)**	
Changes in Working Capital	2.0	Driven by overrecovered gas costs
Cash From Operations - GAAP	**$ 1.9**	

Cash Flow

February 2016 YTD			YTD Variance Explanations
Actual		**CKY**	
Net Operating Earnings	$	**6.5**	
Weather (Compared to Normal)		(0.4)	
Other Reconciling Items to GAAP		0.1	
Net Income (Loss) - GAAP	$	**6.2**	
Depreciation & Amortization		1.5	
Deferred Income Taxes and Investment Tax Credits		2.0	
Regulatory Assets/Liabilities		(0.9)	
Postretirement and Postemployment Benefits		(0.1)	
Other Items		(0.1)	
Funds From Operations	$	**8.6**	
Changes in Working Capital		3.5	
Cash From Operations - GAAP	$	**12.1**	
0&12 Plan		**CKY**	
Net Operating Earnings	$	**6.5**	
Weather (Compared to Normal)		-	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	$	**6.5**	
Depreciation & Amortization		1.5	
Deferred Income Taxes and Investment Tax Credits		1.1	
Regulatory Assets/Liabilities		(1.8)	
Postretirement and Postemployment Benefits		(0.1)	
Other Items		-	
Funds From Operations	$	**7.2**	
Changes in Working Capital		6.3	
Cash From Operations - GAAP	$	**13.5**	
Variance		**CKY**	
Net Operating Earnings	$	**-**	
Weather (Compared to Normal)		(0.4)	
Other Reconciling Items to GAAP		0.1	
Net Income (Loss) - GAAP	$	**(0.3)**	
Depreciation & Amortization		-	
Deferred Income Taxes and Investment Tax Credits		0.9	Increased FIT and SIT deferrals
Regulatory Assets/Liabilities		0.9	Regulatory Program assumptions and timing
Postretirement and Postemployment Benefits		-	
Other Items		(0.1)	
Funds From Operations	$	**1.4**	
Changes in Working Capital		(2.8)	Driven by decreases in Accured Taxes for Current Year FIT and SIT payables moved up into Deferrend Incom Taxes. Also property tax accrual is down from plan due to timing of the payment. Partially offset by overrecovered gas costs
Cash From Operations - GAAP	$	**(1.4)**	

Balance Sheet

Please explain any variance greater than $5M

February 2016		Variance Explanations
Actual	**CKY**	
Funds From Operations		
Total Regulatory Assets	14.0	
Total Regulatory Liabilities	29.5	
Accrued Liability for Postretirement & Postemployment Benefits	7.6	
Working Capital		
Customer A/R, less Reserve	17.7	
Gas Inventory	8.3	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	10.5	
Accounts Payable	9.6	
Taxes Accrued	3.5	
Current Deferred Taxes	-	
Deferred Income Taxes	69.6	
Overrecoverred Gas & Fuel Costs	10.1	
Exchange Gas Payable	3.5	
0&12 Plan	**CKY**	
Funds From Operations		
Total Regulatory Assets	13.3	
Total Regulatory Liabilities	27.9	
Accrued Liability for Postretirement & Postemployment Benefits	7.6	
Working Capital		
Customer A/R, less Reserve	17.5	
Gas Inventory	32.8	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	10.8	
Accounts Payable	11.1	
Taxes Accrued	5.8	
Current Deferred Taxes	-	
Deferred Income Taxes	68.6	
Overrecoverred Gas & Fuel Costs	9.1	
Exchange Gas Payable	3.4	
Variance	**CKY**	
Funds From Operations		
Total Regulatory Assets	0.7	
Total Regulatory Liabilities	1.6	
Accrued Liability for Postretirement & Postemployment Benefits	-	
Working Capital		
Customer A/R, less Reserve	0.2	
Gas Inventory	(24.5)	LIFO pricing adjustment
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	(0.3)	
Accounts Payable	(1.5)	
Taxes Accrued	(2.3)	
Current Deferred Taxes	-	
Deferred Income Taxes	1.0	
Overrecoverred Gas & Fuel Costs	1.0	
Exchange Gas Payable	0.1	

March 2016 MTD

CKY	Actual	0&12 Plan	Variance
Net Revenues	$ 7.2	$ 7.3	$ (0.1)
O&M Expense	(3.2)	(3.2)	(0.0)
Depreciation	(0.7)	(0.7)	-
Other Taxes	(0.3)	(0.3)	-
Operating Earnings	**$ 3.0**	**$ 3.1**	**$ (0.1)**

MTD Variance Explanations

CKY MTD operating earnings of $3.0M is ($0.1M) unfavorable to the 0&12 budget

MTD Revenue is ($0.1M) unfavorable primarily due to usage

MTD O&M Expense is flat to the 0&12 budget

March 2016 YTD

CKY	Actual	0&12 Plan	Variance
Net Revenues	$ 25.6	$ 26.5	$ (0.9)
O&M Expense	(9.1)	(9.5)	0.4
Depreciation	(2.2)	(2.2)	-
Other Taxes	(1.0)	(1.0)	-
Operating Earnings	**$ 13.3**	**$ 13.8**	**$ (0.5)**

YTD Variance Explanations

CKY YTD operating earnings of $13.3M is ($0.5M) unfavorable to the 0&12 budget

YTD Revenue is ($0.9M) unfavorable primarily due to usage

YTD O&M Expense is $0.4M favorable primarily due to timing in Corporate Services Fee

Cash Flow

March 2016 MTD

CKY	Actual	0&12 Plan	Variance
Net Operating Earnings	**$ 1.9**	**$ 1.9**	**$ -**
Weather (Compared to Normal)	(0.2)	-	(0.2)
Other Reconciling Items to GAAP	-	-	-
Net Income (Loss) - GAAP	**$ 1.7**	**$ 1.9**	**$ (0.2)**
Depreciation & Amortization	0.7	0.7	-
Deferred Income Taxes and Investment Tax Credits	0.2	(0.3)	0.5
Regulatory Assets/Liabilities	(0.4)	0.1	(0.5)
Postretirement and Postemployment Benefits	-	(0.1)	0.1
Other Items	0.1	-	0.1
Funds From Operations	**$ 2.3**	**$ 2.3**	**$ -**
Changes in Working Capital	5.0	4.1	0.9
Cash From Operations - GAAP	**$ 7.3**	**$ 6.4**	**$ 0.9**

MTD Variance Explanations

Increased FIT and SIT deferrals
Regulatory Program assumptions and timing

* See Key Working Capital Balance Sheet Accounts slide for explanations

March 2016 YTD

CKY	Actual	0&12 Plan	Variance
Net Operating Earnings	**$ 8.3**	**$ 8.4**	**$ (0.1)**
Weather (Compared to Normal)	(0.6)	-	(0.6)
Other Reconciling Items to GAAP	0.2	-	0.2
Net Income (Loss) - GAAP	**$ 7.9**	**$ 8.4**	**$ (0.5)**
Depreciation & Amortization	2.2	2.2	-
Deferred Income Taxes and Investment Tax Credits	2.2	0.7	1.5
Regulatory Assets/Liabilities	(1.3)	(1.8)	0.5
Postretirement and Postemployment Benefits	(0.1)	(0.2)	0.1
Other Items	-	0.2	(0.2)
Funds From Operations	**$ 10.9**	**$ 9.5**	**$ 1.4**
Changes in Working Capital	8.5	10.4	(1.9)
Cash From Operations - GAAP	**$ 19.4**	**$ 19.9**	**$ (0.5)**

YTD Variance Explanations

Increased FIT and SIT deferrals
Regulatory Program assumptions and timing

* See Key Working Capital Balance Sheet Accounts slide for explanations

Balance Sheet

Please explain any variance greater than $5M

March 2016				
CKY	Actual	0&12 Plan	Variance	Variance Explanations
Working Capital				
Customer A/R, less Reserve	12.0	14.5	(2.5)	
Gas Inventory	5.7	29.3	(23.6)	LIFO pricing adjustment
Underrecovered Gas Costs	-	-	-	
Exchange Gas Receivable	-	-	-	
Legal & Environmental Reserve	-	-	-	
Customer Deposits & Credits	10.2	10.6	(0.4)	
Accounts Payable	8.2	10.2	(2.0)	
Taxes Accrued	4.2	7.1	(2.9)	
Current Deferred Taxes	-	-	-	
Deferred Income Taxes	69.8	68.3	1.5	
Overrecoverred Gas & Fuel Costs	11.1	6.4	4.7	
Exchange Gas Payable	2.1	3.0	(0.9)	

April 2016 MTD

CKY	Actual	0&12 Plan	Variance
Net Revenues	$ 5.1	$ 5.4	$ (0.3)
O&M Expense	(3.0)	(3.1)	0.1
Depreciation	(0.7)	(0.7)	-
Other Taxes	(0.4)	(0.4)	(0.0)
Operating Earnings	**$ 1.0**	**$ 1.2**	**$ (0.2)**

MTD Variance Explanations

CKY MTD operating earnings of $0.9M is ($0.2M) unfavorable to the 0&12 budget

MTD Revenue is ($0.3M) unfavorable primarily due to usage

MTD O&M Expense is relatively flat to the 0&12 budget

April 2016 YTD

CKY	Actual	0&12 Plan	Variance
Net Revenues	$ 30.7	$ 31.9	$ (1.2)
O&M Expense	(12.2)	(12.7)	0.5
Depreciation	(3.0)	(2.9)	(0.1)
Other Taxes	(1.4)	(1.4)	0.0
Operating Earnings	**$ 14.1**	**$ 14.9**	**$ (0.8)**

YTD Variance Explanations

CKY YTD operating earnings of $14.1M is ($0.8M) unfavorable to the 0&12 budget

YTD Revenue is ($1.2M) unfavorable primarily due to usage

YTD O&M Expense is $0.5M favorable primarily due to timing in Corporate Services Fee

April 2016 MTD

CKY	Actual	0&12 Plan	Variance
Net Operating Earnings	**$ 0.7**	**$ 0.7**	**$ -**
Weather (Compared to Normal)	(0.3)	-	(0.3)
Other Reconciling Items to GAAP	0.1	-	0.1
Net Income (Loss) - GAAP	**$ 0.5**	**$ 0.7**	**$ (0.2)**
Depreciation & Amortization	0.7	0.7	-
Deferred Income Taxes and Investment Tax Credits	0.3	0.5	(0.2)
Regulatory Assets/Liabilities	0.2	0.1	0.1
Postretirement and Postemployment Benefits	(0.1)	-	(0.1)
Other Items	0.1	-	0.1
Funds From Operations	**$ 1.7**	**$ 2.0**	**$ (0.3)**
Changes in Working Capital	(1.1)	(3.0)	1.9
Cash From Operations - GAAP	**$ 0.6**	**$ (1.0)**	**$ 1.6**

MTD Variance Explanations

* See Key Working Capital Balance Sheet Accounts slide for explanations

April 2016 YTD

CKY	Actual	0&12 Plan	Variance
Net Operating Earnings	**$ 9.0**	**$ 9.1**	**$ (0.1)**
Weather (Compared to Normal)	(0.9)	-	(0.9)
Other Reconciling Items to GAAP	0.3	-	0.3
Net Income (Loss) - GAAP	**$ 8.4**	**$ 9.1**	**$ (0.7)**
Depreciation & Amortization	3.0	2.9	0.1
Deferred Income Taxes and Investment Tax Credits	2.6	1.3	1.3
Regulatory Assets/Liabilities	(1.1)	(1.7)	0.6
Postretirement and Postemployment Benefits	(0.2)	(0.2)	-
Other Items	(0.1)	0.1	(0.2)
Funds From Operations	**$ 12.6**	**$ 11.5**	**$ 1.1**
Changes in Working Capital	7.4	7.4	-
Cash From Operations - GAAP	**$ 20.0**	**$ 18.9**	**$ 1.1**

YTD Variance Explanations

Increased FIT and SIT deferrals
Regulatory Program assumptions and timing

* See Key Working Capital Balance Sheet Accounts slide for explanations

Balance Sheet

Please explain any variance greater than $5M

April 2016				
CKY	**Actual**	**0&12 Plan**	**Variance**	Variance Explanations
Working Capital				
Customer A/R, less Reserve	10.4	12.6	(2.2)	
Accounts Payable	8.8	10.0	(1.2)	
Gas Inventory	7.1	31.7	(24.6)	LIFO pricing adjustment
Overrecoverred Gas & Fuel Costs	9.2	5.0	4.2	
Underrecovered Gas Costs	-	-	-	
Exchange Gas Receivable	0.1	-	0.1	
Exchange Gas Payable	3.7	3.0	0.7	
Legal & Environmental Reserve	-	-	-	
Customer Deposits & Credits	8.2	9.2	(1.0)	
Taxes Accrued	3.8	6.9	(3.1)	
Current Deferred Taxes	-	-	-	
Deferred Income Taxes	70.2	68.9	1.3	

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(o)

Description of Filing Requirement:

Complete monthly budget variance reports, with narrative explanations, for the twelve (12) months immediately prior to the base period, each month of the base period, and any subsequent months, as they become available;

Response:

Please refer to the attached. Information unrelated to Columbia has been redacted since it is not relevant to the Application.

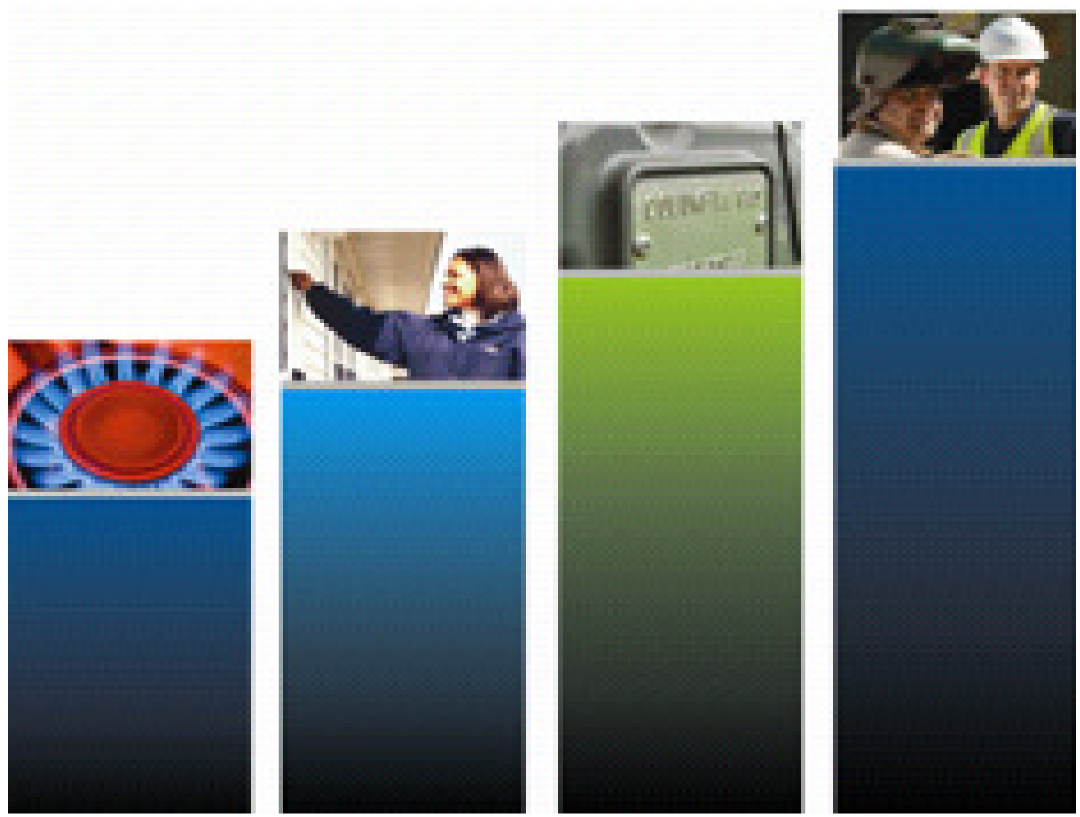
Responsible Witness:

Brian J. Noel

NiSource Gas Distribution

September 2014
Results of Operations

CKY



NiSource Gas Distribution
September 2014 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD September 2014 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

CKY Operating Earnings are $2.1M over budget for 2014 YTD through September.

This is primarily driven by higher than expected volumetric revenue from increased customer usage and favorable OGDR due mostly to penalty charges.

CKY O&M is $0.4M favorable YTD through September.

This is driven by favorable variances in Corporate Undistributed and Corporate Service fee.

NiSource Gas Distribution
September 2014 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	49.1	47.6	1.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	24.9	25.3	0.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	5.6	5.8	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	2.5	2.4	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	16.1	14.1	2.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	4.0	4.1	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	0.2	0.5	(0.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	0.0	-	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	12.3	10.5	1.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	5.5	4.3	(1.2)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	6.9	6.2	0.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	6.8	6.2	0.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
September 2014 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate case activity)	[redacted]			42.6	42.1	0.5	[redacted]			[redacted]		
LCR - Large Volume Customers				4.5	4.2	0.3						
Other Gas Department Revenue				1.6	0.8	0.8						
Uncollectibles				0.4	0.5	(0.1)						
Trackers				1.5	0.5	1.0						
Total Revenue				**50.6**	**48.1**	**2.5**						
Total Revenue Less Trackers				**49.1**	**47.6**	**1.5**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate case activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - Favorable variance primarily due to increased volumetric revenue.

OGDR - Favorable variance is primarily due to customer penalty charges which are running $0.6M favorable. This has a direct correlation to the increased usage. There is also favorability related to increased rental income of $0.1M. The rental income is from TCO relating to the uncollected revenue of the prior year's lease agreement. This was shown as a true-up in February.

NiSource Gas Distribution
September 2014 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			8,829.1	8,072.2	(756.8)	[redacted]			[redacted]		
Construction & Engineering				454.3	584.3	130.0						
Customer Operations				478.4	501.6	23.2						
President (Regulatory & Communications)				964.3	980.3	16.0						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				3,902.1	4,445.2	543.0						
Corporate Co 12 - Corp. Service fee				10,226.19	10,708.8	482.6						
Trackers				1,502.9	521.2	(981.7)						
Total O&M				**26,357.3**	**25,813.6**	**(543.7)**						
Total O&M Less Trackers				**24,854.4**	**25,292.4**	**438.0**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12 - Corp. Service fee												
Trackers												
Total O&M												
Total O&M Less Trackers												

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY September 2014 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

Fav / (Unfav)	Distribution Operations YTD Actuals	Distribution Operations YTD Plan	Distribution Operations YTD Variance	Construction Operations YTD Actuals	Construction Operations YTD Plan	Construction Operations YTD Variance	Customer Operations YTD Actuals	Customer Operations YTD Plan	Customer Operations YTD Variance
Labor	4,187.7	4,164.1	(23.6)	94.4	103.2	8.8	(0.3)	-	0.3
Benefits	1.3	-	(1.3)	-	-	-	-	-	-
Outside Services	2,706.8	2,269.3	(437.5)	266.3	326.5	60.2	0.1	-	(0.1)
Materials	587.6	536.4	(51.2)	50.7	92.4	41.7	468.9	493.2	24.4
Fleet & Equipment	1,047.3	835.2	(212.1)	18.4	20.4	2.0	-	-	-
Employee Expenses	133.8	136.7	2.9	7.5	28.1	20.6	1.1	-	(1.1)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	164.5	130.5	(34.0)	16.9	13.7	(3.2)	8.7	8.3	(0.3)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
	-	-		-	-		-	-	
Totals	**8,829.1**	**8,072.2**	**(756.8)**	**454.3**	**584.3**	**130.0**	**478.4**	**501.6**	**23.2**
Total Less Trackers	**8,829.1**	**8,072.2**	**(756.8)**	**454.3**	**584.3**	**130.0**	**478.4**	**501.6**	**23.2**

Fav / (Unfav)	Presidential Operations YTD Actuals	Presidential Operations YTD Plan	Presidential Operations YTD Variance	Corporate Undistributed/Corp. Service Fee YTD Actuals	Corporate Undistributed/Corp. Service Fee YTD Plan	Corporate Undistributed/Corp. Service Fee YTD Variance	Total CKY YTD Actuals	Total CKY YTD Plan	Total CKY YTD Variance
Labor	665.1	679.6	14.4	368.6	427.3	58.6	5,315.6	5,374.2	58.6
Benefits	-	-	-	831.7	1,539.7	708.0	833.0	1,539.7	706.7
Outside Services	1,026.5	927.2	(99.3)	458.8	505.3	46.5	4,458.5	4,028.3	(430.2)
Materials	43.6	38.9	(4.7)	6.6	13.5	6.9	1,157.4	1,174.4	17.0
Fleet & Equipment	1.8	1.5	(0.3)	-	-	-	1,067.5	857.1	(210.4)
Employee Expenses	72.7	105.0	32.3	4.4	-	(4.4)	219.6	269.8	50.3
Corporate Service Fee	-	-	-	10,226.2	10,708.8	482.6	10,226.2	10,708.8	482.6
Miscellaneous/Other Expense	(845.4)	(771.9)	73.6	1,648.1	1,612.4	(35.7)	992.7	993.0	0.3
Uncollectibles	-	-	-	583.9	347.0	(236.9)	583.9	347.0	(236.9)
Trackers	-	-	-	1,502.9	521.2	(981.7)	1,502.9	521.2	(981.7)
	-	-		-	-				
Totals	**964.3**	**980.3**	**16.0**	**15,631.3**	**15,675.2**	**43.9**	**26,357.3**	**25,813.6**	**(543.7)**
Total Less Trackers	**964.3**	**980.3**	**16.0**	**14,128.3**	**15,153.9**	**1,025.6**	**24,854.4**	**25,292.4**	**438.0**

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations - Fleet Clearing overrun driven by higher gas prices and increased units. Outside Service overrun of $400K mainly due to Meter Reading, Curb Valve Inspections, and Locating Services. Locating Services are the main driver and can somewhat be attributed to increased 811 "call before you dig" initiatives.

Construction Operations - Favorability due to underruns in Engineering and Construction Labor and Materials/Supplies.

Customer Operations - No Material Variances

Presidential Operations - Outside Services are unfavorable due to charges in the Customer Programs. These are offset in Deferred credits (Misc./Other) and have no impact on the bottom line income.

Corporate Undistributed/Corp. Service Fee - Benefits are favorable due to new pension and OPEB accrual figures. Corporate Service Fee is favorable due to underruns in Customer Operations and Rates & Regulatory as well as NCS Legal and Finance. These are partially offset by NGD Operations. Uncollectibles are unfavorable due to the increased gas costs and new charge-off rates.

NiSource Gas Distribution

October 2014
Results of Operations

CKY

NiSource Gas Distribution
October 2014 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD October 2014 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

CKY Operating Earnings are $1.9M over budget for 2014 YTD through October.

This is primarily driven by higher than expected volumetric revenue from increased customer usage and favorable OGDR due mostly to penalty charges.

CKY O&M is $0.4M favorable YTD through October.

This is driven by favorable variances in Corporate Undistributed and Corporate Service fee partially off-set by an unfavorable variance in Distribution Operations.

NiSource Gas Distribution
October 2014 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

	NGD Consolidated			CKY			COH			CMD		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	53.4	52.0	1.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	27.7	28.1	0.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	6.3	6.5	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	2.8	2.7	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	16.6	14.7	1.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	4.5	4.5	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	0.3	0.5	(0.2)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	0.0	-	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	12.5	10.7	1.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	5.8	4.4	(1.4)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	6.7	6.2	0.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	6.7	6.2	0.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

Fav / (Unfav)

	CPA			CGV			CMA			NGD Adj.		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
October 2014 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate case activity)	[redacted]			46.3	45.9	0.4	[redacted]			[redacted]		
LCR - Large Volume Customers				4.9	4.7	0.2						
Other Gas Department Revenue				1.8	0.9	0.9						
Uncollectibles				0.4	0.5	(0.1)						
Trackers				1.6	0.6	1.0						
Total Revenue				**55.0**	**52.6**	**2.4**						
Total Revenue Less Trackers				**53.4**	**52.0**	**1.4**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate case activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - Favorable variance primarily due to increased volumetric revenue

OGDR - Favorable variance is primarily due to customer penalty charges which are running $0.8M favorable. This has a direct correlation to the increased usage. There is also favorability related to increased rental income of $0.1M. The rental income is from TCO relating to the uncollected revenue of the prior year's lease agreement. This was shown as a true-up in February.

NiSource Gas Distribution
October 2014 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)

O&M	NGD Consolidated	CKY Actuals	CKY Budget	CKY Variance	COH	CMD
Distribution Operations	[redacted]	9,908.3	9,016.8	(891.6)	[redacted]	[redacted]
Construction & Engineering	[redacted]	481.7	654.7	173.0	[redacted]	[redacted]
Customer Operations	[redacted]	533.2	556.3	23.2	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	1,084.9	1,096.6	11.7	[redacted]	[redacted]
Other	[redacted]	-	-	-	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	4,281.3	4,892.1	610.8	[redacted]	[redacted]
Corporate Co 12 - Corp. Service fee	[redacted]	11,392.7	11,885.6	493.0	[redacted]	[redacted]
Trackers	[redacted]	1,632.9	555.5	(1,077.4)	[redacted]	[redacted]
Total O&M	[redacted]	**29,315.0**	**28,657.7**	**(657.3)**	[redacted]	[redacted]
	[redacted]				[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	**27,682.1**	**28,102.2**	**420.1**	[redacted]	[redacted]

Fav / (Unfav)

O&M	CPA	CGV	CMA	NGD Adj.
Distribution Operations	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12 - Corp. Service fee	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY October 2014 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	4,689.7	4,640.7	(49.1)	101.5	118.4	16.9	(1.1)	-	1.1
Benefits	1.5	-	(1.5)	-	-	-	-	-	-
Outside Services	3,108.8	2,545.1	(563.7)	283.4	364.8	81.4	0.1	-	(0.1)
Materials	633.4	591.7	(41.8)	52.3	101.2	48.8	523.5	547.0	23.5
Fleet & Equipment	1,171.9	943.6	(228.3)	19.3	24.0	4.7	-	-	-
Employee Expenses	145.8	150.9	5.1	8.2	32.5	24.3	1.1	-	(1.1)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	157.2	144.9	(12.3)	16.9	13.7	(3.2)	9.7	9.4	(0.3)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
	-	-		-	-		-	-	
Totals	**9,908.3**	**9,016.8**	**(891.6)**	**481.7**	**654.7**	**173.0**	**533.2**	**556.3**	**23.2**
Total Less Trackers	**9,908.3**	**9,016.8**	**(891.6)**	**481.7**	**654.7**	**173.0**	**533.2**	**556.3**	**23.2**

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	744.7	762.6	17.9	409.0	469.0	60.1	5,943.7	5,990.7	46.9
Benefits	-	-	-	938.0	1,710.8	772.7	939.5	1,710.8	771.3
Outside Services	1,139.6	1,019.9	(119.8)	496.1	537.6	41.6	5,028.0	4,467.4	(560.6)
Materials	48.4	42.7	(5.7)	6.6	15.0	8.4	1,264.2	1,297.4	33.2
Fleet & Equipment	2.1	1.7	(0.4)	-	-	-	1,193.3	969.3	(224.0)
Employee Expenses	80.0	116.7	36.6	6.0	-	(6.0)	241.1	300.1	59.0
Corporate Service Fee	-	-	-	11,392.7	11,885.6	493.0	11,392.7	11,885.6	493.0
Miscellaneous/Other Expense	(929.9)	(846.8)	83.1	1,818.8	1,787.1	(31.7)	1,072.7	1,108.3	35.6
Uncollectibles	-	-	-	606.8	372.6	(234.2)	606.8	372.6	(234.2)
Trackers	-	-	-	1,632.9	555.5	(1,077.4)	1,632.9	555.5	(1,077.4)
	-	-		-	-				
Totals	**1,084.9**	**1,096.6**	**11.7**	**17,306.9**	**17,333.3**	**26.4**	**29,315.0**	**28,657.7**	**(657.3)**
Total Less Trackers	**1,084.9**	**1,096.6**	**11.7**	**15,674.0**	**16,777.8**	**1,103.8**	**27,682.1**	**28,102.2**	**420.1**

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations - Fleet Clearing overrun driven by higher gas prices and increased units. Outside Service overrun of $560K mainly due to Meter Reading, Curb Valve Inspections, and Line Locating Services. Locating Services are the main driver and can somewhat be attributed to increased 811 "call before you dig" initiatives.

Construction Operations - Favorability due to underruns in Engineering and Construction Labor, Outside Services, and Materials/Supplies.

Customer Operations - No Material Variances

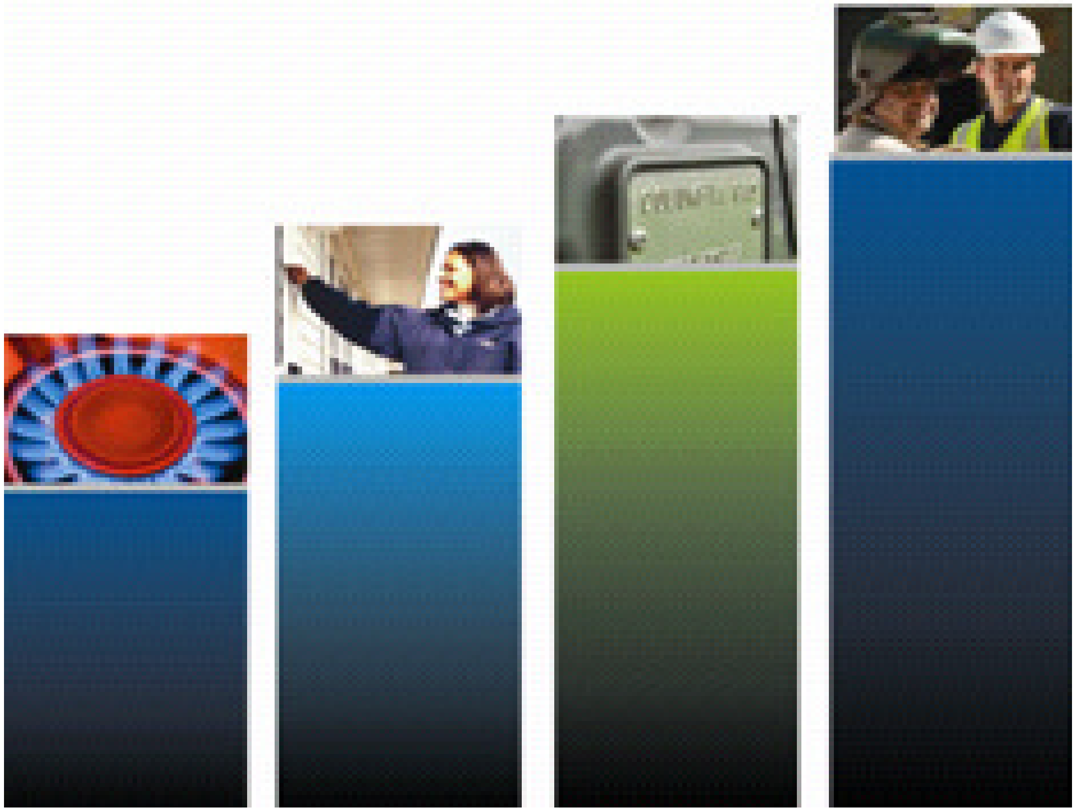
Presidential Operations - Outside Services are unfavorable due to charges in the Customer Programs. These are offset in Deferred credits (Misc./Other) and have no impact on the bottom line income.

Corporate Undistributed/Corp. Service Fee - Benefits are favorable due to new pension and OPEB accrual figures. Corporate Service Fee is favorable due to underruns in Customer Operations and Rates & Regulatory as well as NCS Legal and Finance. These are partially offset by NGD Operations. Uncollectibles are unfavorable due to the increased gas costs and new charge-off rates.

NiSource Gas Distribution

November 2014
Results of Operations

CKY



NiSource Gas Distribution
November 2014 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD November 2014 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

CKY Operating Earnings are $2.7M over budget for 2014 YTD through November.

This is primarily driven by higher than expected volumetric revenue from increased customer usage and favorable OGDR due mostly to penalty charges.

CKY O&M is $0.6M favorable YTD through November.

This is driven by favorable variances in Corporate Undistributed and Corporate Service fee partially off-set by an unfavorable variance in Distribution Operations.

NiSource Gas Distribution
November 2014 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]			60.2	58.2	2.0	[redacted]			[redacted]		
O&M Expense				30.3	30.9	0.6						
Depreciation				6.9	7.1	0.2						
Other Taxes				3.1	3.0	(0.2)						
Operating Earnings				19.9	17.2	2.7						
Interest Exp.				4.9	5.0	0.1						
Other Income				0.3	0.5	(0.2)						
Earnings from Sub				0.0	-	0.0						
Operating Earnings before Tax				15.3	12.6	2.7						
Income Taxes				6.7	5.2	(1.5)						
Net Operating Earnings				8.6	7.4	1.2						
Net OE without Earnings from Sub				8.5	7.4	1.1						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
November 2014 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate case activity)	[redacted]			52.3	51.5	0.8	[redacted]			[redacted]		
LCR - Large Volume Customers				5.5	5.2	0.3						
Other Gas Department Revenue				1.9	1.0	0.9						
Uncollectibles				0.5	0.5	-						
Trackers				1.8	0.6	1.2						
Total Revenue				**62.0**	**58.8**	**3.2**						
Total Revenue Less Trackers				**60.2**	**58.2**	**2.0**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate case activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - Favorable variance primarily due to increased volumetric revenue.

OGDR - Favorable variance is primarily due to customer penalty charges which are running $0.7M favorable. This has a direct correlation to the increased usage. There is also favorability related to increased rental income of $0.1M. The rental income is from TCO relating to the uncollected revenue of the prior year's lease agreement. This was shown as a true-up in February.

NiSource Gas Distribution
November 2014 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			10,805.6	9,976.4	(829.2)	[redacted]			[redacted]		
Construction & Engineering				561.3	727.5	166.2						
Customer Operations				577.6	604.7	27.1						
President (Regulatory & Communications)				1,165.5	1,198.6	33.1						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				4,636.4	5,352.4	716.0						
Corporate Co 12 - Corp. Service fee				12,527.2	13,053.7	526.5						
Trackers				1,813.5	624.5	(1,189.0)						
Total O&M				**32,087.1**	**31,537.8**	**(549.3)**						
Total O&M Less Trackers				**30,273.6**	**30,913.3**	**639.7**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12 - Corp. Service fee												
Trackers												
Total O&M												
Total O&M Less Trackers												

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY November 2014 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

Fav / (Unfav)	Distribution Operations YTD Actuals	Distribution Operations YTD Plan	Distribution Operations YTD Variance	Construction Operations YTD Actuals	Construction Operations YTD Plan	Construction Operations YTD Variance	Customer Operations YTD Actuals	Customer Operations YTD Plan	Customer Operations YTD Variance
Labor	5,183.0	5,146.9	(36.1)	109.2	135.2	26.0	(1.1)	-	1.1
Benefits	1.5	-	(1.5)	-	-	-	-	-	-
Outside Services	3,327.1	2,831.9	(495.2)	348.2	396.2	48.0	0.1	-	(0.1)
Materials	667.4	639.9	(27.5)	57.3	114.5	57.2	566.6	594.4	27.8
Fleet & Equipment	1,298.5	1,029.4	(269.1)	21.4	26.9	5.5	-	-	-
Employee Expenses	166.5	168.9	2.5	8.3	41.0	32.7	1.1	-	(1.1)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	161.6	159.3	(2.3)	16.9	13.7	(3.2)	11.0	10.3	(0.7)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
	-	-		-	-		-	-	
Totals	**10,805.6**	**9,976.4**	**(829.2)**	**561.3**	**727.5**	**166.2**	**577.6**	**604.7**	**27.1**
Total Less Trackers	**10,805.6**	**9,976.4**	**(829.2)**	**561.3**	**727.5**	**166.2**	**577.6**	**604.7**	**27.1**

Fav / (Unfav)	Presidential Operations YTD Actuals	Presidential Operations YTD Plan	Presidential Operations YTD Variance	Corporate Undistributed/Corp. Service Fee YTD Actuals	Corporate Undistributed/Corp. Service Fee YTD Plan	Corporate Undistributed/Corp. Service Fee YTD Variance	Total CKY YTD Actuals	Total CKY YTD Plan	Total CKY YTD Variance
Labor	820.1	831.1	11.0	463.6	510.7	47.1	6,574.8	6,624.0	49.2
Benefits	-	-	-	966.9	1,881.9	915.0	968.3	1,881.9	913.5
Outside Services	1,218.6	1,112.6	(106.0)	532.8	570.0	37.2	5,426.8	4,910.8	(516.0)
Materials	51.7	46.4	(5.3)	6.6	16.5	9.9	1,349.7	1,411.7	62.0
Fleet & Equipment	2.7	1.8	(0.9)	-	-	-	1,322.7	1,058.1	(264.6)
Employee Expenses	85.8	128.3	42.5	6.5	-	(6.5)	268.1	338.2	70.1
Corporate Service Fee	-	-	-	12,527.2	13,053.7	526.5	12,527.2	13,053.7	526.5
Miscellaneous/Other Expense	(1,013.5)	(921.7)	91.8	2,005.1	1,961.8	(43.3)	1,181.1	1,223.5	42.3
Uncollectibles	-	-	-	654.7	411.4	(243.3)	654.7	411.4	(243.3)
Trackers	-	-	-	1,813.5	624.5	(1,189.0)	1,813.5	624.5	(1,189.0)
	-	-		-	-				
Totals	**1,165.5**	**1,198.6**	**33.1**	**18,977.1**	**19,030.6**	**53.5**	**32,087.1**	**31,537.8**	**(549.3)**
Total Less Trackers	**1,165.5**	**1,198.6**	**33.1**	**17,163.6**	**18,406.1**	**1,242.5**	**30,273.6**	**30,913.3**	**639.7**

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations - Fleet Clearing overrun driven by increased units. Outside Services overrun of $495K mainly due to Meter Reading, Curb Valve Inspections, and Line Locating Services. Locating Services are the main driver and can somewhat be attributed to increased 811 "call before you dig" initiatives.

Construction Operations - Favorability due to underruns in Engineering and Construction Labor, Outside Services, and Materials/Supplies.

Customer Operations - No Material Variances

Presidential Operations - Outside Services are unfavorable due to charges in the Customer Programs. These are offset in Deferred credits (Misc./Other) and have no impact on the bottom line income.

Corporate Undistributed/Corp. Service Fee -Labor is unfavorable due to new controller's letters for CIP and LTIP. Benefits are favorable due to new pension and OPEB accrual figures. Corporate Service Fee is favorable due to underruns in Customer Operations and Rates & Regulatory as well as NCS Legal and Finance. These are partially offset by NGD Operations and stock compensation. Uncollectibles are unfavorable due to the increased gas costs and new charge-off rates.

NiSource Gas Distribution

December 2014
Results of Operations

CKY

NiSource Gas Distribution
December 2014 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD December 2014 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

CKY Operating Earnings are $2.6M over budget for the year ending 2014.

This is primarily driven by higher than expected volumetric revenue from increased customer usage and favorable OGDR due mostly to penalty charges.

CKY O&M is flat YTD through December.

This is driven by favorable variances in Corporate Undistributed and Corporate Service fee partially off-set by an unfavorable variance in Distribution Operations.

NiSource Gas Distribution
December 2014 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]			69.1	66.5	2.6	[redacted]			[redacted]		
O&M Expense				33.9	33.9	(0.0)						
Depreciation				7.6	7.8	0.2						
Other Taxes				3.4	3.3	(0.2)						
Operating Earnings				24.2	21.6	2.6						
Interest Exp.				5.4	5.5	0.1						
Other Income				0.3	0.5	(0.2)						
Earnings from Sub				0.0	-	0.0						
Operating Earnings before Tax				19.1	16.6	2.5						
Income Taxes				8.3	6.8	(1.5)						
Net Operating Earnings				10.8	9.8	1.0						
Net OE without Earnings from Sub				10.8	9.8	1.0						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
December 2014 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate case activity)	[redacted]			60.1	59.1	1.0	[redacted]			[redacted]		
LCR - Large Volume Customers				6.1	5.7	0.4						
Other Gas Department Revenue				2.4	1.1	1.3						
Uncollectibles				0.5	0.6	(0.1)						
Trackers				1.9	0.8	1.1						
Total Revenue				**71.0**	**67.3**	**3.7**						
Total Revenue Less Trackers				**69.1**	**66.5**	**2.6**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate case activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - Favorable variance primarily due to increased volumetric revenue.

OGDR - Favorable variance is primarily due to customer penalty charges which are running $0.7M favorable. This has a direct correlation to the increased usage. There is also favorability related to increased rental income of $0.1M. The rental income is from TCO relating to the uncollected revenue of the prior year's lease agreement. This was shown as a true-up in February.

NiSource Gas Distribution
December 2014 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)

O&M	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Distribution Operations	[redacted]			12,155.8	11,033.6	(1,122.1)	[redacted]			[redacted]		
Construction & Engineering				791.3	793.3	2.0						
Customer Operations				629.7	658.2	28.5						
President (Regulatory & Communications)				1,309.8	1,297.8	(12.0)						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				5,073.6	5,817.3	743.7						
Corporate Co 12 - Corp. Service fee				13,899.0	14,255.7	356.7						
Trackers				2,036.0	742.9	(1,293.1)						
Total O&M				**35,895.1**	**34,598.7**	**(1,296.4)**						
Total O&M Less Trackers				**33,859.1**	**33,855.8**	**(3.2)**						

Fav / (Unfav)

O&M	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12 - Corp. Service fee												
Trackers												
Total O&M												
Total O&M Less Trackers												

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY December 2014 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	5,729.9	5,626.5	(103.3)	126.1	151.8	25.6	(1.1)	-	1.1
Benefits	15.5	-	(15.5)	-	-	-	-	-	-
Outside Services	3,825.9	3,223.7	(602.2)	533.9	421.4	(112.5)	0.1	-	(0.1)
Materials	816.8	703.3	(113.5)	70.3	130.4	60.1	617.6	646.8	29.2
Fleet & Equipment	1,414.6	1,119.8	(294.8)	23.8	30.2	6.4	-	-	-
Employee Expenses	182.2	186.3	4.1	8.6	45.7	37.2	1.1	-	(1.1)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	170.9	174.0	3.0	28.5	13.8	(14.8)	12.0	11.4	(0.6)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
	-	-		-	-		-	-	
Totals	**12,155.8**	**11,033.6**	**(1,122.1)**	**791.3**	**793.3**	**2.0**	**629.7**	**658.2**	**28.5**
Total Less Trackers	**12,155.8**	**11,033.6**	**(1,122.1)**	**791.3**	**793.3**	**2.0**	**629.7**	**658.2**	**28.5**

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	898.3	896.8	(1.5)	552.5	552.5	0.0	7,305.6	7,227.7	(78.0)
Benefits	-	-	-	1,080.6	2,053.0	972.4	1,096.1	2,053.0	956.9
Outside Services	1,370.3	1,205.3	(164.9)	625.5	602.4	(23.1)	6,355.7	5,452.8	(902.8)
Materials	61.7	50.2	(11.5)	6.6	18.0	11.4	1,573.0	1,548.6	(24.4)
Fleet & Equipment	3.8	2.0	(1.8)	(1.0)	-	1.0	1,441.2	1,152.0	(289.2)
Employee Expenses	100.2	140.0	39.8	7.3	-	(7.3)	299.4	372.0	72.7
Corporate Service Fee	-	-	-	13,899.0	14,255.7	356.7	13,899.0	14,255.7	356.7
Miscellaneous/Other Expense	(1,124.5)	(996.6)	127.9	2,171.1	2,136.5	(34.7)	1,258.1	1,339.0	80.9
Uncollectibles	-	-	-	631.0	455.0	(176.0)	631.0	455.0	(176.0)
Trackers	-	-	-	2,036.0	742.9	(1,293.1)	2,036.0	742.9	(1,293.1)
	-	-		-	-				
Totals	**1,309.8**	**1,297.8**	**(12.0)**	**21,008.7**	**20,815.9**	**(192.8)**	**35,895.1**	**34,598.7**	**(1,296.4)**
Total Less Trackers	**1,309.8**	**1,297.8**	**(12.0)**	**18,972.6**	**20,073.0**	**1,100.4**	**33,859.1**	**33,855.8**	**(3.2)**

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations - Fleet Clearing overrun driven by increased units. Outside Services overrun mainly due to Meter Reading, Curb Valve Inspections, and Line Locating Services. Locating Services are the main driver and can somewhat be attributed to increased 811 "call before you dig" initiatives.

Construction Operations - Overruns in Outside Services due to right of way clearing and a December accrual for Damage Prevention.

Customer Operations - No Material Variances

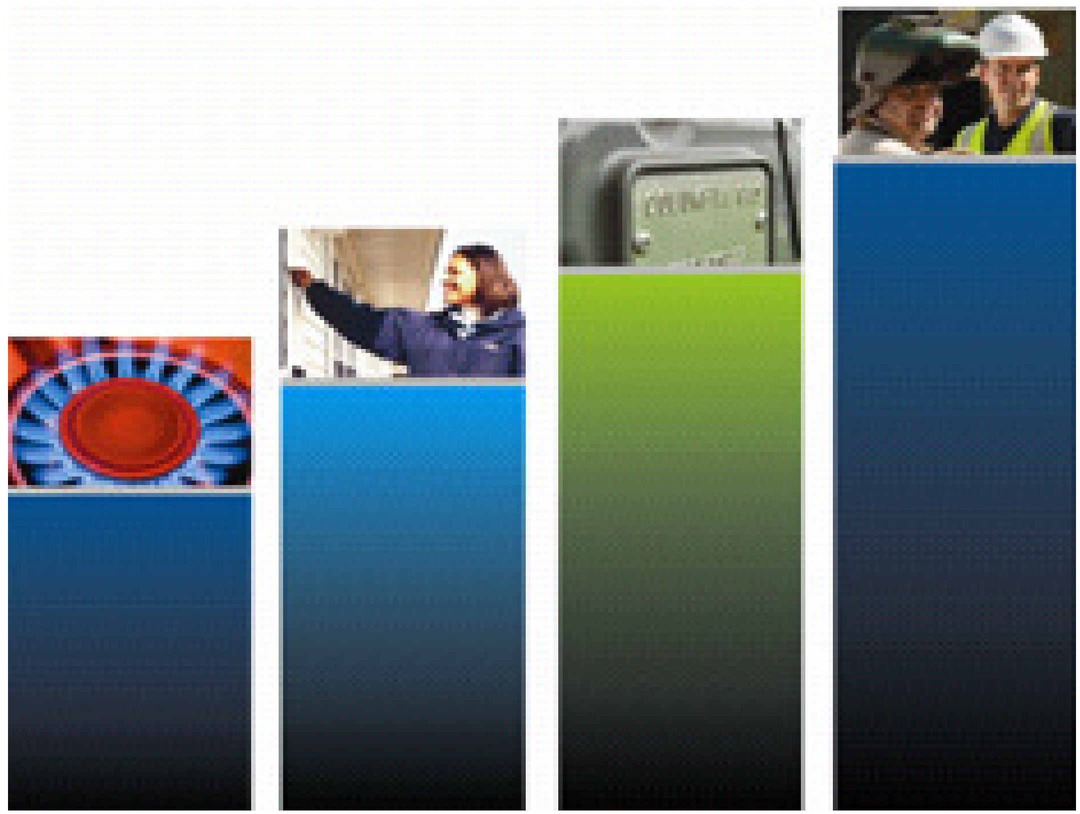
Presidential Operations - Outside Services are unfavorable due to charges in the Customer Programs. These are offset in Deferred credits (Misc./Other) and have no impact on the bottom line income.

Corporate Undistributed/Corp. Service Fee -Labor is unfavorable due to new controller's letters for CIP and LTIP. Benefits are favorable due to new pension and OPEB accrual figures. Corporate Service Fee is favorable due to underruns in Customer Operations and Rates & Regulatory as well as NCS Legal and Finance. These are partially offset by NGD Operations and stock compensation. Uncollectibles are unfavorable due to the increased gas costs and new charge-off rates.

NiSource Gas Distribution

January 2015
Results of Operations

CKY



NiSource Gas Distribution
January 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD January 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY January operating earnings of $6.5M are $0.2M favorable to plan.

* Base margin is up slightly by $0.1M.

* O&M is favorable by $0.1M, driven by Corporate Service Fee.

NiSource Gas Distribution
January 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			10.3	10.0	0.3	[redacted]			[redacted]		
O&M Expense				2.7	2.8	0.1						
Depreciation				0.7	0.7	(0.0)						
Other Taxes				0.4	0.3	(0.1)						
Operating Earnings				6.5	6.3	0.2						
Interest Exp.				0.5	0.5	0.0						
Other Income				0.0	0.0	(0.0)						
Earnings from Sub				0.0	-	0.0						
Operating Earnings before Tax				6.0	5.8	0.2						
Income Taxes				2.3	2.3	(0.0)						
Net Operating Earnings				3.8	3.5	0.2						
Net OE without Earnings from Sub				3.7	3.5	0.2						

* All Values Less Trackers

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]											
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
January 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Revenue	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate activity)	[redacted]			9.1	9.0	0.1	[redacted]			[redacted]		
LCR - Large Volume Customers				0.6	0.7	(0.0)						
Other **G**as **D**epartment **R**evenue				0.2	0.1	0.0						
Uncollectibles				0.3	0.2	0.1						
Trackers				0.1	0.2	(0.1)						
Total Revenue				**10.4**	**10.2**	**0.2**						
Total Revenue Less Trackers				**10.3**	**10.0**	**0.3**						

Fav / (Unfav)

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - Slight favorability due to weather

NiSource Gas Distribution
January 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)

O&M	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Distribution Operations	[redacted]			892.6	884.0	(8.6)	[redacted]			[redacted]		
Construction & Engineering				72.4	54.9	(17.5)						
Customer Operations				54.6	57.8	3.2						
President (Regulatory & Communications)				126.1	124.0	(2.1)						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				544.6	498.8	(45.8)						
Corporate Co 12				1,017.0	1,163.3	146.3						
Trackers				194.5	176.1	(18.4)						
Total O&M				**2,901.8**	**2,958.8**	**57.0**						
Total O&M Less Trackers				**2,707.3**	**2,782.7**	**75.4**						

O&M	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY January 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

Fav / (Unfav)	Distribution Operations YTD Actuals	Distribution Operations YTD Plan	Distribution Operations YTD Variance	Construction Operations YTD Actuals	Construction Operations YTD Plan	Construction Operations YTD Variance	Customer Operations YTD Actuals	Customer Operations YTD Plan	Customer Operations YTD Variance
Labor	496.8	475.4	(21.4)	16.7	11.5	(5.1)	2.1	-	(2.1)
Benefits	0.0	-	(0.0)	2.5	-	(2.5)	-	-	-
Outside Services	207.7	194.7	(13.0)	43.7	33.4	(10.3)	-	-	-
Materials	58.3	79.6	21.3	2.3	0.7	(1.6)	51.4	56.7	5.3
Fleet & Equipment	106.0	99.3	(6.7)	4.1	2.0	(2.1)	-	-	-
Employee Expenses	9.6	15.2	5.6	0.2	6.2	6.0	0.0	-	(0.0)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	14.1	19.8	5.6	3.0	1.1	(1.8)	1.1	1.1	(0.0)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**892.6**	**884.0**	**(8.6)**	**72.4**	**54.9**	**(17.5)**	**54.6**	**57.8**	**3.2**
Total Less Trackers	**892.6**	**884.0**	**(8.6)**	**72.4**	**54.9**	**(17.5)**	**54.6**	**57.8**	**3.2**

Fav / (Unfav)	Presidential Operations YTD Actuals	Presidential Operations YTD Plan	Presidential Operations YTD Variance	Corporate Undistributed/Corp. Service Fee YTD Actuals	Corporate Undistributed/Corp. Service Fee YTD Plan	Corporate Undistributed/Corp. Service Fee YTD Variance	Total CKY YTD Actuals	Total CKY YTD Plan	Total CKY YTD Variance
Labor	79.5	81.0	1.5	34.8	46.3	11.5	629.8	614.2	(15.6)
Benefits	-	-	-	170.2	116.2	(54.0)	172.7	116.2	(56.5)
Outside Services	45.6	22.6	(23.0)	8.5	36.3	27.8	305.6	287.0	(18.6)
Materials	8.7	4.2	(4.5)	-	1.5	1.5	120.7	142.7	21.9
Fleet & Equipment	1.7	0.2	(1.5)	-	-	-	111.7	101.4	(10.3)
Employee Expenses	2.7	10.8	8.1	2.1	-	(2.1)	14.7	32.3	17.6
Corporate Service Fee	-	-	-	1,017.0	1,163.3	146.3	1,017.0	1,163.3	146.3
Miscellaneous/Other Expense	(12.1)	5.2	17.3	202.0	188.5	(13.5)	208.2	215.7	7.5
Uncollectibles	-	-	-	126.9	110.0	(16.9)	126.9	110.0	(16.9)
Trackers	-	-	-	194.5	176.1	(18.4)	194.5	176.1	(18.4)
Totals	**126.1**	**124.0**	**(2.1)**	**1,756.1**	**1,838.1**	**82.1**	**2,901.83**	**2,958.8**	**57.0**
Total Less Trackers	**126.1**	**124.0**	**(2.1)**	**1,561.5**	**1,662.0**	**100.5**	**2,707.28**	**2,782.7**	**75.4**

Key Business Drivers - Columbia Gas of Kentucky

Corporate Undistributed

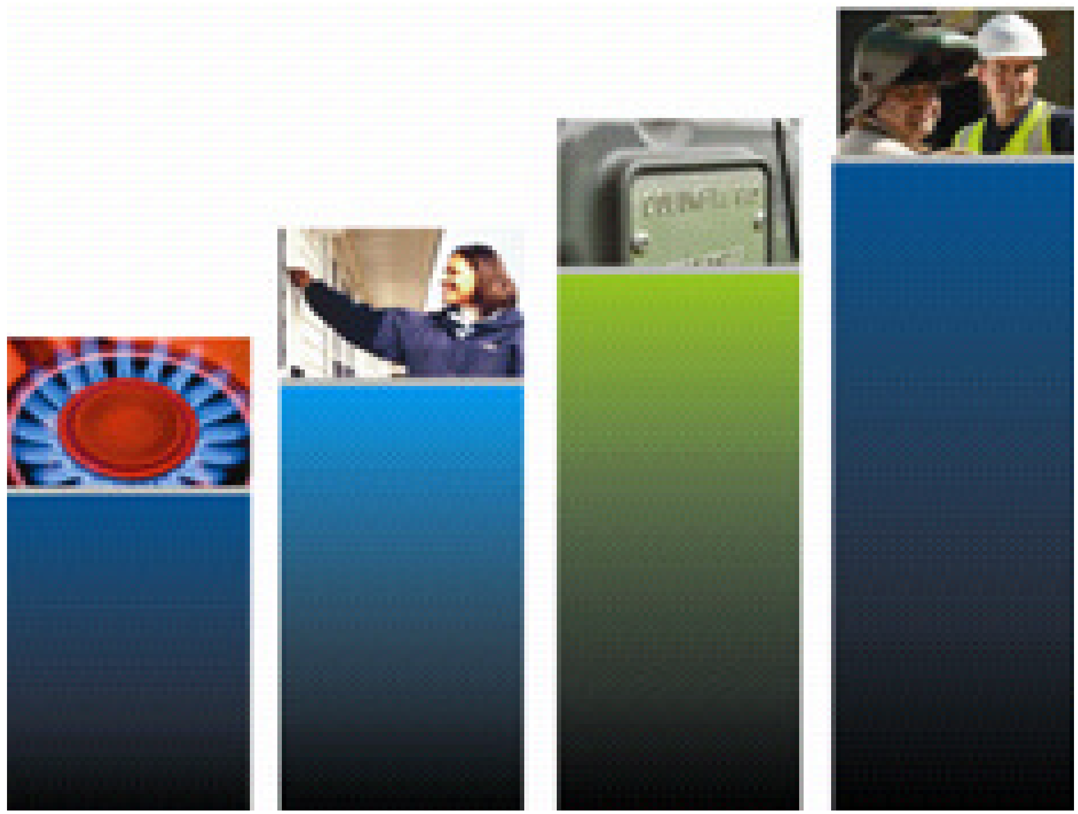
Benefits - unfavorable ($0.1M) primarily due to the timing of actuals vs. budget spread for NGD HSA activity.

Corporate Service Fee - favorable $0.1M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

February 2015
Results of Operations

CKY



NiSource Gas Distribution
February 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD February 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY February operating earnings of $11.4M are $0.3M favorable to plan.

* Base margin is down slightly by ($0.1M) and is offset by favorability in uncollectibles.

* O&M is favorable by $0.1M, driven by Corporate Service Fee.

NiSource Gas Distribution
February 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	18.8	18.6	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	5.4	5.5	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	1.3	1.3	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	0.7	0.6	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	11.4	11.2	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	0.9	0.9	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	0.0	0.0	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	0.0	-	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	10.6	10.3	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	4.0	4.1	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	6.6	6.2	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	6.6	6.2	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
February 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			16.6	16.7	(0.1)	[redacted]			[redacted]		
LCR - Large Volume Customers				1.2	1.3	(0.0)						
Other **G**as **D**epartment **R**evenue				0.4	0.3	0.1						
Uncollectibles				0.7	0.3	0.3						
Trackers				0.3	0.3	(0.0)						
Total Revenue				**19.1**	**19.0**	**0.2**						
Total Revenue Less Trackers				**18.8**	**18.6**	**0.2**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - Slight unfavorability due to usage

NiSource Gas Distribution
February 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			1,713.9	1,686.1	(27.8)	[redacted]			[redacted]		
Construction & Engineering				132.0	111.7	(20.3)						
Customer Operations				106.6	112.7	6.1						
President (Regulatory & Communications)				211.6	242.9	31.3						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				1,097.9	996.8	(101.1)						
Corporate Co 12				2,096.0	2,343.6	247.7						
Trackers				430.2	345.5	(84.7)						
Total O&M				**5,788.1**	**5,839.3**	**51.2**						
Total O&M Less Trackers				**5,357.9**	**5,493.8**	**135.9**						

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY February 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	1,002.7	906.2	(96.5)	25.1	23.0	(2.1)	2.1	-	(2.1)
Benefits	9.3	-	(9.3)	2.5	-	(2.5)	-	-	-
Outside Services	329.7	375.2	45.5	87.4	66.8	(20.7)	-	-	-
Materials	108.5	136.1	27.7	6.3	6.6	0.3	102.3	110.6	8.4
Fleet & Equipment	226.0	198.5	(27.5)	5.9	4.2	(1.7)	-	-	-
Employee Expenses	20.4	30.5	10.0	1.8	8.9	7.1	0.0	-	(0.0)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	17.3	39.5	22.2	3.0	2.3	(0.7)	2.1	2.1	(0.1)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**1,713.9**	**1,686.1**	**(27.8)**	**132.0**	**111.7**	**(20.3)**	**106.6**	**112.7**	**6.1**
Total Less Trackers	**1,713.9**	**1,686.1**	**(27.8)**	**132.0**	**111.7**	**(20.3)**	**106.6**	**112.7**	**6.1**

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	158.8	159.1	0.4	69.6	92.6	23.0	1,258.3	1,181.0	(77.3)
Benefits	-	-	-	308.3	232.3	(76.0)	320.1	232.3	(87.8)
Outside Services	63.0	45.3	(17.7)	57.6	72.6	14.9	537.7	559.8	22.1
Materials	10.2	8.3	(1.8)	-	3.0	3.0	227.2	264.7	37.5
Fleet & Equipment	1.7	0.3	(1.4)	-	-	-	233.7	203.1	(30.6)
Employee Expenses	8.2	21.7	13.5	2.5	-	(2.5)	32.9	61.0	28.1
Corporate Service Fee	-	-	-	2,096.0	2,343.6	247.7	2,096.0	2,343.6	247.7
Miscellaneous/Other Expense	(30.2)	8.2	38.4	400.0	368.1	(32.0)	392.2	420.1	27.9
Uncollectibles	-	-	-	259.8	228.3	(31.5)	259.8	228.3	(31.5)
Trackers	-	-	-	430.2	345.5	(84.7)	430.2	345.5	(84.7)
Totals	**211.6**	**242.9**	**31.3**	**3,624.1**	**3,685.9**	**61.9**	**5,788.12**	**5,839.3**	**51.2**
Total Less Trackers	**211.6**	**242.9**	**31.3**	**3,193.9**	**3,340.4**	**146.6**	**5,357.91**	**5,493.8**	**135.9**

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

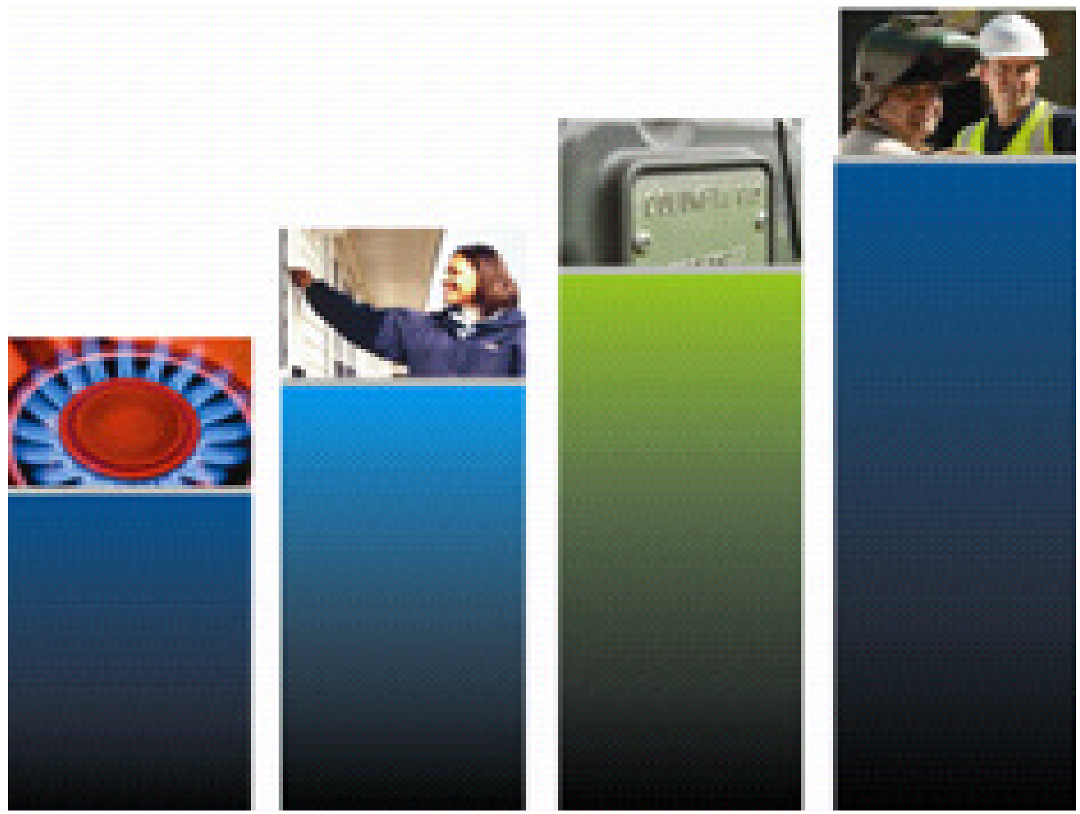
Labor - unfavorable by $0.1M due to Leak Odor Investigation and Maintenance of Mains ($64K) and Plant Regulation/Dispatching ($27K). These over-runs are attributed to the extreme cold weather in the beginning of 2015. At times, three workers were needed to do two person jobs.

Corporate Undistributed

Benefits - unfavorable ($0.1M) primarily due to the timing of actuals vs. budget spread for NGD HSA activity.

Corporate Service Fee - favorable $0.2M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution



March 2015
Results of Operations

CKY

NiSource Gas Distribution
March 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD March 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* OE Actual vs. Goal - CKY March operating earnings of $14.6M are $0.2M favorable to plan.

* Base margin is down slightly by $200K and is offset by favorability in OGDR.

* O&M is on target YTD for CKY.

NiSource Gas Distribution
March 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

	NGD Consolidated			CKY			COH			CMD		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			26.0	25.8	0.2	[redacted]			[redacted]		
O&M Expense				8.3	8.3	(0.0)						
Depreciation				2.0	2.0	(0.0)						
Other Taxes				1.0	1.0	(0.0)						
Operating Earnings				14.6	14.5	0.2						
Interest Exp.				0.0	1.8	1.8						
Other Income				-	0.2	(0.2)						
Earnings from Sub				-	-	-						
Operating Earnings before Tax				14.6	12.8	1.8						
Income Taxes				-	5.7	5.7						
Net Operating Earnings				14.6	7.1	7.5						
Net OE without Earnings from Sub				14.6	7.1	7.5						

* All Values Less Trackers

Fav / (Unfav)

	CPA			CGV			CMA			NGD Adj.		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
March 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	22.9	23.1	(0.2)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	1.7	1.8	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other **G**as **D**epartment **R**evenue	[redacted]	[redacted]	[redacted]	1.0	0.6	0.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	0.3	0.4	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	0.6	0.4	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	**26.5**	**26.2**	**0.3**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	**26.0**	**25.8**	**0.2**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	-	-		-	-		-	-		-	-	

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	-	-		-	-		-	-		-	-	

Columbia Gas of Kentucky -

Base Margin - Slight unfavorability due to usage

NiSource Gas Distribution
March 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			2,783.0	2,608.6	(174.3)	[redacted]			[redacted]		
Construction & Engineering				193.2	167.6	(25.6)						
Customer Operations				160.7	166.8	6.2						
President (Regulatory & Communications)				339.5	367.8	28.4						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				1,566.5	1,467.6	(99.0)						
Corporate Co 12				3,296.4	3,558.7	262.2						
Trackers				526.0	485.2	(40.8)						
Total O&M				**8,865.3**	**8,822.3**	**(43.0)**						
Total O&M Less Trackers				**8,339.4**	**8,337.1**	**(2.2)**						
	-	-		-	-		-	-		-	-	

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												
	-	-		-	-		-	-		-	-	

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY March 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	1,597.2	1,408.2	(188.9)	46.8	34.7	(12.2)	0.8	-	(0.8)
Benefits	9.2	-	(9.2)	2.5	-	(2.5)	-	-	-
Outside Services	571.2	605.0	33.8	113.8	100.5	(13.3)	0.1	-	(0.1)
Materials	171.0	192.7	21.7	13.1	9.6	(3.4)	156.6	163.9	7.3
Fleet & Equipment	363.5	297.8	(65.7)	11.1	6.6	(4.4)	-	-	-
Employee Expenses	43.8	45.7	1.9	2.9	12.7	9.8	0.2	-	(0.2)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	27.2	59.3	32.0	3.1	3.4	0.3	3.0	2.9	(0.1)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**2,783.0**	**2,608.6**	**(174.3)**	**193.2**	**167.6**	**(25.6)**	**160.7**	**166.8**	**6.2**
Total Less Trackers	**2,783.0**	**2,608.6**	**(174.3)**	**193.2**	**167.6**	**(25.6)**	**160.7**	**166.8**	**6.2**
	-	-		-	-		-	-	

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	238.9	242.0	3.1	97.7	138.9	41.1	1,981.4	1,823.7	(157.7)
Benefits	-	-	-	402.7	348.5	(54.2)	414.4	348.5	(65.9)
Outside Services	97.0	67.9	(29.1)	97.6	108.9	11.3	879.6	882.3	2.7
Materials	15.7	12.5	(3.2)	0.1	4.5	4.4	356.5	383.2	26.7
Fleet & Equipment	2.0	0.5	(1.5)	-	-	-	376.5	304.9	(71.6)
Employee Expenses	21.0	35.0	14.0	3.3	-	(3.3)	71.1	93.4	22.2
Corporate Service Fee	-	-	-	3,296.4	3,558.7	262.2	3,296.4	3,558.7	262.2
Miscellaneous/Other Expense	(35.1)	9.9	45.0	591.5	547.6	(43.9)	589.8	623.1	33.4
Uncollectibles	-	-	-	373.6	319.3	(54.3)	373.6	319.3	(54.3)
Trackers	-	-	-	526.0	485.2	(40.8)	526.0	485.2	(40.8)
Totals	**339.5**	**367.8**	**28.4**	**5,389.0**	**5,511.4**	**122.4**	**8,865.33**	**8,822.3**	**(43.0)**
Total Less Trackers	**339.5**	**367.8**	**28.4**	**4,863.0**	**5,026.2**	**163.2**	**8,339.36**	**8,337.1**	**(2.2)**
	-	-		-	-	-	-	-	

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

Labor - unfavorable by $0.2M due to Leak Odor Investigation and Maintenance of Mains $119K plant and service training $74K and Plant Regulation/Dispatching $27K

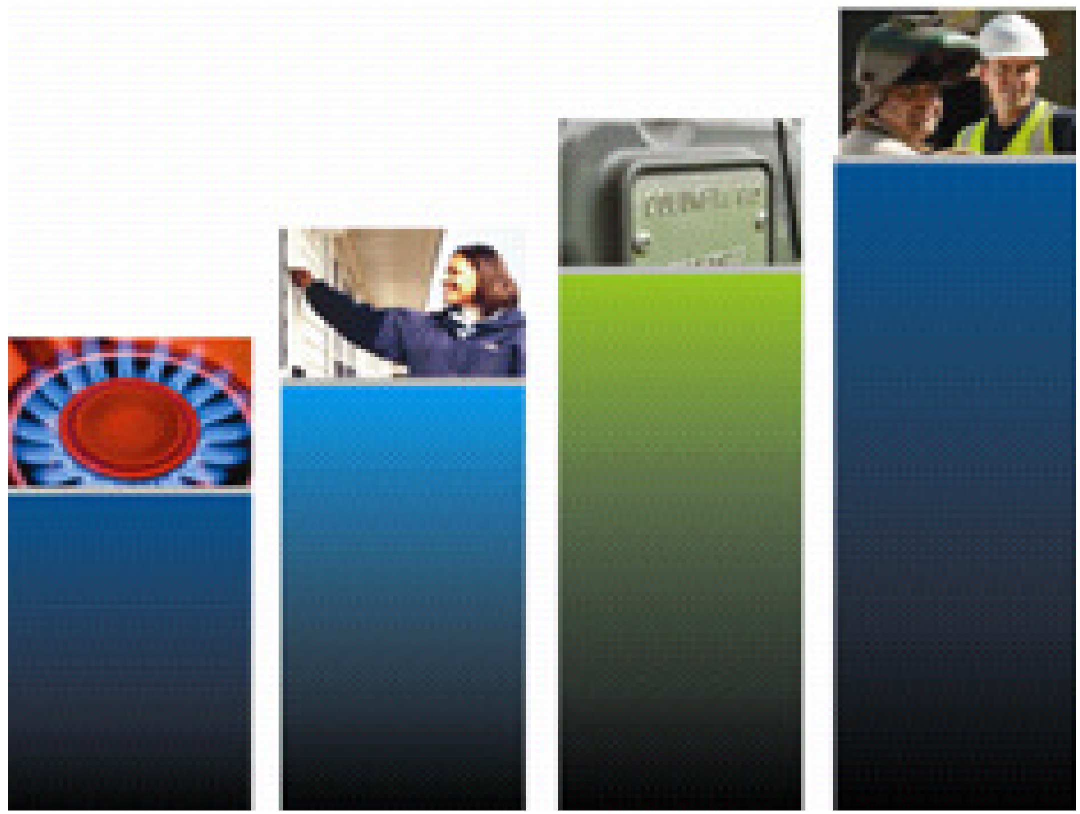
Corporate Undistributed

Corporate Service Fee - favorable $0.3M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

April 2015
Results of Operations

CKY



NiSource Gas Distribution
April 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD April 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY April YTD operating earnings of $16.4M are $0.3M over plan.

* Base margin is down by ($0.3M) and is offset by favorability in OGDR.

* O&M is on target YTD for CKY.

NiSource Gas Distribution
April 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]	[redacted]	[redacted]	31.4	31.0	0.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	11.0	11.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	2.7	2.7	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	1.3	1.2	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	16.4	16.1	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	1.8	1.8	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	0.1	0.2	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	0.0	-	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	14.7	14.4	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	5.9	5.7	(0.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	8.8	8.8	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	8.8	8.8	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
April 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Revenue	NGD Consolidated			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	27.3	27.6	(0.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	2.2	2.3	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other **G**as **D**epartment **R**evenue	[redacted]	[redacted]	[redacted]	1.4	0.7	0.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	0.4	0.4	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	0.7	0.5	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	**32.1**	**31.5**	**0.5**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	**31.4**	**31.0**	**0.4**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav)

Revenue	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]											
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - unfavorability due to usage

Other Gas Department Revenue - Continued favorability in Misc. revenue including a Demand Penalty Charge (+$213k in April)

NiSource Gas Distribution
April 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)

O&M	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Distribution Operations	[redacted]			3,861.0	3,500.3	(360.7)	[redacted]			[redacted]		
Construction & Engineering				234.6	225.5	(9.1)						
Customer Operations				212.9	222.5	9.7						
President (Regulatory & Communications)				442.3	482.2	40.0						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				1,951.7	1,919.5	(32.2)						
Corporate Co 12				4,289.2	4,691.9	402.7						
Trackers				632.2	582.3	(49.9)						
Total O&M				**11,623.9**	**11,624.3**	**0.4**						
Total O&M Less Trackers				**10,991.7**	**11,042.0**	**50.3**						
	-	-		(0.0)	0.0		-	-		-	-	

O&M	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												
	-	-		-	-		-	-		-	-	

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY April 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	2,105.2	1,879.6	(225.6)	58.2	46.2	(12.1)	(0.0)	-	0.0
Benefits	9.2	-	(9.2)	2.5	-	(2.5)	-	-	-
Outside Services	985.5	829.1	(156.4)	116.6	133.9	17.4	0.1	-	(0.1)
Materials	213.6	254.7	41.0	19.6	16.0	(3.6)	208.8	218.8	10.0
Fleet & Equipment	452.0	397.1	(54.9)	12.9	8.8	(4.2)	-	-	-
Employee Expenses	58.6	60.9	2.3	3.8	16.0	12.2	0.2	-	(0.2)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	37.1	79.0	42.0	21.0	4.6	(16.5)	3.9	3.8	(0.1)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**3,861.0**	**3,500.3**	**(360.7)**	**234.6**	**225.5**	**(9.1)**	**212.9**	**222.5**	**9.7**
Total Less Trackers	**3,861.0**	**3,500.3**	**(360.7)**	**234.6**	**225.5**	**(9.1)**	**212.9**	**222.5**	**9.7**
	-	-		-	-		-	-	

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	317.1	320.6	3.6	133.6	185.2	51.6	2,614.0	2,431.5	(182.5)
Benefits	-	-	-	503.6	464.6	(39.0)	515.3	464.6	(50.7)
Outside Services	169.4	90.5	(78.9)	123.6	150.1	26.5	1,395.1	1,203.7	(191.4)
Materials	17.3	16.7	(0.6)	0.2	6.0	5.8	459.4	512.1	52.7
Fleet & Equipment	2.5	0.7	(1.8)	-	-	-	467.4	406.5	(60.9)
Employee Expenses	23.3	45.8	22.5	5.5	-	(5.5)	91.3	122.7	31.4
Corporate Service Fee	-	-	-	4,289.2	4,691.9	402.7	4,289.2	4,691.9	402.7
Miscellaneous/Other Expense	(87.3)	7.9	95.2	746.3	727.3	(19.0)	721.0	822.6	101.6
Uncollectibles	-	-	-	438.9	386.3	(52.7)	438.9	386.3	(52.7)
Trackers	-	-	-	632.2	582.3	(49.9)	632.2	582.3	(49.9)
Totals	**442.3**	**482.2**	**40.0**	**6,873.1**	**7,193.8**	**320.6**	**11,623.90**	**11,624.3**	**0.4**
Total Less Trackers	**442.3**	**482.2**	**40.0**	**6,240.9**	**6,611.4**	**370.5**	**10,991.69**	**11,042.0**	**50.3**
	-	-		-	-	-	-	-	

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

Labor - unfavorable by $0.2M due to Leak Odor Investigation and Maintenance of Mains $119K plant and service training $74K and Plant Regulation/Dispatching $27K

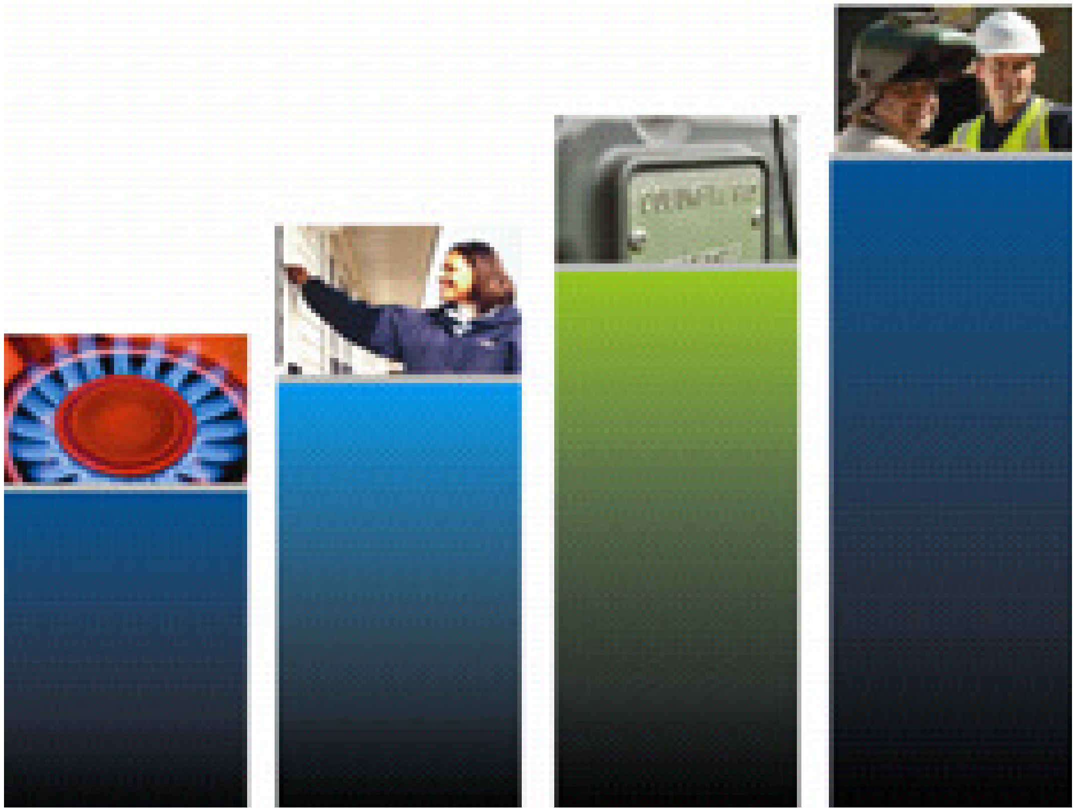
Corporate Undistributed

Corporate Service Fee - favorable $0.4M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

May 2015
Results of Operations

CKY



NiSource Gas Distribution
May 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD May 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY May YTD operating earnings of $16.4M are ($0.3M) down to plan.

* Favorability in OGDR $0.7M offset by Base Margin shortfall of ($0.6M).

* O&M is unfavorable by $0.2M driven by increased labor and outside services in field operations, partially off-set by favorability in corporate service fee.

NiSource Gas Distribution
May 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]			35.2	35.2	0.0	[redacted]			[redacted]		
O&M Expense				13.9	13.7	(0.2)						
Depreciation				3.4	3.4	(0.0)						
Other Taxes				1.6	1.5	(0.1)						
Operating Earnings				16.4	16.6	(0.2)						
Interest Exp.				2.3	2.3	0.0						
Other Income				0.2	0.2	0.0						
Earnings from Sub				0.0	-	0.0						
Operating Earnings before Tax				14.3	14.5	(0.2)						
Income Taxes				5.9	5.7	(0.2)						
Net Operating Earnings				8.4	8.8	(0.4)						
Net OE without Earnings from Sub				8.4	8.8	(0.4)						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
May 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			30.7	31.3	(0.6)	[redacted]			[redacted]		
LCR - Large Volume Customers				2.7	2.7	(0.1)						
Other **G**as **D**epartment **R**evenue				1.5	0.8	0.7						
Uncollectibles				0.4	0.4	(0.1)						
Trackers				0.8	0.6	0.2						
Total Revenue				**36.1**	**35.8**	**0.2**						
Total Revenue Less Trackers				**35.2**	**35.2**	**0.0**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - unfavorability due to usage

Other Gas Department Revenue - Continued favorability in Misc. revenue including a Demand Penalty Charge of $213k from April.

NiSource Gas Distribution
May 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			4,971.5	4,368.8	(602.7)	[redacted]			[redacted]		
Construction & Engineering				355.9	290.7	(65.3)						
Customer Operations				262.2	276.4	14.1						
President (Regulatory & Communications)				549.0	598.0	49.0						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				2,331.2	2,370.5	39.3						
Corporate Co 12				5,436.1	5,841.6	405.5						
Trackers				784.1	666.1	(118.1)						
Total O&M				**14,690.2**	**14,412.1**	**(278.1)**						
Total O&M Less Trackers				**13,906.0**	**13,746.0**	**(160.0)**						
	-	-		-	-		-	-		-	-	

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												
	-	-		-	-		-	-		-	-	

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY May 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	2,642.1	2,336.4	(305.7)	69.6	57.7	(12.0)	(0.0)	-	0.0
Benefits	9.2	-	(9.2)	2.5	-	(2.5)	-	-	-
Outside Services	1,325.4	1,045.5	(279.9)	192.9	167.3	(25.6)	0.1	-	(0.1)
Materials	268.3	315.6	47.2	50.3	29.5	(20.8)	257.3	271.4	14.1
Fleet & Equipment	561.5	496.4	(65.1)	15.5	10.9	(4.6)	-	-	-
Employee Expenses	77.2	76.2	(1.0)	4.1	19.5	15.5	0.2	-	(0.2)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	87.9	98.8	10.9	21.1	5.7	(15.3)	4.7	4.9	0.2
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**4,971.5**	**4,368.8**	**(602.7)**	**355.9**	**290.7**	**(65.3)**	**262.2**	**276.4**	**14.1**
Total Less Trackers	**4,971.5**	**4,368.8**	**(602.7)**	**355.9**	**290.7**	**(65.3)**	**262.2**	**276.4**	**14.1**
	-	-		-	-		-	-	

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	394.8	398.2	3.4	169.6	231.5	61.9	#VALUE!	#VALUE!	#VALUE!
Benefits	-	-	-	599.5	580.8	(18.7)	#VALUE!	#VALUE!	#VALUE!
Outside Services	180.3	113.2	(67.1)	141.1	188.4	47.3	#VALUE!	#VALUE!	#VALUE!
Materials	22.9	20.8	(2.0)	0.3	7.5	7.2	#VALUE!	#VALUE!	#VALUE!
Fleet & Equipment	2.9	0.8	(2.1)	(0.0)	-	0.0	#VALUE!	#VALUE!	#VALUE!
Employee Expenses	30.9	56.7	25.7	5.8	-	(5.8)	#VALUE!	#VALUE!	#VALUE!
Corporate Service Fee	-	-	-	5,436.1	5,841.6	405.5	#VALUE!	#VALUE!	#VALUE!
Miscellaneous/Other Expense	(82.9)	8.3	91.1	924.1	915.8	(8.2)	#VALUE!	#VALUE!	#VALUE!
Uncollectibles	-	-	-	490.9	446.5	(44.4)	490.9	446.5	(44.4)
Trackers	-	-	-	784.1	666.1	(118.1)	#VALUE!	#VALUE!	#VALUE!
Totals	**549.0**	**598.0**	**49.0**	**8,551.5**	**8,878.2**	**326.8**	**#VALUE!**	**#VALUE!**	**#VALUE!**
Total Less Trackers	**549.0**	**598.0**	**49.0**	**7,767.3**	**8,212.2**	**444.8**	**#VALUE!**	**#VALUE!**	**#VALUE!**
	-	-		-	-	-	#VALUE!	#VALUE!	

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

Labor - unfavorable by $0.3M due to Leak Odor Investigation and Maintenance of Mains $119K plant and service training $142K, Plant Regulation/Dispatching $27K, and Inspect critical values $11K

Outside Services - unfavorable due to plant leak repair $126K, $148K of snow removal, Line Locating True-up of $133K, and Service Leak Inspections of $19K partially offset by Plant facility protection $122K.

Corporate Undistributed

Corporate Service Fee - favorable $0.4M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

June 2015
Results of Operations

CKY

NiSource Gas Distribution
June 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD June 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY June YTD operating earnings of $15.5M are down ($1.0M) to plan.

* Base margin is down by ($1.1M) due primarily to unfavorable usage and is partially offset by favorability in OGDR.

* O&M is unfavorable by ($0.6M) driven by increased labor and outside services in field operations, partially off-set by favorability in corporate service fee

NiSource Gas Distribution
June 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

	NGD Consolidated			CKY			COH			CMD		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	38.6	38.9	(0.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	17.1	16.5	(0.6)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	4.1	4.1	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	1.9	1.8	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	15.5	16.5	(1.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	2.8	2.8	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	(0.7)	0.2	(0.9)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	0.0	-	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	12.0	13.9	(1.9)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	5.2	5.5	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	6.8	8.4	(1.6)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	6.8	8.4	(1.6)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

Fav / (Unfav)

	CPA			CGV			CMA			NGD Adj.		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

[redacted]

Columbia Gas of Kentucky Highlights

[redacted]

NiSource Gas Distribution
June 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Revenue	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate activity)	[redacted]			33.3	34.4	(1.1)	[redacted]			[redacted]		
LCR - Large Volume Customers				3.3	3.1	0.2						
Other **G**as **D**epartment **R**evenue				1.6	0.9	0.7						
Uncollectibles				0.3	0.4	(0.1)						
Trackers				0.9	0.6	0.2						
Total Revenue				**39.5**	**39.5**	**(0.1)**						
Total Revenue Less Trackers				**38.6**	**38.9**	**(0.3)**						
	-	-		-	-		-	-		-	-	

Fav / (Unfav)

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												
	-	-		-	-		-	-		-	-	

Columbia Gas of Kentucky -

Base Margin - unfavorability due to usage

Other Gas Department Revenue - Continued favorability in Misc. revenue including a Demand Penalty Charge of $213k from April.

NiSource Gas Distribution
June 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			6,154.4	5,247.3	(907.1)	[redacted]			[redacted]		
Construction & Engineering				363.6	354.1	(9.5)						
Customer Operations				316.4	335.8	19.4						
President (Regulatory & Communications)				705.0	708.0	3.0						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				2,789.5	2,791.3	1.8						
Corporate Co 12				6,792.3	7,061.3	269.0						
Trackers				845.7	736.8	(108.8)						
Total O&M				**17,966.8**	**17,234.6**	**(732.1)**						
Total O&M Less Trackers				**17,121.1**	**16,497.8**	**(623.3)**						
	-	-		-	-		-	-		-	-	

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												
	-	-		-	-		-	-		-	-	

Key Business Drivers - Columbia Gas of Kentucky

[redacted]

NiSource Gas Distribution
CKY June 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	3,212.7	2,785.6	(427.1)	79.4	69.3	(10.1)	(0.0)	-	0.0
Benefits	9.3	-	(9.3)	2.5	-	(2.5)	-	-	-
Outside Services	1,658.6	1,270.2	(388.4)	173.8	201.1	27.3	0.1	-	(0.1)
Materials	382.1	384.8	2.7	63.2	38.0	(25.2)	310.7	330.0	19.3
Fleet & Equipment	702.7	595.6	(107.1)	18.1	13.3	(4.8)	-	-	-
Employee Expenses	107.1	91.8	(15.3)	5.2	25.5	20.3	0.2	-	(0.2)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	81.9	119.2	37.3	21.5	6.9	(14.6)	5.5	5.8	0.3
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**6,154.4**	**5,247.3**	**(907.1)**	**363.6**	**354.1**	**(9.5)**	**316.4**	**335.8**	**19.4**
Total Less Trackers	**6,154.4**	**5,247.3**	**(907.1)**	**363.6**	**354.1**	**(9.5)**	**316.4**	**335.8**	**19.4**
	-	-		-	-		-	-	

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	485.7	467.6	(18.1)	218.8	277.7	58.9	3,996.6	3,600.3	(396.3)
Benefits	-	-	-	734.7	697.0	(37.7)	746.5	697.0	(49.5)
Outside Services	208.1	135.8	(72.3)	186.9	224.7	37.8	2,227.4	1,831.8	(395.6)
Materials	28.2	25.0	(3.2)	3.3	9.0	5.7	787.5	786.8	(0.6)
Fleet & Equipment	3.8	1.0	(2.8)	(0.0)	-	0.0	724.6	609.9	(114.6)
Employee Expenses	45.1	70.0	24.9	5.8	-	(5.8)	163.4	187.3	23.9
Corporate Service Fee	-	-	-	6,792.3	7,061.3	269.0	6,792.3	7,061.3	269.0
Miscellaneous/Other Expense	(65.8)	8.6	74.4	1,108.0	1,095.4	(12.6)	1,151.1	1,235.9	84.8
Uncollectibles	-	-	-	531.9	487.5	(44.4)	531.9	487.5	(44.4)
Trackers	-	-	-	845.7	736.8	(108.8)	845.7	736.8	(108.8)
Totals	**705.0**	**708.0**	**3.0**	**10,427.4**	**10,589.5**	**162.0**	**17,966.79**	**17,234.6**	**(732.1)**
Total Less Trackers	**705.0**	**708.0**	**3.0**	**9,581.7**	**9,852.6**	**270.9**	**17,121.11**	**16,497.8**	**(623.3)**
	-	-		-	-	-	-	-	

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

Labor - unfavorable by $0.3M due to Leak Odor Investigation and Maintenance of Mains $119K plant and service training $142K, Plant Regulation/Dispatching $27K, and Inspect critical values $11K

Outside Services - Plant facility protection ($122K), off-set by $126K of plant leak repair, and $148K of snow removal, and a Line Locating True-up of $133K, and Service Leak Inspections of $19K

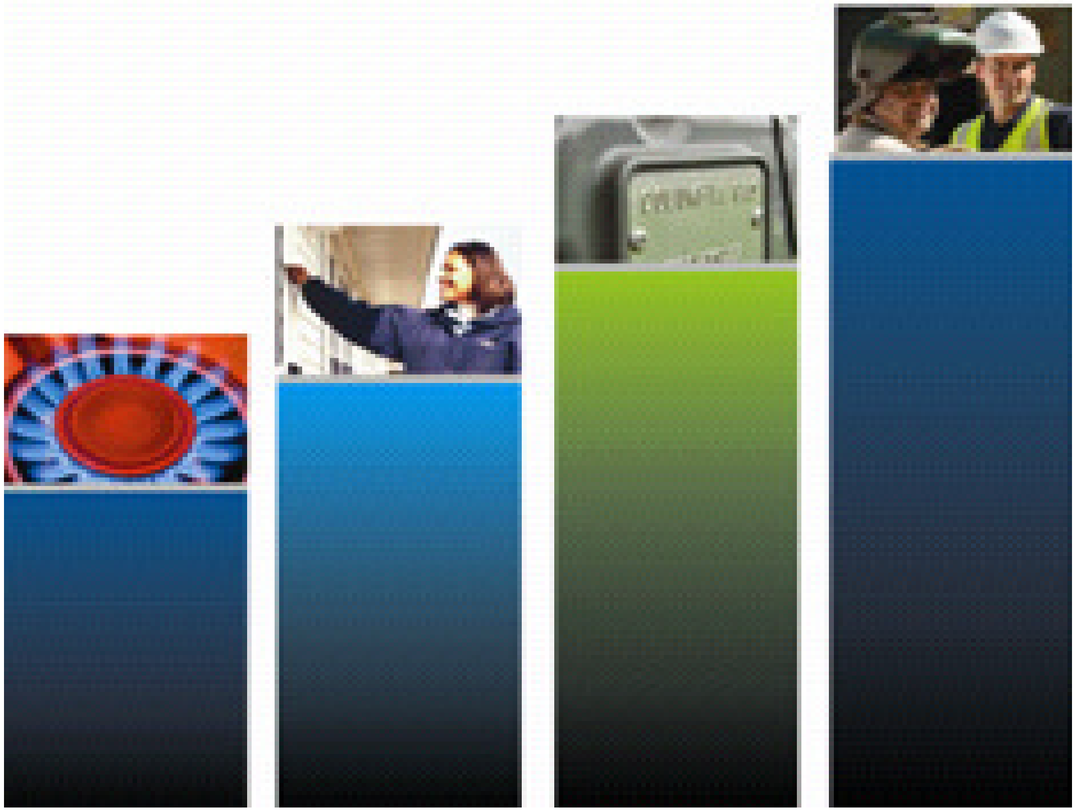
Corporate Undistributed

Corporate Service Fee - favorable $0.4M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

July 2015
Results of Operations

CKY



NiSource Gas Distribution
July 2015 Reporting Package
Table of Contents

Gas Distribution (East)
July 2015 YTD Operating Earnings vs. 3&9 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	Gas Distribution (East) Actuals / Budget / Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals / Budget / Variance	CMD Actuals / Budget / Variance
Net Revenues	[redacted]	3.6	3.7	(0.0)	[redacted]	[redacted]
O&M Expense		2.6	2.8	0.2		
Depreciation		0.7	0.7	0.0		
Other Taxes		0.3	0.3	(0.0)		
Operating Earnings		0.1	(0.1)	0.2		
Interest Exp.		0.5	0.5	(0.0)		
Other Income		0.8	0.0	0.7		
Earnings from Sub		(0.0)	-	(0.0)		
Operating Earnings before Tax		0.4	(0.5)	0.9		
Income Taxes		0.2	(0.2)	(0.4)		
Net Operating Earnings		0.1	(0.3)	0.5		
Net OE without Earnings from Sub		0.1	(0.3)	0.5		

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA Actuals / Budget / Variance	CGV Actuals / Budget / Variance	CMA Actuals / Budget / Variance	NGD Adj. Actuals / Budget / Variance
Net Revenues	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense				
Depreciation				
Other Taxes				
Operating Earnings				
Interest Exp.				
Other Income				
Earnings from Sub				
Operating Earnings before Tax				
Income Taxes				
Net Operating Earnings				
Net OE without Earnings from Sub				

* All Values Less Trackers

[redacted]

Columbia Gas of Kentucky Highlights

OE Actual vs. Goal - CKY July operating earnings of $0.1M. This is $0.2M favorable to the 3&9 budget

YTD **Revenue** is flat to plan

YTD **O&M** is $0.2M favorable primarily due to corporate service fee

YTD **Other Income** is $0.7M favorable due to July reclass of loss on TCO POD asset transfer booked in June

Gas Distribution (East)
July 2015 YTD Revenue vs. 3&9 Budget
By Company ($M)

Fav / (Unfav)

Revenue	Gas Distribution (East)			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	3.2	3.2	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	0.4	0.4	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other **G**as **D**epartment **R**evenue	[redacted]	[redacted]	[redacted]	0.1	0.1	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	(0.0)	(0.0)	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	0.1	0.1	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	**3.7**	**3.8**	**(0.1)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	**3.6**	**3.7**	**(0.0)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav)

Revenue	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Columbia Gas of Kentucky -

- Total Revenue is flat to plan for the month of July

Gas Distribution (East)
July 2015 YTD O&M Variances vs. 3&9 Budget
By Company ($000)

Fav / (Unfav)

O&M	[redacted]	CKY Actuals	CKY Budget	CKY Variance	[redacted]	[redacted]
Gas Operations		897.5	848.7	(48.8)		
Construction & Engineering		22.1	63.8	41.7		
Customer Operations		53.1	65.3	12.2		
President (Regulatory & Communications)		89.9	128.2	38.3		
Other		-	-	-		
Corporate Undistributed (w/o Co 12)		451.5	422.1	(29.4)		
Corporate Co 12		1,053.8	1,244.8	191.0		
Trackers		85.4	123.2	37.9		
Total O&M		**2,653.3**	**2,896.2**	**242.9**		
Total O&M Less Trackers		**2,567.9**	**2,773.0**	**205.0**		

O&M	[redacted]	[redacted]	[redacted]	[redacted]
Gas Operations				
Construction & Engineering				
Customer Operations				
President (Regulatory & Communications)				
Other				
Corporate Undistributed (w/o Co 12)				
Corporate Co 12				
Trackers				
Total O&M				
Total O&M Less Trackers				

Gas Distribution (East)
July 2015 YTD O&M Variances vs. 3&9 Budget
Operations O&M ($000)

032

Fav / (Unfav)	Distribution Operations YTD Actuals	Distribution Operations YTD Plan	Distribution Operations YTD Variance	Construction Operations YTD Actuals	Construction Operations YTD Plan	Construction Operations YTD Variance	Customer Operations YTD Actuals	Customer Operations YTD Plan	Customer Operations YTD Variance
Labor	495.8	425.6	(70.2)	7.7	11.5	3.8	1.0	-	(1.0)
Benefits	-	-	-	-	-	-	-	-	-
Outside Services	219.4	217.4	(2.1)	8.5	33.4	24.9	-	-	-
Materials	63.4	71.2	7.7	4.5	12.0	7.4	51.2	64.5	13.3
Fleet & Equipment	119.3	99.3	(20.0)	1.3	2.1	0.8	-	-	-
Employee Expenses	13.3	15.5	2.2	0.2	3.7	3.6	-	-	-
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	(13.7)	19.8	33.5	0.0	1.1	1.1	0.9	0.8	(0.1)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**897.5**	**848.7**	**(48.8)**	**22.1**	**63.8**	**41.7**	**53.1**	**65.3**	**12.2**
Total Less Trackers	**897.5**	**848.7**	**(48.8)**	**22.1**	**63.8**	**41.7**	**53.1**	**65.3**	**12.2**

Fav / (Unfav)	Presidential Operations YTD Actuals	Presidential Operations YTD Plan	Presidential Operations YTD Variance	Corporate Undistributed/Corp. Service Fee YTD Actuals	Corporate Undistributed/Corp. Service Fee YTD Plan	Corporate Undistributed/Corp. Service Fee YTD Variance	Total CKY YTD Actuals	Total CKY YTD Plan	Total CKY YTD Variance
Labor	77.9	86.1	8.3	91.3	47.0	(44.3)	673.6	570.3	(103.4)
Benefits	-	-	-	118.7	105.5	(13.2)	118.7	105.5	(13.2)
Outside Services	11.0	26.6	15.5	11.8	32.1	20.3	250.8	309.4	58.7
Materials	5.6	4.2	(1.4)	(2.6)	1.5	4.1	122.2	153.3	31.1
Fleet & Equipment	0.2	0.2	(0.0)	-	-	-	120.8	101.5	(19.2)
Employee Expenses	7.9	10.8	2.9	1.7	-	(1.7)	23.0	30.1	7.1
Corporate Service Fee	-	-	-	1,053.8	1,244.8	191.0	1,053.8	1,244.8	191.0
Miscellaneous/Other Expense	(12.7)	0.4	13.1	188.4	186.9	(1.5)	162.8	209.0	46.2
Uncollectibles	-	-	-	42.2	49.0	6.8	42.2	49.0	6.8
Trackers	-	-	-	85.4	123.2	37.9	85.4	123.2	37.9
Totals	**89.9**	**128.2**	**38.3**	**1,590.7**	**1,790.1**	**199.5**	**2,653.3**	**2,896.2**	**242.9**
Total Less Trackers	**89.9**	**128.2**	**38.3**	**1,505.3**	**1,666.9**	**161.6**	**2,567.9**	**2,773.0**	**205.0**

Key O&M Drivers
Distribution Operations
- **Labor -** unfavorable ($0.07M) due to one week of suspended labor. This is due to the month ending on a Friday.

Corporate Undistributed
- **Labor -** unfavorable ($0.04M) due to a CIP true-up from CL 2015-39
- **Corporate Service Fee -** favorable $0.2M primarily due to the timing of actuals vs. budget spread for unidentified projects

August CKY Financial Detail

NiSource®

Table of Contents

August 2015 2H YTD Operating Earnings vs. 3&9 Budget

Fav / (Unfav):in Millions

Operating Earnings*	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]	[redacted]	[redacted]	7.3	7.2	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	5.3	5.7	0.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	1.4	1.4	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	0.6	0.6	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	(0.0)	(0.5)	0.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	1.0	0.9	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	0.8	0.1	0.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	(0.0)	-	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	(0.2)	(1.3)	1.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	0.1	(0.4)	(0.6)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	(0.3)	(0.9)	0.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	(0.3)	(0.9)	0.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

Fav / (Unfav):in Millions

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]											
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

Columbia Gas of Kentucky Highlights

OE Actual vs. Goal - CKY YTD operating earnings of $0.0M is $0.4M favorable to the 3&9 budget

YTD **Revenue** is flat to budget

YTD **O&M** is $0.4M favorable primarily due to under-runs in Corporate Service Fee

YTD **Other Income** $0.7M favorable due to July reclass of loss on TCO POD asset transfer booked in June.

NiSource

August 2015 2H YTD Revenue vs. 3&9 Budget

Fav / (Unfav): in Millions

Revenue	Gas Distribution (East)			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			6.3	6.3	(0.0)	[redacted]			[redacted]		
LCR - Large Volume Customers				0.9	0.8	0.0						
Other Gas Department Revenue				0.1	0.1	0.0						
Uncollectibles				(0.0)	(0.0)	0.0						
Trackers				0.1	0.2	(0.1)						
Total Revenue				**7.4**	**7.5**	**(0.0)**						
Total Revenue Less Trackers				**7.3**	**7.2**	**0.0**						

Fav / (Unfav): in Millions

Revenue	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

[redacted]

Columbia Gas of Kentucky Highlights
Revenue is flat to plan

NiSource

August 2015 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
August 2015 YTD O&M Variances vs. 3&9 Budget
By Company ($000)

Fav / (Unfav): in Thousands

	Gas Distribution (East)			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Gas Operations	[redacted]	[redacted]	[redacted]	1,760.3	1,799.7	39.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	79.2	123.0	43.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	104.2	120.8	16.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	205.5	257.9	52.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	839.2	851.7	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	2,268.4	2,514.5	246.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	157.0	234.4	77.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	**5,413.7**	**5,901.9**	**488.2**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	**5,256.8**	**5,667.5**	**410.7**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav): in Thousands

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Gas Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

Columbia Gas of Kentucky Highlights

Favorable O&M variance of $0.4M is driven by:

- **Corp Co.12 / Corp Undistributed and Other-** Favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

NiSource®

August 2015 CKY 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
August 2015 YTD O&M Variances vs. 3&9 Budget
Operations O&M ($000)

032

Fav / (Unfav): in Thousands

O&M	Distribution Operations			Construction Operations			Customer Operations		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Labor	962.3	904.4	(57.9)	21.6	23.0	1.4	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Outside Services	409.7	471.9	62.3	41.3	66.8	25.5	-	-	-
Materials	140.6	154.3	13.7	10.0	19.4	9.4	102.3	119.1	16.8
Fleet & Equipment	244.9	198.5	(46.3)	4.7	4.7	0.0	-	-	-
Employee Expenses	37.3	31.0	(6.2)	0.3	6.8	6.5	-	-	-
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	(34.4)	39.5	73.9	1.3	2.3	1.0	1.8	1.7	(0.2)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**1,760.3**	**1,799.7**	**39.4**	**79.2**	**123.0**	**43.8**	**104.2**	**120.8**	**16.6**
Total Less Trackers	**1,760.3**	**1,799.7**	**39.4**	**79.2**	**123.0**	**43.8**	**104.2**	**120.8**	**16.6**

Fav / (Unfav): in Thousands

O&M	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Labor	170.8	177.6	6.8	128.2	94.0	(34.2)	1,282.9	1,199.1	(83.9)
Benefits	-	-	-	224.7	211.1	(13.6)	224.7	211.1	(13.6)
Outside Services	25.2	49.2	24.0	40.3	64.2	24.0	516.4	652.1	135.7
Materials	8.7	8.3	(0.4)	(2.0)	3.0	5.0	259.7	304.2	44.5
Fleet & Equipment	(1.3)	0.3	1.6	-	-	-	248.3	203.6	(44.7)
Employee Expenses	17.7	21.7	3.9	2.8	-	(2.8)	58.1	59.5	1.4
Corporate Service Fee	-	-	-	2,268.4	2,514.5	246.0	2,268.4	2,514.5	246.0
Miscellaneous/Other Expense	(15.7)	0.7	16.4	378.0	376.0	(1.9)	330.9	420.2	89.3
Uncollectibles	-	-	-	67.2	103.3	36.1	67.2	103.3	36.1
Trackers	-	-	-	157.0	234.4	77.5	157.0	234.4	77.5
Totals	**205.5**	**257.9**	**52.4**	**3,264.6**	**3,600.6**	**336.0**	**5,413.7**	**5,901.9**	**488.2**
Total Less Trackers	**205.5**	**257.9**	**52.4**	**3,107.6**	**3,366.1**	**258.5**	**5,256.8**	**5,667.5**	**410.7**

Key O&M Drivers

Corporate Undistributed
- **Labor -** unfavorable ($0.05M) due to a CIP true-up from CL 2015-39
- **Corporate Service Fee -** favorable $0.2M primarily due to the timing of actuals vs. budget spread for unidentified projects

NiSource®

September CKY Financial Detail

Table of Contents

September 2015 2H YTD Operating Earnings vs. 3&9 Budget

Gas Distribution (East)
September 2015 YTD Operating Earnings vs. 3&9 Budget
By Company ($M)

Fav / (Unfav): in Millions

	Gas Distribution (East)			CKY			COH			CMD		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			11.0	10.9	0.2	[redacted]			[redacted]		
O&M Expense				8.0	8.4	0.4						
Depreciation				2.1	2.1	0.0						
Other Taxes				0.9	0.9	(0.0)						
Operating Earnings				(0.0)	(0.5)	0.5						
Interest Exp.				1.4	1.4	0.0						
Other Income				0.8	0.1	0.7						
Earnings from Sub				(0.0)	-	(0.0)						
Operating Earnings before Tax				(0.6)	(1.8)	1.2						
Income Taxes				0.0	(0.6)	(0.6)						
Net Operating Earnings				(0.6)	(1.2)	0.6						
Net OE without Earnings from Sub				(0.6)	(1.2)	0.6						

* All Values Less Trackers

Fav / (Unfav): in Millions

	CPA			CGV			CMA			East Adj. Co.		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

Columbia Gas of Kentucky Highlights

OE Actual vs. Goal - CKY YTD operating loss of ($0.0M) is $0.5M favorable to the 3&9 budget

YTD **Revenue** is $0.2M favorable primarily driven by favorable LCR

YTD **O&M** is $0.4M favorable primarily due to under-runs in Corporate Service Fee

YTD **Other Income** $0.7M favorable primarily due to July reclass of loss on TCO POD asset transfer booked in June.

NiSource

September 2015 2H YTD Revenue vs. 3&9 Budget

Fav / (Unfav):in Millions	Gas Distribution (East)			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			9.5	9.5	-	[redacted]			[redacted]		
LCR - Large Volume Customers				1.3	1.2	0.1						
Other Gas Department Revenue				0.2	0.2	-						
Uncollectibles				-	-	-						
Trackers				0.2	0.3	(0.1)						
Total Revenue				**11.2**	**11.2**	**0.0**						
Total Revenue Less Trackers				**11.0**	**10.9**	**0.2**						

Fav / (Unfav):in Millions	CPA			CGV			CMA			East Adj. Co.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

[redacted]

Columbia Gas of Kentucky Highlights

Favorable Revenue variance of $0.2M is driven by:

Slightly favorable LCR

NiSource®

September 2015 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
September 2015 YTD O&M Variances vs. 3&9 Budget
By Company ($000)

Fav / (Unfav): in Thousands

O&M	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Gas Operations	[redacted]	[redacted]	[redacted]	2,688.6	2,626.3	(62.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	140.5	180.1	39.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	155.1	181.0	26.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	345.7	389.4	43.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	1,174.7	1,232.3	57.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	3,507.6	3,784.4	276.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	217.4	356.8	139.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	**8,229.6**	**8,750.2**	**520.7**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	**8,012.2**	**8,393.4**	**381.2**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav): in Thousands

O&M	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	East Adj. Co Actuals	East Adj. Co Budget	East Adj. Co Variance
Gas Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Columbia Gas of Kentucky Highlights

Favorable O&M variance of $0.4M is driven by:

- **Corp Co.12 / Corp Undistributed and Other-** Favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

September 2015 CKY 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
September 2015 YTD O&M Variances vs. 3&9 Budget
Operations O&M ($000)

032

Fav / (Unfav): in Thousands

O&M	Distribution Operations Actuals	Distribution Operations Budget	Distribution Operations Variance	Construction Operations Actuals	Construction Operations Budget	Construction Operations Variance	Customer Operations Actuals	Customer Operations Budget	Customer Operations Variance
Labor	1,419.9	1,325.3	(94.5)	29.9	34.7	4.8	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Outside Services	679.7	684.4	4.7	83.6	100.5	17.0	-	-	-
Materials	212.5	212.9	0.5	16.0	23.4	7.4	152.3	178.5	26.2
Fleet & Equipment	350.0	297.8	(52.2)	6.2	7.2	1.0	-	-	-
Employee Expenses	47.9	46.6	(1.3)	0.4	10.8	10.4	-	-	-
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	(21.4)	59.3	80.6	4.5	3.4	(1.0)	2.7	2.6	(0.2)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**2,688.6**	**2,626.3**	**(62.3)**	**140.5**	**180.1**	**39.5**	**155.1**	**181.0**	**26.0**
Total Less Trackers	**2,688.6**	**2,626.3**	**(62.3)**	**140.5**	**180.1**	**39.5**	**155.1**	**181.0**	**26.0**

Fav / (Unfav): in Thousands

O&M	Presidential Operations Actuals	Presidential Operations Budget	Presidential Operations Variance	Corporate Undistributed/Corp. Service Fee Actuals	Corporate Undistributed/Corp. Service Fee Budget	Corporate Undistributed/Corp. Service Fee Variance	Total CKY Actuals	Total CKY Budget	Total CKY Variance
Labor	264.8	263.7	(1.2)	165.2	141.1	(24.1)	1,879.8	1,764.7	(115.0)
Benefits	-	-	-	319.2	316.6	(2.5)	319.2	316.6	(2.5)
Outside Services	41.0	76.6	35.6	68.5	96.4	27.9	872.8	957.9	85.1
Materials	13.3	12.5	(0.8)	(1.8)	4.5	6.3	392.3	431.8	39.5
Fleet & Equipment	(1.0)	0.5	1.5	-	-	-	355.2	305.5	(49.7)
Employee Expenses	26.3	35.0	8.7	3.3	-	(3.3)	77.9	92.4	14.5
Corporate Service Fee	-	-	-	3,507.6	3,784.4	276.8	3,507.6	3,784.4	276.8
Miscellaneous/Other Expense	1.3	1.1	(0.2)	538.4	521.5	(16.9)	525.5	587.8	62.3
Uncollectibles	-	-	-	82.0	152.3	70.3	82.0	152.3	70.3
Trackers	-	-	-	217.4	356.8	139.4	217.4	356.8	139.4
Totals	**345.7**	**389.4**	**43.6**	**4,899.7**	**5,373.4**	**473.7**	**8,229.6**	**8,750.2**	**520.7**
Total Less Trackers	**345.7**	**389.4**	**43.6**	**4,682.3**	**5,016.6**	**334.3**	**8,012.2**	**8,393.4**	**381.2**

Key O&M Drivers

Gas Operations

- **Labor -** unfavorable ($0.1M) due to suspended labor in September as well as small over-runs for Maintenance on Mains and Training.

Corporate Undistributed

- **Labor -** unfavorable ($0.1M) due to a CIP true-up from CL 2015-39
- **Corporate Service Fee -** favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

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October CKY Financial Detail

Table of Contents

October 2015 2H YTD Operating Earnings vs. 3&9 Budget

Gas Distribution (East)
October 2015 YTD Operating Earnings vs. 3&9 Budget
By Company ($M)

Fav / (Unfav): in Millions

	Gas Distribution (East)			CKY			COH			CMD		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			15.5	15.7	(0.2)	[redacted]			[redacted]		
O&M Expense				10.8	11.2	0.4						
Depreciation				2.8	2.8	0.0						
Other Taxes				1.2	1.2	(0.0)						
Operating Earnings				0.6	0.4	0.2						
Interest Exp.				1.9	2.0	0.1						
Other Income				0.9	0.2	0.7						
Earnings from Sub				(0.0)	-	(0.0)						
Operating Earnings before Tax				(0.5)	(1.4)	1.0						
Income Taxes				0.3	(0.4)	(0.7)						
Net Operating Earnings				(0.7)	(1.0)	0.3						
Net OE without Earnings from Sub				(0.7)	(1.0)	0.3						

* All Values Less Trackers

Fav / (Unfav): in Millions

	CPA			CGV			CMA			Adj.		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

Columbia Gas of Kentucky Highlights

OE Actual vs. Goal - CKY YTD operating earnings of $0.6M is $0.2M favorable to the 3&9 budget

YTD **Revenue** is ($0.2M) unfavorable primarily driven by Base Margin

YTD **O&M** is $0.4M favorable primarily due to timing in Corporate Service Fee

YTD **Other Income** $0.7M favorable primarily due to July reclass of loss on TCO POD asset transfer booked in June.

October 2015 2H YTD Revenue vs. 3&9 Budget

Fav / (Unfav):in Millions

Revenue	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	13.5	13.8	(0.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	1.8	1.7	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	0.2	0.2	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	0.3	0.5	(0.2)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	**15.8**	**16.2**	**(0.5)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	**15.5**	**15.7**	**(0.2)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav):in Millions

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	Adj. Actuals	Adj. Budget	Adj. Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

Columbia Gas of Kentucky Highlights
Unfavorable Revenue variance of ($0.2M) is driven by:
Base Margin: unfavorable due to usage

October 2015 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
October 2015 YTD O&M Variances vs. 3&9 Budget
By Company ($000)

Fav / (Unfav): in Thousands

	Gas Distribution (East)			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Gas Operations	[redacted]			3,660.1	3,527.3	(132.8)	[redacted]			[redacted]		
Construction & Engineering				185.7	237.7	52.0						
Customer Operations				210.1	237.4	27.4						
President (Regulatory & Communications)				465.9	555.3	89.4						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				1,527.5	1,619.9	92.3						
Corporate Service Fee				4,772.1	5,050.3	278.2						
Trackers				304.3	564.5	260.3						
Total O&M				**11,125.7**	**11,792.4**	**666.8**						
Total O&M Less Trackers				**10,821.4**	**11,227.9**	**406.5**						

Fav / (Unfav): in Thousands

	CPA			CGV			CMA			Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Gas Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Service Fee												
Trackers												
Total O&M												
Total O&M Less Trackers												

Columbia Gas of Kentucky Highlights
Favorable O&M variance of $0.4M is driven by:
- **Corporate Service Fee-** Favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

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October 2015 CKY 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
October 2015 YTD O&M Variances vs. 3&9 Budget
Operations O&M ($000)

032

Fav / (Unfav): in Thousands

O&M	Distribution Operations			Construction Operations			Customer Operations		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Labor	1,893.3	1,806.1	(87.2)	32.5	46.2	13.7	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Outside Services	998.0	903.3	(94.7)	113.7	133.9	20.3	-	-	-
Materials	284.0	279.7	(4.4)	28.0	28.7	0.7	206.3	233.8	27.5
Vehicle & Tools Costs	453.0	397.1	(55.9)	6.6	10.1	3.5	-	-	-
Employee Expenses	64.0	62.1	(1.9)	0.5	14.2	13.7	-	-	-
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	(32.2)	79.0	111.2	4.5	4.6	0.1	3.8	3.6	(0.2)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**3,660.1**	**3,527.3**	**(132.8)**	**185.7**	**237.7**	**52.0**	**210.1**	**237.4**	**27.4**
Total Less Trackers	**3,660.1**	**3,527.3**	**(132.8)**	**185.7**	**237.7**	**52.0**	**210.1**	**237.4**	**27.4**

Fav / (Unfav): in Thousands

O&M	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Labor	358.6	353.9	(4.6)	202.1	188.1	(14.0)	2,486.4	2,394.3	(92.1)
Benefits	-	-	-	425.7	422.2	(3.6)	425.7	422.2	(3.6)
Outside Services	55.9	99.3	43.3	86.3	128.5	42.1	1,254.0	1,265.0	11.0
Materials	17.1	16.7	(0.4)	(1.8)	6.0	7.8	533.7	564.9	31.2
Vehicle & Tools Costs	(0.9)	0.7	1.5	-	-	-	458.7	407.9	(50.9)
Employee Expenses	38.7	65.8	27.1	3.9	-	(3.9)	107.0	142.1	35.1
Corporate Service Fee	-	-	-	4,772.1	5,050.3	278.2	4,772.1	5,050.3	278.2
Miscellaneous/Other Expense	(3.6)	18.9	22.5	707.3	675.9	(31.4)	679.7	782.0	102.3
Uncollectibles	-	-	-	104.0	199.3	95.3	104.0	199.3	95.3
Trackers	-	-	-	304.3	564.5	260.3	304.3	564.5	260.3
Totals	**465.9**	**555.3**	**89.4**	**6,603.9**	**7,234.7**	**630.8**	**11,125.7**	**11,792.4**	**666.8**
Total Less Trackers	**465.9**	**555.3**	**89.4**	**6,299.6**	**6,670.2**	**370.5**	**10,821.4**	**11,227.9**	**406.5**

Key O&M Drivers

Corporate Undistributed
- **Labor -** unfavorable ($0.1M) due to a CIP true-up from CL 2015-39
- **Corporate Service Fee -** favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

November 2015 MTD

Actual	CKY
Net Revenues	$ 6.0
O&M Expense	(3.1)
Depreciation	(0.7)
Other Taxes	(0.3)
Operating Earnings	**$ 1.9**

3&9 Plan	CKY
Net Revenues	$ 6.3
O&M Expense	(2.9)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 2.3**

Variance	CKY
Net Revenues	$ (0.3)
O&M Expense	(0.2)
Depreciation	-
Other Taxes	0.1
Operating Earnings	**$ (0.4)**

MTD Variance Explanations

CKY MTD operating income of $1.9M is ($0.4M) unfavorable to the 3&9 budget

MTD Revenue is ($0.3M) unfavorable due primarily to usage

MTD O&M Expense is ($0.2M) unfavorable due to increased Corporate Services Fee

2H 2015 YTD

Actual	CKY
Net Revenues	$ 21.5
O&M Expense	(13.9)
Depreciation	(3.5)
Other Taxes	(1.6)
Operating Earnings	**$ 2.5**

3&9 Plan	CKY
Net Revenues	$ 22.0
O&M Expense	(14.2)
Depreciation	(3.6)
Other Taxes	(1.6)
Operating Earnings	**$ 2.6**

Variance	CKY
Net Revenues	$ (0.5)
O&M Expense	0.3
Depreciation	0.1
Other Taxes	-
Operating Earnings	**$ (0.1)**

Note: Categories are net of Trackers

2H 2015 YTD Variance Explanations

CKY YTD operating earnings of $2.5M is ($0.1M) unfavorable to the 3&9 budget

YTD Revenue is ($0.5M) unfavorable due primarily to usage

YTD O&M is $0.3M favorable primarily due to Corporate Service Fee

Cash Flow

November 2015 MTD	
Actual	**CKY**
Net Operating Earnings	**$ 1.3**
Weather (Compared to Normal)	(0.3)
Other Reconciling Items to GAAP	0.1
Net Income (Loss) - GAAP	**$ 1.1**
Depreciation & Amortization	0.7
Deferred Income Taxes and Investment Tax Credits	0.4
Regulatory Assets/Liabilities	(0.3)
Postretirement and Postemployment Benefits	(0.1)
Other Items	-
Funds From Operations	**$ 1.8**
Changes in Working Capital	(1.0)
Cash From Operations - GAAP	**$ 0.8**
3&9 Plan	**CKY**
Net Operating Earnings	**$ 1.2**
Weather (Compared to Normal)	-
Other Reconciling Items to GAAP	-
Net Income (Loss) - GAAP	**$ 1.2**
Depreciation & Amortization	0.7
Deferred Income Taxes and Investment Tax Credits	0.3
Regulatory Assets/Liabilities	-
Postretirement and Postemployment Benefits	-
Other Items	-
Funds From Operations	**$ 2.2**
Changes in Working Capital	0.2
Cash From Operations - GAAP	**$ 2.4**
Variance	**CKY**
Net Operating Earnings	**$ 0.1**
Weather (Compared to Normal)	(0.3)
Other Reconciling Items to GAAP	0.1
Net Income (Loss) - GAAP	**$ (0.1)**
Depreciation & Amortization	-
Deferred Income Taxes and Investment Tax Credits	0.1
Regulatory Assets/Liabilities	(0.3)
Postretirement and Postemployment Benefits	(0.1)
Other Items	-
Funds From Operations	**$ (0.4)**
Changes in Working Capital	(1.2)
Cash From Operations - GAAP	**$ (1.6)**

MTD Variance Explanations
Working Capital variance primariliy due to increases in AR and decreases in AP over plan

Cash Flow

2H 2015 YTD			2H 2015 YTD Variance Explanations
Actual		**CKY**	
Net Operating Earnings	**$**	**1.8**	
Weather (Compared to Normal)		(0.4)	
Other Reconciling Items to GAAP		(0.3)	
Net Income (Loss) - GAAP	**$**	**1.1**	
Depreciation & Amortization		3.5	
Deferred Income Taxes and Investment Tax Credits		0.9	
Regulatory Assets/Liabilities		(1.2)	
Postretirement and Postemployment Benefits		(0.3)	
Other Items		(0.1)	
Funds From Operations	**$**	**3.9**	
Changes in Working Capital		(0.5)	
Cash From Operations - GAAP	**$**	**3.4**	
3&9 Plan		**CKY**	
Net Operating Earnings	**$**	**0.6**	
Weather (Compared to Normal)		-	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**0.6**	
Depreciation & Amortization		3.6	
Deferred Income Taxes and Investment Tax Credits		1.6	
Regulatory Assets/Liabilities		0.2	
Postretirement and Postemployment Benefits		(0.3)	
Other Items		-	
Funds From Operations	**$**	**5.7**	
Changes in Working Capital		(0.2)	
Cash From Operations - GAAP	**$**	**5.5**	
Variance		**CKY**	
Net Operating Earnings	**$**	**1.2**	
Weather (Compared to Normal)		(0.4)	
Other Reconciling Items to GAAP		(0.3)	
Net Income (Loss) - GAAP	**$**	**0.5**	
Depreciation & Amortization		(0.1)	
Deferred Income Taxes and Investment Tax Credits		(0.7)	Variance primarily due to decreases in Deferred FIT and SIT
Regulatory Assets/Liabilities		(1.4)	Primarily due to an increase in Other Reg Assets
Postretirement and Postemployment Benefits		-	
Other Items		(0.1)	
Funds From Operations	**$**	**(1.8)**	
Changes in Working Capital		(0.3)	Working Capital variance primariliy due to decreases in AP over plan
Cash From Operations - GAAP	**$**	**(2.1)**	

Balance Sheet

Please explain any variance greater than $5M

November 2015		Variance Explanations
Actual	**CKY**	
Funds From Operations		
Total Regulatory Assets	12.1	
Total Regulatory Liabilities	30.6	
Accrued Liability for Postretirement & Postemployment Benefits	5.9	
Working Capital		
Customer A/R, less Reserve	10.3	
Gas Inventory	52.4	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	15.1	
Accounts Payable	8.1	
Taxes Accrued	4.7	
Current Deferred Taxes	4.7	
Deferred Income Taxes	66.4	
Overrecoverred Gas & Fuel Costs	16.3	
Exchange Gas Payable	6.7	
3&9 Plan	**CKY**	
Funds From Operations		
Total Regulatory Assets	9.6	
Total Regulatory Liabilities	29.9	
Accrued Liability for Postretirement & Postemployment Benefits	5.9	
Working Capital		
Customer A/R, less Reserve	13.4	
Gas Inventory	51.6	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	0.9	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	19.6	
Accounts Payable	8.9	
Taxes Accrued	2.7	
Current Deferred Taxes	3.4	
Deferred Income Taxes	64.6	
Overrecoverred Gas & Fuel Costs	10.2	
Exchange Gas Payable	8.3	
Variance	**CKY**	
Funds From Operations		
Total Regulatory Assets	2.5	
Total Regulatory Liabilities	0.7	
Accrued Liability for Postretirement & Postemployment Benefits	-	
Working Capital		
Customer A/R, less Reserve	(3.1)	
Gas Inventory	0.8	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	(0.9)	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	(4.5)	
Accounts Payable	(0.8)	
Taxes Accrued	2.0	
Current Deferred Taxes	1.3	
Deferred Income Taxes	1.8	
Overrecoverred Gas & Fuel Costs	6.1	Driven by a reduction of underlying gas cost assumptions
Exchange Gas Payable	(1.6)	

December 2015 MTD

Actual	CKY
Net Revenues	$ 8.2
O&M Expense	(3.4)
Depreciation	(0.7)
Other Taxes	(0.3)
Operating Earnings	**$ 3.8**

3&9 Plan	CKY
Net Revenues	$ 8.6
O&M Expense	(2.8)
Depreciation	(0.7)
Other Taxes	(0.3)
Operating Earnings	**$ 4.8**

Variance	CKY
Net Revenues	$ (0.4)
O&M Expense	(0.6)
Depreciation	-
Other Taxes	-
Operating Earnings	**$ (1.0)**

MTD Variance Explanations

CKY MTD operating earnings of $3.8M is ($1.0M) unfavorable to the 3&9 budget

MTD Revenue is ($0.4M) unfavorable primarily due to warm weather and usage

MTD O&M Expense is ($0.6M) unfavorable due to increased spending on Operational Initiatives

2H 2015 YTD

Actual	CKY
Net Revenues	$ 29.7
O&M Expense	(17.3)
Depreciation	(4.3)
Other Taxes	(1.9)
Operating Earnings	**$ 6.2**

3&9 Plan	CKY
Net Revenues	$ 30.6
O&M Expense	(17.0)
Depreciation	(4.3)
Other Taxes	(1.8)
Operating Earnings	**$ 7.5**

Variance	CKY
Net Revenues	$ (0.9)
O&M Expense	(0.3)
Depreciation	-
Other Taxes	(0.1)
Operating Earnings	**$ (1.3)**

2H 2015 YTD Variance Explanations

CKY YTD operating earnings of $6.2M is ($1.3M) unfavorable to the 3&9 budget

YTD Revenue is ($0.9M) unfavorable primarily due to warm weather and usage

YTD O&M is ($0.3M) unfavorable primarily due to increased spending on Operational Initiatives, nearly offset by favorable Uncollectibles and Corp Service Fee

Cash Flow

December 2015 MTD			MTD Variance Explanations
Actual		**CKY**	
Net Operating Earnings	**$**	**2.5**	
Weather (Compared to Normal)		(0.5)	
Other Reconciling Items to GAAP		(0.1)	
Net Income (Loss) - GAAP	**$**	**1.9**	
Depreciation & Amortization		0.7	
Deferred Income Taxes and Investment Tax Credits		5.8	
Regulatory Assets/Liabilities		(2.1)	
Postretirement and Postemployment Benefits		1.6	
Other Items		0.1	
Funds From Operations	**$**	**8.0**	
Changes in Working Capital		(7.5)	
Cash From Operations - GAAP	**$**	**0.5**	
3&9 Plan		**CKY**	
Net Operating Earnings	**$**	**3.0**	
Weather (Compared to Normal)		-	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**3.0**	
Depreciation & Amortization		0.7	
Deferred Income Taxes and Investment Tax Credits		0.2	
Regulatory Assets/Liabilities		-	
Postretirement and Postemployment Benefits		(0.1)	
Other Items		-	
Funds From Operations	**$**	**3.8**	
Changes in Working Capital		(4.9)	
Cash From Operations - GAAP	**$**	**(1.1)**	
Variance		**CKY**	
Net Operating Earnings	**$**	**(0.5)**	
Weather (Compared to Normal)		(0.5)	
Other Reconciling Items to GAAP		(0.1)	
Net Income (Loss) - GAAP	**$**	**(1.1)**	
Depreciation & Amortization		-	
Deferred Income Taxes and Investment Tax Credits		5.6	FIT Deferred - Plant related, primarily due to Bonus Depreciation extension
Regulatory Assets/Liabilities		(2.1)	Primarily due to Pension and OPEB remeasurements
Postretirement and Postemployment Benefits		1.7	Primarily due to Pension and OPEB remeasurements
Other Items		0.1	
Funds From Operations	**$**	**4.2**	
Changes in Working Capital		(2.6)	
Cash From Operations - GAAP	**$**	**1.6**	Primarily due to a decrease in Current FIT payable driven by bonus depreciation

Cash Flow

2H 2015 YTD	CKY	2H 2015 YTD Variance Explanations
Actual	**CKY**	
Net Operating Earnings	**$ 4.3**	
Weather (Compared to Normal)	(0.9)	
Other Reconciling Items to GAAP	(0.4)	
Net Income (Loss) - GAAP	**$ 3.0**	
Depreciation & Amortization	4.3	
Deferred Income Taxes and Investment Tax Credits	6.8	
Regulatory Assets/Liabilities	(3.3)	
Postretirement and Postemployment Benefits	1.4	
Other Items	(0.3)	
Funds From Operations	**$ 11.9**	
Changes in Working Capital	(7.9)	
Cash From Operations - GAAP	**$ 4.0**	
3&9 Plan	**CKY**	
Net Operating Earnings	**$ 3.6**	
Weather (Compared to Normal)	-	
Other Reconciling Items to GAAP	-	
Net Income (Loss) - GAAP	**$ 3.6**	
Depreciation & Amortization	4.3	
Deferred Income Taxes and Investment Tax Credits	1.8	
Regulatory Assets/Liabilities	0.2	
Postretirement and Postemployment Benefits	(0.4)	
Other Items	-	
Funds From Operations	**$ 9.5**	
Changes in Working Capital	(5.0)	
Cash From Operations - GAAP	**$ 4.5**	
Variance	**CKY**	
Net Operating Earnings	**$ 0.7**	
Weather (Compared to Normal)	(0.9)	
Other Reconciling Items to GAAP	(0.4)	
Net Income (Loss) - GAAP	**$ (0.6)**	
Depreciation & Amortization	-	
Deferred Income Taxes and Investment Tax Credits	5.0	FIT Deferred - Plant related, primarily due to Bonus Depreciation extension
Regulatory Assets/Liabilities	(3.5)	Primarily due to Pension and OPEB remeasurements
Postretirement and Postemployment Benefits	1.8	Primarily due to Pension and OPEB remeasurements
Other Items	(0.3)	
Funds From Operations	**$ 2.4**	
Changes in Working Capital	(2.9)	
Cash From Operations - GAAP	**$ (0.5)**	Primarily due to a decrease in Current FIT payable driven by bonus depreciation

Balance Sheet

Please explain any variance greater than $5M

December 2015		Variance Explanations
Actual	**CKY**	
Funds From Operations		
Total Regulatory Assets	13.4	
Total Regulatory Liabilities	30.0	
Accrued Liability for Postretirement & Postemployment Benefits	7.5	
Working Capital		
Customer A/R, less Reserve	13.0	
Gas Inventory	46.4	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	14.7	
Accounts Payable	7.6	
Taxes Accrued	3.2	
Current Deferred Taxes	-	
Deferred Income Taxes	67.5	
Overrecoverred Gas & Fuel Costs	12.3	
Exchange Gas Payable	5.8	
3&9 Plan	**CKY**	
Funds From Operations		
Total Regulatory Assets	9.6	
Total Regulatory Liabilities	29.9	
Accrued Liability for Postretirement & Postemployment Benefits	5.8	
Working Capital		
Customer A/R, less Reserve	19.9	
Gas Inventory	46.3	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	0.9	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	17.7	
Accounts Payable	12.0	
Taxes Accrued	6.0	
Current Deferred Taxes	3.4	
Deferred Income Taxes	64.9	
Overrecoverred Gas & Fuel Costs	9.5	
Exchange Gas Payable	6.3	
Variance	**CKY**	
Funds From Operations		
Total Regulatory Assets	3.8	
Total Regulatory Liabilities	0.1	
Accrued Liability for Postretirement & Postemployment Benefits	1.7	
Working Capital		
Customer A/R, less Reserve	(6.9)	AR is down primarily due to warm weather in October and November
Gas Inventory	0.1	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	(0.9)	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	(3.0)	
Accounts Payable	(4.4)	
Taxes Accrued	(2.8)	
Current Deferred Taxes	(3.4)	
Deferred Income Taxes	2.6	
Overrecoverred Gas & Fuel Costs	2.8	
Exchange Gas Payable	(0.5)	

January 2016 MTD

Actual	CKY
Net Revenues	$ 9.9
O&M Expense	(2.9)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 5.9**

0&12 Plan	CKY
Net Revenues	$ 10.2
O&M Expense	(3.3)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 5.8**

Variance	CKY
Net Revenues	$ (0.3)
O&M Expense	0.4
Depreciation	-
Other Taxes	-
Operating Earnings	**$ 0.1**

MTD Variance Explanations

CKY MTD operating earnings of $5.9M is $0.1M favorable to the 0&12 budget

MTD Revenue is ($0.3M) unfavorable primarily due to usage

MTD O&M Expense is $0.4M favorable primarily due to underruns in Gas Operations and Corporate Services Fee

January 2016 YTD

Actual	CKY
Net Revenues	$ 9.9
O&M Expense	(2.9)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 5.9**

0&12 Plan	CKY
Net Revenues	$ 10.2
O&M Expense	(3.3)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 5.8**

Variance	CKY
Net Revenues	$ (0.3)
O&M Expense	0.4
Depreciation	-
Other Taxes	-
Operating Earnings	**$ 0.1**

YTD Variance Explanations

CKY MTD operating earnings of $5.9M is $0.1M favorable to the 0&12 budget

MTD Revenue is ($0.3M) unfavorable primarily due to usage

MTD O&M Expense is $0.4M favorable primarily due to underruns in Gas Operations and Corporate Services Fee

Cash Flow

January 2016 MTD		MTD Variance Explanations
Actual	**CKY**	
Net Operating Earnings	**$ 3.7**	
Weather (Compared to Normal)	(0.1)	
Other Reconciling Items to GAAP	-	
Net Income (Loss) - GAAP	**$ 3.6**	
Depreciation & Amortization	0.7	
Deferred Income Taxes and Investment Tax Credits	0.8	
Regulatory Assets/Liabilities	(0.5)	
Postretirement and Postemployment Benefits	(0.1)	
Other Items	0.1	
Funds From Operations	**$ 4.6**	
Changes in Working Capital	(0.3)	
Cash From Operations - GAAP	**$ 4.3**	
0&12 Plan	**CKY**	
Net Operating Earnings	**$ 3.6**	
Weather (Compared to Normal)	-	
Other Reconciling Items to GAAP	-	
Net Income (Loss) - GAAP	**$ 3.6**	
Depreciation & Amortization	0.7	
Deferred Income Taxes and Investment Tax Credits	0.5	
Regulatory Assets/Liabilities	(1.9)	
Postretirement and Postemployment Benefits	(0.1)	
Other Items	0.2	
Funds From Operations	**$ 3.0**	
Changes in Working Capital	4.6	
Cash From Operations - GAAP	**$ 7.6**	
Variance	**CKY**	
Net Operating Earnings	**$ 0.1**	
Weather (Compared to Normal)	(0.1)	
Other Reconciling Items to GAAP	-	
Net Income (Loss) - GAAP	**$ -**	
Depreciation & Amortization	-	
Deferred Income Taxes and Investment Tax Credits	0.3	
Regulatory Assets/Liabilities	1.4	Regulatory Program assumptions and timing
Postretirement and Postemployment Benefits	-	
Other Items	(0.1)	
Funds From Operations	**$ 1.6**	
Changes in Working Capital	(4.9)	Driven by increases in AR
Cash From Operations - GAAP	**$ (3.3)**	

Cash Flow

January 2016 YTD		
Actual		**CKY**
Net Operating Earnings	**$**	**3.7**
Weather (Compared to Normal)		(0.1)
Other Reconciling Items to GAAP		-
Net Income (Loss) - GAAP	**$**	**3.6**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		0.8
Regulatory Assets/Liabilities		(0.5)
Postretirement and Postemployment Benefits		(0.1)
Other Items		0.1
Funds From Operations	**$**	**4.6**
Changes in Working Capital		(0.3)
Cash From Operations - GAAP	**$**	**4.3**
0&12 Plan		**CKY**
Net Operating Earnings	**$**	**3.6**
Weather (Compared to Normal)		-
Other Reconciling Items to GAAP		-
Net Income (Loss) - GAAP	**$**	**3.6**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		0.5
Regulatory Assets/Liabilities		(1.9)
Postretirement and Postemployment Benefits		(0.1)
Other Items		0.2
Funds From Operations	**$**	**3.0**
Changes in Working Capital		4.6
Cash From Operations - GAAP	**$**	**7.6**
Variance		**CKY**
Net Operating Earnings	**$**	**0.1**
Weather (Compared to Normal)		(0.1)
Other Reconciling Items to GAAP		-
Net Income (Loss) - GAAP	**$**	**-**
Depreciation & Amortization		-
Deferred Income Taxes and Investment Tax Credits		0.3
Regulatory Assets/Liabilities		1.4
Postretirement and Postemployment Benefits		-
Other Items		(0.1)
Funds From Operations	**$**	**1.6**
Changes in Working Capital		(4.9)
Cash From Operations - GAAP	**$**	**(3.3)**

YTD Variance Explanations
Regulatory Program assumptions and timing
Driven by increases in AR

Balance Sheet

Please explain any variance greater than $5M

January 2016

Actual	CKY
Funds From Operations	
Total Regulatory Assets	13.8
Total Regulatory Liabilities	29.7
Accrued Liability for Postretirement & Postemployment Benefits	7.6
Working Capital	
Customer A/R, less Reserve	20.2
Gas Inventory	25.4
Underrecovered Gas Costs	-
Exchange Gas Receivable	-
Legal & Environmental Reserve	-
Customer Deposits & Credits	12.6
Accounts Payable	9.1
Taxes Accrued	4.2
Current Deferred Taxes	-
Deferred Income Taxes	68.3
Overrecoverred Gas & Fuel Costs	10.1
Exchange Gas Payable	5.0

0&12 Plan	CKY
Funds From Operations	
Total Regulatory Assets	13.3
Total Regulatory Liabilities	27.9
Accrued Liability for Postretirement & Postemployment Benefits	7.7
Working Capital	
Customer A/R, less Reserve	16.7
Gas Inventory	38.9
Underrecovered Gas Costs	-
Exchange Gas Receivable	-
Legal & Environmental Reserve	-
Customer Deposits & Credits	13.6
Accounts Payable	11.1
Taxes Accrued	4.8
Current Deferred Taxes	-
Deferred Income Taxes	68.1
Overrecoverred Gas & Fuel Costs	10.7
Exchange Gas Payable	4.6

Variance	CKY	Variance Explanations
Funds From Operations		
Total Regulatory Assets	0.5	
Total Regulatory Liabilities	1.8	
Accrued Liability for Postretirement & Postemployment Benefits	(0.1)	
Working Capital		
Customer A/R, less Reserve	3.5	
Gas Inventory	(13.5)	LIFO pricing adjustment
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	(1.0)	
Accounts Payable	(2.0)	
Taxes Accrued	(0.6)	
Current Deferred Taxes	-	
Deferred Income Taxes	0.2	
Overrecoverred Gas & Fuel Costs	(0.6)	
Exchange Gas Payable	0.4	

February 2016 MTD

Actual	CKY
Net Revenues	$ 8.4
O&M Expense	(3.1)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 4.2**

0&12 Plan	CKY
Net Revenues	$ 8.8
O&M Expense	(3.1)
Depreciation	(0.7)
Other Taxes	(0.3)
Operating Earnings	**$ 4.7**

Variance	CKY
Net Revenues	$ (0.4)
O&M Expense	(0.0)
Depreciation	-
Other Taxes	(0.1)
Operating Earnings	**$ (0.5)**

MTD Variance Explanations

CKY MTD operating earnings of $4.2M is ($0.5M) unfavorable to the 0&12 budget

MTD Revenue is ($0.4M) unfavorable primarily due to usage

MTD O&M Expense is flat to the 0&12 budget

February 2016 YTD

Actual	CKY
Net Revenues	$ 18.4
O&M Expense	(6.0)
Depreciation	(1.5)
Other Taxes	(0.7)
Operating Earnings	**$ 10.2**

0&12 Plan	CKY
Net Revenues	$ 19.2
O&M Expense	(6.4)
Depreciation	(1.5)
Other Taxes	(0.7)
Operating Earnings	**$ 10.6**

Variance	CKY
Net Revenues	$ (0.8)
O&M Expense	0.4
Depreciation	-
Other Taxes	-
Operating Earnings	**$ (0.4)**

YTD Variance Explanations

CKY YTD operating earnings of $10.2M is ($0.4M) unfavorable to the 0&12 budget

YTD Revenue is ($0.8M) unfavorable primarily due to usage

YTD O&M Expense is $0.4M favorable primarily due to timing in Corporate Services Fee

Cash Flow

February 2016 MTD		
Actual	**CKY**	
Net Operating Earnings	**$**	**2.8**
Weather (Compared to Normal)		(0.3)
Other Reconciling Items to GAAP		0.1
Net Income (Loss) - GAAP	**$**	**2.6**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		1.3
Regulatory Assets/Liabilities		(0.4)
Postretirement and Postemployment Benefits		(0.1)
Other Items		-
Funds From Operations	**$**	**4.1**
Changes in Working Capital		3.7
Cash From Operations - GAAP	**$**	**7.8**
0&12 Plan	**CKY**	
Net Operating Earnings	**$**	**2.9**
Weather (Compared to Normal)		-
Other Reconciling Items to GAAP		-
Net Income (Loss) - GAAP	**$**	**2.9**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		0.5
Regulatory Assets/Liabilities		0.1
Postretirement and Postemployment Benefits		-
Other Items		-
Funds From Operations	**$**	**4.2**
Changes in Working Capital		1.7
Cash From Operations - GAAP	**$**	**5.9**
Variance	**CKY**	
Net Operating Earnings	**$**	**(0.1)**
Weather (Compared to Normal)		(0.3)
Other Reconciling Items to GAAP		0.1
Net Income (Loss) - GAAP	**$**	**(0.3)**
Depreciation & Amortization		-
Deferred Income Taxes and Investment Tax Credits		0.8
Regulatory Assets/Liabilities		(0.5)
Postretirement and Postemployment Benefits		(0.1)
Other Items		-
Funds From Operations	**$**	**(0.1)**
Changes in Working Capital		2.0
Cash From Operations - GAAP	**$**	**1.9**

MTD Variance Explanations
Deferred Income Taxes and Investment Tax Credits: Increased FIT and SIT deferrals
Regulatory Assets/Liabilities: Regulatory Program assumptions and timing
Changes in Working Capital: Driven by overrecovered gas costs

Cash Flow

February 2016 YTD		YTD Variance Explanations
Actual	**CKY**	
Net Operating Earnings	**$ 6.5**	
Weather (Compared to Normal)	(0.4)	
Other Reconciling Items to GAAP	0.1	
Net Income (Loss) - GAAP	**$ 6.2**	
Depreciation & Amortization	1.5	
Deferred Income Taxes and Investment Tax Credits	2.0	
Regulatory Assets/Liabilities	(0.9)	
Postretirement and Postemployment Benefits	(0.1)	
Other Items	(0.1)	
Funds From Operations	**$ 8.6**	
Changes in Working Capital	3.5	
Cash From Operations - GAAP	**$ 12.1**	
0&12 Plan	**CKY**	
Net Operating Earnings	**$ 6.5**	
Weather (Compared to Normal)	-	
Other Reconciling Items to GAAP	-	
Net Income (Loss) - GAAP	**$ 6.5**	
Depreciation & Amortization	1.5	
Deferred Income Taxes and Investment Tax Credits	1.1	
Regulatory Assets/Liabilities	(1.8)	
Postretirement and Postemployment Benefits	(0.1)	
Other Items	-	
Funds From Operations	**$ 7.2**	
Changes in Working Capital	6.3	
Cash From Operations - GAAP	**$ 13.5**	
Variance	**CKY**	
Net Operating Earnings	**$ -**	
Weather (Compared to Normal)	(0.4)	
Other Reconciling Items to GAAP	0.1	
Net Income (Loss) - GAAP	**$ (0.3)**	
Depreciation & Amortization	-	
Deferred Income Taxes and Investment Tax Credits	0.9	Increased FIT and SIT deferrals
Regulatory Assets/Liabilities	0.9	Regulatory Program assumptions and timing
Postretirement and Postemployment Benefits	-	
Other Items	(0.1)	
Funds From Operations	**$ 1.4**	
Changes in Working Capital	(2.8)	Driven by decreases in Accured Taxes for Current Year FIT and SIT payables moved up into Deferrend Incom Taxes. Also property tax accrual is down from plan due to timing of the payment. Partially offset by overrecovered gas costs
Cash From Operations - GAAP	**$ (1.4)**	

Balance Sheet

Please explain any variance greater than $5M

February 2016

Actual	CKY	Variance Explanations
Funds From Operations		
Total Regulatory Assets	14.0	
Total Regulatory Liabilities	29.5	
Accrued Liability for Postretirement & Postemployment Benefits	7.6	
Working Capital		
Customer A/R, less Reserve	17.7	
Gas Inventory	8.3	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	10.5	
Accounts Payable	9.6	
Taxes Accrued	3.5	
Current Deferred Taxes	-	
Deferred Income Taxes	69.6	
Overrecoverred Gas & Fuel Costs	10.1	
Exchange Gas Payable	3.5	

0&12 Plan	CKY	
Funds From Operations		
Total Regulatory Assets	13.3	
Total Regulatory Liabilities	27.9	
Accrued Liability for Postretirement & Postemployment Benefits	7.6	
Working Capital		
Customer A/R, less Reserve	17.5	
Gas Inventory	32.8	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	10.8	
Accounts Payable	11.1	
Taxes Accrued	5.8	
Current Deferred Taxes	-	
Deferred Income Taxes	68.6	
Overrecoverred Gas & Fuel Costs	9.1	
Exchange Gas Payable	3.4	

Variance	CKY	
Funds From Operations		
Total Regulatory Assets	0.7	
Total Regulatory Liabilities	1.6	
Accrued Liability for Postretirement & Postemployment Benefits	-	
Working Capital		
Customer A/R, less Reserve	0.2	
Gas Inventory	(24.5)	LIFO pricing adjustment
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	(0.3)	
Accounts Payable	(1.5)	
Taxes Accrued	(2.3)	
Current Deferred Taxes	-	
Deferred Income Taxes	1.0	
Overrecoverred Gas & Fuel Costs	1.0	
Exchange Gas Payable	0.1	

March 2016 MTD

CKY	Actual	0&12 Plan	Variance
Net Revenues	$ 7.2	$ 7.3	$ (0.1)
O&M Expense	(3.2)	(3.2)	(0.0)
Depreciation	(0.7)	(0.7)	-
Other Taxes	(0.3)	(0.3)	-
Operating Earnings	**$ 3.0**	**$ 3.1**	**$ (0.1)**

MTD Variance Explanations
CKY MTD operating earnings of $3.0M is ($0.1M) unfavorable to the 0&12 budget **MTD Revenue** is ($0.1M) unfavorable primarily due to usage **MTD O&M Expense** is flat to the 0&12 budget

March 2016 YTD

CKY	Actual	0&12 Plan	Variance
Net Revenues	$ 25.6	$ 26.5	$ (0.9)
O&M Expense	(9.1)	(9.5)	0.4
Depreciation	(2.2)	(2.2)	-
Other Taxes	(1.0)	(1.0)	-
Operating Earnings	**$ 13.3**	**$ 13.8**	**$ (0.5)**

YTD Variance Explanations
CKY YTD operating earnings of $13.3M is ($0.5M) unfavorable to the 0&12 budget **YTD Revenue** is ($0.9M) unfavorable primarily due to usage **YTD O&M Expense** is $0.4M favorable primarily due to timing in Corporate Services Fee

Cash Flow

March 2016 MTD

CKY	Actual	0&12 Plan	Variance
Net Operating Earnings	**$ 1.9**	**$ 1.9**	**$ -**
Weather (Compared to Normal)	(0.2)	-	(0.2)
Other Reconciling Items to GAAP	-	-	-
Net Income (Loss) - GAAP	**$ 1.7**	**$ 1.9**	**$ (0.2)**
Depreciation & Amortization	0.7	0.7	-
Deferred Income Taxes and Investment Tax Credits	0.2	(0.3)	0.5
Regulatory Assets/Liabilities	(0.4)	0.1	(0.5)
Postretirement and Postemployment Benefits	-	(0.1)	0.1
Other Items	0.1	-	0.1
Funds From Operations	**$ 2.3**	**$ 2.3**	**$ -**
Changes in Working Capital	5.0	4.1	0.9
Cash From Operations - GAAP	**$ 7.3**	**$ 6.4**	**$ 0.9**

MTD Variance Explanations
Increased FIT and SIT deferrals
Regulatory Program assumptions and timing
* See Key Working Capital Balance Sheet Accounts slide for explanations

March 2016 YTD

CKY	Actual	0&12 Plan	Variance
Net Operating Earnings	**$ 8.3**	**$ 8.4**	**$ (0.1)**
Weather (Compared to Normal)	(0.6)	-	(0.6)
Other Reconciling Items to GAAP	0.2	-	0.2
Net Income (Loss) - GAAP	**$ 7.9**	**$ 8.4**	**$ (0.5)**
Depreciation & Amortization	2.2	2.2	-
Deferred Income Taxes and Investment Tax Credits	2.2	0.7	1.5
Regulatory Assets/Liabilities	(1.3)	(1.8)	0.5
Postretirement and Postemployment Benefits	(0.1)	(0.2)	0.1
Other Items	-	0.2	(0.2)
Funds From Operations	**$ 10.9**	**$ 9.5**	**$ 1.4**
Changes in Working Capital	8.5	10.4	(1.9)
Cash From Operations - GAAP	**$ 19.4**	**$ 19.9**	**$ (0.5)**

YTD Variance Explanations
Increased FIT and SIT deferrals
Regulatory Program assumptions and timing
* See Key Working Capital Balance Sheet Accounts slide for explanations

Balance Sheet

Please explain any variance greater than $5M

March 2016				
CKY	**Actual**	**0&12 Plan**	**Variance**	Variance Explanations
Working Capital				
Customer A/R, less Reserve	12.0	14.5	(2.5)	
Gas Inventory	5.7	29.3	(23.6)	LIFO pricing adjustment
Underrecovered Gas Costs	-	-	-	
Exchange Gas Receivable	-	-	-	
Legal & Environmental Reserve	-	-	-	
Customer Deposits & Credits	10.2	10.6	(0.4)	
Accounts Payable	8.2	10.2	(2.0)	
Taxes Accrued	4.2	7.1	(2.9)	
Current Deferred Taxes	-	-	-	
Deferred Income Taxes	69.8	68.3	1.5	
Overrecoverred Gas & Fuel Costs	11.1	6.4	4.7	
Exchange Gas Payable	2.1	3.0	(0.9)	

April 2016 MTD

CKY	Actual	0&12 Plan	Variance
Net Revenues	$ 5.1	$ 5.4	$ (0.3)
O&M Expense	(3.0)	(3.1)	0.1
Depreciation	(0.7)	(0.7)	-
Other Taxes	(0.4)	(0.4)	(0.0)
Operating Earnings	**$ 1.0**	**$ 1.2**	**$ (0.2)**

MTD Variance Explanations

CKY MTD operating earnings of $0.9M is ($0.2M) unfavorable to the 0&12 budget

MTD Revenue is ($0.3M) unfavorable primarily due to usage

MTD O&M Expense is relatively flat to the 0&12 budget

April 2016 YTD

CKY	Actual	0&12 Plan	Variance
Net Revenues	$ 30.7	$ 31.9	$ (1.2)
O&M Expense	(12.2)	(12.7)	0.5
Depreciation	(3.0)	(2.9)	(0.1)
Other Taxes	(1.4)	(1.4)	0.0
Operating Earnings	**$ 14.1**	**$ 14.9**	**$ (0.8)**

YTD Variance Explanations

CKY YTD operating earnings of $14.1M is ($0.8M) unfavorable to the 0&12 budget

YTD Revenue is ($1.2M) unfavorable primarily due to usage

YTD O&M Expense is $0.5M favorable primarily due to timing in Corporate Services Fee

April 2016 MTD

CKY	Actual	0&12 Plan	Variance
Net Operating Earnings	**$ 0.7**	**$ 0.7**	**$ -**
Weather (Compared to Normal)	(0.3)	-	(0.3)
Other Reconciling Items to GAAP	0.1	-	0.1
Net Income (Loss) - GAAP	**$ 0.5**	**$ 0.7**	**$ (0.2)**
Depreciation & Amortization	0.7	0.7	-
Deferred Income Taxes and Investment Tax Credits	0.3	0.5	(0.2)
Regulatory Assets/Liabilities	0.2	0.1	0.1
Postretirement and Postemployment Benefits	(0.1)	-	(0.1)
Other Items	0.1	-	0.1
Funds From Operations	**$ 1.7**	**$ 2.0**	**$ (0.3)**
Changes in Working Capital	(1.1)	(3.0)	1.9
Cash From Operations - GAAP	**$ 0.6**	**$ (1.0)**	**$ 1.6**

MTD Variance Explanations

* See Key Working Capital Balance Sheet Accounts slide for explanations

April 2016 YTD

CKY	Actual	0&12 Plan	Variance
Net Operating Earnings	**$ 9.0**	**$ 9.1**	**$ (0.1)**
Weather (Compared to Normal)	(0.9)	-	(0.9)
Other Reconciling Items to GAAP	0.3	-	0.3
Net Income (Loss) - GAAP	**$ 8.4**	**$ 9.1**	**$ (0.7)**
Depreciation & Amortization	3.0	2.9	0.1
Deferred Income Taxes and Investment Tax Credits	2.6	1.3	1.3
Regulatory Assets/Liabilities	(1.1)	(1.7)	0.6
Postretirement and Postemployment Benefits	(0.2)	(0.2)	-
Other Items	(0.1)	0.1	(0.2)
Funds From Operations	**$ 12.6**	**$ 11.5**	**$ 1.1**
Changes in Working Capital	7.4	7.4	-
Cash From Operations - GAAP	**$ 20.0**	**$ 18.9**	**$ 1.1**

YTD Variance Explanations

Increased FIT and SIT deferrals
Regulatory Program assumptions and timing

* See Key Working Capital Balance Sheet Accounts slide for explanations

Balance Sheet

Please explain any variance greater than $5M

April 2016				
CKY	Actual	0&12 Plan	Variance	Variance Explanations
Working Capital				
Customer A/R, less Reserve	10.4	12.6	(2.2)	
Accounts Payable	8.8	10.0	(1.2)	
Gas Inventory	7.1	31.7	(24.6)	LIFO pricing adjustment
Overrecoverred Gas & Fuel Costs	9.2	5.0	4.2	
Underrecovered Gas Costs	-	-	-	
Exchange Gas Receivable	0.1	-	0.1	
Exchange Gas Payable	3.7	3.0	0.7	
Legal & Environmental Reserve	-	-	-	
Customer Deposits & Credits	8.2	9.2	(1.0)	
Taxes Accrued	3.8	6.9	(3.1)	
Current Deferred Taxes	-	-	-	
Deferred Income Taxes	70.2	68.9	1.3	

NiSource Gas Distribution
September 2014 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD September 2014 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

CKY Operating Earnings are $2.1M over budget for 2014 YTD through September.

This is primarily driven by higher than expected volumetric revenue from increased customer usage and favorable OGDR due mostly to penalty charges.

CKY O&M is $0.4M favorable YTD through September.

This is driven by favorable variances in Corporate Undistributed and Corporate Service fee.

NiSource Gas Distribution
September 2014 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

	NGD Consolidated			CKY			COH			CMD		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			49.1	47.6	1.5	[redacted]			[redacted]		
O&M Expense				24.9	25.3	0.4						
Depreciation				5.6	5.8	0.2						
Other Taxes				2.5	2.4	(0.1)						
Operating Earnings				16.1	14.1	2.1						
Interest Exp.				4.0	4.1	0.1						
Other Income				0.2	0.5	(0.3)						
Earnings from Sub				0.0	-	0.0						
Operating Earnings before Tax				12.3	10.5	1.9						
Income Taxes				5.5	4.3	(1.2)						
Net Operating Earnings				6.9	6.2	0.7						
Net OE without Earnings from Sub				6.8	6.2	0.7						

* All Values Less Trackers

Fav / (Unfav)

	CPA			CGV			CMA			NGD Adj.		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
September 2014 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate case activity)	[redacted]			42.6	42.1	0.5	[redacted]			[redacted]		
LCR - Large Volume Customers				4.5	4.2	0.3						
Other Gas Department Revenue				1.6	0.8	0.8						
Uncollectibles				0.4	0.5	(0.1)						
Trackers				1.5	0.5	1.0						
Total Revenue				**50.6**	**48.1**	**2.5**						
Total Revenue Less Trackers				**49.1**	**47.6**	**1.5**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate case activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - Favorable variance primarily due to increased volumetric revenue.

OGDR - Favorable variance is primarily due to customer penalty charges which are running $0.6M favorable. This has a direct correlation to the increased usage. There is also favorability related to increased rental income of $0.1M. The rental income is from TCO relating to the uncollected revenue of the prior year's lease agreement. This was shown as a true-up in February.

NiSource Gas Distribution
September 2014 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			8,829.1	8,072.2	(756.8)	[redacted]			[redacted]		
Construction & Engineering				454.3	584.3	130.0						
Customer Operations				478.4	501.6	23.2						
President (Regulatory & Communications)				964.3	980.3	16.0						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				3,902.1	4,445.2	543.0						
Corporate Co 12 - Corp. Service fee				10,226.19	10,708.8	482.6						
Trackers				1,502.9	521.2	(981.7)						
Total O&M				**26,357.3**	**25,813.6**	**(543.7)**						
Total O&M Less Trackers				**24,854.4**	**25,292.4**	**438.0**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12 - Corp. Service fee												
Trackers												
Total O&M												
Total O&M Less Trackers												

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY September 2014 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

Fav / (Unfav)	Distribution Operations YTD Actuals	Distribution Operations YTD Plan	Distribution Operations YTD Variance	Construction Operations YTD Actuals	Construction Operations YTD Plan	Construction Operations YTD Variance	Customer Operations YTD Actuals	Customer Operations YTD Plan	Customer Operations YTD Variance
Labor	4,187.7	4,164.1	(23.6)	94.4	103.2	8.8	(0.3)	-	0.3
Benefits	1.3	-	(1.3)	-	-	-	-	-	-
Outside Services	2,706.8	2,269.3	(437.5)	266.3	326.5	60.2	0.1	-	(0.1)
Materials	587.6	536.4	(51.2)	50.7	92.4	41.7	468.9	493.2	24.4
Fleet & Equipment	1,047.3	835.2	(212.1)	18.4	20.4	2.0	-	-	-
Employee Expenses	133.8	136.7	2.9	7.5	28.1	20.6	1.1	-	(1.1)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	164.5	130.5	(34.0)	16.9	13.7	(3.2)	8.7	8.3	(0.3)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
	-	-		-	-		-	-	
Totals	**8,829.1**	**8,072.2**	**(756.8)**	**454.3**	**584.3**	**130.0**	**478.4**	**501.6**	**23.2**
Total Less Trackers	**8,829.1**	**8,072.2**	**(756.8)**	**454.3**	**584.3**	**130.0**	**478.4**	**501.6**	**23.2**

Fav / (Unfav)	Presidential Operations YTD Actuals	Presidential Operations YTD Plan	Presidential Operations YTD Variance	Corporate Undistributed/Corp. Service Fee YTD Actuals	Corporate Undistributed/Corp. Service Fee YTD Plan	Corporate Undistributed/Corp. Service Fee YTD Variance	Total CKY YTD Actuals	Total CKY YTD Plan	Total CKY YTD Variance
Labor	665.1	679.6	14.4	368.6	427.3	58.6	5,315.6	5,374.2	58.6
Benefits	-	-	-	831.7	1,539.7	708.0	833.0	1,539.7	706.7
Outside Services	1,026.5	927.2	(99.3)	458.8	505.3	46.5	4,458.5	4,028.3	(430.2)
Materials	43.6	38.9	(4.7)	6.6	13.5	6.9	1,157.4	1,174.4	17.0
Fleet & Equipment	1.8	1.5	(0.3)	-	-	-	1,067.5	857.1	(210.4)
Employee Expenses	72.7	105.0	32.3	4.4	-	(4.4)	219.6	269.8	50.3
Corporate Service Fee	-	-	-	10,226.2	10,708.8	482.6	10,226.2	10,708.8	482.6
Miscellaneous/Other Expense	(845.4)	(771.9)	73.6	1,648.1	1,612.4	(35.7)	992.7	993.0	0.3
Uncollectibles	-	-	-	583.9	347.0	(236.9)	583.9	347.0	(236.9)
Trackers	-	-	-	1,502.9	521.2	(981.7)	1,502.9	521.2	(981.7)
	-	-		-	-				
Totals	**964.3**	**980.3**	**16.0**	**15,631.3**	**15,675.2**	**43.9**	**26,357.3**	**25,813.6**	**(543.7)**
Total Less Trackers	**964.3**	**980.3**	**16.0**	**14,128.3**	**15,153.9**	**1,025.6**	**24,854.4**	**25,292.4**	**438.0**

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations - Fleet Clearing overrun driven by higher gas prices and increased units. Outside Service overrun of $400K mainly due to Meter Reading, Curb Valve Inspections, and Locating Services. Locating Services are the main driver and can somewhat be attributed to increased 811 "call before you dig" initiatives.

Construction Operations - Favorability due to underruns in Engineering and Construction Labor and Materials/Supplies.

Customer Operations - No Material Variances

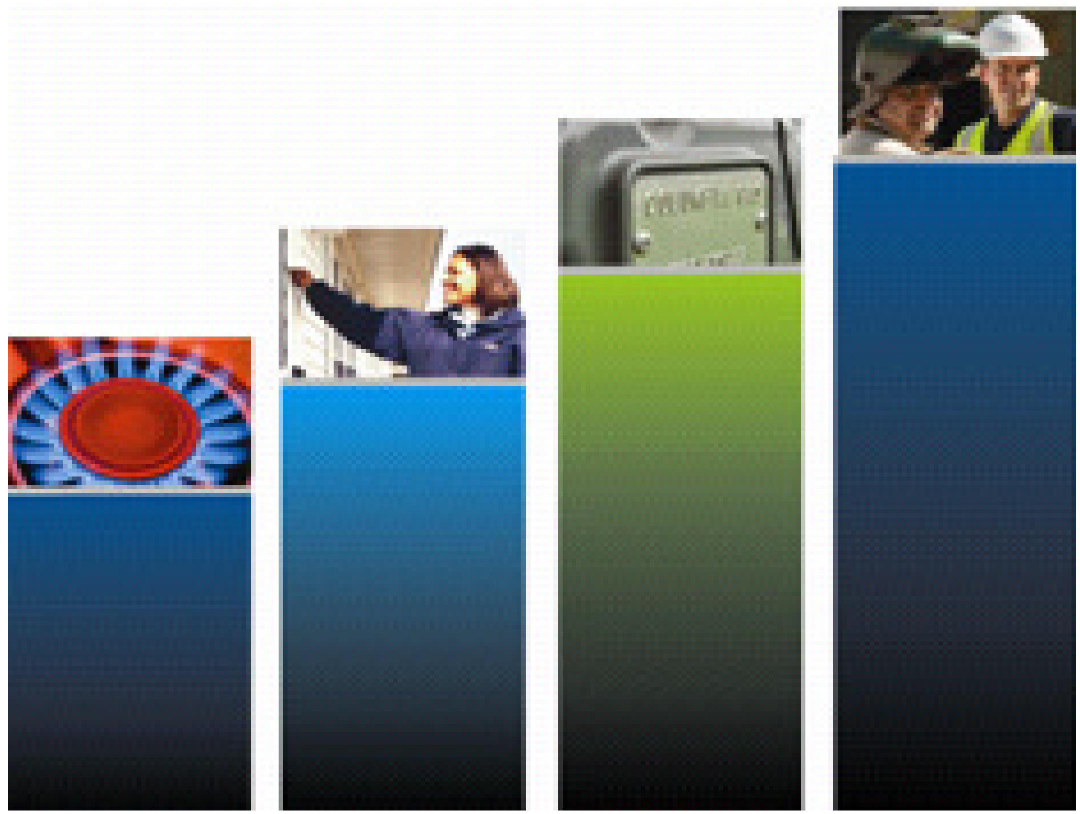
Presidential Operations - Outside Services are unfavorable due to charges in the Customer Programs. These are offset in Deferred credits (Misc./Other) and have no impact on the bottom line income.

Corporate Undistributed/Corp. Service Fee - Benefits are favorable due to new pension and OPEB accrual figures. Corporate Service Fee is favorable due to underruns in Customer Operations and Rates & Regulatory as well as NCS Legal and Finance. These are partially offset by NGD Operations. Uncollectibles are unfavorable due to the increased gas costs and new charge-off rates.

NiSource Gas Distribution

October 2014
Results of Operations

CKY



NiSource Gas Distribution
October 2014 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD October 2014 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

CKY Operating Earnings are $1.9M over budget for 2014 YTD through October.

This is primarily driven by higher than expected volumetric revenue from increased customer usage and favorable OGDR due mostly to penalty charges.

CKY O&M is $0.4M favorable YTD through October.

This is driven by favorable variances in Corporate Undistributed and Corporate Service fee partially off-set by an unfavorable variance in Distribution Operations.

NiSource Gas Distribution
October 2014 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			53.4	52.0	1.4	[redacted]			[redacted]		
O&M Expense				27.7	28.1	0.4						
Depreciation				6.3	6.5	0.2						
Other Taxes				2.8	2.7	(0.1)						
Operating Earnings				16.6	14.7	1.9						
Interest Exp.				4.5	4.5	0.1						
Other Income				0.3	0.5	(0.2)						
Earnings from Sub				0.0	-	0.0						
Operating Earnings before Tax				12.5	10.7	1.9						
Income Taxes				5.8	4.4	(1.4)						
Net Operating Earnings				6.7	6.2	0.5						
Net OE without Earnings from Sub				6.7	6.2	0.4						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
October 2014 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Revenue	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate case activity)	[redacted]			46.3	45.9	0.4	[redacted]			[redacted]		
LCR - Large Volume Customers				4.9	4.7	0.2						
Other Gas Department Revenue				1.8	0.9	0.9						
Uncollectibles				0.4	0.5	(0.1)						
Trackers				1.6	0.6	1.0						
Total Revenue				**55.0**	**52.6**	**2.4**						
Total Revenue Less Trackers				**53.4**	**52.0**	**1.4**						

Fav / (Unfav)

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Base Margin (includes implemented rate case activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - Favorable variance primarily due to increased volumetric revenue

OGDR - Favorable variance is primarily due to customer penalty charges which are running $0.8M favorable. This has a direct correlation to the increased usage. There is also favorability related to increased rental income of $0.1M. The rental income is from TCO relating to the uncollected revenue of the prior year's lease agreement. This was shown as a true-up in February.

NiSource Gas Distribution
October 2014 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)

O&M	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Distribution Operations	[redacted]			9,908.3	9,016.8	(891.6)	[redacted]			[redacted]		
Construction & Engineering				481.7	654.7	173.0						
Customer Operations				533.2	556.3	23.2						
President (Regulatory & Communications)				1,084.9	1,096.6	11.7						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				4,281.3	4,892.1	610.8						
Corporate Co 12 - Corp. Service fee				11,392.7	11,885.6	493.0						
Trackers				1,632.9	555.5	(1,077.4)						
Total O&M				**29,315.0**	**28,657.7**	**(657.3)**						
Total O&M Less Trackers				**27,682.1**	**28,102.2**	**420.1**						

Fav / (Unfav)

O&M	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12 - Corp. Service fee												
Trackers												
Total O&M												
Total O&M Less Trackers												

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY October 2014 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	4,689.7	4,640.7	(49.1)	101.5	118.4	16.9	(1.1)	-	1.1
Benefits	1.5	-	(1.5)	-	-	-	-	-	-
Outside Services	3,108.8	2,545.1	(563.7)	283.4	364.8	81.4	0.1	-	(0.1)
Materials	633.4	591.7	(41.8)	52.3	101.2	48.8	523.5	547.0	23.5
Fleet & Equipment	1,171.9	943.6	(228.3)	19.3	24.0	4.7	-	-	-
Employee Expenses	145.8	150.9	5.1	8.2	32.5	24.3	1.1	-	(1.1)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	157.2	144.9	(12.3)	16.9	13.7	(3.2)	9.7	9.4	(0.3)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
	-	-		-	-		-	-	
Totals	**9,908.3**	**9,016.8**	**(891.6)**	**481.7**	**654.7**	**173.0**	**533.2**	**556.3**	**23.2**
Total Less Trackers	**9,908.3**	**9,016.8**	**(891.6)**	**481.7**	**654.7**	**173.0**	**533.2**	**556.3**	**23.2**

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	744.7	762.6	17.9	409.0	469.0	60.1	5,943.7	5,990.7	46.9
Benefits	-	-	-	938.0	1,710.8	772.7	939.5	1,710.8	771.3
Outside Services	1,139.6	1,019.9	(119.8)	496.1	537.6	41.6	5,028.0	4,467.4	(560.6)
Materials	48.4	42.7	(5.7)	6.6	15.0	8.4	1,264.2	1,297.4	33.2
Fleet & Equipment	2.1	1.7	(0.4)	-	-	-	1,193.3	969.3	(224.0)
Employee Expenses	80.0	116.7	36.6	6.0	-	(6.0)	241.1	300.1	59.0
Corporate Service Fee	-	-	-	11,392.7	11,885.6	493.0	11,392.7	11,885.6	493.0
Miscellaneous/Other Expense	(929.9)	(846.8)	83.1	1,818.8	1,787.1	(31.7)	1,072.7	1,108.3	35.6
Uncollectibles	-	-	-	606.8	372.6	(234.2)	606.8	372.6	(234.2)
Trackers	-	-	-	1,632.9	555.5	(1,077.4)	1,632.9	555.5	(1,077.4)
	-	-		-	-				
Totals	**1,084.9**	**1,096.6**	**11.7**	**17,306.9**	**17,333.3**	**26.4**	**29,315.0**	**28,657.7**	**(657.3)**
Total Less Trackers	**1,084.9**	**1,096.6**	**11.7**	**15,674.0**	**16,777.8**	**1,103.8**	**27,682.1**	**28,102.2**	**420.1**

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations - Fleet Clearing overrun driven by higher gas prices and increased units. Outside Service overrun of $560K mainly due to Meter Reading, Curb Valve Inspections, and Line Locating Services. Locating Services are the main driver and can somewhat be attributed to increased 811 "call before you dig" initiatives.

Construction Operations - Favorability due to underruns in Engineering and Construction Labor, Outside Services, and Materials/Supplies.

Customer Operations - No Material Variances

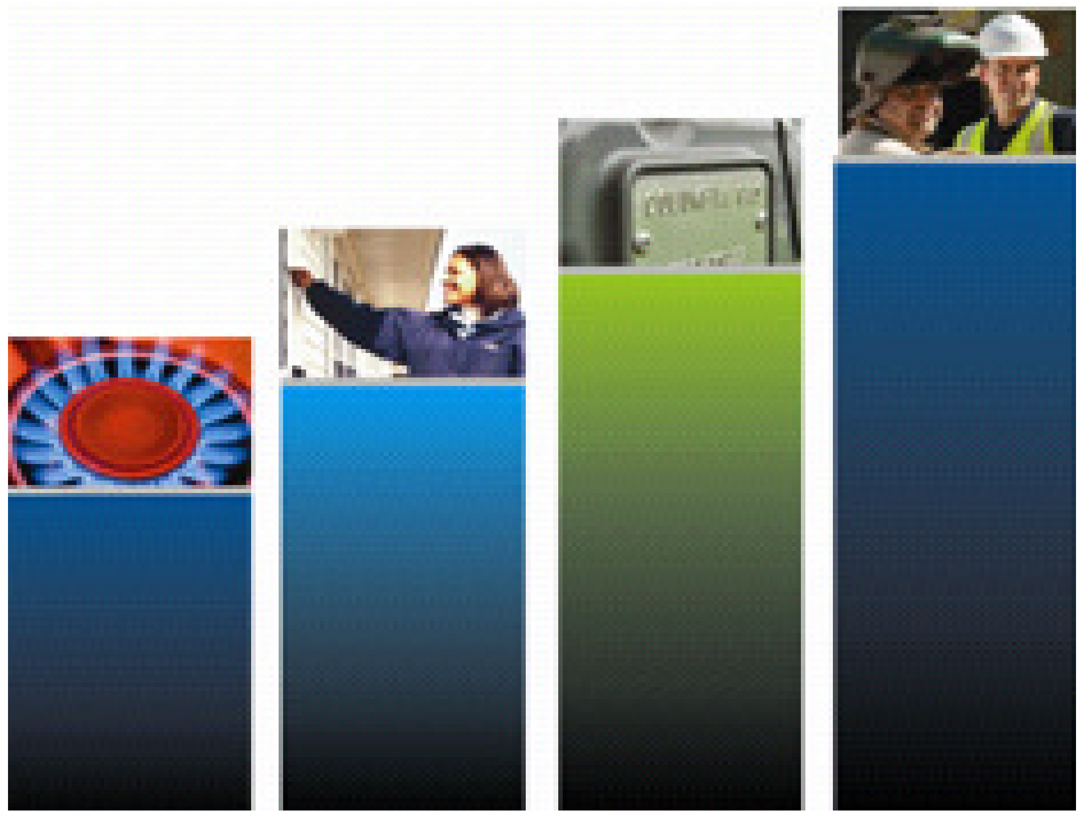
Presidential Operations - Outside Services are unfavorable due to charges in the Customer Programs. These are offset in Deferred credits (Misc./Other) and have no impact on the bottom line income.

Corporate Undistributed/Corp. Service Fee - Benefits are favorable due to new pension and OPEB accrual figures. Corporate Service Fee is favorable due to underruns in Customer Operations and Rates & Regulatory as well as NCS Legal and Finance. These are partially offset by NGD Operations. Uncollectibles are unfavorable due to the increased gas costs and new charge-off rates.

NiSource Gas Distribution

November 2014
Results of Operations

CKY



NiSource Gas Distribution
November 2014 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD November 2014 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

CKY Operating Earnings are $2.7M over budget for 2014 YTD through November.

This is primarily driven by higher than expected volumetric revenue from increased customer usage and favorable OGDR due mostly to penalty charges.

CKY O&M is $0.6M favorable YTD through November.

This is driven by favorable variances in Corporate Undistributed and Corporate Service fee partially off-set by an unfavorable variance in Distribution Operations.

NiSource Gas Distribution
November 2014 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			60.2	58.2	2.0	[redacted]			[redacted]		
O&M Expense				30.3	30.9	0.6						
Depreciation				6.9	7.1	0.2						
Other Taxes				3.1	3.0	(0.2)						
Operating Earnings				19.9	17.2	2.7						
Interest Exp.				4.9	5.0	0.1						
Other Income				0.3	0.5	(0.2)						
Earnings from Sub				0.0	-	0.0						
Operating Earnings before Tax				15.3	12.6	2.7						
Income Taxes				6.7	5.2	(1.5)						
Net Operating Earnings				8.6	7.4	1.2						
Net OE without Earnings from Sub				8.5	7.4	1.1						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
November 2014 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate case activity)	[redacted]			52.3	51.5	0.8	[redacted]			[redacted]		
LCR - Large Volume Customers				5.5	5.2	0.3						
Other Gas Department Revenue				1.9	1.0	0.9						
Uncollectibles				0.5	0.5	-						
Trackers				1.8	0.6	1.2						
Total Revenue				**62.0**	**58.8**	**3.2**						
Total Revenue Less Trackers				**60.2**	**58.2**	**2.0**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate case activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - Favorable variance primarily due to increased volumetric revenue.

OGDR - Favorable variance is primarily due to customer penalty charges which are running $0.7M favorable. This has a direct correlation to the increased usage. There is also favorability related to increased rental income of $0.1M. The rental income is from TCO relating to the uncollected revenue of the prior year's lease agreement. This was shown as a true-up in February.

NiSource Gas Distribution
November 2014 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)

O&M	NGD Consolidated			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			10,805.6	9,976.4	(829.2)	[redacted]			[redacted]		
Construction & Engineering				561.3	727.5	166.2						
Customer Operations				577.6	604.7	27.1						
President (Regulatory & Communications)				1,165.5	1,198.6	33.1						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				4,636.4	5,352.4	716.0						
Corporate Co 12 - Corp. Service fee				12,527.2	13,053.7	526.5						
Trackers				1,813.5	624.5	(1,189.0)						
Total O&M				**32,087.1**	**31,537.8**	**(549.3)**						
Total O&M Less Trackers				**30,273.6**	**30,913.3**	**639.7**						

Fav / (Unfav)

O&M	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12 - Corp. Service fee												
Trackers												
Total O&M												
Total O&M Less Trackers												

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY November 2014 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

Fav / (Unfav)	Distribution Operations YTD Actuals	Distribution Operations YTD Plan	Distribution Operations YTD Variance	Construction Operations YTD Actuals	Construction Operations YTD Plan	Construction Operations YTD Variance	Customer Operations YTD Actuals	Customer Operations YTD Plan	Customer Operations YTD Variance
Labor	5,183.0	5,146.9	(36.1)	109.2	135.2	26.0	(1.1)	-	1.1
Benefits	1.5	-	(1.5)	-	-	-	-	-	-
Outside Services	3,327.1	2,831.9	(495.2)	348.2	396.2	48.0	0.1	-	(0.1)
Materials	667.4	639.9	(27.5)	57.3	114.5	57.2	566.6	594.4	27.8
Fleet & Equipment	1,298.5	1,029.4	(269.1)	21.4	26.9	5.5	-	-	-
Employee Expenses	166.5	168.9	2.5	8.3	41.0	32.7	1.1	-	(1.1)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	161.6	159.3	(2.3)	16.9	13.7	(3.2)	11.0	10.3	(0.7)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
	-	-		-	-		-	-	
Totals	**10,805.6**	**9,976.4**	**(829.2)**	**561.3**	**727.5**	**166.2**	**577.6**	**604.7**	**27.1**
Total Less Trackers	**10,805.6**	**9,976.4**	**(829.2)**	**561.3**	**727.5**	**166.2**	**577.6**	**604.7**	**27.1**

Fav / (Unfav)	Presidential Operations YTD Actuals	Presidential Operations YTD Plan	Presidential Operations YTD Variance	Corporate Undistributed/Corp. Service Fee YTD Actuals	Corporate Undistributed/Corp. Service Fee YTD Plan	Corporate Undistributed/Corp. Service Fee YTD Variance	Total CKY YTD Actuals	Total CKY YTD Plan	Total CKY YTD Variance
Labor	820.1	831.1	11.0	463.6	510.7	47.1	6,574.8	6,624.0	49.2
Benefits	-	-	-	966.9	1,881.9	915.0	968.3	1,881.9	913.5
Outside Services	1,218.6	1,112.6	(106.0)	532.8	570.0	37.2	5,426.8	4,910.8	(516.0)
Materials	51.7	46.4	(5.3)	6.6	16.5	9.9	1,349.7	1,411.7	62.0
Fleet & Equipment	2.7	1.8	(0.9)	-	-	-	1,322.7	1,058.1	(264.6)
Employee Expenses	85.8	128.3	42.5	6.5	-	(6.5)	268.1	338.2	70.1
Corporate Service Fee	-	-	-	12,527.2	13,053.7	526.5	12,527.2	13,053.7	526.5
Miscellaneous/Other Expense	(1,013.5)	(921.7)	91.8	2,005.1	1,961.8	(43.3)	1,181.1	1,223.5	42.3
Uncollectibles	-	-	-	654.7	411.4	(243.3)	654.7	411.4	(243.3)
Trackers	-	-	-	1,813.5	624.5	(1,189.0)	1,813.5	624.5	(1,189.0)
	-	-		-	-				
Totals	**1,165.5**	**1,198.6**	**33.1**	**18,977.1**	**19,030.6**	**53.5**	**32,087.1**	**31,537.8**	**(549.3)**
Total Less Trackers	**1,165.5**	**1,198.6**	**33.1**	**17,163.6**	**18,406.1**	**1,242.5**	**30,273.6**	**30,913.3**	**639.7**

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations - Fleet Clearing overrun driven by increased units. Outside Services overrun of $495K mainly due to Meter Reading, Curb Valve Inspections, and Line Locating Services. Locating Services are the main driver and can somewhat be attributed to increased 811 "call before you dig" initiatives.

Construction Operations - Favorability due to underruns in Engineering and Construction Labor, Outside Services, and Materials/Supplies.

Customer Operations - No Material Variances

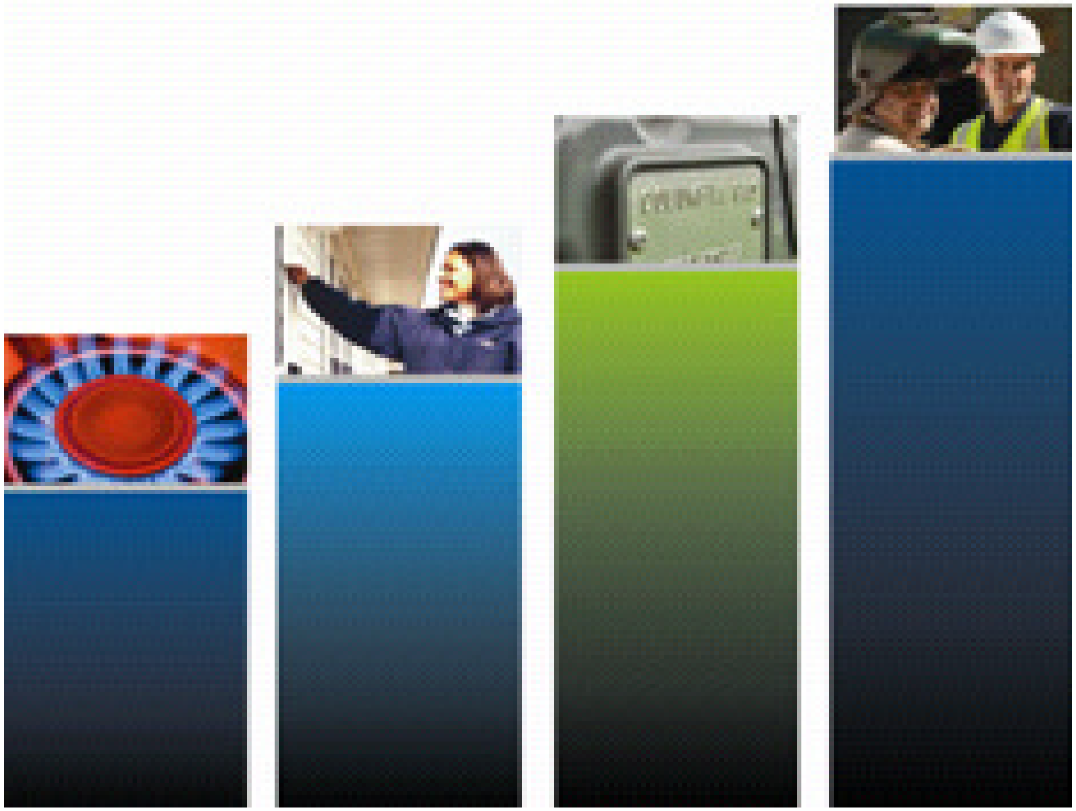
Presidential Operations - Outside Services are unfavorable due to charges in the Customer Programs. These are offset in Deferred credits (Misc./Other) and have no impact on the bottom line income.

Corporate Undistributed/Corp. Service Fee -Labor is unfavorable due to new controller's letters for CIP and LTIP. Benefits are favorable due to new pension and OPEB accrual figures. Corporate Service Fee is favorable due to underruns in Customer Operations and Rates & Regulatory as well as NCS Legal and Finance. These are partially offset by NGD Operations and stock compensation. Uncollectibles are unfavorable due to the increased gas costs and new charge-off rates.

NiSource Gas Distribution

December 2014
Results of Operations

CKY



NiSource Gas Distribution
December 2014 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD December 2014 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

CKY Operating Earnings are $2.6M over budget for the year ending 2014.

This is primarily driven by higher than expected volumetric revenue from increased customer usage and favorable OGDR due mostly to penalty charges.

CKY O&M is flat YTD through December.

This is driven by favorable variances in Corporate Undistributed and Corporate Service fee partially off-set by an unfavorable variance in Distribution Operations.

NiSource Gas Distribution
December 2014 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			69.1	66.5	2.6	[redacted]			[redacted]		
O&M Expense				33.9	33.9	(0.0)						
Depreciation				7.6	7.8	0.2						
Other Taxes				3.4	3.3	(0.2)						
Operating Earnings				24.2	21.6	2.6						
Interest Exp.				5.4	5.5	0.1						
Other Income				0.3	0.5	(0.2)						
Earnings from Sub				0.0	-	0.0						
Operating Earnings before Tax				19.1	16.6	2.5						
Income Taxes				8.3	6.8	(1.5)						
Net Operating Earnings				10.8	9.8	1.0						
Net OE without Earnings from Sub				10.8	9.8	1.0						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
December 2014 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Revenue	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate case activity)	[redacted]			60.1	59.1	1.0	[redacted]			[redacted]		
LCR - Large Volume Customers				6.1	5.7	0.4						
Other Gas Department Revenue				2.4	1.1	1.3						
Uncollectibles				0.5	0.6	(0.1)						
Trackers				1.9	0.8	1.1						
Total Revenue				**71.0**	**67.3**	**3.7**						
Total Revenue Less Trackers				**69.1**	**66.5**	**2.6**						

Fav / (Unfav)

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Base Margin (includes implemented rate case activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -

Base Margin - Favorable variance primarily due to increased volumetric revenue.

OGDR - Favorable variance is primarily due to customer penalty charges which are running $0.7M favorable. This has a direct correlation to the increased usage. There is also favorability related to increased rental income of $0.1M. The rental income is from TCO relating to the uncollected revenue of the prior year's lease agreement. This was shown as a true-up in February.

NiSource Gas Distribution
December 2014 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav) O&M	NGD Consolidated	CKY Actuals	CKY Budget	CKY Variance	COH	CMD
Distribution Operations	[redacted]	12,155.8	11,033.6	(1,122.1)	[redacted]	[redacted]
Construction & Engineering	[redacted]	791.3	793.3	2.0	[redacted]	[redacted]
Customer Operations	[redacted]	629.7	658.2	28.5	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	1,309.8	1,297.8	(12.0)	[redacted]	[redacted]
Other	[redacted]	-	-	-	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	5,073.6	5,817.3	743.7	[redacted]	[redacted]
Corporate Co 12 - Corp. Service fee	[redacted]	13,899.0	14,255.7	356.7	[redacted]	[redacted]
Trackers	[redacted]	2,036.0	742.9	(1,293.1)	[redacted]	[redacted]
Total O&M	[redacted]	**35,895.1**	**34,598.7**	**(1,296.4)**	[redacted]	[redacted]
	[redacted]				[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	**33,859.1**	**33,855.8**	**(3.2)**	[redacted]	[redacted]

Fav / (Unfav) O&M	CPA	CGV	CMA	NGD Adj.
Distribution Operations	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12 - Corp. Service fee	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY December 2014 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

Fav / (Unfav)	Distribution Operations YTD Actuals	Distribution Operations YTD Plan	Distribution Operations YTD Variance	Construction Operations YTD Actuals	Construction Operations YTD Plan	Construction Operations YTD Variance	Customer Operations YTD Actuals	Customer Operations YTD Plan	Customer Operations YTD Variance
Labor	5,729.9	5,626.5	(103.3)	126.1	151.8	25.6	(1.1)	-	1.1
Benefits	15.5	-	(15.5)	-	-	-	-	-	-
Outside Services	3,825.9	3,223.7	(602.2)	533.9	421.4	(112.5)	0.1	-	(0.1)
Materials	816.8	703.3	(113.5)	70.3	130.4	60.1	617.6	646.8	29.2
Fleet & Equipment	1,414.6	1,119.8	(294.8)	23.8	30.2	6.4	-	-	-
Employee Expenses	182.2	186.3	4.1	8.6	45.7	37.2	1.1	-	(1.1)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	170.9	174.0	3.0	28.5	13.8	(14.8)	12.0	11.4	(0.6)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
	-	-		-	-		-	-	
Totals	**12,155.8**	**11,033.6**	**(1,122.1)**	**791.3**	**793.3**	**2.0**	**629.7**	**658.2**	**28.5**
Total Less Trackers	**12,155.8**	**11,033.6**	**(1,122.1)**	**791.3**	**793.3**	**2.0**	**629.7**	**658.2**	**28.5**

Fav / (Unfav)	Presidential Operations YTD Actuals	Presidential Operations YTD Plan	Presidential Operations YTD Variance	Corporate Undistributed/Corp. Service Fee YTD Actuals	Corporate Undistributed/Corp. Service Fee YTD Plan	Corporate Undistributed/Corp. Service Fee YTD Variance	Total CKY YTD Actuals	Total CKY YTD Plan	Total CKY YTD Variance
Labor	898.3	896.8	(1.5)	552.5	552.5	0.0	7,305.6	7,227.7	(78.0)
Benefits	-	-	-	1,080.6	2,053.0	972.4	1,096.1	2,053.0	956.9
Outside Services	1,370.3	1,205.3	(164.9)	625.5	602.4	(23.1)	6,355.7	5,452.8	(902.8)
Materials	61.7	50.2	(11.5)	6.6	18.0	11.4	1,573.0	1,548.6	(24.4)
Fleet & Equipment	3.8	2.0	(1.8)	(1.0)	-	1.0	1,441.2	1,152.0	(289.2)
Employee Expenses	100.2	140.0	39.8	7.3	-	(7.3)	299.4	372.0	72.7
Corporate Service Fee	-	-	-	13,899.0	14,255.7	356.7	13,899.0	14,255.7	356.7
Miscellaneous/Other Expense	(1,124.5)	(996.6)	127.9	2,171.1	2,136.5	(34.7)	1,258.1	1,339.0	80.9
Uncollectibles	-	-	-	631.0	455.0	(176.0)	631.0	455.0	(176.0)
Trackers	-	-	-	2,036.0	742.9	(1,293.1)	2,036.0	742.9	(1,293.1)
	-	-		-	-				
Totals	**1,309.8**	**1,297.8**	**(12.0)**	**21,008.7**	**20,815.9**	**(192.8)**	**35,895.1**	**34,598.7**	**(1,296.4)**
Total Less Trackers	**1,309.8**	**1,297.8**	**(12.0)**	**18,972.6**	**20,073.0**	**1,100.4**	**33,859.1**	**33,855.8**	**(3.2)**

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations - Fleet Clearing overrun driven by increased units. Outside Services overrun mainly due to Meter Reading, Curb Valve Inspections, and Line Locating Services. Locating Services are the main driver and can somewhat be attributed to increased 811 "call before you dig" initiatives.

Construction Operations - Overruns in Outside Services due to right of way clearing and a December accrual for Damage Prevention.

Customer Operations - No Material Variances

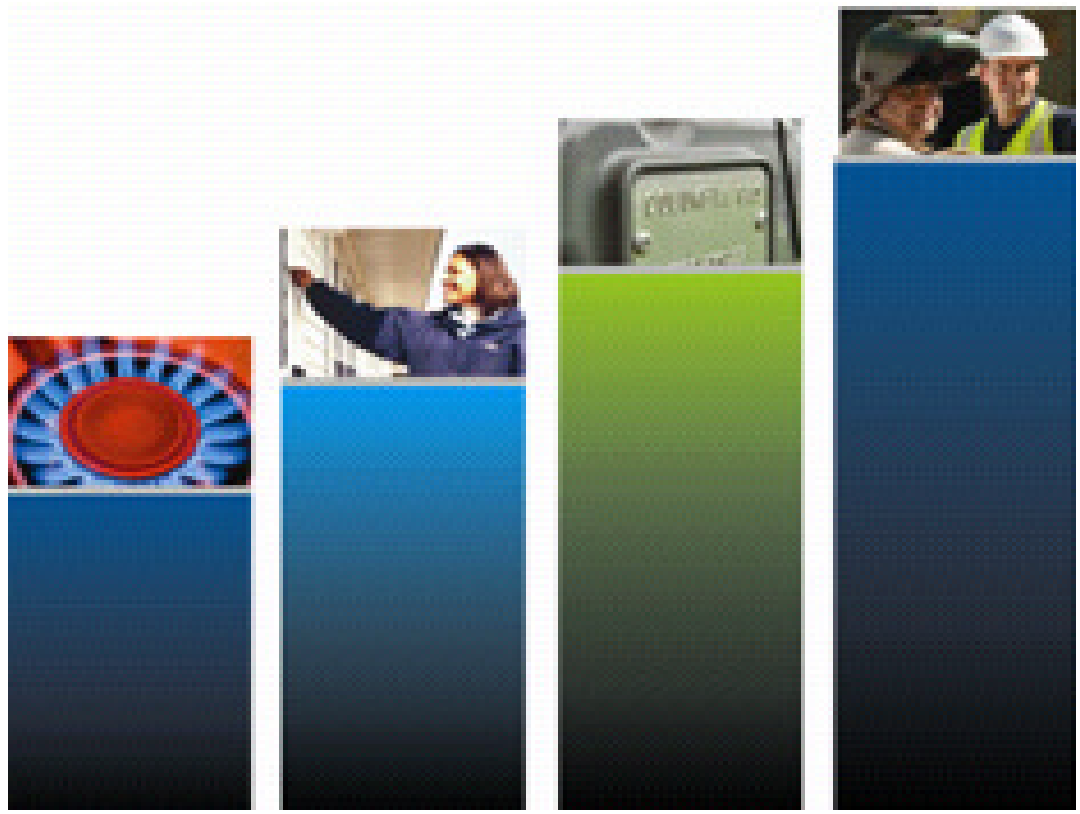
Presidential Operations - Outside Services are unfavorable due to charges in the Customer Programs. These are offset in Deferred credits (Misc./Other) and have no impact on the bottom line income.

Corporate Undistributed/Corp. Service Fee -Labor is unfavorable due to new controller's letters for CIP and LTIP. Benefits are favorable due to new pension and OPEB accrual figures. Corporate Service Fee is favorable due to underruns in Customer Operations and Rates & Regulatory as well as NCS Legal and Finance. These are partially offset by NGD Operations and stock compensation. Uncollectibles are unfavorable due to the increased gas costs and new charge-off rates.

NiSource Gas Distribution

January 2015
Results of Operations

CKY



NiSource Gas Distribution
January 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD January 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY January operating earnings of $6.5M are $0.2M favorable to plan.

* Base margin is up slightly by $0.1M.

* O&M is favorable by $0.1M, driven by Corporate Service Fee.

NiSource Gas Distribution
January 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]	[redacted]	[redacted]	10.3	10.0	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	2.7	2.8	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	0.7	0.7	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	0.4	0.3	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	6.5	6.3	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	0.5	0.5	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	0.0	0.0	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	0.0	-	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	6.0	5.8	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	2.3	2.3	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	3.8	3.5	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	3.7	3.5	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
January 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Revenue	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	9.1	9.0	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	0.6	0.7	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	0.2	0.1	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	0.3	0.2	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	0.1	0.2	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	**10.4**	**10.2**	**0.2**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	**10.3**	**10.0**	**0.3**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav)

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Columbia Gas of Kentucky -

Base Margin - Slight favorability due to weather

NiSource Gas Distribution
January 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			892.6	884.0	(8.6)	[redacted]			[redacted]		
Construction & Engineering				72.4	54.9	(17.5)						
Customer Operations				54.6	57.8	3.2						
President (Regulatory & Communications)				126.1	124.0	(2.1)						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				544.6	498.8	(45.8)						
Corporate Co 12				1,017.0	1,163.3	146.3						
Trackers				194.5	176.1	(18.4)						
Total O&M				**2,901.8**	**2,958.8**	**57.0**						
Total O&M Less Trackers				**2,707.3**	**2,782.7**	**75.4**						

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY January 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

Fav / (Unfav)	Distribution Operations YTD Actuals	Distribution Operations YTD Plan	Distribution Operations YTD Variance	Construction Operations YTD Actuals	Construction Operations YTD Plan	Construction Operations YTD Variance	Customer Operations YTD Actuals	Customer Operations YTD Plan	Customer Operations YTD Variance
Labor	496.8	475.4	(21.4)	16.7	11.5	(5.1)	2.1	-	(2.1)
Benefits	0.0	-	(0.0)	2.5	-	(2.5)	-	-	-
Outside Services	207.7	194.7	(13.0)	43.7	33.4	(10.3)	-	-	-
Materials	58.3	79.6	21.3	2.3	0.7	(1.6)	51.4	56.7	5.3
Fleet & Equipment	106.0	99.3	(6.7)	4.1	2.0	(2.1)	-	-	-
Employee Expenses	9.6	15.2	5.6	0.2	6.2	6.0	0.0	-	(0.0)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	14.1	19.8	5.6	3.0	1.1	(1.8)	1.1	1.1	(0.0)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**892.6**	**884.0**	**(8.6)**	**72.4**	**54.9**	**(17.5)**	**54.6**	**57.8**	**3.2**
Total Less Trackers	**892.6**	**884.0**	**(8.6)**	**72.4**	**54.9**	**(17.5)**	**54.6**	**57.8**	**3.2**

Fav / (Unfav)	Presidential Operations YTD Actuals	Presidential Operations YTD Plan	Presidential Operations YTD Variance	Corporate Undistributed/Corp. Service Fee YTD Actuals	Corporate Undistributed/Corp. Service Fee YTD Plan	Corporate Undistributed/Corp. Service Fee YTD Variance	Total CKY YTD Actuals	Total CKY YTD Plan	Total CKY YTD Variance
Labor	79.5	81.0	1.5	34.8	46.3	11.5	629.8	614.2	(15.6)
Benefits	-	-	-	170.2	116.2	(54.0)	172.7	116.2	(56.5)
Outside Services	45.6	22.6	(23.0)	8.5	36.3	27.8	305.6	287.0	(18.6)
Materials	8.7	4.2	(4.5)	-	1.5	1.5	120.7	142.7	21.9
Fleet & Equipment	1.7	0.2	(1.5)	-	-	-	111.7	101.4	(10.3)
Employee Expenses	2.7	10.8	8.1	2.1	-	(2.1)	14.7	32.3	17.6
Corporate Service Fee	-	-	-	1,017.0	1,163.3	146.3	1,017.0	1,163.3	146.3
Miscellaneous/Other Expense	(12.1)	5.2	17.3	202.0	188.5	(13.5)	208.2	215.7	7.5
Uncollectibles	-	-	-	126.9	110.0	(16.9)	126.9	110.0	(16.9)
Trackers	-	-	-	194.5	176.1	(18.4)	194.5	176.1	(18.4)
Totals	**126.1**	**124.0**	**(2.1)**	**1,756.1**	**1,838.1**	**82.1**	**2,901.83**	**2,958.8**	**57.0**
Total Less Trackers	**126.1**	**124.0**	**(2.1)**	**1,561.5**	**1,662.0**	**100.5**	**2,707.28**	**2,782.7**	**75.4**

Key Business Drivers - Columbia Gas of Kentucky

Corporate Undistributed

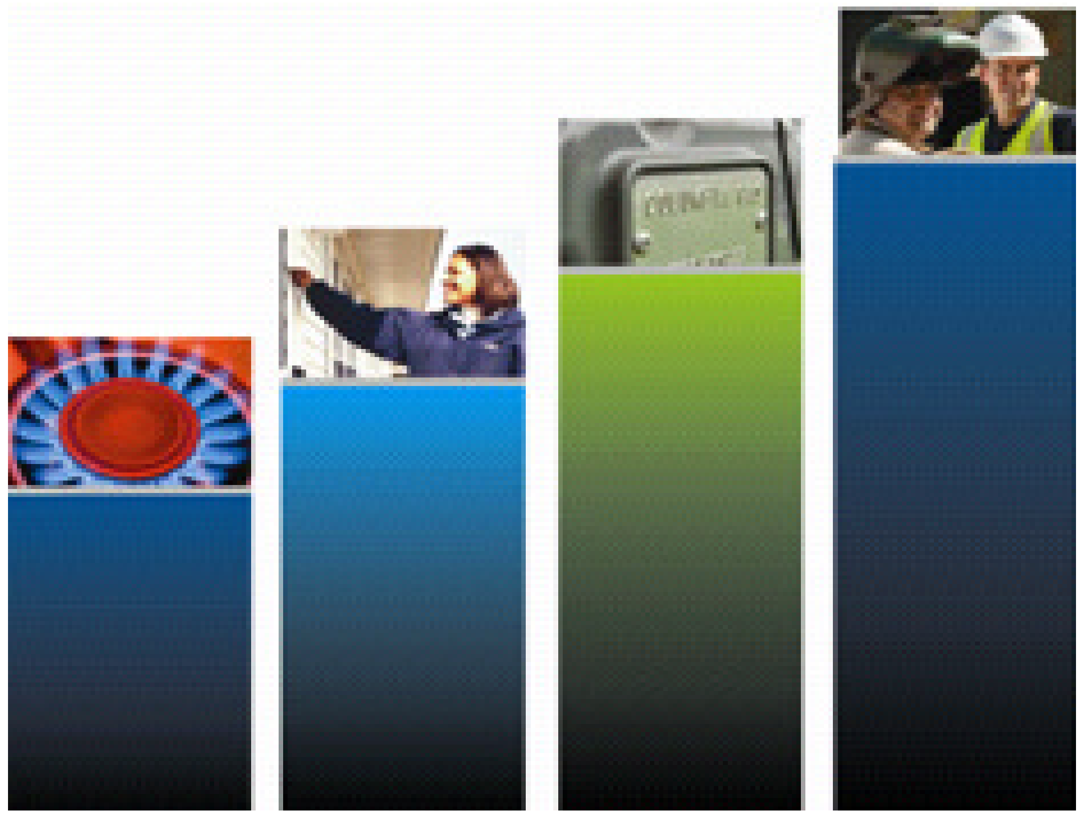
Benefits - unfavorable ($0.1M) primarily due to the timing of actuals vs. budget spread for NGD HSA activity.

Corporate Service Fee - favorable $0.1M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

February 2015
Results of Operations

CKY



NiSource Gas Distribution
February 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD February 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY February operating earnings of $11.4M are $0.3M favorable to plan.

* Base margin is down slightly by ($0.1M) and is offset by favorability in uncollectibles.

* O&M is favorable by $0.1M, driven by Corporate Service Fee.

NiSource Gas Distribution
February 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]			18.8	18.6	0.2	[redacted]			[redacted]		
O&M Expense				5.4	5.5	0.1						
Depreciation				1.3	1.3	(0.0)						
Other Taxes				0.7	0.6	(0.1)						
Operating Earnings				11.4	11.2	0.3						
Interest Exp.				0.9	0.9	0.0						
Other Income				0.0	0.0	(0.0)						
Earnings from Sub				0.0	-	0.0						
Operating Earnings before Tax				10.6	10.3	0.3						
Income Taxes				4.0	4.1	0.1						
Net Operating Earnings				6.6	6.2	0.3						
Net OE without Earnings from Sub				6.6	6.2	0.3						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
February 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			16.6	16.7	(0.1)	[redacted]			[redacted]		
LCR - Large Volume Customers				1.2	1.3	(0.0)						
Other **G**as **D**epartment **R**evenue				0.4	0.3	0.1						
Uncollectibles				0.7	0.3	0.3						
Trackers				0.3	0.3	(0.0)						
Total Revenue				**19.1**	**19.0**	**0.2**						
Total Revenue Less Trackers				**18.8**	**18.6**	**0.2**						

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

Columbia Gas of Kentucky -
Base Margin - Slight unfavorability due to usage

NiSource Gas Distribution
February 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)

O&M	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Distribution Operations	[redacted]			1,713.9	1,686.1	(27.8)	[redacted]			[redacted]		
Construction & Engineering				132.0	111.7	(20.3)						
Customer Operations				106.6	112.7	6.1						
President (Regulatory & Communications)				211.6	242.9	31.3						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				1,097.9	996.8	(101.1)						
Corporate Co 12				2,096.0	2,343.6	247.7						
Trackers				430.2	345.5	(84.7)						
Total O&M				**5,788.1**	**5,839.3**	**51.2**						
Total O&M Less Trackers				**5,357.9**	**5,493.8**	**135.9**						

O&M	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY February 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

Fav / (Unfav)	Distribution Operations YTD Actuals	Distribution Operations YTD Plan	Distribution Operations YTD Variance	Construction Operations YTD Actuals	Construction Operations YTD Plan	Construction Operations YTD Variance	Customer Operations YTD Actuals	Customer Operations YTD Plan	Customer Operations YTD Variance
Labor	1,002.7	906.2	(96.5)	25.1	23.0	(2.1)	2.1	-	(2.1)
Benefits	9.3	-	(9.3)	2.5	-	(2.5)	-	-	-
Outside Services	329.7	375.2	45.5	87.4	66.8	(20.7)	-	-	-
Materials	108.5	136.1	27.7	6.3	6.6	0.3	102.3	110.6	8.4
Fleet & Equipment	226.0	198.5	(27.5)	5.9	4.2	(1.7)	-	-	-
Employee Expenses	20.4	30.5	10.0	1.8	8.9	7.1	0.0	-	(0.0)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	17.3	39.5	22.2	3.0	2.3	(0.7)	2.1	2.1	(0.1)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**1,713.9**	**1,686.1**	**(27.8)**	**132.0**	**111.7**	**(20.3)**	**106.6**	**112.7**	**6.1**
Total Less Trackers	**1,713.9**	**1,686.1**	**(27.8)**	**132.0**	**111.7**	**(20.3)**	**106.6**	**112.7**	**6.1**

Fav / (Unfav)	Presidential Operations YTD Actuals	Presidential Operations YTD Plan	Presidential Operations YTD Variance	Corporate Undistributed/Corp. Service Fee YTD Actuals	Corporate Undistributed/Corp. Service Fee YTD Plan	Corporate Undistributed/Corp. Service Fee YTD Variance	Total CKY YTD Actuals	Total CKY YTD Plan	Total CKY YTD Variance
Labor	158.8	159.1	0.4	69.6	92.6	23.0	1,258.3	1,181.0	(77.3)
Benefits	-	-	-	308.3	232.3	(76.0)	320.1	232.3	(87.8)
Outside Services	63.0	45.3	(17.7)	57.6	72.6	14.9	537.7	559.8	22.1
Materials	10.2	8.3	(1.8)	-	3.0	3.0	227.2	264.7	37.5
Fleet & Equipment	1.7	0.3	(1.4)	-	-	-	233.7	203.1	(30.6)
Employee Expenses	8.2	21.7	13.5	2.5	-	(2.5)	32.9	61.0	28.1
Corporate Service Fee	-	-	-	2,096.0	2,343.6	247.7	2,096.0	2,343.6	247.7
Miscellaneous/Other Expense	(30.2)	8.2	38.4	400.0	368.1	(32.0)	392.2	420.1	27.9
Uncollectibles	-	-	-	259.8	228.3	(31.5)	259.8	228.3	(31.5)
Trackers	-	-	-	430.2	345.5	(84.7)	430.2	345.5	(84.7)
Totals	**211.6**	**242.9**	**31.3**	**3,624.1**	**3,685.9**	**61.9**	**5,788.12**	**5,839.3**	**51.2**
Total Less Trackers	**211.6**	**242.9**	**31.3**	**3,193.9**	**3,340.4**	**146.6**	**5,357.91**	**5,493.8**	**135.9**

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

Labor - unfavorable by $0.1M due to Leak Odor Investigation and Maintenance of Mains ($64K) and Plant Regulation/Dispatching ($27K). These over-runs are attributed to the extreme cold weather in the beginning of 2015. At times, three workers were needed to do two person jobs.

Corporate Undistributed

Benefits - unfavorable ($0.1M) primarily due to the timing of actuals vs. budget spread for NGD HSA activity.

Corporate Service Fee - favorable $0.2M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

March 2015
Results of Operations

CKY

NiSource Gas Distribution
March 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD March 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* OE Actual vs. Goal - CKY March operating earnings of $14.6M are $0.2M favorable to plan.

* Base margin is down slightly by $200K and is offset by favorability in OGDR.

* O&M is on target YTD for CKY.

NiSource Gas Distribution
March 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			26.0	25.8	0.2	[redacted]			[redacted]		
O&M Expense				8.3	8.3	(0.0)						
Depreciation				2.0	2.0	(0.0)						
Other Taxes				1.0	1.0	(0.0)						
Operating Earnings				14.6	14.5	0.2						
Interest Exp.				0.0	1.8	1.8						
Other Income				-	0.2	(0.2)						
Earnings from Sub				-	-	-						
Operating Earnings before Tax				14.6	12.8	1.8						
Income Taxes				-	5.7	5.7						
Net Operating Earnings				14.6	7.1	7.5						
Net OE without Earnings from Sub				14.6	7.1	7.5						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
March 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Revenue	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate activity)	[redacted]			22.9	23.1	(0.2)	[redacted]			[redacted]		
LCR - Large Volume Customers				1.7	1.8	(0.1)						
Other **G**as **D**epartment **R**evenue				1.0	0.6	0.5						
Uncollectibles				0.3	0.4	(0.0)						
Trackers				0.6	0.4	0.1						
Total Revenue				**26.5**	**26.2**	**0.3**						
Total Revenue Less Trackers				**26.0**	**25.8**	**0.2**						
	-	-		-	-		-	-		-	-	

Fav / (Unfav)

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												
	-	-		-	-		-	-		-	-	

Columbia Gas of Kentucky -

Base Margin - Slight unfavorability due to usage

NiSource Gas Distribution
March 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			2,783.0	2,608.6	(174.3)	[redacted]			[redacted]		
Construction & Engineering				193.2	167.6	(25.6)						
Customer Operations				160.7	166.8	6.2						
President (Regulatory & Communications)				339.5	367.8	28.4						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				1,566.5	1,467.6	(99.0)						
Corporate Co 12				3,296.4	3,558.7	262.2						
Trackers				526.0	485.2	(40.8)						
Total O&M				**8,865.3**	**8,822.3**	**(43.0)**						
Total O&M Less Trackers				**8,339.4**	**8,337.1**	**(2.2)**						
	-	-		-	-		-	-		-	-	

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												
	-	-		-	-		-	-		-	-	

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY March 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	1,597.2	1,408.2	(188.9)	46.8	34.7	(12.2)	0.8	-	(0.8)
Benefits	9.2	-	(9.2)	2.5	-	(2.5)	-	-	-
Outside Services	571.2	605.0	33.8	113.8	100.5	(13.3)	0.1	-	(0.1)
Materials	171.0	192.7	21.7	13.1	9.6	(3.4)	156.6	163.9	7.3
Fleet & Equipment	363.5	297.8	(65.7)	11.1	6.6	(4.4)	-	-	-
Employee Expenses	43.8	45.7	1.9	2.9	12.7	9.8	0.2	-	(0.2)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	27.2	59.3	32.0	3.1	3.4	0.3	3.0	2.9	(0.1)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**2,783.0**	**2,608.6**	**(174.3)**	**193.2**	**167.6**	**(25.6)**	**160.7**	**166.8**	**6.2**
Total Less Trackers	**2,783.0**	**2,608.6**	**(174.3)**	**193.2**	**167.6**	**(25.6)**	**160.7**	**166.8**	**6.2**
	-	-		-	-		-	-	

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	238.9	242.0	3.1	97.7	138.9	41.1	1,981.4	1,823.7	(157.7)
Benefits	-	-	-	402.7	348.5	(54.2)	414.4	348.5	(65.9)
Outside Services	97.0	67.9	(29.1)	97.6	108.9	11.3	879.6	882.3	2.7
Materials	15.7	12.5	(3.2)	0.1	4.5	4.4	356.5	383.2	26.7
Fleet & Equipment	2.0	0.5	(1.5)	-	-	-	376.5	304.9	(71.6)
Employee Expenses	21.0	35.0	14.0	3.3	-	(3.3)	71.1	93.4	22.2
Corporate Service Fee	-	-	-	3,296.4	3,558.7	262.2	3,296.4	3,558.7	262.2
Miscellaneous/Other Expense	(35.1)	9.9	45.0	591.5	547.6	(43.9)	589.8	623.1	33.4
Uncollectibles	-	-	-	373.6	319.3	(54.3)	373.6	319.3	(54.3)
Trackers	-	-	-	526.0	485.2	(40.8)	526.0	485.2	(40.8)
Totals	**339.5**	**367.8**	**28.4**	**5,389.0**	**5,511.4**	**122.4**	**8,865.33**	**8,822.3**	**(43.0)**
Total Less Trackers	**339.5**	**367.8**	**28.4**	**4,863.0**	**5,026.2**	**163.2**	**8,339.36**	**8,337.1**	**(2.2)**
	-	-		-	-	-	-	-	

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

Labor - unfavorable by $0.2M due to Leak Odor Investigation and Maintenance of Mains $119K plant and service training $74K and Plant Regulation/Dispatching $27K

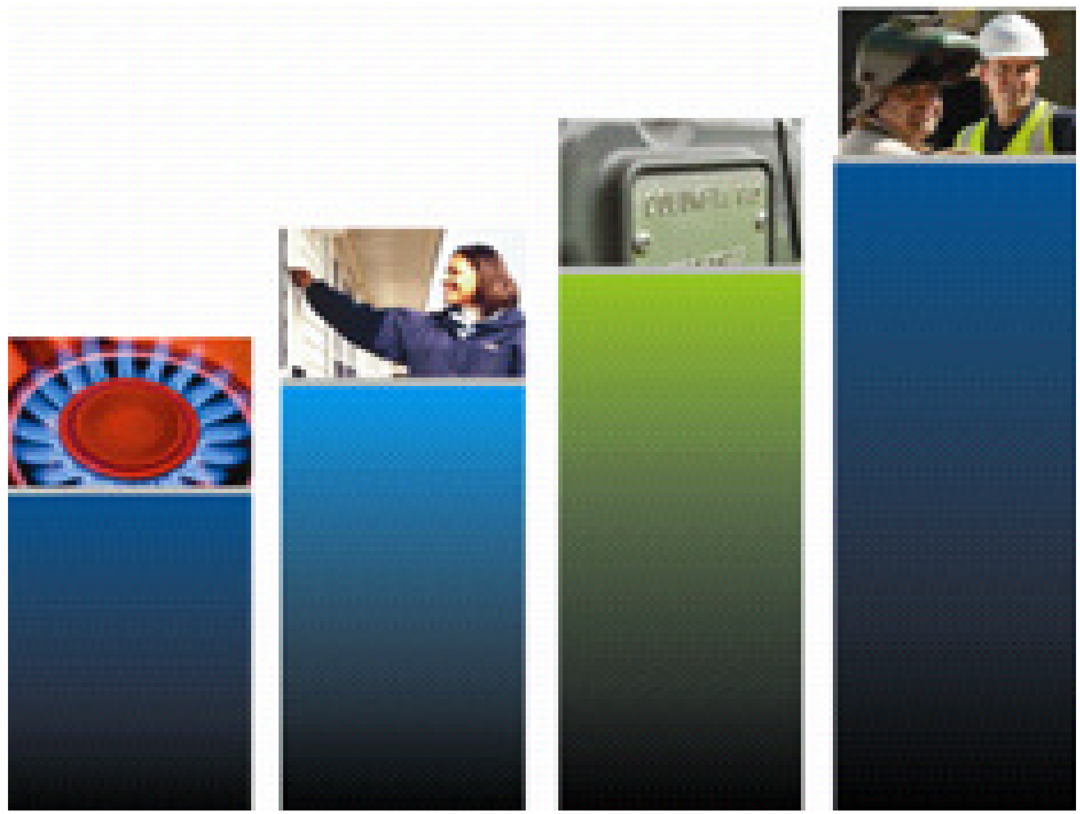
Corporate Undistributed

Corporate Service Fee - favorable $0.3M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

April 2015
Results of Operations

CKY



NiSource Gas Distribution
April 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD April 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY April YTD operating earnings of $16.4M are $0.3M over plan.

* Base margin is down by ($0.3M) and is offset by favorability in OGDR.

* O&M is on target YTD for CKY.

NiSource Gas Distribution
April 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	31.4	31.0	0.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	11.0	11.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	2.7	2.7	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	1.3	1.2	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	16.4	16.1	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	1.8	1.8	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	0.1	0.2	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	0.0	-	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	14.7	14.4	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	5.9	5.7	(0.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	8.8	8.8	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	8.8	8.8	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
April 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	27.3	27.6	(0.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	2.2	2.3	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other **G**as **D**epartment **R**evenue	[redacted]	[redacted]	[redacted]	1.4	0.7	0.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	0.4	0.4	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	0.7	0.5	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	**32.1**	**31.5**	**0.5**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	**31.4**	**31.0**	**0.4**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav)	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Columbia Gas of Kentucky -

Base Margin - unfavorability due to usage

Other Gas Department Revenue - Continued favorability in Misc. revenue including a Demand Penalty Charge (+$213k in April)

NiSource Gas Distribution
April 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)

	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			3,861.0	3,500.3	(360.7)	[redacted]			[redacted]		
Construction & Engineering				234.6	225.5	(9.1)						
Customer Operations				212.9	222.5	9.7						
President (Regulatory & Communications)				442.3	482.2	40.0						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				1,951.7	1,919.5	(32.2)						
Corporate Co 12				4,289.2	4,691.9	402.7						
Trackers				632.2	582.3	(49.9)						
Total O&M				**11,623.9**	**11,624.3**	**0.4**						
Total O&M Less Trackers				**10,991.7**	**11,042.0**	**50.3**						
	-	-		(0.0)	0.0		-	-		-	-	

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Co 12												
Trackers												
Total O&M												
Total O&M Less Trackers												
	-	-		-	-		-	-		-	-	

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY April 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	2,105.2	1,879.6	(225.6)	58.2	46.2	(12.1)	(0.0)	-	0.0
Benefits	9.2	-	(9.2)	2.5	-	(2.5)	-	-	-
Outside Services	985.5	829.1	(156.4)	116.6	133.9	17.4	0.1	-	(0.1)
Materials	213.6	254.7	41.0	19.6	16.0	(3.6)	208.8	218.8	10.0
Fleet & Equipment	452.0	397.1	(54.9)	12.9	8.8	(4.2)	-	-	-
Employee Expenses	58.6	60.9	2.3	3.8	16.0	12.2	0.2	-	(0.2)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	37.1	79.0	42.0	21.0	4.6	(16.5)	3.9	3.8	(0.1)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**3,861.0**	**3,500.3**	**(360.7)**	**234.6**	**225.5**	**(9.1)**	**212.9**	**222.5**	**9.7**
Total Less Trackers	**3,861.0**	**3,500.3**	**(360.7)**	**234.6**	**225.5**	**(9.1)**	**212.9**	**222.5**	**9.7**
	-	-		-	-		-	-	

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	317.1	320.6	3.6	133.6	185.2	51.6	2,614.0	2,431.5	(182.5)
Benefits	-	-	-	503.6	464.6	(39.0)	515.3	464.6	(50.7)
Outside Services	169.4	90.5	(78.9)	123.6	150.1	26.5	1,395.1	1,203.7	(191.4)
Materials	17.3	16.7	(0.6)	0.2	6.0	5.8	459.4	512.1	52.7
Fleet & Equipment	2.5	0.7	(1.8)	-	-	-	467.4	406.5	(60.9)
Employee Expenses	23.3	45.8	22.5	5.5	-	(5.5)	91.3	122.7	31.4
Corporate Service Fee	-	-	-	4,289.2	4,691.9	402.7	4,289.2	4,691.9	402.7
Miscellaneous/Other Expense	(87.3)	7.9	95.2	746.3	727.3	(19.0)	721.0	822.6	101.6
Uncollectibles	-	-	-	438.9	386.3	(52.7)	438.9	386.3	(52.7)
Trackers	-	-	-	632.2	582.3	(49.9)	632.2	582.3	(49.9)
Totals	**442.3**	**482.2**	**40.0**	**6,873.1**	**7,193.8**	**320.6**	**11,623.90**	**11,624.3**	**0.4**
Total Less Trackers	**442.3**	**482.2**	**40.0**	**6,240.9**	**6,611.4**	**370.5**	**10,991.69**	**11,042.0**	**50.3**
	-	-		-	-	-	-	-	

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

Labor - unfavorable by $0.2M due to Leak Odor Investigation and Maintenance of Mains $119K plant and service training $74K and Plant Regulation/Dispatching $27K

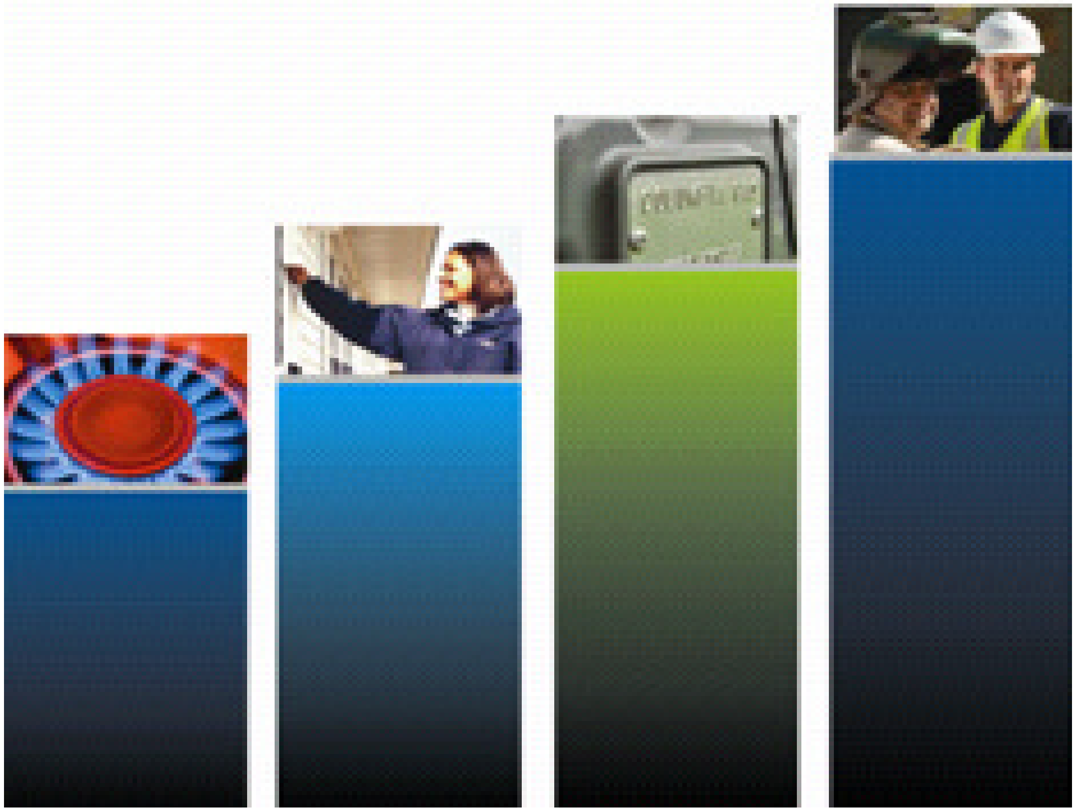
Corporate Undistributed

Corporate Service Fee - favorable $0.4M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

May 2015
Results of Operations

CKY



NiSource Gas Distribution
May 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD May 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY May YTD operating earnings of $16.4M are ($0.3M) down to plan.

* Favorability in OGDR $0.7M offset by Base Margin shortfall of ($0.6M).

* O&M is unfavorable by $0.2M driven by increased labor and outside services in field operations, partially off-set by favorability in corporate service fee.

NiSource Gas Distribution
May 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]			35.2	35.2	0.0	[redacted]			[redacted]		
O&M Expense				13.9	13.7	(0.2)						
Depreciation				3.4	3.4	(0.0)						
Other Taxes				1.6	1.5	(0.1)						
Operating Earnings				16.4	16.6	(0.2)						
Interest Exp.				2.3	2.3	0.0						
Other Income				0.2	0.2	0.0						
Earnings from Sub				0.0	-	0.0						
Operating Earnings before Tax				14.3	14.5	(0.2)						
Income Taxes				5.9	5.7	(0.2)						
Net Operating Earnings				8.4	8.8	(0.4)						
Net OE without Earnings from Sub				8.4	8.8	(0.4)						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

NGD Highlights

[redacted]

NiSource Gas Distribution
May 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Revenue	CKY Actuals	CKY Budget	CKY Variance
Base Margin (includes implemented rate activity)	30.7	31.3	(0.6)
LCR - Large Volume Customers	2.7	2.7	(0.1)
Other **G**as **D**epartment **R**evenue	1.5	0.8	0.7
Uncollectibles	0.4	0.4	(0.1)
Trackers	0.8	0.6	0.2
Total Revenue	**36.1**	**35.8**	**0.2**
Total Revenue Less Trackers	**35.2**	**35.2**	**0.0**

NGD Consolidated (Actuals, Budget, Variance): [redacted]

COH (Actuals, Budget, Variance): [redacted]

CMD (Actuals, Budget, Variance): [redacted]

Fav / (Unfav)

Revenue
Base Margin (includes implemented rate activity)
LCR - Large Volume Customers
Other Gas Department Revenue
Uncollectibles
Trackers
Total Revenue
Total Revenue Less Trackers

CPA (Actuals, Budget, Variance): [redacted]

CGV (Actuals, Budget, Variance): [redacted]

CMA (Actuals, Budget, Variance): [redacted]

NGD Adj. (Actuals, Budget, Variance): [redacted]

Columbia Gas of Kentucky -

Base Margin - unfavorability due to usage

Other Gas Department Revenue - Continued favorability in Misc. revenue including a Demand Penalty Charge of $213k from April.

NiSource Gas Distribution
May 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]	[redacted]	[redacted]	4,971.5	4,368.8	(602.7)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	355.9	290.7	(65.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	262.2	276.4	14.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	549.0	598.0	49.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	2,331.2	2,370.5	39.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	5,436.1	5,841.6	405.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	784.1	666.1	(118.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	**14,690.2**	**14,412.1**	**(278.1)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	**13,906.0**	**13,746.0**	**(160.0)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	-	-		-	-		-	-		-	-	

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	-	-		-	-		-	-		-	-	

Key Business Drivers - NGD

[redacted]

NiSource Gas Distribution
CKY May 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	2,642.1	2,336.4	(305.7)	69.6	57.7	(12.0)	(0.0)	-	0.0
Benefits	9.2	-	(9.2)	2.5	-	(2.5)	-	-	-
Outside Services	1,325.4	1,045.5	(279.9)	192.9	167.3	(25.6)	0.1	-	(0.1)
Materials	268.3	315.6	47.2	50.3	29.5	(20.8)	257.3	271.4	14.1
Fleet & Equipment	561.5	496.4	(65.1)	15.5	10.9	(4.6)	-	-	-
Employee Expenses	77.2	76.2	(1.0)	4.1	19.5	15.5	0.2	-	(0.2)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	87.9	98.8	10.9	21.1	5.7	(15.3)	4.7	4.9	0.2
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**4,971.5**	**4,368.8**	**(602.7)**	**355.9**	**290.7**	**(65.3)**	**262.2**	**276.4**	**14.1**
Total Less Trackers	**4,971.5**	**4,368.8**	**(602.7)**	**355.9**	**290.7**	**(65.3)**	**262.2**	**276.4**	**14.1**
	-	-		-	-		-	-	

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	394.8	398.2	3.4	169.6	231.5	61.9	#VALUE!	#VALUE!	#VALUE!
Benefits	-	-	-	599.5	580.8	(18.7)	#VALUE!	#VALUE!	#VALUE!
Outside Services	180.3	113.2	(67.1)	141.1	188.4	47.3	#VALUE!	#VALUE!	#VALUE!
Materials	22.9	20.8	(2.0)	0.3	7.5	7.2	#VALUE!	#VALUE!	#VALUE!
Fleet & Equipment	2.9	0.8	(2.1)	(0.0)	-	0.0	#VALUE!	#VALUE!	#VALUE!
Employee Expenses	30.9	56.7	25.7	5.8	-	(5.8)	#VALUE!	#VALUE!	#VALUE!
Corporate Service Fee	-	-	-	5,436.1	5,841.6	405.5	#VALUE!	#VALUE!	#VALUE!
Miscellaneous/Other Expense	(82.9)	8.3	91.1	924.1	915.8	(8.2)	#VALUE!	#VALUE!	#VALUE!
Uncollectibles	-	-	-	490.9	446.5	(44.4)	490.9	446.5	(44.4)
Trackers	-	-	-	784.1	666.1	(118.1)	#VALUE!	#VALUE!	#VALUE!
Totals	**549.0**	**598.0**	**49.0**	**8,551.5**	**8,878.2**	**326.8**	**#VALUE!**	**#VALUE!**	**#VALUE!**
Total Less Trackers	**549.0**	**598.0**	**49.0**	**7,767.3**	**8,212.2**	**444.8**	**#VALUE!**	**#VALUE!**	**#VALUE!**
	-	-		-	-	-	#VALUE!	#VALUE!	

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

Labor - unfavorable by $0.3M due to Leak Odor Investigation and Maintenance of Mains $119K plant and service training $142K, Plant Regulation/Dispatching $27K, and Inspect critical values $11K

Outside Services - unfavorable due to plant leak repair $126K, $148K of snow removal, Line Locating True-up of $133K, and Service Leak Inspections of $19K partially offset by Plant facility protection $122K.

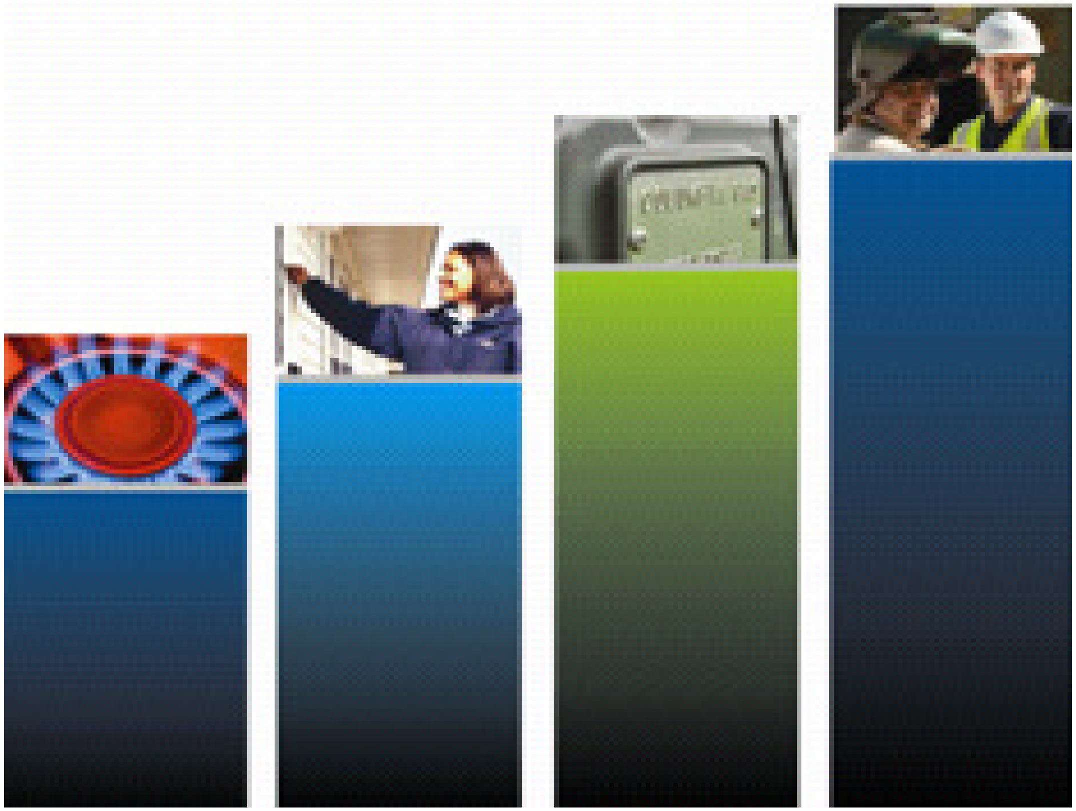
Corporate Undistributed

Corporate Service Fee - favorable $0.4M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

June 2015
Results of Operations

CKY



NiSource Gas Distribution
June 2015 Reporting Package
Table of Contents

NiSource Gas Distribution
YTD June 2015 CKY Emerging Issues and Business Drivers vs. 0&12 Budget
Budget vs. Actual

* CKY June YTD operating earnings of $15.5M are down ($1.0M) to plan.

* Base margin is down by ($1.1M) due primarily to unfavorable usage and is partially offset by favorability in OGDR.

* O&M is unfavorable by ($0.6M) driven by increased labor and outside services in field operations, partially off-set by favorability in corporate service fee

NiSource Gas Distribution
June 2015 YTD Operating Earnings vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]	[redacted]	[redacted]	38.6	38.9	(0.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	17.1	16.5	(0.6)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	4.1	4.1	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	1.9	1.8	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	15.5	16.5	(1.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	2.8	2.8	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	(0.7)	0.2	(0.9)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	0.0	-	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	12.0	13.9	(1.9)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	5.2	5.5	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	6.8	8.4	(1.6)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	6.8	8.4	(1.6)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

[redacted]

Columbia Gas of Kentucky Highlights

[redacted]

NiSource Gas Distribution
June 2015 YTD Revenue vs. 0&12 Budget
By Company ($M)

Fav / (Unfav)

Revenue	NGD Consolidated Actuals	NGD Consolidated Budget	NGD Consolidated Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate activity)	[redacted]			33.3	34.4	(1.1)	[redacted]			[redacted]		
LCR - Large Volume Customers				3.3	3.1	0.2						
Other **G**as **D**epartment **R**evenue				1.6	0.9	0.7						
Uncollectibles				0.3	0.4	(0.1)						
Trackers				0.9	0.6	0.2						
Total Revenue				**39.5**	**39.5**	**(0.1)**						
Total Revenue Less Trackers				**38.6**	**38.9**	**(0.3)**						
	-	-		-	-		-	-		-	-	

Fav / (Unfav)

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												
	-	-		-	-		-	-		-	-	

Columbia Gas of Kentucky -

Base Margin - unfavorability due to usage

Other Gas Department Revenue - Continued favorability in Misc. revenue including a Demand Penalty Charge of $213k from April.

NiSource Gas Distribution
June 2015 YTD O&M Variances vs. 0&12 Budget
By Company ($000)

Fav / (Unfav)

	NGD Consolidated			CKY			COH			CMD		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]	[redacted]	[redacted]	6,154.4	5,247.3	(907.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	363.6	354.1	(9.5)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	316.4	335.8	19.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	705.0	708.0	3.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	2,789.5	2,791.3	1.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	6,792.3	7,061.3	269.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	845.7	736.8	(108.8)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	**17,966.8**	**17,234.6**	**(732.1)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	**17,121.1**	**16,497.8**	**(623.3)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	-	-		-	-		-	-		-	-	

	CPA			CGV			CMA			NGD Adj.		
O&M	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Distribution Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	-	-		-	-		-	-		-	-	

Key Business Drivers - Columbia Gas of Kentucky

[redacted]

NiSource Gas Distribution
CKY June 2015 YTD O&M Variances vs. 0&12 Budget
Operations O&M ($000)

	Distribution Operations			Construction Operations			Customer Operations		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	3,212.7	2,785.6	(427.1)	79.4	69.3	(10.1)	(0.0)	-	0.0
Benefits	9.3	-	(9.3)	2.5	-	(2.5)	-	-	-
Outside Services	1,658.6	1,270.2	(388.4)	173.8	201.1	27.3	0.1	-	(0.1)
Materials	382.1	384.8	2.7	63.2	38.0	(25.2)	310.7	330.0	19.3
Fleet & Equipment	702.7	595.6	(107.1)	18.1	13.3	(4.8)	-	-	-
Employee Expenses	107.1	91.8	(15.3)	5.2	25.5	20.3	0.2	-	(0.2)
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	81.9	119.2	37.3	21.5	6.9	(14.6)	5.5	5.8	0.3
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**6,154.4**	**5,247.3**	**(907.1)**	**363.6**	**354.1**	**(9.5)**	**316.4**	**335.8**	**19.4**
Total Less Trackers	**6,154.4**	**5,247.3**	**(907.1)**	**363.6**	**354.1**	**(9.5)**	**316.4**	**335.8**	**19.4**
	-	-		-	-		-	-	

	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
Fav / (Unfav)	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance	YTD Actuals	YTD Plan	YTD Variance
Labor	485.7	467.6	(18.1)	218.8	277.7	58.9	3,996.6	3,600.3	(396.3)
Benefits	-	-	-	734.7	697.0	(37.7)	746.5	697.0	(49.5)
Outside Services	208.1	135.8	(72.3)	186.9	224.7	37.8	2,227.4	1,831.8	(395.6)
Materials	28.2	25.0	(3.2)	3.3	9.0	5.7	787.5	786.8	(0.6)
Fleet & Equipment	3.8	1.0	(2.8)	(0.0)	-	0.0	724.6	609.9	(114.6)
Employee Expenses	45.1	70.0	24.9	5.8	-	(5.8)	163.4	187.3	23.9
Corporate Service Fee	-	-	-	6,792.3	7,061.3	269.0	6,792.3	7,061.3	269.0
Miscellaneous/Other Expense	(65.8)	8.6	74.4	1,108.0	1,095.4	(12.6)	1,151.1	1,235.9	84.8
Uncollectibles	-	-	-	531.9	487.5	(44.4)	531.9	487.5	(44.4)
Trackers	-	-	-	845.7	736.8	(108.8)	845.7	736.8	(108.8)
Totals	**705.0**	**708.0**	**3.0**	**10,427.4**	**10,589.5**	**162.0**	**17,966.79**	**17,234.6**	**(732.1)**
Total Less Trackers	**705.0**	**708.0**	**3.0**	**9,581.7**	**9,852.6**	**270.9**	**17,121.11**	**16,497.8**	**(623.3)**
	-	-		-	-	-	-	-	

Key Business Drivers - Columbia Gas of Kentucky

Distribution Operations

Labor - unfavorable by $0.3M due to Leak Odor Investigation and Maintenance of Mains $119K plant and service training $142K, Plant Regulation/Dispatching $27K, and Inspect critical values $11K

Outside Services - Plant facility protection ($122K), off-set by $126K of plant leak repair, and $148K of snow removal, and a Line Locating True-up of $133K, and Service Leak Inspections of $19K

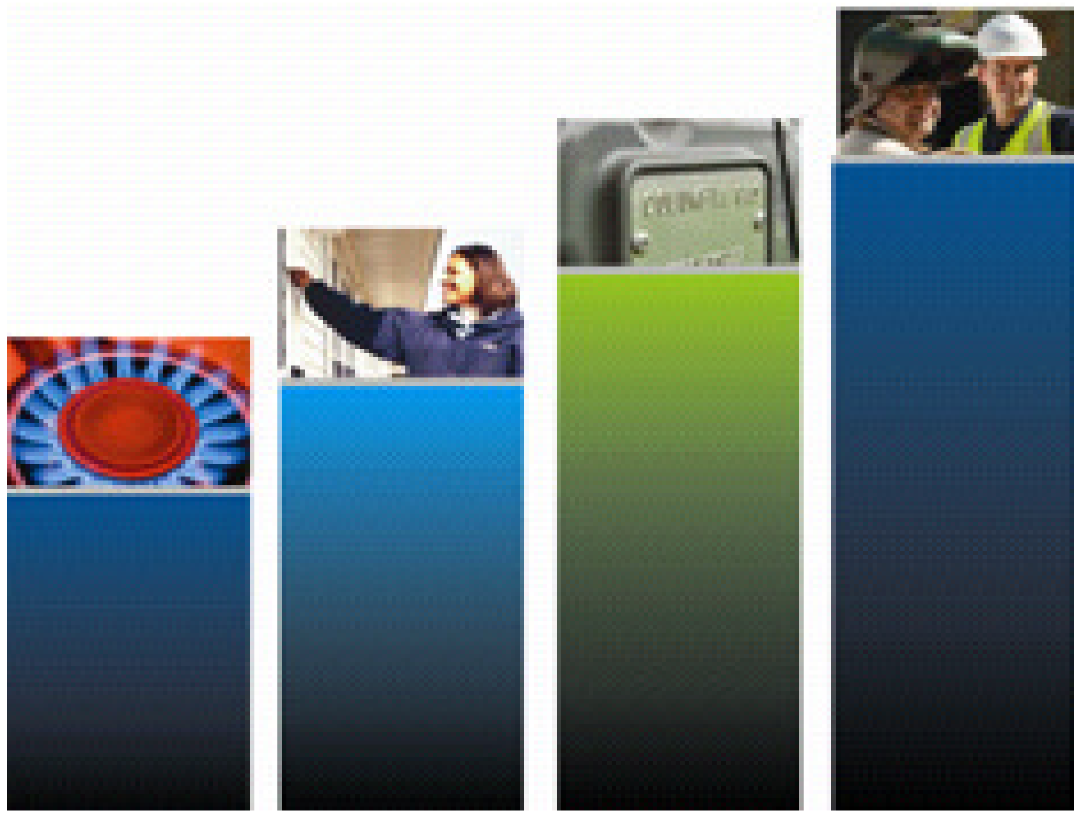
Corporate Undistributed

Corporate Service Fee - favorable $0.4M primarily due to the timing of actuals vs. budget spread for NGD unidentified projects.

NiSource Gas Distribution

July 2015
Results of Operations

CKY



NiSource Gas Distribution
July 2015 Reporting Package
Table of Contents

Gas Distribution (East)
July 2015 YTD Operating Earnings vs. 3&9 Budget
By Company ($M)

Fav / (Unfav)

Operating Earnings*	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]			3.6	3.7	(0.0)	[redacted]			[redacted]		
O&M Expense				2.6	2.8	0.2						
Depreciation				0.7	0.7	0.0						
Other Taxes				0.3	0.3	(0.0)						
Operating Earnings				0.1	(0.1)	0.2						
Interest Exp.				0.5	0.5	(0.0)						
Other Income				0.8	0.0	0.7						
Earnings from Sub				(0.0)	-	(0.0)						
Operating Earnings before Tax				0.4	(0.5)	0.9						
Income Taxes				0.2	(0.2)	(0.4)						
Net Operating Earnings				0.1	(0.3)	0.5						
Net OE without Earnings from Sub				0.1	(0.3)	0.5						

* All Values Less Trackers

Fav / (Unfav)

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

Columbia Gas of Kentucky Highlights

OE Actual vs. Goal - CKY July operating earnings of $0.1M. This is $0.2M favorable to the 3&9 budget

YTD **Revenue** is flat to plan

YTD **O&M** is $0.2M favorable primarily due to corporate service fee

YTD **Other Income** is $0.7M favorable due to July reclass of loss on TCO POD asset transfer booked in June

Gas Distribution (East)
July 2015 YTD Revenue vs. 3&9 Budget
By Company ($M)

Fav / (Unfav)

	Gas Distribution (East)			CKY			COH			CMD		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	3.2	3.2	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	0.4	0.4	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other **G**as **D**epartment **R**evenue	[redacted]	[redacted]	[redacted]	0.1	0.1	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	(0.0)	(0.0)	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	0.1	0.1	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	**3.7**	**3.8**	**(0.1)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	**3.6**	**3.7**	**(0.0)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav)

	CPA			CGV			CMA			NGD Adj.		
Revenue	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Columbia Gas of Kentucky -

- Total Revenue is flat to plan for the month of July

Gas Distribution (East)
July 2015 YTD O&M Variances vs. 3&9 Budget
By Company ($000)

Fav / (Unfav)

O&M		CKY Actuals	CKY Budget	CKY Variance		
Gas Operations	[redacted]	897.5	848.7	(48.8)	[redacted]	[redacted]
Construction & Engineering		22.1	63.8	41.7		
Customer Operations		53.1	65.3	12.2		
President (Regulatory & Communications)		89.9	128.2	38.3		
Other		-	-	-		
Corporate Undistributed (w/o Co 12)		451.5	422.1	(29.4)		
Corporate Co 12		1,053.8	1,244.8	191.0		
Trackers		85.4	123.2	37.9		
Total O&M		**2,653.3**	**2,896.2**	**242.9**		
Total O&M Less Trackers		**2,567.9**	**2,773.0**	**205.0**		

O&M				
Gas Operations	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering				
Customer Operations				
President (Regulatory & Communications)				
Other				
Corporate Undistributed (w/o Co 12)				
Corporate Co 12				
Trackers				
Total O&M				
Total O&M Less Trackers				

Gas Distribution (East)
July 2015 YTD O&M Variances vs. 3&9 Budget
Operations O&M ($000)

032

Fav / (Unfav)	Distribution Operations YTD Actuals	Distribution Operations YTD Plan	Distribution Operations YTD Variance	Construction Operations YTD Actuals	Construction Operations YTD Plan	Construction Operations YTD Variance	Customer Operations YTD Actuals	Customer Operations YTD Plan	Customer Operations YTD Variance
Labor	495.8	425.6	(70.2)	7.7	11.5	3.8	1.0	-	(1.0)
Benefits	-	-	-	-	-	-	-	-	-
Outside Services	219.4	217.4	(2.1)	8.5	33.4	24.9	-	-	-
Materials	63.4	71.2	7.7	4.5	12.0	7.4	51.2	64.5	13.3
Fleet & Equipment	119.3	99.3	(20.0)	1.3	2.1	0.8	-	-	-
Employee Expenses	13.3	15.5	2.2	0.2	3.7	3.6	-	-	-
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	(13.7)	19.8	33.5	0.0	1.1	1.1	0.9	0.8	(0.1)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**897.5**	**848.7**	**(48.8)**	**22.1**	**63.8**	**41.7**	**53.1**	**65.3**	**12.2**
Total Less Trackers	**897.5**	**848.7**	**(48.8)**	**22.1**	**63.8**	**41.7**	**53.1**	**65.3**	**12.2**

Fav / (Unfav)	Presidential Operations YTD Actuals	Presidential Operations YTD Plan	Presidential Operations YTD Variance	Corporate Undistributed/Corp. Service Fee YTD Actuals	Corporate Undistributed/Corp. Service Fee YTD Plan	Corporate Undistributed/Corp. Service Fee YTD Variance	Total CKY YTD Actuals	Total CKY YTD Plan	Total CKY YTD Variance
Labor	77.9	86.1	8.3	91.3	47.0	(44.3)	673.6	570.3	(103.4)
Benefits	-	-	-	118.7	105.5	(13.2)	118.7	105.5	(13.2)
Outside Services	11.0	26.6	15.5	11.8	32.1	20.3	250.8	309.4	58.7
Materials	5.6	4.2	(1.4)	(2.6)	1.5	4.1	122.2	153.3	31.1
Fleet & Equipment	0.2	0.2	(0.0)	-	-	-	120.8	101.5	(19.2)
Employee Expenses	7.9	10.8	2.9	1.7	-	(1.7)	23.0	30.1	7.1
Corporate Service Fee	-	-	-	1,053.8	1,244.8	191.0	1,053.8	1,244.8	191.0
Miscellaneous/Other Expense	(12.7)	0.4	13.1	188.4	186.9	(1.5)	162.8	209.0	46.2
Uncollectibles	-	-	-	42.2	49.0	6.8	42.2	49.0	6.8
Trackers	-	-	-	85.4	123.2	37.9	85.4	123.2	37.9
Totals	**89.9**	**128.2**	**38.3**	**1,590.7**	**1,790.1**	**199.5**	**2,653.3**	**2,896.2**	**242.9**
Total Less Trackers	**89.9**	**128.2**	**38.3**	**1,505.3**	**1,666.9**	**161.6**	**2,567.9**	**2,773.0**	**205.0**

Key O&M Drivers

Distribution Operations

- **Labor -** unfavorable ($0.07M) due to one week of suspended labor. This is due to the month ending on a Friday.

Corporate Undistributed

- **Labor -** unfavorable ($0.04M) due to a CIP true-up from CL 2015-39
- **Corporate Service Fee -** favorable $0.2M primarily due to the timing of actuals vs. budget spread for unidentified projects

August CKY Financial Detail

NiSource®

Table of Contents

August 2015 2H YTD Operating Earnings vs. 3&9 Budget

Fav / (Unfav):in Millions

Operating Earnings*	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Net Revenues	[redacted]			7.3	7.2	0.0	[redacted]			[redacted]		
O&M Expense				5.3	5.7	0.4						
Depreciation				1.4	1.4	0.0						
Other Taxes				0.6	0.6	(0.0)						
Operating Earnings				(0.0)	(0.5)	0.4						
Interest Exp.				1.0	0.9	(0.0)						
Other Income				0.8	0.1	0.7						
Earnings from Sub				(0.0)	-	(0.0)						
Operating Earnings before Tax				(0.2)	(1.3)	1.1						
Income Taxes				0.1	(0.4)	(0.6)						
Net Operating Earnings				(0.3)	(0.9)	0.6						
Net OE without Earnings from Sub				(0.3)	(0.9)	0.6						

* All Values Less Trackers

Fav / (Unfav):in Millions

Operating Earnings*	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	NGD Adj. Actuals	NGD Adj. Budget	NGD Adj. Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

* All Values Less Trackers

[redacted]

Columbia Gas of Kentucky Highlights

OE Actual vs. Goal - CKY YTD operating earnings of $0.0M is $0.4M favorable to the 3&9 budget

YTD **Revenue** is flat to budget

YTD **O&M** is $0.4M favorable primarily due to under-runs in Corporate Service Fee

YTD **Other Income** $0.7M favorable due to July reclass of loss on TCO POD asset transfer booked in June.

NiSource®

August 2015 2H YTD Revenue vs. 3&9 Budget

Fav / (Unfav): in Millions

Revenue	Gas Distribution (East)			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			6.3	6.3	(0.0)	[redacted]			[redacted]		
LCR - Large Volume Customers				0.9	0.8	0.0						
Other Gas Department Revenue				0.1	0.1	0.0						
Uncollectibles				(0.0)	(0.0)	0.0						
Trackers				0.1	0.2	(0.1)						
Total Revenue				**7.4**	**7.5**	**(0.0)**						
Total Revenue Less Trackers				**7.3**	**7.2**	**0.0**						

Fav / (Unfav): in Millions

Revenue	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Base Margin (includes implemented rate activity)	[redacted]			[redacted]			[redacted]			[redacted]		
LCR - Large Volume Customers												
Other Gas Department Revenue												
Uncollectibles												
Trackers												
Total Revenue												
Total Revenue Less Trackers												

[redacted]

Columbia Gas of Kentucky Highlights
Revenue is flat to plan

NiSource

August 2015 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
August 2015 YTD O&M Variances vs. 3&9 Budget
By Company ($000)

Fav / (Unfav): in Thousands

O&M	Gas Distribution (East)			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Gas Operations	[redacted]	[redacted]	[redacted]	1,760.3	1,799.7	39.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	79.2	123.0	43.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	104.2	120.8	16.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	205.5	257.9	52.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	839.2	851.7	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	2,268.4	2,514.5	246.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	157.0	234.4	77.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	**5,413.7**	**5,901.9**	**488.2**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	**5,256.8**	**5,667.5**	**410.7**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav): in Thousands

O&M	CPA			CGV			CMA			NGD Adj.		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Gas Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

Columbia Gas of Kentucky Highlights

Favorable O&M variance of $0.4M is driven by:

- **Corp Co.12 / Corp Undistributed and Other-** Favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

NiSource®

August 2015 CKY 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
August 2015 YTD O&M Variances vs. 3&9 Budget
Operations O&M ($000)

032

Fav / (Unfav): in Thousands

O&M	Distribution Operations			Construction Operations			Customer Operations		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Labor	962.3	904.4	(57.9)	21.6	23.0	1.4	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Outside Services	409.7	471.9	62.3	41.3	66.8	25.5	-	-	-
Materials	140.6	154.3	13.7	10.0	19.4	9.4	102.3	119.1	16.8
Fleet & Equipment	244.9	198.5	(46.3)	4.7	4.7	0.0	-	-	-
Employee Expenses	37.3	31.0	(6.2)	0.3	6.8	6.5	-	-	-
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	(34.4)	39.5	73.9	1.3	2.3	1.0	1.8	1.7	(0.2)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**1,760.3**	**1,799.7**	**39.4**	**79.2**	**123.0**	**43.8**	**104.2**	**120.8**	**16.6**
Total Less Trackers	**1,760.3**	**1,799.7**	**39.4**	**79.2**	**123.0**	**43.8**	**104.2**	**120.8**	**16.6**

Fav / (Unfav): in Thousands

O&M	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Labor	170.8	177.6	6.8	128.2	94.0	(34.2)	1,282.9	1,199.1	(83.9)
Benefits	-	-	-	224.7	211.1	(13.6)	224.7	211.1	(13.6)
Outside Services	25.2	49.2	24.0	40.3	64.2	24.0	516.4	652.1	135.7
Materials	8.7	8.3	(0.4)	(2.0)	3.0	5.0	259.7	304.2	44.5
Fleet & Equipment	(1.3)	0.3	1.6	-	-	-	248.3	203.6	(44.7)
Employee Expenses	17.7	21.7	3.9	2.8	-	(2.8)	58.1	59.5	1.4
Corporate Service Fee	-	-	-	2,268.4	2,514.5	246.0	2,268.4	2,514.5	246.0
Miscellaneous/Other Expense	(15.7)	0.7	16.4	378.0	376.0	(1.9)	330.9	420.2	89.3
Uncollectibles	-	-	-	67.2	103.3	36.1	67.2	103.3	36.1
Trackers	-	-	-	157.0	234.4	77.5	157.0	234.4	77.5
Totals	**205.5**	**257.9**	**52.4**	**3,264.6**	**3,600.6**	**336.0**	**5,413.7**	**5,901.9**	**488.2**
Total Less Trackers	**205.5**	**257.9**	**52.4**	**3,107.6**	**3,366.1**	**258.5**	**5,256.8**	**5,667.5**	**410.7**

Key O&M Drivers

Corporate Undistributed

- **Labor -** unfavorable ($0.05M) due to a CIP true-up from CL 2015-39
- **Corporate Service Fee -** favorable $0.2M primarily due to the timing of actuals vs. budget spread for unidentified projects

September CKY Financial Detail

Table of Contents

September 2015 2H YTD Operating Earnings vs. 3&9 Budget

Gas Distribution (East)
September 2015 YTD Operating Earnings vs. 3&9 Budget
By Company ($M)

Fav / (Unfav): in Millions

Operating Earnings*	Gas Distribution (East) Actuals	Budget	Variance	CKY Actuals	Budget	Variance	COH Actuals	Budget	Variance	CMD Actuals	Budget	Variance
Net Revenues	[redacted]			11.0	10.9	0.2	[redacted]			[redacted]		
O&M Expense				8.0	8.4	0.4						
Depreciation				2.1	2.1	0.0						
Other Taxes				0.9	0.9	(0.0)						
Operating Earnings				(0.0)	(0.5)	0.5						
Interest Exp.				1.4	1.4	0.0						
Other Income				0.8	0.1	0.7						
Earnings from Sub				(0.0)	-	(0.0)						
Operating Earnings before Tax				(0.6)	(1.8)	1.2						
Income Taxes				0.0	(0.6)	(0.6)						
Net Operating Earnings				(0.6)	(1.2)	0.6						
Net OE without Earnings from Sub				(0.6)	(1.2)	0.6						

* All Values Less Trackers

Fav / (Unfav): in Millions

Operating Earnings*	CPA Actuals	Budget	Variance	CGV Actuals	Budget	Variance	CMA Actuals	Budget	Variance	East Adj. Co. Actuals	Budget	Variance
Net Revenues	[redacted]			[redacted]			[redacted]			[redacted]		
O&M Expense												
Depreciation												
Other Taxes												
Operating Earnings												
Interest Exp.												
Other Income												
Earnings from Sub												
Operating Earnings before Tax												
Income Taxes												
Net Operating Earnings												
Net OE without Earnings from Sub												

Columbia Gas of Kentucky Highlights

OE Actual vs. Goal - CKY YTD operating loss of ($0.0M) is $0.5M favorable to the 3&9 budget
- YTD **Revenue** is $0.2M favorable primarily driven by favorable LCR
- YTD **O&M** is $0.4M favorable primarily due to under-runs in Corporate Service Fee
- YTD **Other Income** $0.7M favorable primarily due to July reclass of loss on TCO POD asset transfer booked in June.

September 2015 2H YTD Revenue vs. 3&9 Budget

Fav / (Unfav):in Millions

Revenue	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	9.5	9.5	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	1.3	1.2	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	0.2	0.2	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	0.2	0.3	(0.1)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	**11.2**	**11.2**	**0.0**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	**11.0**	**10.9**	**0.2**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav):in Millions

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	East Adj. Co. Actuals	East Adj. Co. Budget	East Adj. Co. Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

Columbia Gas of Kentucky Highlights

Favorable Revenue variance of $0.2M is driven by:

Slightly favorable LCR

September 2015 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
September 2015 YTD O&M Variances vs. 3&9 Budget
By Company ($000)

Fav / (Unfav): in Thousands

O&M	Gas Distribution (East)			CKY			COH			CMD		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Gas Operations	[redacted]	[redacted]	[redacted]	2,688.6	2,626.3	(62.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	140.5	180.1	39.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	155.1	181.0	26.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	345.7	389.4	43.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	1,174.7	1,232.3	57.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	3,507.6	3,784.4	276.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	217.4	356.8	139.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	**8,229.6**	**8,750.2**	**520.7**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	**8,012.2**	**8,393.4**	**381.2**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav): in Thousands

O&M	CPA			CGV			CMA			East Adj. Co		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Gas Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction & Engineering	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer Operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
President (Regulatory & Communications)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Undistributed (w/o Co 12)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate Co 12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total O&M Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Columbia Gas of Kentucky Highlights
Favorable O&M variance of $0.4M is driven by:
- **Corp Co.12 / Corp Undistributed and Other-** Favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

NiSource®

September 2015 CKY 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
September 2015 YTD O&M Variances vs. 3&9 Budget
Operations O&M ($000)

032

Fav / (Unfav): in Thousands

O&M	Distribution Operations Actuals	Distribution Operations Budget	Distribution Operations Variance	Construction Operations Actuals	Construction Operations Budget	Construction Operations Variance	Customer Operations Actuals	Customer Operations Budget	Customer Operations Variance
Labor	1,419.9	1,325.3	(94.5)	29.9	34.7	4.8	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Outside Services	679.7	684.4	4.7	83.6	100.5	17.0	-	-	-
Materials	212.5	212.9	0.5	16.0	23.4	7.4	152.3	178.5	26.2
Fleet & Equipment	350.0	297.8	(52.2)	6.2	7.2	1.0	-	-	-
Employee Expenses	47.9	46.6	(1.3)	0.4	10.8	10.4	-	-	-
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	(21.4)	59.3	80.6	4.5	3.4	(1.0)	2.7	2.6	(0.2)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**2,688.6**	**2,626.3**	**(62.3)**	**140.5**	**180.1**	**39.5**	**155.1**	**181.0**	**26.0**
Total Less Trackers	**2,688.6**	**2,626.3**	**(62.3)**	**140.5**	**180.1**	**39.5**	**155.1**	**181.0**	**26.0**

Fav / (Unfav): in Thousands

O&M	Presidential Operations Actuals	Presidential Operations Budget	Presidential Operations Variance	Corporate Undistributed/Corp. Service Fee Actuals	Corporate Undistributed/Corp. Service Fee Budget	Corporate Undistributed/Corp. Service Fee Variance	Total CKY Actuals	Total CKY Budget	Total CKY Variance
Labor	264.8	263.7	(1.2)	165.2	141.1	(24.1)	1,879.8	1,764.7	(115.0)
Benefits	-	-	-	319.2	316.6	(2.5)	319.2	316.6	(2.5)
Outside Services	41.0	76.6	35.6	68.5	96.4	27.9	872.8	957.9	85.1
Materials	13.3	12.5	(0.8)	(1.8)	4.5	6.3	392.3	431.8	39.5
Fleet & Equipment	(1.0)	0.5	1.5	-	-	-	355.2	305.5	(49.7)
Employee Expenses	26.3	35.0	8.7	3.3	-	(3.3)	77.9	92.4	14.5
Corporate Service Fee	-	-	-	3,507.6	3,784.4	276.8	3,507.6	3,784.4	276.8
Miscellaneous/Other Expense	1.3	1.1	(0.2)	538.4	521.5	(16.9)	525.5	587.8	62.3
Uncollectibles	-	-	-	82.0	152.3	70.3	82.0	152.3	70.3
Trackers	-	-	-	217.4	356.8	139.4	217.4	356.8	139.4
Totals	**345.7**	**389.4**	**43.6**	**4,899.7**	**5,373.4**	**473.7**	**8,229.6**	**8,750.2**	**520.7**
Total Less Trackers	**345.7**	**389.4**	**43.6**	**4,682.3**	**5,016.6**	**334.3**	**8,012.2**	**8,393.4**	**381.2**

Key O&M Drivers

Gas Operations
- **Labor -** unfavorable ($0.1M) due to suspended labor in September as well as small over-runs for Maintenance on Mains and Training.

Corporate Undistributed
- **Labor -** unfavorable ($0.1M) due to a CIP true-up from CL 2015-39
- **Corporate Service Fee -** favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

NiSource

October CKY Financial Detail

Table of Contents

October 2015 2H YTD Operating Earnings vs. 3&9 Budget

Gas Distribution (East)
October 2015 YTD Operating Earnings vs. 3&9 Budget
By Company ($M)

Fav / (Unfav): in Millions

	Gas Distribution (East)			CKY			COH			CMD		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	15.5	15.7	(0.2)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	10.8	11.2	0.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	2.8	2.8	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	1.2	1.2	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	0.6	0.4	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	1.9	2.0	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	0.9	0.2	0.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	(0.0)	-	(0.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	(0.5)	(1.4)	1.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	0.3	(0.4)	(0.7)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	(0.7)	(1.0)	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	(0.7)	(1.0)	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

Fav / (Unfav): in Millions

	CPA			CGV			CMA			Adj.		
Operating Earnings*	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Net Revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
O&M Expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest Exp.	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Earnings before Tax	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Operating Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net OE without Earnings from Sub	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* All Values Less Trackers

Columbia Gas of Kentucky Highlights

OE Actual vs. Goal - CKY YTD operating earnings of $0.6M is $0.2M favorable to the 3&9 budget

YTD **Revenue** is ($0.2M) unfavorable primarily driven by Base Margin

YTD **O&M** is $0.4M favorable primarily due to timing in Corporate Service Fee

YTD **Other Income** $0.7M favorable primarily due to July reclass of loss on TCO POD asset transfer booked in June.

October 2015 2H YTD Revenue vs. 3&9 Budget

Fav / (Unfav):in Millions

Revenue	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	13.5	13.8	(0.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	1.8	1.7	0.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	0.2	0.2	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	0.3	0.5	(0.2)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	**15.8**	**16.2**	**(0.5)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	**15.5**	**15.7**	**(0.2)**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Fav / (Unfav):in Millions

Revenue	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	Adj. Actuals	Adj. Budget	Adj. Variance
Base Margin (includes implemented rate activity)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LCR - Large Volume Customers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Gas Department Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Uncollectibles	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue Less Trackers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

Columbia Gas of Kentucky Highlights
Unfavorable Revenue variance of ($0.2M) is driven by:
Base Margin: unfavorable due to usage

October 2015 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
October 2015 YTD O&M Variances vs. 3&9 Budget
By Company ($000)

Fav / (Unfav): in Thousands

O&M	Gas Distribution (East) Actuals	Gas Distribution (East) Budget	Gas Distribution (East) Variance	CKY Actuals	CKY Budget	CKY Variance	COH Actuals	COH Budget	COH Variance	CMD Actuals	CMD Budget	CMD Variance
Gas Operations	[redacted]			3,660.1	3,527.3	(132.8)	[redacted]			[redacted]		
Construction & Engineering				185.7	237.7	52.0						
Customer Operations				210.1	237.4	27.4						
President (Regulatory & Communications)				465.9	555.3	89.4						
Other				-	-	-						
Corporate Undistributed (w/o Co 12)				1,527.5	1,619.9	92.3						
Corporate Service Fee				4,772.1	5,050.3	278.2						
Trackers				304.3	564.5	260.3						
Total O&M				**11,125.7**	**11,792.4**	**666.8**						
Total O&M Less Trackers				**10,821.4**	**11,227.9**	**406.5**						

Fav / (Unfav): in Thousands

O&M	CPA Actuals	CPA Budget	CPA Variance	CGV Actuals	CGV Budget	CGV Variance	CMA Actuals	CMA Budget	CMA Variance	Adj. Actuals	Adj. Budget	Adj. Variance
Gas Operations	[redacted]			[redacted]			[redacted]			[redacted]		
Construction & Engineering												
Customer Operations												
President (Regulatory & Communications)												
Other												
Corporate Undistributed (w/o Co 12)												
Corporate Service Fee												
Trackers												
Total O&M												
Total O&M Less Trackers												

Columbia Gas of Kentucky Highlights

Favorable O&M variance of $0.4M is driven by:

- **Corporate Service Fee-** Favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

NiSource®

October 2015 CKY 2H YTD O&M vs. 3&9 Budget

Gas Distribution (East)
October 2015 YTD O&M Variances vs. 3&9 Budget
Operations O&M ($000)

032

Fav / (Unfav): in Thousands

O&M	Distribution Operations			Construction Operations			Customer Operations		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Labor	1,893.3	1,806.1	(87.2)	32.5	46.2	13.7	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Outside Services	998.0	903.3	(94.7)	113.7	133.9	20.3	-	-	-
Materials	284.0	279.7	(4.4)	28.0	28.7	0.7	206.3	233.8	27.5
Vehicle & Tools Costs	453.0	397.1	(55.9)	6.6	10.1	3.5	-	-	-
Employee Expenses	64.0	62.1	(1.9)	0.5	14.2	13.7	-	-	-
Corporate Service Fee	-	-	-	-	-	-	-	-	-
Miscellaneous/Other Expense	(32.2)	79.0	111.2	4.5	4.6	0.1	3.8	3.6	(0.2)
Uncollectibles	-	-	-	-	-	-	-	-	-
Trackers	-	-	-	-	-	-	-	-	-
Totals	**3,660.1**	**3,527.3**	**(132.8)**	**185.7**	**237.7**	**52.0**	**210.1**	**237.4**	**27.4**
Total Less Trackers	**3,660.1**	**3,527.3**	**(132.8)**	**185.7**	**237.7**	**52.0**	**210.1**	**237.4**	**27.4**

Fav / (Unfav): in Thousands

O&M	Presidential Operations			Corporate Undistributed/Corp. Service Fee			Total CKY		
	Actuals	Budget	Variance	Actuals	Budget	Variance	Actuals	Budget	Variance
Labor	358.6	353.9	(4.6)	202.1	188.1	(14.0)	2,486.4	2,394.3	(92.1)
Benefits	-	-	-	425.7	422.2	(3.6)	425.7	422.2	(3.6)
Outside Services	55.9	99.3	43.3	86.3	128.5	42.1	1,254.0	1,265.0	11.0
Materials	17.1	16.7	(0.4)	(1.8)	6.0	7.8	533.7	564.9	31.2
Vehicle & Tools Costs	(0.9)	0.7	1.5	-	-	-	458.7	407.9	(50.9)
Employee Expenses	38.7	65.8	27.1	3.9	-	(3.9)	107.0	142.1	35.1
Corporate Service Fee	-	-	-	4,772.1	5,050.3	278.2	4,772.1	5,050.3	278.2
Miscellaneous/Other Expense	(3.6)	18.9	22.5	707.3	675.9	(31.4)	679.7	782.0	102.3
Uncollectibles	-	-	-	104.0	199.3	95.3	104.0	199.3	95.3
Trackers	-	-	-	304.3	564.5	260.3	304.3	564.5	260.3
Totals	**465.9**	**555.3**	**89.4**	**6,603.9**	**7,234.7**	**630.8**	**11,125.7**	**11,792.4**	**666.8**
Total Less Trackers	**465.9**	**555.3**	**89.4**	**6,299.6**	**6,670.2**	**370.5**	**10,821.4**	**11,227.9**	**406.5**

Key O&M Drivers

Corporate Undistributed

- **Labor** - unfavorable ($0.1M) due to a CIP true-up from CL 2015-39
- **Corporate Service Fee** - favorable $0.3M primarily due to the timing of actuals vs. budget spread for unidentified projects

NiSource®

November 2015 MTD

Actual	CKY
Net Revenues	$ 6.0
O&M Expense	(3.1)
Depreciation	(0.7)
Other Taxes	(0.3)
Operating Earnings	**$ 1.9**

3&9 Plan	CKY
Net Revenues	$ 6.3
O&M Expense	(2.9)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 2.3**

Variance	CKY
Net Revenues	$ (0.3)
O&M Expense	(0.2)
Depreciation	-
Other Taxes	0.1
Operating Earnings	**$ (0.4)**

MTD Variance Explanations

CKY MTD operating income of $1.9M is ($0.4M) unfavorable to the 3&9 budget

MTD Revenue is ($0.3M) unfavorable due primarily to usage

MTD O&M Expense is ($0.2M) unfavorable due to increased Corporate Services Fee

2H 2015 YTD

Actual	CKY
Net Revenues	$ 21.5
O&M Expense	(13.9)
Depreciation	(3.5)
Other Taxes	(1.6)
Operating Earnings	**$ 2.5**

3&9 Plan	CKY
Net Revenues	$ 22.0
O&M Expense	(14.2)
Depreciation	(3.6)
Other Taxes	(1.6)
Operating Earnings	**$ 2.6**

Variance	CKY
Net Revenues	$ (0.5)
O&M Expense	0.3
Depreciation	0.1
Other Taxes	-
Operating Earnings	**$ (0.1)**

Note: Categories are net of Trackers

2H 2015 YTD Variance Explanations

CKY YTD operating earnings of $2.5M is ($0.1M) unfavorable to the 3&9 budget

YTD Revenue is ($0.5M) unfavorable due primarily to usage

YTD O&M is $0.3M favorable primarily due to Corporate Service Fee

Cash Flow

November 2015 MTD		
Actual		**CKY**
Net Operating Earnings	**$**	**1.3**
Weather (Compared to Normal)		(0.3)
Other Reconciling Items to GAAP		0.1
Net Income (Loss) - GAAP	**$**	**1.1**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		0.4
Regulatory Assets/Liabilities		(0.3)
Postretirement and Postemployment Benefits		(0.1)
Other Items		-
Funds From Operations	**$**	**1.8**
Changes in Working Capital		(1.0)
Cash From Operations - GAAP	**$**	**0.8**
3&9 Plan		**CKY**
Net Operating Earnings	**$**	**1.2**
Weather (Compared to Normal)		-
Other Reconciling Items to GAAP		-
Net Income (Loss) - GAAP	**$**	**1.2**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		0.3
Regulatory Assets/Liabilities		-
Postretirement and Postemployment Benefits		-
Other Items		-
Funds From Operations	**$**	**2.2**
Changes in Working Capital		0.2
Cash From Operations - GAAP	**$**	**2.4**
Variance		**CKY**
Net Operating Earnings	**$**	**0.1**
Weather (Compared to Normal)		(0.3)
Other Reconciling Items to GAAP		0.1
Net Income (Loss) - GAAP	**$**	**(0.1)**
Depreciation & Amortization		-
Deferred Income Taxes and Investment Tax Credits		0.1
Regulatory Assets/Liabilities		(0.3)
Postretirement and Postemployment Benefits		(0.1)
Other Items		-
Funds From Operations	**$**	**(0.4)**
Changes in Working Capital		(1.2)
Cash From Operations - GAAP	**$**	**(1.6)**

MTD Variance Explanations
Working Capital variance primariliy due to increases in AR and decreases in AP over plan

Cash Flow

2H 2015 YTD			2H 2015 YTD Variance Explanations
Actual		**CKY**	
Net Operating Earnings	**$**	**1.8**	
Weather (Compared to Normal)		(0.4)	
Other Reconciling Items to GAAP		(0.3)	
Net Income (Loss) - GAAP	**$**	**1.1**	
Depreciation & Amortization		3.5	
Deferred Income Taxes and Investment Tax Credits		0.9	
Regulatory Assets/Liabilities		(1.2)	
Postretirement and Postemployment Benefits		(0.3)	
Other Items		(0.1)	
Funds From Operations	**$**	**3.9**	
Changes in Working Capital		(0.5)	
Cash From Operations - GAAP	**$**	**3.4**	
3&9 Plan		**CKY**	
Net Operating Earnings	**$**	**0.6**	
Weather (Compared to Normal)		-	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**0.6**	
Depreciation & Amortization		3.6	
Deferred Income Taxes and Investment Tax Credits		1.6	
Regulatory Assets/Liabilities		0.2	
Postretirement and Postemployment Benefits		(0.3)	
Other Items		-	
Funds From Operations	**$**	**5.7**	
Changes in Working Capital		(0.2)	
Cash From Operations - GAAP	**$**	**5.5**	
Variance		**CKY**	
Net Operating Earnings	**$**	**1.2**	
Weather (Compared to Normal)		(0.4)	
Other Reconciling Items to GAAP		(0.3)	
Net Income (Loss) - GAAP	**$**	**0.5**	
Depreciation & Amortization		(0.1)	
Deferred Income Taxes and Investment Tax Credits		(0.7)	Variance primarily due to decreases in Deferred FIT and SIT
Regulatory Assets/Liabilities		(1.4)	Primarily due to an increase in Other Reg Assets
Postretirement and Postemployment Benefits		-	
Other Items		(0.1)	
Funds From Operations	**$**	**(1.8)**	
Changes in Working Capital		(0.3)	Working Capital variance primariliy due to decreases in AP over
Cash From Operations - GAAP	**$**	**(2.1)**	plan

Balance Sheet

Please explain any variance greater than $5M

November 2015

Actual	CKY
Funds From Operations	
Total Regulatory Assets	12.1
Total Regulatory Liabilities	30.6
Accrued Liability for Postretirement & Postemployment Benefits	5.9
Working Capital	
Customer A/R, less Reserve	10.3
Gas Inventory	52.4
Underrecovered Gas Costs	-
Exchange Gas Receivable	-
Legal & Environmental Reserve	-
Customer Deposits & Credits	15.1
Accounts Payable	8.1
Taxes Accrued	4.7
Current Deferred Taxes	4.7
Deferred Income Taxes	66.4
Overrecoverred Gas & Fuel Costs	16.3
Exchange Gas Payable	6.7

3&9 Plan	CKY
Funds From Operations	
Total Regulatory Assets	9.6
Total Regulatory Liabilities	29.9
Accrued Liability for Postretirement & Postemployment Benefits	5.9
Working Capital	
Customer A/R, less Reserve	13.4
Gas Inventory	51.6
Underrecovered Gas Costs	-
Exchange Gas Receivable	0.9
Legal & Environmental Reserve	-
Customer Deposits & Credits	19.6
Accounts Payable	8.9
Taxes Accrued	2.7
Current Deferred Taxes	3.4
Deferred Income Taxes	64.6
Overrecoverred Gas & Fuel Costs	10.2
Exchange Gas Payable	8.3

Variance	CKY	Variance Explanations
Funds From Operations		
Total Regulatory Assets	2.5	
Total Regulatory Liabilities	0.7	
Accrued Liability for Postretirement & Postemployment Benefits	-	
Working Capital		
Customer A/R, less Reserve	(3.1)	
Gas Inventory	0.8	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	(0.9)	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	(4.5)	
Accounts Payable	(0.8)	
Taxes Accrued	2.0	
Current Deferred Taxes	1.3	
Deferred Income Taxes	1.8	
Overrecoverred Gas & Fuel Costs	6.1	Driven by a reduction of underlying gas cost assumptions
Exchange Gas Payable	(1.6)	

December 2015 MTD

Actual	CKY
Net Revenues	$ 8.2
O&M Expense	(3.4)
Depreciation	(0.7)
Other Taxes	(0.3)
Operating Earnings	**$ 3.8**

3&9 Plan	CKY
Net Revenues	$ 8.6
O&M Expense	(2.8)
Depreciation	(0.7)
Other Taxes	(0.3)
Operating Earnings	**$ 4.8**

Variance	CKY
Net Revenues	$ (0.4)
O&M Expense	(0.6)
Depreciation	-
Other Taxes	-
Operating Earnings	**$ (1.0)**

MTD Variance Explanations

CKY MTD operating earnings of $3.8M is ($1.0M) unfavorable to the 3&9 budget

MTD Revenue is ($0.4M) unfavorable primarily due to warm weather and usage

MTD O&M Expense is ($0.6M) unfavorable due to increased spending on Operational Initiatives

2H 2015 YTD

Actual	CKY
Net Revenues	$ 29.7
O&M Expense	(17.3)
Depreciation	(4.3)
Other Taxes	(1.9)
Operating Earnings	**$ 6.2**

3&9 Plan	CKY
Net Revenues	$ 30.6
O&M Expense	(17.0)
Depreciation	(4.3)
Other Taxes	(1.8)
Operating Earnings	**$ 7.5**

Variance	CKY
Net Revenues	$ (0.9)
O&M Expense	(0.3)
Depreciation	-
Other Taxes	(0.1)
Operating Earnings	**$ (1.3)**

2H 2015 YTD Variance Explanations

CKY YTD operating earnings of $6.2M is ($1.3M) unfavorable to the 3&9 budget

YTD Revenue is ($0.9M) unfavorable primarily due to warm weather and usage

YTD O&M is ($0.3M) unfavorable primarily due to increased spending on Operational Initiatives, nearly offset by favorable Uncollectibles and Corp Service Fee

Cash Flow

December 2015 MTD			MTD Variance Explanations
Actual		**CKY**	
Net Operating Earnings	**$**	**2.5**	
Weather (Compared to Normal)		(0.5)	
Other Reconciling Items to GAAP		(0.1)	
Net Income (Loss) - GAAP	**$**	**1.9**	
Depreciation & Amortization		0.7	
Deferred Income Taxes and Investment Tax Credits		5.8	
Regulatory Assets/Liabilities		(2.1)	
Postretirement and Postemployment Benefits		1.6	
Other Items		0.1	
Funds From Operations	**$**	**8.0**	
Changes in Working Capital		(7.5)	
Cash From Operations - GAAP	**$**	**0.5**	
3&9 Plan		**CKY**	
Net Operating Earnings	**$**	**3.0**	
Weather (Compared to Normal)		-	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**3.0**	
Depreciation & Amortization		0.7	
Deferred Income Taxes and Investment Tax Credits		0.2	
Regulatory Assets/Liabilities		-	
Postretirement and Postemployment Benefits		(0.1)	
Other Items		-	
Funds From Operations	**$**	**3.8**	
Changes in Working Capital		(4.9)	
Cash From Operations - GAAP	**$**	**(1.1)**	
Variance		**CKY**	
Net Operating Earnings	**$**	**(0.5)**	
Weather (Compared to Normal)		(0.5)	
Other Reconciling Items to GAAP		(0.1)	
Net Income (Loss) - GAAP	**$**	**(1.1)**	
Depreciation & Amortization		-	
Deferred Income Taxes and Investment Tax Credits		5.6	FIT Deferred - Plant related, primarily due to Bonus Depreciation extension
Regulatory Assets/Liabilities		(2.1)	Primarily due to Pension and OPEB remeasurements
Postretirement and Postemployment Benefits		1.7	Primarily due to Pension and OPEB remeasurements
Other Items		0.1	
Funds From Operations	**$**	**4.2**	
Changes in Working Capital		(2.6)	
Cash From Operations - GAAP	**$**	**1.6**	Primarily due to a decrease in Current FIT payable driven by bonus depreciation

Cash Flow

2H 2015 YTD			2H 2015 YTD Variance Explanations
Actual		**CKY**	
Net Operating Earnings	**$**	**4.3**	
Weather (Compared to Normal)		(0.9)	
Other Reconciling Items to GAAP		(0.4)	
Net Income (Loss) - GAAP	**$**	**3.0**	
Depreciation & Amortization		4.3	
Deferred Income Taxes and Investment Tax Credits		6.8	
Regulatory Assets/Liabilities		(3.3)	
Postretirement and Postemployment Benefits		1.4	
Other Items		(0.3)	
Funds From Operations	**$**	**11.9**	
Changes in Working Capital		(7.9)	
Cash From Operations - GAAP	**$**	**4.0**	
3&9 Plan		**CKY**	
Net Operating Earnings	**$**	**3.6**	
Weather (Compared to Normal)		-	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**3.6**	
Depreciation & Amortization		4.3	
Deferred Income Taxes and Investment Tax Credits		1.8	
Regulatory Assets/Liabilities		0.2	
Postretirement and Postemployment Benefits		(0.4)	
Other Items		-	
Funds From Operations	**$**	**9.5**	
Changes in Working Capital		(5.0)	
Cash From Operations - GAAP	**$**	**4.5**	
Variance		**CKY**	
Net Operating Earnings	**$**	**0.7**	
Weather (Compared to Normal)		(0.9)	
Other Reconciling Items to GAAP		(0.4)	
Net Income (Loss) - GAAP	**$**	**(0.6)**	
Depreciation & Amortization		-	
Deferred Income Taxes and Investment Tax Credits		5.0	FIT Deferred - Plant related, primarily due to Bonus Depreciation extension
Regulatory Assets/Liabilities		(3.5)	Primarily due to Pension and OPEB remeasurements
Postretirement and Postemployment Benefits		1.8	Primarily due to Pension and OPEB remeasurements
Other Items		(0.3)	
Funds From Operations	**$**	**2.4**	
Changes in Working Capital		(2.9)	
Cash From Operations - GAAP	**$**	**(0.5)**	Primarily due to a decrease in Current FIT payable driven by bonus depreciation

Balance Sheet

Please explain any variance greater than $5M

December 2015

Actual	CKY	Variance Explanations
Funds From Operations		
Total Regulatory Assets	13.4	
Total Regulatory Liabilities	30.0	
Accrued Liability for Postretirement & Postemployment Benefits	7.5	
Working Capital		
Customer A/R, less Reserve	13.0	
Gas Inventory	46.4	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	14.7	
Accounts Payable	7.6	
Taxes Accrued	3.2	
Current Deferred Taxes	-	
Deferred Income Taxes	67.5	
Overrecoverred Gas & Fuel Costs	12.3	
Exchange Gas Payable	5.8	
3&9 Plan	**CKY**	
Funds From Operations		
Total Regulatory Assets	9.6	
Total Regulatory Liabilities	29.9	
Accrued Liability for Postretirement & Postemployment Benefits	5.8	
Working Capital		
Customer A/R, less Reserve	19.9	
Gas Inventory	46.3	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	0.9	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	17.7	
Accounts Payable	12.0	
Taxes Accrued	6.0	
Current Deferred Taxes	3.4	
Deferred Income Taxes	64.9	
Overrecoverred Gas & Fuel Costs	9.5	
Exchange Gas Payable	6.3	
Variance	**CKY**	
Funds From Operations		
Total Regulatory Assets	3.8	
Total Regulatory Liabilities	0.1	
Accrued Liability for Postretirement & Postemployment Benefits	1.7	
Working Capital		
Customer A/R, less Reserve	(6.9)	AR is down primarily due to warm weather in October and November
Gas Inventory	0.1	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	(0.9)	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	(3.0)	
Accounts Payable	(4.4)	
Taxes Accrued	(2.8)	
Current Deferred Taxes	(3.4)	
Deferred Income Taxes	2.6	
Overrecoverred Gas & Fuel Costs	2.8	
Exchange Gas Payable	(0.5)	

January 2016 MTD

Actual	CKY
Net Revenues	$ 9.9
O&M Expense	(2.9)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 5.9**

0&12 Plan	CKY
Net Revenues	$ 10.2
O&M Expense	(3.3)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 5.8**

Variance	CKY
Net Revenues	$ (0.3)
O&M Expense	0.4
Depreciation	-
Other Taxes	-
Operating Earnings	**$ 0.1**

MTD Variance Explanations

CKY MTD operating earnings of $5.9M is $0.1M favorable to the 0&12 budget

MTD Revenue is ($0.3M) unfavorable primarily due to usage

MTD O&M Expense is $0.4M favorable primarily due to underruns in Gas Operations and Corporate Services Fee

January 2016 YTD

Actual	CKY
Net Revenues	$ 9.9
O&M Expense	(2.9)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 5.9**

0&12 Plan	CKY
Net Revenues	$ 10.2
O&M Expense	(3.3)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 5.8**

Variance	CKY
Net Revenues	$ (0.3)
O&M Expense	0.4
Depreciation	-
Other Taxes	-
Operating Earnings	**$ 0.1**

YTD Variance Explanations

CKY MTD operating earnings of $5.9M is $0.1M favorable to the 0&12 budget

MTD Revenue is ($0.3M) unfavorable primarily due to usage

MTD O&M Expense is $0.4M favorable primarily due to underruns in Gas Operations and Corporate Services Fee

Cash Flow

January 2016 MTD		
Actual		**CKY**
Net Operating Earnings	**$**	**3.7**
Weather (Compared to Normal)		(0.1)
Other Reconciling Items to GAAP		-
Net Income (Loss) - GAAP	**$**	**3.6**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		0.8
Regulatory Assets/Liabilities		(0.5)
Postretirement and Postemployment Benefits		(0.1)
Other Items		0.1
Funds From Operations	**$**	**4.6**
Changes in Working Capital		(0.3)
Cash From Operations - GAAP	**$**	**4.3**
0&12 Plan		**CKY**
Net Operating Earnings	**$**	**3.6**
Weather (Compared to Normal)		-
Other Reconciling Items to GAAP		-
Net Income (Loss) - GAAP	**$**	**3.6**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		0.5
Regulatory Assets/Liabilities		(1.9)
Postretirement and Postemployment Benefits		(0.1)
Other Items		0.2
Funds From Operations	**$**	**3.0**
Changes in Working Capital		4.6
Cash From Operations - GAAP	**$**	**7.6**

Variance		CKY	MTD Variance Explanations
Net Operating Earnings	**$**	**0.1**	
Weather (Compared to Normal)		(0.1)	
Other Reconciling Items to GAAP		-	
Net Income (Loss) - GAAP	**$**	**-**	
Depreciation & Amortization		-	
Deferred Income Taxes and Investment Tax Credits		0.3	
Regulatory Assets/Liabilities		1.4	Regulatory Program assumptions and timing
Postretirement and Postemployment Benefits		-	
Other Items		(0.1)	
Funds From Operations	**$**	**1.6**	
Changes in Working Capital		(4.9)	Driven by increases in AR
Cash From Operations - GAAP	**$**	**(3.3)**	

Cash Flow

January 2016 YTD		
Actual		**CKY**
Net Operating Earnings	**$**	**3.7**
Weather (Compared to Normal)		(0.1)
Other Reconciling Items to GAAP		-
Net Income (Loss) - GAAP	**$**	**3.6**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		0.8
Regulatory Assets/Liabilities		(0.5)
Postretirement and Postemployment Benefits		(0.1)
Other Items		0.1
Funds From Operations	**$**	**4.6**
Changes in Working Capital		(0.3)
Cash From Operations - GAAP	**$**	**4.3**
0&12 Plan		**CKY**
Net Operating Earnings	**$**	**3.6**
Weather (Compared to Normal)		-
Other Reconciling Items to GAAP		-
Net Income (Loss) - GAAP	**$**	**3.6**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		0.5
Regulatory Assets/Liabilities		(1.9)
Postretirement and Postemployment Benefits		(0.1)
Other Items		0.2
Funds From Operations	**$**	**3.0**
Changes in Working Capital		4.6
Cash From Operations - GAAP	**$**	**7.6**
Variance		**CKY**
Net Operating Earnings	**$**	**0.1**
Weather (Compared to Normal)		(0.1)
Other Reconciling Items to GAAP		-
Net Income (Loss) - GAAP	**$**	**-**
Depreciation & Amortization		-
Deferred Income Taxes and Investment Tax Credits		0.3
Regulatory Assets/Liabilities		1.4
Postretirement and Postemployment Benefits		-
Other Items		(0.1)
Funds From Operations	**$**	**1.6**
Changes in Working Capital		(4.9)
Cash From Operations - GAAP	**$**	**(3.3)**

YTD Variance Explanations
Regulatory Assets/Liabilities: Regulatory Program assumptions and timing
Changes in Working Capital: Driven by increases in AR

Balance Sheet

Please explain any variance greater than $5M

January 2016		Variance Explanations
Actual	**CKY**	
Funds From Operations		
Total Regulatory Assets	13.8	
Total Regulatory Liabilities	29.7	
Accrued Liability for Postretirement & Postemployment Benefits	7.6	
Working Capital		
Customer A/R, less Reserve	20.2	
Gas Inventory	25.4	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	12.6	
Accounts Payable	9.1	
Taxes Accrued	4.2	
Current Deferred Taxes	-	
Deferred Income Taxes	68.3	
Overrecoverred Gas & Fuel Costs	10.1	
Exchange Gas Payable	5.0	
0&12 Plan	**CKY**	
Funds From Operations		
Total Regulatory Assets	13.3	
Total Regulatory Liabilities	27.9	
Accrued Liability for Postretirement & Postemployment Benefits	7.7	
Working Capital		
Customer A/R, less Reserve	16.7	
Gas Inventory	38.9	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	13.6	
Accounts Payable	11.1	
Taxes Accrued	4.8	
Current Deferred Taxes	-	
Deferred Income Taxes	68.1	
Overrecoverred Gas & Fuel Costs	10.7	
Exchange Gas Payable	4.6	
Variance	**CKY**	
Funds From Operations		
Total Regulatory Assets	0.5	
Total Regulatory Liabilities	1.8	
Accrued Liability for Postretirement & Postemployment Benefits	(0.1)	
Working Capital		
Customer A/R, less Reserve	3.5	
Gas Inventory	(13.5)	LIFO pricing adjustment
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	(1.0)	
Accounts Payable	(2.0)	
Taxes Accrued	(0.6)	
Current Deferred Taxes	-	
Deferred Income Taxes	0.2	
Overrecoverred Gas & Fuel Costs	(0.6)	
Exchange Gas Payable	0.4	

February 2016 MTD

Actual	CKY
Net Revenues	$ 8.4
O&M Expense	(3.1)
Depreciation	(0.7)
Other Taxes	(0.4)
Operating Earnings	**$ 4.2**

0&12 Plan	CKY
Net Revenues	$ 8.8
O&M Expense	(3.1)
Depreciation	(0.7)
Other Taxes	(0.3)
Operating Earnings	**$ 4.7**

Variance	CKY
Net Revenues	$ (0.4)
O&M Expense	(0.0)
Depreciation	-
Other Taxes	(0.1)
Operating Earnings	**$ (0.5)**

MTD Variance Explanations

CKY MTD operating earnings of $4.2M is ($0.5M) unfavorable to the 0&12 budget

MTD Revenue is ($0.4M) unfavorable primarily due to usage

MTD O&M Expense is flat to the 0&12 budget

February 2016 YTD

Actual	CKY
Net Revenues	$ 18.4
O&M Expense	(6.0)
Depreciation	(1.5)
Other Taxes	(0.7)
Operating Earnings	**$ 10.2**

0&12 Plan	CKY
Net Revenues	$ 19.2
O&M Expense	(6.4)
Depreciation	(1.5)
Other Taxes	(0.7)
Operating Earnings	**$ 10.6**

Variance	CKY
Net Revenues	$ (0.8)
O&M Expense	0.4
Depreciation	-
Other Taxes	-
Operating Earnings	**$ (0.4)**

YTD Variance Explanations

CKY YTD operating earnings of $10.2M is ($0.4M) unfavorable to the 0&12 budget

YTD Revenue is ($0.8M) unfavorable primarily due to usage

YTD O&M Expense is $0.4M favorable primarily due to timing in Corporate Services Fee

Cash Flow

February 2016 MTD		
Actual		**CKY**
Net Operating Earnings	**$**	**2.8**
Weather (Compared to Normal)		(0.3)
Other Reconciling Items to GAAP		0.1
Net Income (Loss) - GAAP	**$**	**2.6**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		1.3
Regulatory Assets/Liabilities		(0.4)
Postretirement and Postemployment Benefits		(0.1)
Other Items		-
Funds From Operations	**$**	**4.1**
Changes in Working Capital		3.7
Cash From Operations - GAAP	**$**	**7.8**
0&12 Plan		**CKY**
Net Operating Earnings	**$**	**2.9**
Weather (Compared to Normal)		-
Other Reconciling Items to GAAP		-
Net Income (Loss) - GAAP	**$**	**2.9**
Depreciation & Amortization		0.7
Deferred Income Taxes and Investment Tax Credits		0.5
Regulatory Assets/Liabilities		0.1
Postretirement and Postemployment Benefits		-
Other Items		-
Funds From Operations	**$**	**4.2**
Changes in Working Capital		1.7
Cash From Operations - GAAP	**$**	**5.9**
Variance		**CKY**
Net Operating Earnings	**$**	**(0.1)**
Weather (Compared to Normal)		(0.3)
Other Reconciling Items to GAAP		0.1
Net Income (Loss) - GAAP	**$**	**(0.3)**
Depreciation & Amortization		-
Deferred Income Taxes and Investment Tax Credits		0.8
Regulatory Assets/Liabilities		(0.5)
Postretirement and Postemployment Benefits		(0.1)
Other Items		-
Funds From Operations	**$**	**(0.1)**
Changes in Working Capital		2.0
Cash From Operations - GAAP	**$**	**1.9**

MTD Variance Explanations
Deferred Income Taxes and Investment Tax Credits: Increased FIT and SIT deferrals
Regulatory Assets/Liabilities: Regulatory Program assumptions and timing
Changes in Working Capital: Driven by overrecovered gas costs

Cash Flow

February 2016 YTD		YTD Variance Explanations
Actual	**CKY**	
Net Operating Earnings	**$ 6.5**	
Weather (Compared to Normal)	(0.4)	
Other Reconciling Items to GAAP	0.1	
Net Income (Loss) - GAAP	**$ 6.2**	
Depreciation & Amortization	1.5	
Deferred Income Taxes and Investment Tax Credits	2.0	
Regulatory Assets/Liabilities	(0.9)	
Postretirement and Postemployment Benefits	(0.1)	
Other Items	(0.1)	
Funds From Operations	**$ 8.6**	
Changes in Working Capital	3.5	
Cash From Operations - GAAP	**$ 12.1**	
0&12 Plan	**CKY**	
Net Operating Earnings	**$ 6.5**	
Weather (Compared to Normal)	-	
Other Reconciling Items to GAAP	-	
Net Income (Loss) - GAAP	**$ 6.5**	
Depreciation & Amortization	1.5	
Deferred Income Taxes and Investment Tax Credits	1.1	
Regulatory Assets/Liabilities	(1.8)	
Postretirement and Postemployment Benefits	(0.1)	
Other Items	-	
Funds From Operations	**$ 7.2**	
Changes in Working Capital	6.3	
Cash From Operations - GAAP	**$ 13.5**	
Variance	**CKY**	
Net Operating Earnings	**$ -**	
Weather (Compared to Normal)	(0.4)	
Other Reconciling Items to GAAP	0.1	
Net Income (Loss) - GAAP	**$ (0.3)**	
Depreciation & Amortization	-	
Deferred Income Taxes and Investment Tax Credits	0.9	Increased FIT and SIT deferrals
Regulatory Assets/Liabilities	0.9	Regulatory Program assumptions and timing
Postretirement and Postemployment Benefits	-	
Other Items	(0.1)	
Funds From Operations	**$ 1.4**	Driven by decreases in Accured Taxes for Current Year FIT and SIT payables moved up into Deferrend Incom Taxes. Also property tax accrual is down from plan due to timing of the payment. Partially offset by overrecovered gas costs
Changes in Working Capital	(2.8)	
Cash From Operations - GAAP	**$ (1.4)**	

Balance Sheet

Please explain any variance greater than $5M

February 2016		
Actual	**CKY**	**Variance Explanations**
Funds From Operations		
Total Regulatory Assets	14.0	
Total Regulatory Liabilities	29.5	
Accrued Liability for Postretirement & Postemployment Benefits	7.6	
Working Capital		
Customer A/R, less Reserve	17.7	
Gas Inventory	8.3	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	10.5	
Accounts Payable	9.6	
Taxes Accrued	3.5	
Current Deferred Taxes	-	
Deferred Income Taxes	69.6	
Overrecoverred Gas & Fuel Costs	10.1	
Exchange Gas Payable	3.5	
0&12 Plan	**CKY**	
Funds From Operations		
Total Regulatory Assets	13.3	
Total Regulatory Liabilities	27.9	
Accrued Liability for Postretirement & Postemployment Benefits	7.6	
Working Capital		
Customer A/R, less Reserve	17.5	
Gas Inventory	32.8	
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	10.8	
Accounts Payable	11.1	
Taxes Accrued	5.8	
Current Deferred Taxes	-	
Deferred Income Taxes	68.6	
Overrecoverred Gas & Fuel Costs	9.1	
Exchange Gas Payable	3.4	
Variance	**CKY**	
Funds From Operations		
Total Regulatory Assets	0.7	
Total Regulatory Liabilities	1.6	
Accrued Liability for Postretirement & Postemployment Benefits	-	
Working Capital		
Customer A/R, less Reserve	0.2	
Gas Inventory	(24.5)	LIFO pricing adjustment
Underrecovered Gas Costs	-	
Exchange Gas Receivable	-	
Legal & Environmental Reserve	-	
Customer Deposits & Credits	(0.3)	
Accounts Payable	(1.5)	
Taxes Accrued	(2.3)	
Current Deferred Taxes	-	
Deferred Income Taxes	1.0	
Overrecoverred Gas & Fuel Costs	1.0	
Exchange Gas Payable	0.1	

March 2016 MTD

CKY	Actual	0&12 Plan	Variance
Net Revenues	$ 7.2	$ 7.3	$ (0.1)
O&M Expense	(3.2)	(3.2)	(0.0)
Depreciation	(0.7)	(0.7)	-
Other Taxes	(0.3)	(0.3)	-
Operating Earnings	**$ 3.0**	**$ 3.1**	**$ (0.1)**

MTD Variance Explanations
CKY MTD operating earnings of $3.0M is ($0.1M) unfavorable to the 0&12 budget **MTD Revenue** is ($0.1M) unfavorable primarily due to usage **MTD O&M Expense** is flat to the 0&12 budget

March 2016 YTD

CKY	Actual	0&12 Plan	Variance
Net Revenues	$ 25.6	$ 26.5	$ (0.9)
O&M Expense	(9.1)	(9.5)	0.4
Depreciation	(2.2)	(2.2)	-
Other Taxes	(1.0)	(1.0)	-
Operating Earnings	**$ 13.3**	**$ 13.8**	**$ (0.5)**

YTD Variance Explanations
CKY YTD operating earnings of $13.3M is ($0.5M) unfavorable to the 0&12 budget **YTD Revenue** is ($0.9M) unfavorable primarily due to usage **YTD O&M Expense** is $0.4M favorable primarily due to timing in Corporate Services Fee

Cash Flow

March 2016 MTD

CKY	Actual	0&12 Plan	Variance
Net Operating Earnings	**$ 1.9**	**$ 1.9**	**$ -**
Weather (Compared to Normal)	(0.2)	-	(0.2)
Other Reconciling Items to GAAP	-	-	-
Net Income (Loss) - GAAP	**$ 1.7**	**$ 1.9**	**$ (0.2)**
Depreciation & Amortization	0.7	0.7	-
Deferred Income Taxes and Investment Tax Credits	0.2	(0.3)	0.5
Regulatory Assets/Liabilities	(0.4)	0.1	(0.5)
Postretirement and Postemployment Benefits	-	(0.1)	0.1
Other Items	0.1	-	0.1
Funds From Operations	**$ 2.3**	**$ 2.3**	**$ -**
Changes in Working Capital	5.0	4.1	0.9
Cash From Operations - GAAP	**$ 7.3**	**$ 6.4**	**$ 0.9**

MTD Variance Explanations

Increased FIT and SIT deferrals
Regulatory Program assumptions and timing

* See Key Working Capital Balance Sheet Accounts slide for explanations

March 2016 YTD

CKY	Actual	0&12 Plan	Variance
Net Operating Earnings	**$ 8.3**	**$ 8.4**	**$ (0.1)**
Weather (Compared to Normal)	(0.6)	-	(0.6)
Other Reconciling Items to GAAP	0.2	-	0.2
Net Income (Loss) - GAAP	**$ 7.9**	**$ 8.4**	**$ (0.5)**
Depreciation & Amortization	2.2	2.2	-
Deferred Income Taxes and Investment Tax Credits	2.2	0.7	1.5
Regulatory Assets/Liabilities	(1.3)	(1.8)	0.5
Postretirement and Postemployment Benefits	(0.1)	(0.2)	0.1
Other Items	-	0.2	(0.2)
Funds From Operations	**$ 10.9**	**$ 9.5**	**$ 1.4**
Changes in Working Capital	8.5	10.4	(1.9)
Cash From Operations - GAAP	**$ 19.4**	**$ 19.9**	**$ (0.5)**

YTD Variance Explanations

Increased FIT and SIT deferrals
Regulatory Program assumptions and timing

* See Key Working Capital Balance Sheet Accounts slide for explanations

Balance Sheet

Please explain any variance greater than $5M

March 2016				
CKY	**Actual**	**0&12 Plan**	**Variance**	**Variance Explanations**
Working Capital				
Customer A/R, less Reserve	12.0	14.5	(2.5)	
Gas Inventory	5.7	29.3	(23.6)	LIFO pricing adjustment
Underrecovered Gas Costs	-	-	-	
Exchange Gas Receivable	-	-	-	
Legal & Environmental Reserve	-	-	-	
Customer Deposits & Credits	10.2	10.6	(0.4)	
Accounts Payable	8.2	10.2	(2.0)	
Taxes Accrued	4.2	7.1	(2.9)	
Current Deferred Taxes	-	-	-	
Deferred Income Taxes	69.8	68.3	1.5	
Overrecoverred Gas & Fuel Costs	11.1	6.4	4.7	
Exchange Gas Payable	2.1	3.0	(0.9)	

April 2016 MTD

CKY	Actual	0&12 Plan	Variance
Net Revenues	$ 5.1	$ 5.4	$ (0.3)
O&M Expense	(3.0)	(3.1)	0.1
Depreciation	(0.7)	(0.7)	-
Other Taxes	(0.4)	(0.4)	(0.0)
Operating Earnings	**$ 1.0**	**$ 1.2**	**$ (0.2)**

MTD Variance Explanations

CKY MTD operating earnings of $0.9M is ($0.2M) unfavorable to the 0&12 budget

MTD Revenue is ($0.3M) unfavorable primarily due to usage

MTD O&M Expense is relatively flat to the 0&12 budget

April 2016 YTD

CKY	Actual	0&12 Plan	Variance
Net Revenues	$ 30.7	$ 31.9	$ (1.2)
O&M Expense	(12.2)	(12.7)	0.5
Depreciation	(3.0)	(2.9)	(0.1)
Other Taxes	(1.4)	(1.4)	0.0
Operating Earnings	**$ 14.1**	**$ 14.9**	**$ (0.8)**

YTD Variance Explanations

CKY YTD operating earnings of $14.1M is ($0.8M) unfavorable to the 0&12 budget

YTD Revenue is ($1.2M) unfavorable primarily due to usage

YTD O&M Expense is $0.5M favorable primarily due to timing in Corporate Services Fee

April 2016 MTD

CKY	Actual	O&12 Plan	Variance
Net Operating Earnings	**$ 0.7**	**$ 0.7**	**$ -**
Weather (Compared to Normal)	(0.3)	-	(0.3)
Other Reconciling Items to GAAP	0.1	-	0.1
Net Income (Loss) - GAAP	**$ 0.5**	**$ 0.7**	**$ (0.2)**
Depreciation & Amortization	0.7	0.7	-
Deferred Income Taxes and Investment Tax Credits	0.3	0.5	(0.2)
Regulatory Assets/Liabilities	0.2	0.1	0.1
Postretirement and Postemployment Benefits	(0.1)	-	(0.1)
Other Items	0.1	-	0.1
Funds From Operations	**$ 1.7**	**$ 2.0**	**$ (0.3)**
Changes in Working Capital	(1.1)	(3.0)	1.9
Cash From Operations - GAAP	**$ 0.6**	**$ (1.0)**	**$ 1.6**

MTD Variance Explanations

* See Key Working Capital Balance Sheet Accounts slide for explanations

April 2016 YTD

CKY	Actual	O&12 Plan	Variance
Net Operating Earnings	**$ 9.0**	**$ 9.1**	**$ (0.1)**
Weather (Compared to Normal)	(0.9)	-	(0.9)
Other Reconciling Items to GAAP	0.3	-	0.3
Net Income (Loss) - GAAP	**$ 8.4**	**$ 9.1**	**$ (0.7)**
Depreciation & Amortization	3.0	2.9	0.1
Deferred Income Taxes and Investment Tax Credits	2.6	1.3	1.3
Regulatory Assets/Liabilities	(1.1)	(1.7)	0.6
Postretirement and Postemployment Benefits	(0.2)	(0.2)	-
Other Items	(0.1)	0.1	(0.2)
Funds From Operations	**$ 12.6**	**$ 11.5**	**$ 1.1**
Changes in Working Capital	7.4	7.4	-
Cash From Operations - GAAP	**$ 20.0**	**$ 18.9**	**$ 1.1**

YTD Variance Explanations

Increased FIT and SIT deferrals
Regulatory Program assumptions and timing

* See Key Working Capital Balance Sheet Accounts slide for explanations

Balance Sheet

Please explain any variance greater than $5M

April 2016				
CKY	**Actual**	**0&12 Plan**	**Variance**	**Variance Explanations**
Working Capital				
Customer A/R, less Reserve	10.4	12.6	(2.2)	
Accounts Payable	8.8	10.0	(1.2)	
Gas Inventory	7.1	31.7	(24.6)	LIFO pricing adjustment
Overrecoverred Gas & Fuel Costs	9.2	5.0	4.2	
Underrecovered Gas Costs	-	-	-	
Exchange Gas Receivable	0.1	-	0.1	
Exchange Gas Payable	3.7	3.0	0.7	
Legal & Environmental Reserve	-	-	-	
Customer Deposits & Credits	8.2	9.2	(1.0)	
Taxes Accrued	3.8	6.9	(3.1)	
Current Deferred Taxes	-	-	-	
Deferred Income Taxes	70.2	68.9	1.3	