

June 16, 2009

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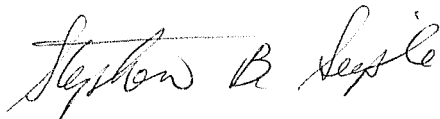
Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
Commonwealth of Kentucky  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

**RE: Case No. 2009-00141**

Dear Mr. Derouen,

Enclosed for docketing with the Commission is an original and ten copies of Columbia Gas of Kentucky, Inc.'s responses to the Requests for Information of the Attorney General. Should you have any questions about this filing, please contact me at 614-460-4648. Thank you!

Sincerely,



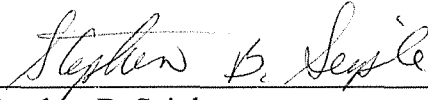
Stephen B. Seiple  
Assistant General Counsel

Enclosures

cc: All Parties of Record  
Hon. Richard S. Taylor

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing responses of Columbia Gas of Kentucky, Inc., were served upon all parties of record by regular U. S. mail this 16<sup>th</sup> day of June, 2009.



Stephen B. Seiple  
Attorney for  
**COLUMBIA GAS OF KENTUCKY INC.**

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Cincinnati, OH 45202-1629



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PSC Case No. 2009-00141  
AG DR Set 1-001  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 001:

Workpaper WPD-2-4 contains a page showing the December 31, 2008 monthly and cumulative annual totals for certain detailed expense accounts and sub-accounts. Please provide the complete December 2008 expense report from which this page came, showing similar details for all of the Company's operating expenses.

**Response:**

See AG Set 1 No. 1 Attachment 1.





DATE: 01/27/09 11:19:13

COLUMBIA GAS OF KENTUCKY, INC.  
TOTAL LIQUEFIED PETROLEUM GAS EXPENSES  
FOR THE PERIODS ENDING DECEMBER 31, 2008

AG Set 1 No. 001 Attachment 1  
Page 2 of 16

	<u>CR MTH ACTUAL</u>	<u>INC PREV YEAR</u>	<u>YTD ACTUAL</u>	<u>INC PREV YEAR</u>	<u>12 MTHS ACTUAL</u>	<u>INC PREV YEAR</u>
717 LIQUEFIED PETROLEUM GAS EXPENSE	44	23	706	(13)	706	(13)
723 FUEL FOR LIQUEFIED PETROLEUM PROCESS						
728 LIQUEFIED PETROLEUM GAS						
736 RENTS						
<b>TOTAL OPERATION</b>	<b>44</b>	<b>23</b>	<b>706</b>	<b>(13)</b>	<b>706</b>	<b>(13)</b>
741 STRUCTURES AND IMPROVEMENTS						
742 PRODUCTION EQUIPMENT						
<b>TOTAL MAINTENANCE</b>						
<b>TOTAL LIQUEFIED PETROLEUM GAS EXPENSES</b>	<b>44</b>	<b>23</b>	<b>706</b>	<b>(13)</b>	<b>706</b>	<b>(13)</b>

DATE: 01/27/09 11:19:13

COLUMBIA GAS OF KENTUCKY, INC.  
TOTAL OTHER GAS SUPPLY EXPENSE  
FOR THE PERIODS ENDING DECEMBER 31, 2008

AG Set 1 No. 001 Attachment 1  
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	<u>CR MTH ACTUAL</u>	<u>INC PREV YEAR</u>	<u>YTD ACTUAL</u>	<u>INC PREV YEAR</u>	<u>12 MTHS ACTUAL</u>	<u>INC PREV YEAR</u>
10 LABOR		(1,671)	12,618	(11,619)	12,618	(11,619)
20 MATERIAL AND SUPPLIES		(20)	20	(88)	20	(88)
30 OUTSIDE SERVICES		(306)		(612)		(612)
40 RENTS AND LEASES						
50 EMPLOYEE EXPENSES		(16)	31	(79)	31	(79)
55 COMPANY MEMBERSHIPS						
60 UTILITIES & FUEL USED IN CO OPERATIONS						
80 SYSTEM SERVICES	32,372	32,372	375,580	375,580	375,580	375,580
88 MISCELLANEOUS REVENUE ADJUSTMENTS						
89 MISCELLANEOUS AND OTHER EXPENSES			3	3	3	3
93 ADVERTISING						
94 GAS PURCHASES	26,190,495	6,759,034	154,706,406	43,071,540	154,706,406	43,071,540
95 CLEARING ACCOUNTS COSTS CLEARED						
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER GAS SUPPLY EXPENSES	<u>26,222,867</u>	<u>6,789,393</u>	<u>155,094,658</u>	<u>43,434,725</u>	<u>155,094,658</u>	<u>43,434,725</u>

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COLUMBIA GAS OF KENTUCKY, INC.  
 TOTAL OTHER GAS SUPPLY EXPENSE  
 FOR THE PERIODS ENDING DECEMBER 31, 2008

AG Set 1 No. 001 Attachment 1  
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	CR MTH ACTUAL	INC PREV YEAR	YTD ACTUAL	INC PREV YEAR	12 MTHS ACTUAL	INC PREV YEAR
807 PURCHASED GAS EXPENSE - OTHER	32,682	30,594	390,527	363,970	390,527	363,970
TOTAL PURCHASED GAS EXPENSE - OTHER	32,682	30,594	390,527	363,970	390,527	363,970
801 NATURAL GAS FIELD LINE PURCHASES	82,427	(33,226)	1,609,419	394,070	1,609,419	394,070
803 NATURAL GAS TRANSMISSION LINE PURCHAS	6,152,570	(723,417)	170,622,132	51,391,524	170,622,132	51,391,524
804 NATURAL GAS CITY GATE PURCHASES	221,319	277,458	2,784,691	714,481	2,784,691	714,481
805 OTHER GAS PURCHASES	8,920,248	8,202,389	882,776	8,468,107	882,776	8,468,107
TOTAL GAS PURCHASES	15,376,564	7,723,204	175,899,010	60,968,182	175,899,010	60,968,182
806 EXCHANGE GAS	887,210	1,018,507	(9,492,973)	(7,178,026)	(9,492,973)	(7,178,026)
808 GAS WITHDRAWN FROM UNDERGROUND STORAGE	9,515,914	(1,646,761)	108,352,100	34,608,510	108,352,100	34,608,510
808 GAS DELIVERED TO UNDERGROUND STORAGE	435,743	(263,760)	(119,877,401)	(45,212,256)	(119,877,401)	(45,212,256)
TOTAL EXCHANGE GAS AND STORAGE - NET	10,838,867	(892,014)	(21,018,274)	(17,781,772)	(21,018,274)	(17,781,772)
TOTAL GAS PURCHASED - NET	26,215,431	6,831,190	154,880,744	43,186,410	154,880,744	43,186,410
810 GAS USED FOR COMPRESSOR STATION FUEL						
812 GAS USED FOR COMPANY BUILDINGS	(17,056)	(6,564)	(120,828)	(24,647)	(120,828)	(24,647)
812 GAS USED FOR OTHER	(8,190)	(3,522)	(61,328)	(31,423)	(61,328)	(31,423)
TOTAL GAS USED IN OPERATIONS	(25,246)	(10,086)	(182,156)	(56,070)	(182,156)	(56,070)
813 EXCHANGE FEES		(62,305)	5,543	(59,585)	5,543	(59,585)
TOTAL EXCHANGE FEES		(62,305)	5,543	(59,585)	5,543	(59,585)
TOTAL OTHER GAS SUPPLY EXPENSE - NET	26,222,867	6,789,393	155,094,658	43,434,725	155,094,658	43,434,725

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COLUMBIA GAS OF KENTUCKY, INC.  
 TOTAL DISTRIBUTION EXPENSE  
 FOR THE PERIODS ENDING DECEMBER 31, 2008

AG Set 1 No. 001 Attachment 1  
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	<u>CR MTH ACTUAL</u>	<u>INC PREV YEAR</u>	<u>YTD ACTUAL</u>	<u>INC PREV YEAR</u>	<u>12 MTHS ACTUAL</u>	<u>INC PREV YEAR</u>
10 LABOR	410,790	26,191	4,903,669	336,347	4,903,669	336,347
20 MATERIALS & SUPPLIES	(662)	(57,380)	583,761	(9,218)	583,761	(9,218)
30 OUTSIDE SERVICES	208,642	(43,372)	2,313,621	355,037	2,313,621	355,037
40 RENTS AND LEASES	10,363	(3,655)	112,071	(46,158)	112,071	(46,158)
50 EMPLOYEE EXPENSES	22,145	7,119	174,682	31,897	174,682	31,897
55 COMPANY MEMBERSHIPS			2,710	(30)	2,710	(30)
60 UTILITIES & FUEL USED IN CO OPERATIONS	35,794	11,350	309,669	59,246	309,669	59,246
80 SYSTEM SERVICES	95,242	76,894	582,464	363,750	582,464	363,750
88 MISCELLANEOUS REVENUE ADJUSTMENTS	(58,738)	(49,766)	(179,998)	(46,903)	(179,998)	(46,903)
89 MISCELLANEOUS AND OTHER EXPENSES	93	(13,172)	5,263	(34,810)	5,263	(34,810)
93 ADVERTISING						
95 CLEARING ACCOUNTS COSTS CLEARED	86,555	(30,269)	1,296,320	79,635	1,296,320	79,635
TOTAL DISTRIBUTION EXPNS	<u>810,224</u>	<u>(76,060)</u>	<u>10,104,232</u>	<u>1,088,793</u>	<u>10,104,232</u>	<u>1,088,793</u>

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COLUMBIA GAS OF KENTUCKY, INC.  
 TOTAL DISTRIBUTION EXPENSE  
 FOR THE PERIODS ENDING DECEMBER 31, 2008

AG Set 1 No. 001 Attachment-1  
 Page 6 of 16

	CR MTH ACTUAL	INC PREV YEAR	YTD ACTUAL	INC PREV YEAR	12 MTHS ACTUAL	INC PREV YEAR
870 SUPERVISION AND ENGINEERING	118,362	127,939	744,256	250,360	744,256	250,360
871 LOAD DISPATCHING	3,136	263	29,360	3,968	29,360	3,968
874 MAINS AND SERVICES	222,081	(4,293)	2,029,869	245,006	2,029,869	245,006
875 MEAS & REG STATION EQUIP - GENERAL	20,629	2,933	194,388	41,919	194,388	41,919
876 MEAS & REG STATION EQUIP - INDUSTRIAL	1,938	370	35,557	(398)	35,557	(398)
877 MEAS & REG STATION EQUIP - CITY GATE						
878 METER AND HOUSE REGULATOR	92,854	(19,987)	1,658,102	270,738	1,658,102	270,738
879 CUSTOMER INSTALLATIONS	28,750	(92,097)	1,147,102	(7,377)	1,147,102	(7,377)
880 OTHER	139,724	(6,992)	1,590,193	183,123	1,590,193	183,123
881 RENTS	7,411	151	71,889	(36,003)	71,889	(36,003)
<b>TOTAL OPERATION</b>	<b>634,885</b>	<b>8,287</b>	<b>7,500,716</b>	<b>951,336</b>	<b>7,500,716</b>	<b>951,336</b>
885 SUPERVISION AND ENGINEERING	7,456	(2,774)	97,266	(46,193)	97,266	(46,193)
886 STRUCTURES AND IMPROVEMENTS	3,821	9,070	87,172	(17,237)	87,172	(17,237)
887 MAINS	78,000	(81,461)	1,458,640	240,976	1,458,640	240,976
889 MEAS & REG STATION EQUIP - GENERAL	8,119	(916)	113,855	(29,297)	113,855	(29,297)
890 MEAS & REG STATION EQUIP - INDUSTRIAL	11,575	670	104,514	(15,683)	104,514	(15,683)
891 MEAS & REG STATION EQUIP - CITY GATE						
892 SERVICES	34,318	(30,861)	471,009	17,210	471,009	17,210
893 METERS AND HOUSE REGULATORS	10,198	12,489	97,411	(19,576)	97,411	(19,576)
894 OTHER EQUIPMENT	21,852	9,436	173,649	7,257	173,649	7,257
<b>TOTAL MAINTENANCE</b>	<b>175,339</b>	<b>(84,347)</b>	<b>2,603,516</b>	<b>137,457</b>	<b>2,603,516</b>	<b>137,457</b>
<b>TOTAL DISTRIBUTION EXPENSE</b>	<b>810,224</b>	<b>(76,060)</b>	<b>10,104,232</b>	<b>1,088,793</b>	<b>10,104,232</b>	<b>1,088,793</b>

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COLUMBIA GAS OF KENTUCKY, INC.  
 TOTAL CUSTOMER ACCOUNTS EXPENSE  
 FOR THE PERIODS ENDING DECEMBER 31, 2008

AG Set 1 No. 001 Attachment 1  
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	CR MTH ACTUAL	INC PREV YEAR	YTD ACTUAL	INC PREV YEAR	12 MTHS ACTUAL	INC PREV YEAR
10 LABOR	54,769	4,312	781,574	55,921	781,574	55,921
20 MATERIALS AND SUPPLIES	51,125	51,054	600,640	589,121	600,640	589,121
30 OUTSIDE SERVICES	233,134	86,867	1,392,344	(51,163)	1,392,344	(51,163)
40 RENTS AND LEASES						
50 EMPLOYEE EXPENSES	102	(464)	2,501	(2,199)	2,501	(2,199)
55 COMPANY MEMBERSHIPS						
60 UTILITIES & FUEL USED IN CO OPERATIONS	101	18	1,807	696	1,807	696
80 SYSTEM SERVICES	63,229	63,229	1,083,384	1,083,384	1,083,384	1,083,384
85 UNCOLLECTIBLE ACCOUNTS	171,439	82,268	2,451,089	1,270,043	2,451,089	1,270,043
88 MISCELLANEOUS REVENUE ADJUSTMENTS	(572)	(392)	(2,956)	(879)	2,956CR	(879)
89 MISCELLANEOUS AND OTHER EXPENSES	(21,755)	(3,115)	(57,041)	13,348	57,041CR	13,348
93 ADVERTISING						
95 CLEARING ACCOUNTS COSTS CLEARED	2,439	(2,010)	73,923	(8,072)	73,923	(8,072)
<b>TOTAL CUSTOMER ACCOUNTS EXPENSE</b>	<b>554,011</b>	<b>281,767</b>	<b>6,327,265</b>	<b>2,950,200</b>	<b>6,327,265</b>	<b>2,950,200</b>

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COLUMBIA GAS OF KENTUCKY, INC.  
 TOTAL CUSTOMER ACCOUNTS EXPENSE  
 FOR THE PERIODS ENDING DECEMBER 31, 2008

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	CR MTH ACTUAL	INC PREV YEAR	YTD ACTUAL	INC PREV YEAR	12 MTHS ACTUAL	INC PREV YEAR
901 SUPERVISION	395	(786)	6,434	(546)	6,434	(546)
902 METER READING	207,071	85,945	1,219,043	(26,242)	1,219,043	(26,242)
903 ORDERS AND REQUESTS			1	(1)	1	(1)
903 COLLECTING - DELINQUENT ACCOUNTS	20,401	(4,912)	425,376	(34,207)	425,376	(34,207)
903 COLLECTING - CURRENT ACCOUNTS	26,205	2,789	360,071	27,961	360,071	27,961
903 BILLING AND ACCOUNTING	80,171	68,227	1,285,633	1,134,967	1,285,633	1,134,967
903 RENDERING BILLS	48,203	48,203	577,040	577,040	577,040	577,040
904 UNCOLLECTIBLE ACCOUNTS	171,439	82,268	2,451,089	1,270,043	2,451,089	1,270,043
905 MISCELLANEOUS	53	4	1,908	1,082	1,908	1,082
920 SALARIES						
921 OFFICE SUPPLIES AND EXPENSES	73	29	515	111	515	111
923 OUTSIDE SERVICES EMPLOYED						
931 RENTS - GENERAL						
<b>TOTAL OPERATION</b>	<b>554,011</b>	<b>281,767</b>	<b>6,327,110</b>	<b>2,950,208</b>	<b>6,327,110</b>	<b>2,950,208</b>
935 STRUCTURES AND IMPROVEMENTS			10	(8)	10	(8)
935 GENERAL OFFICE FURNITURE & EQUIPMENT			145		145	
<b>TOTAL MAINTENANCE</b>			<b>155</b>	<b>(8)</b>	<b>155</b>	<b>(8)</b>
<b>TOTAL CUSTOMERS ACCOUNTS EXPENSE</b>	<b>554,011</b>	<b>281,767</b>	<b>6,327,265</b>	<b>2,950,200</b>	<b>6,327,265</b>	<b>2,950,200</b>

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COLUMBIA GAS OF KENTUCKY, INC.  
TOTAL CUSTOMER SERVICE INFORMATION EXPENSE  
FOR THE PERIODS ENDING DECEMBER 31, 2008

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	<u>CR MTH ACTUAL</u>	<u>INC PREV YEAR</u>	<u>YTD ACTUAL</u>	<u>INC PREV YEAR</u>	<u>12 MTHS ACTUAL</u>	<u>INC PREV YEAR</u>
10 LABOR	10,240	1,223	174,067	69,931	174,067	69,931
20 MATERIALS AND SUPPLIES	386	300	781	441	781	441
30 OUTSIDE SERVICES		(21)	197	15	197	15
40 RENTS AND LEASES						
50 EMPLOYEE EXPENSES	16,710	(9,778)	76,015	(11,378)	76,015	(11,378)
55 COMPANY MEMBERSHIPS			915	915	915	915
60 UTILITIES & FUEL USED IN CO OPERATIONS	994	382	7,060	1,483	7,060	1,483
80 SYSTEM SERVICES	65,936	65,936	462,576	462,576	462,576	462,576
88 MISCELLANEOUS REVENUE ADJUSTMENTS						
89 MISCELLANEOUS AND OTHER EXPENSES	1,000	(5,400)	18,584	(10,947)	18,584	(10,947)
93 ADVERTISING						
95 CLEARING ACCOUNTS COSTS CLEARED	489	477	3,752	3,681	3,752	3,681
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL CUST SERVICE & INFORMATIONAL EXPNS	95,755	53,119	743,947	516,717	743,947	516,717
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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COLUMBIA GAS OF KENTUCKY, INC.  
 TOTAL CUSTOMER SERVICE INFORMATION EXPENSE  
 FOR THE PERIODS ENDING DECEMBER 31, 2008

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	CR MTH ACTUAL	INC PREV YEAR	YTD ACTUAL	INC PREV YEAR	12 MTHS ACTUAL	INC PREV YEAR
907 SUPERVISION	1,646	(6,715)	30,327	(8,751)	30,327	(8,751)
908 CUSTOMER ASSISTANCE	28,410	2,237	148,563	(9,802)	148,563	(9,802)
909 INFORMATIONAL & INSTRUCTIONAL EXPENSE	15,224	15,224	55,709	55,709	55,709	55,709
910 MISC CUST SERVICE & INFORMATION EXPNS	49,481	41,991	502,292	478,093	502,292	478,093
920 SALARIES						
921 OFFICE SUPPLIES AND EXPENSES	994	382	7,042	1,472	7,042	1,472
923 OUTSIDE SERVICES EMPLOYED						
931 RENTS - GENERAL						
<b>TOTAL OPERATION</b>	<b>95,755</b>	<b>53,119</b>	<b>743,933</b>	<b>516,721</b>	<b>743,933</b>	<b>516,721</b>
935 STRUCTURES AND IMPROVEMENTS			14	(4)	14	(4)
<b>TOTAL MAINTENANCE</b>			<b>14</b>	<b>(4)</b>	<b>14</b>	<b>(4)</b>
<b>TOTAL CUST SERVICE &amp; INFORMATION EXPENSE</b>	<b>95,755</b>	<b>53,119</b>	<b>743,947</b>	<b>516,717</b>	<b>743,947</b>	<b>516,717</b>



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COLUMBIA GAS OF KENTUCKY, INC.  
TOTAL SALES EXPENSE  
FOR THE PERIODS ENDING DECEMBER 31, 2008

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	<u>CR MTH ACTUAL</u>	<u>INC PREV YEAR</u>	<u>YTD ACTUAL</u>	<u>INC PREV YEAR</u>	<u>12 MTHS ACTUAL</u>	<u>INC PREV YEAR</u>
911 SUPERVISION			2,634	2,634	2,634	2,634
912 DEMONSTRATION	6,256	5,066	43,417	29,555	43,417	29,555
913 ADVERTISING	961	961	5,525	5,525	5,525	5,525
916 MISCELLANEOUS			(1)	(1)	(1)	(1)
TOTAL OPERATION	<u>7,217</u>	<u>6,027</u>	<u>51,575</u>	<u>37,713</u>	<u>51,575</u>	<u>37,713</u>
TOTAL SALES EXPENSE	<u>7,217</u>	<u>6,027</u>	<u>51,575</u>	<u>37,713</u>	<u>51,575</u>	<u>37,713</u>

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COLUMBIA GAS OF KENTUCKY, INC.  
 TOTAL ADMINISTRATIVE AND GENERAL EXPENSE  
 FOR THE PERIODS ENDING DECEMBER 31, 2008

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	CR MTH ACTUAL	INC PREV YEAR	YTD ACTUAL	INC PREV YEAR	12 MTHS ACTUAL	INC PREV YEAR
1010 LABOR						
20 MATERIALS AND SUPPLIES	323,966	159,741	999,080	736,521	999,080	736,521
30 OUTSIDE SERVICES	967	(1,942)	16,281	(5,119)	16,281	(5,119)
40 RENTS AND LEASES	7,146	(112,132)	282,476	(65,220)	282,476	(65,220)
45 CORPORATE INSURANCE	12,184	8,983	143,456	43,882	143,456	43,882
50 EMPLOYEE EXPENSES	54,387	(3,419)	686,597	(12,176)	686,597	(12,176)
55 COMPANY MEMBERSHIPS	11,010	(13,406)	81,217	(114,205)	81,217	(114,205)
60 UTILITIES & FUEL USED IN CO. OPERATN	1,156	(7,693)	63,571	13,009	63,571	13,009
80 SYSTEM SERVICES	714,695	(82)	36,778	6,451	36,778	6,451
88 MISCELLANEOUS REVENUE ADJUSTMENTS		(84,919)	6,504,661	(1,099,897)	6,504,661	(1,099,897)
89 MISCELLANEOUS & OTHER EXPENSES	84,377	(22,589)	840,521	245,747	840,521	245,747
9011 EMPLOYEE INSURANCE PLAN						
9012 PENSIONS & RETIREMENT INCOME PLAN						
9013 THRIFT PLAN CONTRIBUTIONS						
9021 TRANSFERS - EMPLOYEE INSURANCE PLANS						
9022 TRANSFERS - RETIREMENT INCOME PLAN						
9023 TRANSFERS - THRIFT PLAN CONTRIBUTION						
9031 EDUCATION ASSISTANCE PROGRAM						
9041 MEDICAL	90,906	(33,784)	776,670	(467,850)	776,670	(467,850)
9042 DENTAL	(2,913)	(9,714)	66,637	(38,387)	66,637	(38,387)
9043 GROUP LIFE	(2,514)	(1,919)	(34,032)	(19,883)	(34,032)	(19,883)
9044 LONG-TERM DISABILITY	9,411	2,165	112,297	35,291	112,297	35,291
9045 EMPLOYEE ASSISTANCE PROGRAM	1,240	200	16,961	857	16,961	857
9046 OPEB-MEDICAL	35,774	(1,124)	429,281	121,220	429,281	121,220
9047 OPEB-LIFE INSURANCE	(7,009)	(1,569)	(84,108)	(27,747)	(84,108)	(27,747)
9048 SFAS 106 AMORTIZATION	23,475	1	281,698	(1)	281,698	(1)
9049 SFAS 112 AMORTIZATION	(338,181)	(180,095)	(306,686)	(180,095)	(306,686)	(180,095)
9051 INSURED PLANS TRANSFERS	(30,662)	1,592	(362,970)	124,187	(362,970)	124,187
9055 PRUDENTIAL DEMUTUALIZATION						
9061 PENSION - RETIREMENT PLANS	(12,679)	(11,354)	(152,148)	(17,333)	(152,148)	(17,333)
9068 RETIREMENT INCOME PLAN AMORTIZATION						
9071 PENSION - RETIREMENT PLANS TRANSFERS						
9081 THRIFT PLAN CONTRIBUTIONS	35,894	8,379	2	525	2	525
9091 THRIFT PLAN CONTRIBUTIONS TRANSFERS	(5,606)	(173)	287,440	16,584	287,440	16,584
9095 PROFIT SHARING	2,362	(33,001)	(73,612)	(6,206)	(73,612)	(6,206)
93 ADVERTISING	550	(10,117)	21,696	(13,667)	21,696	(13,667)
95 CLEARING ACCOUNTS COSTS CLEARED			22,218	(15,095)	22,218	(15,095)
<b>TOTAL ADMINISTRATIVE &amp; GENERAL EXPENSES</b>	<b>1,009,936</b>	<b>(347,971)</b>	<b>10,655,982</b>	<b>(738,607)</b>	<b>10,655,982</b>	<b>(738,607)</b>

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COLUMBIA GAS OF KENTUCKY, INC.  
 TOTAL ADMINISTRATIVE AND GENERAL EXPENSE  
 FOR THE PERIODS ENDING DECEMBER 31, 2008

AG Set 1 No. 001 Attachment 1  
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	CR MTH ACTUAL	INC PREV YEAR	YTD ACTUAL	INC PREV YEAR	12 MTHS ACTUAL	INC PREV YEAR
920 SALARIES	323,966	159,741	999,080	736,521	999,080	736,521
921 OFFICE SUPPLIES AND EXPENSES	25,915	(16,258)	311,019	(83,427)	311,019	(83,427)
922 ADMINISTRATIVE EXPENSE TRANSFERRED						
923 OUTSIDE SERVICES EMPLOYED	765,664	(192,171)	7,111,835	(834,334)	7,111,835	(834,334)
924 PROPERTY INSURANCE	8,091	(3,293)	116,906	(17,649)	116,906	(17,649)
925 INJURIES AND DAMAGES	71,508	(20,679)	688,690	(43,259)	688,690	(43,259)
926 EMPLOYEE PENSIONS AND BENEFITS	(209,696)	(265,234)	1,065,360	(518,594)	1,065,360	(518,594)
927 FRANCHISE REQUIREMENTS						
928 REGULATORY COMMISSION EXPENSES	23,953	(2,536)	302,664	13,994	302,664	13,994
929 DUPLICATE CHARGES - CREDIT						
930 MISCELLANEOUS GENERAL ADVERTISING		(7,379)	53,245	10,968	53,245	10,968
930 MISCELLANEOUS GENERAL		(162)	6,958	(2,827)	6,958	(2,827)
931 RENTS - GENERAL	535					
<b>TOTAL OPERATION</b>	<b>1,009,936</b>	<b>(347,971)</b>	<b>10,655,757</b>	<b>(738,607)</b>	<b>10,655,757</b>	<b>(738,607)</b>
935 STRUCTURES AND IMPROVEMENTS						
935 GENERAL OFFICE FURNITURE AND EQUIPMNT			225		225	
935 MISCELLANEOUS GENERAL EQUIPMENT						
<b>TOTAL MAINTENANCE</b>			<b>225</b>		<b>225</b>	
<b>TOTAL ADMINISTRATIVE AND GENERAL EXPENSE</b>	<b>1,009,936</b>	<b>(347,971)</b>	<b>10,655,982</b>	<b>(738,607)</b>	<b>10,655,982</b>	<b>(738,607)</b>

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COLUMBIA GAS OF KENTUCKY, INC.  
 TOTAL TAX EXPENSE  
 FOR THE PERIODS ENDING DECEMBER 31, 2008

AG Set 1 No. 001 Attachment 1  
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	CR MTH ACTUAL	INC PREV YEAR	YTD ACTUAL	INC PREV YEAR	12 MTHS ACTUAL	INC PREV YEAR
TAXES - OTHER THAN INCOME						
BASED ON PROPERTY						
PROPERTY	170,505	11,363	2,044,943	150,794	2,044,943	150,794
FLOOD WALL						
OTHER						
TOTAL BASED ON PROPERTY	<u>170,505</u>	<u>11,363</u>	<u>2,044,943</u>	<u>150,794</u>	<u>2,044,943</u>	<u>150,794</u>
BASED ON GROSS RECEIPTS						
GROSS SALES, RECEIPTS, REVENUES, ETC.						
EXCISE						
UTILITIES COMMISSION						
FRANCHISE						
BUSINESS & OCCUPATION (EXCL. PROD TAX)						
OTHER						
TOTAL BASED ON GROSS RECEIPTS						
BASED ON PAYROLL						
FEDERAL UNEMPLOYMENT	(14)	(6)	(9,133)	(14,293)	(9,133)	(14,293)
OLD AGE & SURVIVORS INSURANCE	57,088	18,693	507,244	57,866	507,244	57,866
STATE UNEMPLOYMENT	5	40	5,001	1,433	5,001	1,433
TOTAL BASED ON PAYROLL	<u>57,079</u>	<u>18,727</u>	<u>503,112</u>	<u>45,006</u>	<u>503,112</u>	<u>45,006</u>
ALL OTHER - EXCEPT INCOME						
STATE CAPITAL STOCK						
LICENSE AND FRANCHISE	1,999	1,999	14,815	7,559	14,815	7,559
SALES AND USE	591	589	1,647	1,210	1,647	1,210
OTHER			4,948	1,442	4,948	1,442
PIPELINE SAFETY ASSESSMENT						
TOTAL ALL OTHER - EXCEPT INCOME	<u>2,590</u>	<u>2,588</u>	<u>21,410</u>	<u>10,211</u>	<u>21,410</u>	<u>10,211</u>
TOTAL TAXES - OTHER THAN INCOME	<u>230,174</u>	<u>32,678</u>	<u>2,569,465</u>	<u>206,011</u>	<u>2,569,465</u>	<u>206,011</u>

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COLUMBIA GAS OF KENTUCKY, INC.  
 TOTAL TAX EXPENSE  
 FOR THE PERIODS ENDING DECEMBER 31, 2008

AG Set 1 No. 001 Attachment 1  
 Page 16 of 16

	CR MTH ACTUAL	INC PREV YEAR	YTD ACTUAL	INC PREV YEAR	12 MTHS ACTUAL	INC PREV YEAR
TAXES ON INCOME						
FEDERAL ON INCOME	2,955,994	3,914,706	427,561	(1,912,864)	427,561	(1,912,864)
LESS: CONSOLIDATED TAX SAVINGS			18,133	62,732	18,133	62,732
INVESTMENT TAX CREDIT						
TOTAL FEDERAL ON INCOME - NET	2,955,994	3,914,706	409,428	(1,975,596)	409,428	(1,975,596)
FEDERAL ON INCOME- DEFERRED	(1,263,277)	(4,586,503)	6,698,007	1,097,302	6,698,007	1,097,302
DEFERRED IN PRIOR YEARS - CREDIT	(466,327)	667,960	(1,572,931)	252,143	(1,572,931)	252,143
TOTAL FEDERAL ON INCOME - DEFERRED	(1,729,604)	(3,918,543)	5,125,076	1,349,445	5,125,076	1,349,445
TOTAL FEDERAL ON INCOME	1,226,390	(3,837)	5,534,504	(626,151)	5,534,504	(626,151)
STATE ON INCOME	580,798	959,998	435,486	567,397	435,486	567,397
STATE ON INCOME - DEFERRED	(225,824)	(836,310)	1,209,686	120,255	1,209,686	120,255
DEFERRED IN PRIOR YEARS - CREDIT	(126,279)	79,409	(550,925)	(222,284)	(550,925)	(222,284)
TOTAL STATE ON INCOME - DEFERRED	(352,103)	(756,901)	658,761	(102,029)	658,761	(102,029)
TOTAL STATE TAXES ON INCOME	228,695	203,097	1,094,247	465,368	1,094,247	465,368
INVESTMENT TAX CREDIT						
FEDERAL ON INCOME - DEBIT ADJUSTMENT						
FEDERAL ON INCOME - CREDIT ADJUSTMENT	(7,224)		(86,687)	500	(86,687)	500
TOTAL INVESTMENT TAX CREDIT - NET	(7,224)		(86,687)	500	(86,687)	500
TOTAL ON UTILITY OPERATING INCOME	1,447,861	199,260	6,542,064	(160,283)	6,542,064	(160,283)
TOTAL ON EXTRAORDINARY INCOME						
GRAND TOTAL ON INCOME	1,447,861	199,260	6,542,064	(160,283)	6,542,064	(160,283)
TOTAL TAX EXPENSE	1,678,035	231,938	9,111,529	45,728	9,111,529	45,728

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PSC Case No. 2009-00141  
AG DR Set 1-002  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 002:

In the same format and detail as shown on Schedule C-2.1, column (1) [“unadjusted total utility”],<sup>1</sup> please provide schedules showing a side-by-side comparison of the actual “Operating Revenues and Expenses by Accounts” for calendar years 2008, 2007, 2006, 2005 and 2004.

**Response:**

Please refer to Columbia’s response to AG Set 1-002 Attachment 1 for the requested information.

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<sup>1</sup> Similar to the response to AG-1-2 in Case No. 2007-00008.

COLUMBIA GAS OF KENTUCKY, INC.  
CASE NO. 2009-00141  
OPERATING REVENUE AND EXPENSES BY ACCOUNTS - JURISDICTION  
FOR THE HISTORIC PERIODS 12 MONTHS ENDED DECEMBER, 31, 2004, 2005, 2006, 2007, 2008

LINE NO.	ACCOUNT NO. (S)	ACCOUNT TITLE	December 31,					
			2008	2007	2006	2005	2004	
1		<u>OPERATING REVENUE</u>						
2		<u>SALES OF GAS</u>						
3	480	RESIDENTIAL	113,722,534	82,846,430	85,805,648	96,749,746	83,011,215	
4	481.1	COMMERCIAL	62,706,451	45,312,025	50,852,431	47,260,286	38,604,900	
5	481.2	INDUSTRIAL	2,550,768	2,053,090	2,934,268	3,668,819	2,355,940	
6	481.9	OTHER	243,259	161,925	258,844	209,009	186,736	
7		TOTAL SALES OF GAS	<u>179,223,012</u>	<u>130,373,470</u>	<u>139,851,191</u>	<u>147,887,860</u>	<u>124,158,791</u>	
8		<u>OTHER OPERATING INCOME</u>						
9	487	FORFEITED DISCOUNTS	192,713	270,231	416,218	252,465	318,994	
10	488	MISC. SERVICE REVENUES	147,314	125,482	155,598	124,769	146,781	
11	489	REVENUE FROM TRANSPORTATION OF GAS OF OTHERS	17,624,937	15,317,177	14,622,742	19,385,855	22,942,993	
12	495	OTHER GAS REVENUES (MISC./OFF SYSTEM SALES)	11,240,905	14,664,420	9,426,880	2,245,371	4,978,765	
		TOTAL OTHER OPERATING INCOME	<u>29,205,869</u>	<u>30,377,310</u>	<u>24,621,438</u>	<u>22,008,460</u>	<u>28,387,533</u>	
13		TOTAL OPERATING REVENUE	<u>208,428,881</u>	<u>160,750,780</u>	<u>164,472,629</u>	<u>169,896,320</u>	<u>152,546,324</u>	
14		<u>OPERATING EXPENSES</u>						
15		<u>LIQUEFIED PETROLEUM GAS PRODUCTION EXPENSE</u>						
16	717	LIQUEFIED PETROLEUM GAS EXPENSE	706	719	903	1,482	1,299	
17	723	FUEL FOR LIQUEFIED PETROLEUM GAS PROCESS	0	0	0	0	0	
18	728	LIQUEFIED PETROLEUM GAS	0	0	0	0	0	
19	741	STRUCTURES & IMPROVEMENTS	0	0	0	0	0	
20	742	PRODUCTION EQUIPMENT	0	0	17	11	0	
21		TOTAL LIQUEFIED PETROLEUM GAS PRODUCTION EXPENSE	<u>706</u>	<u>719</u>	<u>920</u>	<u>1,493</u>	<u>1,299</u>	
22		<u>OPERATION AND MAINTENANCE EXPENSE ACCOUNTS</u>						
		<u>OTHER GAS SUPPLY EXPENSES - OPERATION</u>						
	801-803	NATURAL GAS FIELD & TRANSMISSION LINE PURCHASES	172,231,551	120,445,957	98,859,870	121,459,667	93,466,705	
25	804	NATURAL GAS CITY GATE PURCHASES	2,784,691	2,070,210	4,065,213	18,843,019	2,667,838	
26	805	OTHER GAS PURCHASES	882,776	(7,585,331)	27,010,321	(5,550,558)	5,699,333	
27	806	EXCHANGE GAS	(9,492,973)	(2,314,947)	(15,389,496)	28,821,266	2,786,219	
28	807	PURCHASED GAS EXPENSE	390,527	26,557	25,983	24,739	22,514	
29	808	GAS WITHDRAWN FROM STORAGE	(11,525,301)	(921,555)	3,643,169	(42,597,700)	(911,903)	
30	812	GAS USED FOR OTHER UTILITY OPERATIONS	(182,156)	(126,086)	(101,773)	(258,115)	(112,575)	
31	813	EXCHANGE FEES	5,543	65,128	0	16,558	674	
32		TOTAL OTHER GAS SUPPLY EXPENSES - OPERATION	<u>155,094,658</u>	<u>111,659,933</u>	<u>118,113,287</u>	<u>120,758,876</u>	<u>103,618,805</u>	
33		<u>DISTRIBUTION EXPENSES - OPERATION</u>						
34	870	SUPERVISION AND ENGINEERING	744,256	493,896	224,219	329,434	293,381	
35	871	DISTRIBUTION LOAD DISPATCHING	29,360	25,392	26,566	12,868	38,718	
36	874	MAINS AND SERVICES EXPENSES	2,029,869	1,784,863	1,703,056	1,596,036	1,434,614	
37	875	MEASURING AND REGULATION STA. EXPENSE - GEN.	194,388	152,469	180,486	171,201	174,245	
38	876	MEASURING AND REGULATION STA. EXPENSE - IND.	35,557	35,955	35,452	33,981	37,915	
39	877	MEASURING AND REGULATION STA. EXP. - CITY GATE	0	0	0	0	0	
40	878	METERS AND HOUSE REGULATOR EXPENSE	1,658,102	1,387,364	1,513,797	1,433,982	1,463,583	
41	879	CUSTOMER INSTALLATIONS EXPENSE	1,147,102	1,154,479	1,056,275	1,080,479	1,137,339	
42	880	OTHER EXPENSE	1,590,193	1,407,070	1,525,710	1,767,937	1,606,735	
43	881	TELECOMMUNICATION EXPENSE - ENGINEERING	71,889	107,892	119,243	118,261	112,645	
44		TOTAL DISTRIBUTION EXPENSES - OPERATION	<u>7,500,716</u>	<u>6,549,380</u>	<u>6,384,804</u>	<u>6,544,179</u>	<u>6,299,175</u>	
45		<u>DISTRIBUTION EXPENSES - MAINTENANCE</u>						
46	885	SUPERVISION AND ENGINEERING	97,266	143,459	154,548	149,122	166,845	
47	886	STRUCTURES AND IMPROVEMENTS	87,172	104,409	111,178	93,823	92,015	
48	887	MAINS	1,458,640	1,217,664	1,258,778	966,354	952,910	
49	889	MEASURING AND REGULATION STA. EXPENSE - GEN.	113,855	143,152	139,890	123,016	124,121	
50	890	MEASURING AND REGULATION STA. EXPENSE - IND.	104,514	120,197	98,971	117,556	122,951	
51	891	MEASURING AND REGULATION STA. EXP. - CITY GATE	0	0	0	0	0	
52	892	SERVICES	471,009	453,799	343,173	298,312	287,957	
53	893	METERS AND HOUSE REGULATORS	97,411	116,987	139,405	146,823	155,200	
54	894	OTHER EQUIPMENT	173,649	166,392	104,663	142,863	156,435	
55		TOTAL DISTRIBUTION EXPENSES - MAINTENANCE	<u>2,603,516</u>	<u>2,466,059</u>	<u>2,350,606</u>	<u>2,037,869</u>	<u>2,058,434</u>	

COLUMBIA GAS OF KENTUCKY, INC.  
CASE NO. 2009-00141  
OPERATING REVENUE AND EXPENSES BY ACCOUNTS - JURISDICTION  
FOR THE HISTORIC PERIODS 12 MONTHS ENDED DECEMBER, 31, 2004, 2005, 2006, 2007, 2008

LINE NO.	ACCOUNT NO. (S)	ACCOUNT TITLE	December 31,				
			2008	2007	2006	2005	2004
<u>CUSTOMER ACCOUNTS EXPENSES - OPERATION</u>							
56	901	SUPERVISION	6,434	6,980	6,460	8,218	9,981
57	902	METER READING EXPENSES	1,219,043	1,245,285	1,107,953	1,008,769	951,541
58	903	CUSTOMER RECORDS & COLLECTIONS - UTILITY SERVICES	2,648,121	942,361	1,284,044	2,214,269	2,758,061
59	904	UNCOLLECTIBLE ACCOUNTS	2,451,089	1,181,046	1,594,285	1,499,299	1,981,712
60	905	MISCELLANEOUS CUSTOMER ACCOUNT EXPENSES	1,908	826	4,837	11,267	11,931
61	921	OFFICE SUPPLIES AND EXPENSES	515	404	301	928	356
62	931	RENTS	0	0	0	0	0
63	935	MAINTENANCE OF GENERAL PLANT	155	163	157	896	2,093
64		TOTAL CUSTOMER ACCOUNTS EXPENSE	<u>6,327,265</u>	<u>3,377,065</u>	<u>3,998,037</u>	<u>4,743,646</u>	<u>5,715,675</u>
<u>CUSTOMER SERVICE &amp; INFORMATION - OPERATION</u>							
65							
66	907	SUPERVISION	30,327	39,078	31,927	38,601	40,301
67	908	CUSTOMER ASSISTANCE EXPENSES	148,563	158,365	142,617	111,622	99,217
68	909	INFORMATIONAL AND INSTR. ADVERT. EXPENSES	55,709	0	0	0	0
69	910	MISCELLANEOUS CUSTOMER ACCOUNT EXPENSE	502,292	24,199	46	1,292	1,869
70	921	OFFICE SUPPLIES AND EXPENSES	7,042	5,570	4,135	12,796	4,908
71	931	RENTS	0	0	0	0	0
72	935	MAINTENANCE OF GENERAL PLANT	14	18	15	468	720
73		TOTAL CUSTOMER ACCOUNTS EXPENSES - OPERATION	<u>743,947</u>	<u>227,230</u>	<u>178,740</u>	<u>164,779</u>	<u>147,015</u>
<u>SALES EXPENSES</u>							
74							
75	911	SUPERVISION	2,634	0	0	0	0
76	912	DEMONSTRATING AND SELLING EXPENSES	43,417	13,862	0	1,503	5,000
77	913	ADVERTISING EXPENSE	5,525	0	0	0	0
78	916	MISCELLANEOUS SALES EXPENSE	(1)	0	0	0	0
79		TOTAL SALES EXPENSES	<u>51,575</u>	<u>13,862</u>	<u>0</u>	<u>1,503</u>	<u>5,000</u>
<u>ADMINISTRATIVE AND GENERAL EXPENSES - OPERATION</u>							
80							
81	920	ADMINISTRATIVE AND GENERAL SALARIES	999,080	262,559	528,569	1,000,348	596,347
82	921	OFFICE SUPPLIES AND EXPENSES	311,019	394,446	262,257	322,004	426,533
83	922	ADMINISTRATIVE EXPENSE TRANSFERRED	0	0	1	0	26
84	923	OUTSIDE SERVICES EMPLOYED	7,111,835	7,946,169	9,891,691	9,510,420	7,455,068
85	924	PROPERTY INSURANCE PREMIUMS	116,906	134,555	197,469	147,613	211,619
86	925	INJURIES AND DAMAGES	688,690	731,949	831,047	484,384	537,960
87	926	EMPLOYEE PENSIONS AND BENEFITS	1,065,360	1,583,954	1,804,253	2,812,839	2,860,783
88	927	UTILITY AND FUEL	0	0	0	0	0
89	928	REGULATORY COMMISSION EXPENSE	302,664	288,670	281,552	361,925	340,590
90	929	DUPLICATE CHARGES	0	0	0	0	0
91	930	GENERAL MISCELLANEOUS GENERAL	53,245	42,277	37,457	32,414	13,389
92	931	RENTS	6,958	9,785	(375,322)	2,326	0
93		TOTAL ADMINISTRATIVE AND GENERAL EXP. - OPERATION	<u>10,655,757</u>	<u>11,394,364</u>	<u>13,458,974</u>	<u>14,674,273</u>	<u>12,442,315</u>
<u>ADMINISTRATIVE AND GENERAL EXPENSES - MAINTENANCE</u>							
94							
95	935	MAINTENANCE OF GENERAL PLANT	225	225	225	225	303
96		TOTAL ADMINISTRATIVE AND GEN. EXP. - MAINTENANCE	<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>	<u>303</u>
97		TOTAL OPERATION AND MAINTENANCE EXPENSE ACCOUNTS	<u>182,978,365</u>	<u>135,688,837</u>	<u>144,485,593</u>	<u>148,926,843</u>	<u>130,288,021</u>
<u>DEPRECIATION AND AMORTIZATION</u>							
98	403-404	DEPRECIATION AND AMORTIZATION	5,800,958	5,416,496	5,337,146	5,224,802	5,094,251
99	408	TAXES OTHER THAN INCOME TAXES	2,569,465	2,363,454	2,253,757	2,177,279	1,985,387
100	409, 410	FEDERAL INCOME TAXES	5,534,504	6,073,468	4,260,355	3,749,581	4,393,473
101	409, 410	STATE INCOME TAXES	1,007,560	628,879	585,068	813,047	693,703
102		TOTAL OPERATING EXPENSES	<u>197,690,852</u>	<u>150,171,134</u>	<u>156,921,919</u>	<u>160,891,552</u>	<u>142,454,835</u>
103		NET OPERATING INCOME	<u>10,738,029</u>	<u>10,579,646</u>	<u>7,550,710</u>	<u>9,004,768</u>	<u>10,091,489</u>



PSC Case No. 2009-00141  
AG DR Set 1-003  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 003:

Please provide Columbia Gas of Kentucky's (hereafter known as CGK or the Company) balance sheets for each of the months of 2009 through April and continue to provide these monthly reports as more actual data becomes available.

**Response:**

Please refer to Columbia's response to PSC Set 1-041 for balance sheets for the months of January through March 2009. April and subsequent monthly actual data will be provided as a supplemental response to PSC Set 1-041.



PSC Case No. 2009-00141  
AG DR Set 1-004  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 004:

Please provide copies of CGK's annual report for the year 2008 that is on file with the Commission.

**Response:**

Columbia Gas of Kentucky's annual report for 2008 can be found in Volume 2 of the Company's rate filing under Tab 31 as Filing Requirement 6-m.





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 005:

With regard to the short-term debt balance and cost reflected by the Company in this case, please provide the following information:

- a. Attachment PRM-5 indicates that the 13-month average ST debt balance for the test year was \$9,861,432. Please provide each of the 13 monthly test year balances. In addition, provide the equivalent monthly ST debt balances for 2006 and 2007 and for each of the available months in 2009.
- b. Please expand Schedule J-2 by providing the actual cost of ST debt for each month of the test year and for each month after the test year through April 2009.

**Response: Columbia Gas of Kentucky, Inc.**

- a. Please see Columbia's response to PSC Set 1 DR. No. 003 Format 3 Schedule 2 page 1 for the 13 monthly test year short-term debt balances. The monthly short-term debt balances for 2006, 2007 and the available months in 2009 are provided in Attachment A.
- b. The requested data for Columbia Gas of Kentucky, Inc. is provided in Attachment B.

Columbia Gas of Kentucky, Inc.  
Thirteen Month Average Short-term Debt Balances

AG DR Set 1-005 Attachment A

	<u>2006</u>
Dec-05	32,171,746
Jan-06	15,152,996
Feb-06	583,652
Mar-06	0
Apr-06	0
May-06	0
Jun-06	0
Jul-06	0
Aug-06	0
Sept-06	2,569,581
Oct-06	8,897,849
Nov-06	0
Dec-06	0
Total	<u>59,375,824</u>
<b>Average</b>	<u><b>4,567,371</b></u>

	<u>2007</u>
Dec-06	0
Jan-07	0
Feb-07	0
Mar-07	0
Apr-07	0
May-07	0
Jun-07	0
Jul-07	0
Aug-07	0
Sep-07	0
Oct-07	525,968
Nov-07	2,512,102
Dec-07	0
Total	<u>3,038,070</u>
<b>Average</b>	<u><b>233,698</b></u>

	<u>YTD 2009</u>
Jan-07	3,026,455
Feb-07	0
Mar-07	0
Apr-07	0

MONTH	<u>Short Term Debt</u> %
Jan-08	5.37%
Feb-08	3.97%
Mar-08	3.55%
Apr-08	3.17%
May-08	3.60%
Jun-08	3.17%
Jul-08	3.07%
Aug-08	3.09%
Sep-08	3.23%
Oct-08	4.08%
Nov-08	3.70%
Dec-08	1.93%
Jan-09	1.04%
Feb-09	1.03%
Mar-09	1.65%
Apr-09	0.00%



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 006:

As shown on Schedule B-3.1, the Company has not proposed to adjust its actual test year-end accumulated depreciation reserve balance with the \$2,353,180 difference between the actual test year depreciation expenses and pro forma annualized/normalized depreciation expenses. In this regard, please provide the following information:

- a. Confirm the above facts. If you do not agree, explain your disagreement.
- b. Confirm that the Company's position is inconsistent with well-established and long-standing Commission ratemaking policy.<sup>1</sup>

**Response:**

Columbia has chosen to use a historic test year, and as such, has appropriately reflected both gross plant in service at "date certain", December 31, 2008, and a corresponding accumulated depreciation as of December 31, 2008. If Columbia had chosen a future test year as was the situation in Case No. 94-179, the corresponding accumulated depreciation would have been included on the same pro-forma basis.

Columbia's cost of service includes consideration for depreciation both as a component of return "on" investment and as a component of return "of" investment. This method conceptually provides Columbia with the opportunity to generate a level of revenue equal to the costs to carry funds already invested in property, plant and equipment used to serve the customer but not yet recovered from the customer. This method also provides Columbia with the opportunity to recover its investment in property, plant and equipment over the estimated lives of the assets. Once a portion of the initial investment is recovered, then a corresponding reduction in the cost to carry should follow.

The adjustment as suggested would have the effect of reducing Columbia's rate base by an amount not yet funded by the customer.

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<sup>1</sup> For example, see page 5 of the PSC Order in Case No. 2004-00067; pages 14 and 15 of the PSC Order in Case No. 2001-00092; page 18 of the PSC Order in Case No. 2000-080; and pages 3 and 4 of the PSC Order in Case No. 92-346.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 007:

The Company has calculated pro forma annualized depreciation expenses of \$7,924,661 based on the application of Mr. Spanos' proposed new depreciation rates to the actual test year-end depreciable plant in service balances, as well as pro forma annualized depreciation expenses of \$29,477 based on the application of Mr. Spanos' proposed new depreciation rates to certain actual test year-end CWIP balances. Please provide the equivalent annualized depreciation expense amounts calculated by the application of the *currently existing* depreciation rates to the test year-end depreciable plant in service balances and to the test year-end CWIP balances.

**Response:**

Please see AG DR Set 1 No. 007 Attachment 1.



COLUMBIA GAS OF KENTUCKY, INC.  
CASE NO. 2009-00141  
DEPRECIATION ACCRUAL RATES & ACCUMULATED BALANCES BY ACCOUNT  
HISTORIC PERIOD ENDING DECEMBER 31, 2008

AG DR Set 1 No. 007  
SHEET 1 OF 3  
WITNESS: J. F. RACHER

LINE NO. (A)	ACCT. NO. (B)	ACCOUNT TITLES (C)	TOTAL COMPANY ADJUSTED JURISDICTION			CURRENT ANN. ACC. RATES (G)	AS OF DECEMBER 31, 2008		
			AS OF DECEMBER 31, 2008		CALC DEP/AMORT EXPENSE (F)		% NET SALVAGE (H)	AVG. SERV. LIFE (I)	CURVE FORM (J)
			INVESTMENT (D)	RESERVE (E)					
1	303.00	MISCELLANEOUS INTANGIBLE PLANT	164,631	118,321	2,478				
2	303.10	MISC INTANGIBLE PLANT-DIS SOFTWARE	0	0	0				
3	303.20	MISC INTANGIBLE PLANT-FARA SOFTWARE	0	0	0				
4	303.30	MISC INTANGIBLE PLANT-OTHER SOFTWARE	1,285,368	748,163	257,713				
5	305.00	STRUCTURES & IMPROVEMENTS	0	0	0	0.00			
6	311.00	LIQUEFIED PETROLEUM GAS EQUIPMENT	0	0	0	0.00			
7	374.40	LAND RIGHTS-OTHER DISTR SYSTEMS	555,085	124,496	8,493	1.53		65.0	R2
8	374.50	RIGHTS OF WAY	2,668,349	673,713	32,554	1.22		70.0	S4
9	375.20	STRUC & IMPROV-CITY GATE M & R	5,249	5,523	103	1.96		42.0	S5
10	375.30	STRUC & IMPROV-GENERAL M & R	10,848	10,948	213	1.96		42.0	S5
11	375.40	STRUC & IMPROV-REGULATING	628,347	314,927	12,316	1.96		42.0	S5
12	375.60	STRUC & IMPROV-DISTR. IND. M & R	88,210	40,358	1,729	1.96		42.0	S5
13	375.70	STRUC & IMPROV-OTHER DISTR. SYSTEMS	7,179,384	2,121,307	143,588	2.00		0.0	SQ
14	375.71	STRUC & IMPROV-OTHER DISTR SYS-ILP	0	0	0	AMORT.			
15	375.80	STRUC & IMPROV-COMMUNICATIONS	33,261	25,786	1,769	5.32		30.0	R3
16	376.10	MAINS - CAST IRON	287,300	227,689	4,511	1.57		64.0	R2
17	376.20	MAINS - BARE STEEL	18,226,236	13,889,593	286,152	1.57			R2
18	376.30	MAINS - COATED STEEL	38,761,932	11,540,092	608,562	1.57			R2
19	376.40	MAINS - PLASTIC	79,314,159	20,186,173	1,245,232	1.57			R2
20	378.10	M & R STATION EQUIP-GENERAL	250,523	263,026	5,887	2.35	(5)	32.0	S0
21	378.20	M & R STA EQUIP-GENERAL-REGULATING	4,542,334	2,223,224	106,745	2.35	(5)	32.0	S0
22	378.30	M & R STA EQUIP-GEN-LOCAL GAS PURCH	45,443	27,335	1,068	2.35	(5)	32.0	S0
23	379.10	M & R STA EQUIP-CITY GATE CHECK STA	257,909	261,813	5,855	2.27	(5)	22.0	R2.5
24	380.00	SERVICES	80,363,820	51,026,459	2,081,423	2.59		38.0	R2
25	381.00	METERS	11,782,894	4,064,067	305,177	2.59		40.0	R2.5
26	382.00	METER INSTALLATIONS	7,818,665	3,356,529	186,866	2.39		38.0	S1.5
27	383.00	HOUSE REGULATORS	3,575,312	1,027,633	49,697	1.39		32.0	S2
28	384.00	HOUSE REGULATOR INSTALLATIONS	2,327,988	1,640,703	25,608	1.10		35.0	S2
29	385.00	INDUSTRIAL M & R STATION EQUIPMENT	2,717,197	933,051	56,789	2.09		30.0	R5
30	387.20	OTHER EQUIP-ODORIZATION	28,895	(33,290)	1,219	4.22		25.0	R2.5
31	387.41	OTHER EQUIP-TELEPHONE	711,152	243,858	16,641	2.34		27.0	R2
32	387.42	OTHER EQUIPMENT-RADIO	872,759	498,444	20,423	2.34		27.0	R2
33	387.44	OTHER EQUIP-OTHER COMMUNICATION	169,913	57,471	3,976	2.34		27.0	R2

COLUMBIA GAS OF KENTUCKY, INC.  
CASE NO. 2009-00141  
DEPRECIATION ACCRUAL RATES & ACCUMULATED BALANCES BY ACCOUNT  
HISTORIC PERIOD ENDING DECEMBER 31, 2008

AG DR Set 1 No. 007  
SHEET 2 OF 3  
WITNESS: J. F. RACHER

LINE NO. (A)	ACCT. NO. (B)	ACCOUNT TITLES (C)	TOTAL COMPANY ADJUSTED JURISDICTION			CURRENT ANN. ACC. RATES (G)	AS OF DECEMBER 31, 2008		
			AS OF DECEMBER 31, 2008		CALC DEP/AMORT EXPENSE (F)		% NET SALVAGE (H)	AVG. REMAINING SERV. LIFE (I)	CURVE FORM (J)
			INVESTMENT (D)	RESERVE (E)					
1	387.45	OTHER EQUIP-TELEMETERING	1,343,594	427,837	31,440	2.34		27.0	R2
2	387.46	OTHER EQUIP-CUST INFO SERVICE	127,355	103,342	2,980	2.34		27.0	R2
3	391.10	OFFICE FURN & EQUIP-UNSPECIFIED	1,213,530	587,724	115,258	AMORT.		20.0	
4	391.11	OFFICE FURN & EQUIP-DATA HANDLING	13,816	(24,393)	6,469	AMORT.		15.0	
5	391.12	OFFICE FURN & EQUIP-INFO SYSTEMS	269,714	260,990	8,724	AMORT.		5.0	
6	392.20	TRANS EQUIP-TRAILERS OVER \$1,000	113,220	40,213	7,178	6.34		20.0	S3
7	392.21	TRANS EQUIP-TRAILERS \$1,000 or LESS	3,399	3,399	0	6.34		20.0	S3
8	393.00	STORES EQUIPMENT	0	833	0	AMORT.		20.0	
9	394.10	TOOLS,SHOP, & GAR EQ-GARAGE & SERV	26,580	4,816	0	AMORT.		25.0	
10	394.11	TOOLS,SHOP, & GAR EQ-CNG STATIONARY	335,308	208,194	46,172	13.77		12.0	S3
11	394.20	TOOLS,SHOP, & GAR EQ-SHOP EQUIP	0	0	0	AMORT.		25.0	
12	394.30	TOOLS,SHOP, & GAR EQ-TOOLS & OTHER	1,948,106	982,150	69,560	AMORT.		25.0	
13	395.00	LABORATORY	10,308	4,695	528	AMORT.		20.0	
14	396.00	POWER OPERATED EQUIP-GENERAL TOOLS	653,814	552,542	0	0.00	25	14.0	S1
15	398.00	MISCELLANEOUS EQUIPMENT	78,932	39,135	8,238	AMORT.		15.0	
16		TOTAL PLANT IN SERVICE	<u>270,810,839</u>	<u>118,808,889</u>	<u>5,769,334</u>				

17 NOTE: COLUMN (D) - INCLUDES ACCOUNTS 101 & 106 (IN SERVICE).  
18 Columns (D) & (E) - data from latest depreciation study; Column (F) - data from latest depreciation study for "AMORT" accounts  
19 Account numbers 303.00-303.30 - outside scope of Depreciation Study, but included as component of book depreciation.  
20 \* INDICATES THE USE OF AN INTERIM SURVIVOR CURVE AND RETIREMENT DATE.

COLUMBIA GAS OF KENTUCKY, INC  
CASE NO. 2009-00141  
UTILITY JURISDICTIONAL ADJUSTMENT  
ANNUALIZE DEPRECIATION EXPENSE  
TWELVE MONTHS ENDED DECEMBER 31, 2008

Data  Historic Period \_\_\_\_\_ Forecasted Period  
Type of Filing  Original \_\_\_\_\_ Updated  
Workpaper Reference No(s). \_\_\_\_\_

AG DR Set 1 No. 007  
SHEET 3 OF 3  
WITNESS: J. F. RACHER

LINE PURPOSE AND DESCRIPTION  
NO.

PURPOSE AND DESCRIPTION: To reflect the annualization of depreciation expense on CWIP balances at current depreciation rates

	Gas Plant <u>Account</u> (1)	Schedule B-4 CWIP <u>In Service</u> (2)	Current Accrual <u>Rate</u> (3) %	Annualized Depreciation <u>Expense</u> (2 x 3 = 4) \$
1	<b>INTANGIBLE PLANT</b>			
2	303.30	0	AMORT.	0
3	<b><u>DISTRIBUTION PLANT</u></b>			
4	374.40	0	1.53	0
5	374.50	0	1.22	0
6	375.20	0	1.96	0
7	375.30	0	1.96	0
8	375.40	0	1.96	0
9	375.60	0	1.96	0
10	375.70	0	2.00	0
11	375.80	0	5.32	0
12	376.00	822,720	1.57	12,917
13	378.10	0	2.35	0
14	378.20	94,389	2.35	2,218
15	378.30	0	2.35	0
16	379.10	0	2.27	0
17	380.00	51,343	2.59	1,330
18	381.00	501	2.59	13
19	382.00	24,136	2.39	577
20	383.00	217,281	1.39	3,020
21	384.00	0	1.10	0
22	385.00	105	2.09	2
23	387.20	0	4.22	0
24	387.41	0	2.34	0
25	387.42	0	2.34	0
26	387.44	0	2.34	0
27	387.45	24	2.34	1
28	387.46	0	2.34	0
29	<b><u>GENERAL PLANT</u></b>			
30	391.12	300	AMORT.	0
31	392.20	0	6.34	0
32	392.21	0	6.34	0
33	394.11	0	13.77	0
34	394.30	0	AMORT.	0
35	396.00	0	0.00	0
36	398.00	4,750	AMORT.	0
37	Total	<u>1,215,549</u>		<u>20,078</u>



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 008:

With regard to Schedule B-3.2, please provide the following information:

- a. The following accounts appear to be fully depreciation as of test year-end. Explain the rationale for requesting rate relief for these expenses:
  1. Account 375.20 (expense of \$128)
  2. Account 375.30 (expense of \$264)
  3. Account 378.10 (expense of \$7,156)
  4. Account 379.10 (expense of \$2,258)
  5. Account 392.21 (expense of \$146).
  
- b. The following accounts have negative depreciation reserve accounts as of 12/31/08 with positive associated depreciation expenses. Explain why the reflection of the associated positive depreciation expenses should appropriately be recognized for ratemaking purposes:
  1. Account 387.20 (expense of \$25,369)
  2. Account 391.11 (expense of \$6,469)
  
- c. The unamortized balance as of 12/31/08 for Account 391.12 is \$8,724 (\$269,714 - \$260,990), yet the proposed pro forma annual depreciation expense is \$33,983. Please explain why the depreciation expense is not limited to the remaining unamortized balance of \$8,724.

**Response:**

- a. 1.- 4. For accounts 375.20, 375.30, 378.10, and 379.10, although the reserves equate to the plant balances, the depreciation accrual is not completed. These accounts have negative net salvage and, therefore, have only recovered the service life portion of the costs. To become fully reserved the balance in the reserve would need to be 10% more than the plant balance to allow for full recovery of this future net salvage percentage component.
  
5. For account 392.21, the depreciation accrual in Schedule B-3.2 represents a forecasted estimate and was calculated on the balance in the account multiplied by

the proposed accrual rate. This account is fully reserved and should have been excluded from the calculation. This exclusion would reduce expense by \$146.

- b.
  - 1. Account 387.20 has a negative reserve because some individual assets had been retired prior to their assumed life expectancy. To account for the change in expected life for the average asset in this account, the depreciation rate has been accelerated from 4.22% to 87.80% in the latest proposed study. The \$25,369 annual accrual reflects the amount required to “catch up” the unrecovered reserve to better represent the remaining life in the account.
  - 2. Account 391.11 is an account that is amortized over a 15 year period. However, the account contains a plant asset recorded with a cost of -\$20,000 that is approximately half amortized. The impact of the accrual on this specific asset has caused the reserve for this account to be negative. It was determined that the -\$20,000 should have been recorded against Account 391.10, which is amortized over a 20 year period. A transfer of the charge and its reserve will be made out of Account 391.11 which will reduce the impact of the negative reserve balance. As a result of the Study, to compensate for the unrecovered reserve currently reflected in this account, the annual accrual will be amortized an additional \$5,548 to produce the total annual accrual of \$6,649.
- c. Account 391.12 is almost fully amortized. Though the account’s historical records have proven to produce a consistent level of added cost and the plant balance has maintained its materiality, the expense level should be reduced to the remaining unamortized balance of \$8,724.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 009:

With regard to CWIP/AFUDC, please provide the following information:

- a. Company policies regarding the accrual of AFUDC, e.g., on what type of properties is AFUDC accrued or not accrued and why.
- b. Current AFUDC accrual rate, as well as the basis for this rate and the components making up this rate.
- c. AFUDC booked in the test year associated with the average test year CWIP balance.
- d. What would be the annualized AFUDC associated with the 12/31/08 CWIP balance of \$1,215,549 claimed in rate base in this case? Show calculations.

**Response:**

- a) Please see AG DR Set 1-009 Attachment A
- b) Please see AG DR Set 1-009 Attachment B
- c) AFUDC booked during the test year was \$30,530. Please note: AFUDC was calculated and applied on a monthly basis to CWIP balances eligible for AFUDC. Not all test year CWIP balances are eligible for AFUDC, and not all CWIP balances receive full calculations.
- d) The CWIP balance in question has previously been placed in service and therefore, will receive no additional application of AFUDC.



1. General

Allowance for Funds Used During construction (AFUDC) will be applied to designated work order which have received charges and have been classified to Construction Work In Progress (CWIP).

The AFUDC rate will be determined on a Nisource basis reflecting the weighted average cost of the Company's capital components.

2. Development of the AFUDC Rate

The rate computation for AFUDC is calculated in accordance with the Code of Federal Regulations (CFR), Title 18, Gas Plant Instruction Number 3, Sub-section 17 (Exhibit A).

The Corporate Accounting Section will calculate the AFUDC rate and notify the operating companies via an All Treasurers letter. The rate shall be estimated for the current year with appropriate adjustments, as actual data becomes available in accordance with FERC Order No. 561.

3. Time Period of AFUDC Computation

AFUDC is applied to eligible work orders from the month of the first expenditure to the month the project is placed in or is ready for service.

The application of AFUDC ceases when a project is reported "in/or ready for service." That date, showing the month, day and year, is to be reported in the Work Management System (WMS) Obviously, the proper application of AFUDC depends mainly on field personnel reporting the in/or ready for service data in a timely and accurate manner. Therefore, special emphasis should be taken to insure that this information is submitted to Asset Accounting personnel via the proper electronic medium as soon as it becomes available.

4. Calculation and Application of AFUDC

AFUDC charges to eligible budgets and related work orders will be calculated and applied utilizing either a full month's rate or a one-half month rate. The rate itself is applied to qualified charges based on whether the budget/work order is to receive what is termed "Regular AFUDC" or "Limited AFUDC." However, some budgets do not qualify to receive AFUDC and, in these cases, no AFUDC calculation is made. Exhibit B details the AFUDC application schedule which indicates the various budgets, work orders and their method of treatment. In addition, at management discretion AFUDC treatment can be modified depending on the circumstances.

5. Regular AFUDC

Regular AFUDC means interest calculated on current month expenditures at one-half the AFUDC rate, plus interest calculated on prior month expenditures (reduced by previously applied AFUDC) at the full month's AFUDC rate. Regular AFUDC is applied

Allowance for Funds Used  
During Construction (AFUDC)

Ref. No. 380-9(32)

to most blanket budgets and related specific work orders. Application is from the date of the first expenditure and continues until the date the work order is coded as "in/or ready for service." Shown below is an example of how "Regular AFUDC" is applied.

ASSUME:

- a) The following charges to a work order.
  - January \$ 1,000
  - February \$15,000
  - March \$ 8,000
  - April \$ 2,000
- b) Work Order is placed in service in April.
- c) AFUDC Rate - Full Month, 1%, One-half Month, .5%.

Regular AFUDC Calculation:

<u>Month</u>	<u>Amount Charges</u>	<u>Calculation</u>	<u>AFUDC</u>	<u>Amount</u>
Jan.	\$ 1,000	\$ 1,000 x .05%		\$ 5.00
Feb.	\$15,000	\$ 15,000 x .5% + \$1,000 x 1%		85.00
Mar.	\$ 8,000	\$ 8,000 x .5% + \$ 16,000 x 1%		200.00
Apr.	\$ 2,000	\$ 2,000 x .5% + \$24,000 x 1%		250.00
May	-0-	\$ \$26,000 x .5%		<u>130.00</u>
			Total AFUDC	\$ <u>670.00</u>

For a construction period which lasts more than two months, AFUDC will be calculated at the full month rate using prior month's balances plus one-half months rate for current month charges.

After a work order is placed in service, it only receives the one-half month rate for the month-in-service calculation.

The reason for using the one-half month rate for the beginning and ending calculations is that the charges to CWIP are assumed to occur on the 15th of the month; therefore, they would only be eligible for one-half month of AFUDC.

6. Limited AFUDC

Limited AFUDC means interest calculated on current month expenditures at one-half the AFUDC rate. It is primarily applied to certain blanket budgets where specific work orders are not issued since the jobs are of a recurring nature of short duration. Examples of blanket budgets which receive "Limited AFUDC" are: Service Lines, Meter Installations, House Regulators and Installations, and Cathodic Protection. See Exhibit B for a complete

Ref. No. 380-9 (32)

Allowance for Funds Used  
During Construction (AFUDC)

list.

7. No AFUDC

There are certain blanket budgets and related blanket or specific work orders where AFUDC should not be applied; examples include: automotive transportation equipment, general tools, and office furniture and equipment. In addition, AFUDC should also not be applied to the original cost of any purchased facility. See Exhibit B for a complete list.

8. AFUDC on Work Orders with Customer Advances (LEA's) for Construction

Work orders for which the company has received a Customer Advance for Construction will only receive an AFUDC charge on the net amount over and above the advance. For example, if the incurred costs on a work order are \$95,000 and the company receives an advance of \$75,000, AFUDC will only be calculated on the net amount of \$20,000.

PLANT INSTRUCTIONS 3

- (17) "Allowance for funds used during construction" includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed without prior approval of the Commission allowances computed in accordance with the formula prescribed in paragraph below, except when such other funds are used for exploration and development or leases acquired after October 7, 1969, no allowance on such other funds shall be included in these accounts. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

The formula and elements for the computation of the allowance for funds used during construction shall be:

$$A_i = s \frac{(S)}{W} + d \frac{(D)}{D+P+C} \left(1 - \frac{S}{W}\right)$$

$$A_e = 1 - \frac{S}{W} \quad p \frac{(P)}{D+P+C} = \quad c \frac{(C)}{D+P+C}$$

$A_i$  = Gross allowance for borrowed funds used during construction rate

$A_e$  = Allowance for other funds used during construction rate

S = Average short-term debt

s = Short-term debt interest rate

D = Long-term debt

d = Long-term debt interest rate

P = Preferred stock

p = Preferred stock cost rate

C = Common equity

c = Common equity cost rate

W = Average balance in construction work in progress

Exhibit A  
2 of 2  
Ref. No. 380-9

The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity, shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in Part 154, Section 63 of the Commission's Regulations Under the Natural Gas Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such cost rate is not available, the average rate actually earned during the preceding three years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress shall be estimated for the current year with appropriate adjustments as actual data becomes available.

(See Accounting and Treasury Committee MOAP - Procedure VII-I.) NOTE: When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation, or ready for service, shall be treated as "Gas Plant in Service" and allowance for funds used during construction thereon as a charge to construction shall cease. Allowance for funds used during construction on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited above.

COLUMBIA GAS OF KENTUCKY, INC.  
 AFUDC APPLICATION SCHEDULE  
 EFFECTIVE OCTOBER 1, 1991

<u>Blanket Budget Description</u>	<u>Blanket Budget Number</u>	<u>Primary Gas Plant Account</u>	<u>AFUDC Application to:</u>	
			<u>Blanket Work Orders</u>	<u>Specific Work Orders</u>
<u>Production and Storage Plant</u>				
Leaseholds, Land and Land Rights	101	325	N/A	Regular
Wells	103	330	N/A	Regular
Well and Gathering Lines	105	332	N/A	Regular
Drilling and Clearing Equipment	107	335	N/A	No AFUDC
Measuring and Regulating Stations	109	334	N/A	Regular
Compressor Stations	111	333	N/A	Regular
Extraction Plants	113	342	N/A	Regular
Propane Plants	115	304/311	N/A	Regular
Delay Rentals	119	338	N/A	Regular
Surrendered Leases - New Gas	121	338	N/A	No AFUDC
Miscellaneous	123	337	N/A	Regular
Leaseholds, Land and Land Rights	301	350	N/A	Regular
Wells	303	352	N/A	Regular
Well and Field Lines	305	353	N/A	Regular
Drilling and Cleaning Equipment	307	357	N/A	No AFUDC
Measuring and Regulating Stations	309	355	N/A	Regular
Compressor Stations	311	354	N/A	Regular
Miscellaneous	315	357	N/A	Regular

Exhibit B  
 2 of 4  
 Ref. No. 380-9

COLUMBIA GAS OF KENTUCKY, INC  
 AFUDC APPLICATION SCHEDULE  
 EFFECTIVE OCTOBER 1, 1991

<u>Blanket Budget Description</u>	<u>Blanket Budget Number</u>	<u>Primary Gas Plant Account</u>	<u>AFUDC Application to:</u>	
			<u>Blanket Work Orders</u>	<u>Specific Work Orders</u>
<u>Distribution Plant</u>				
Acquisition or Sale of Gas Plant in Service - Non-Affiliated Companies	543	Various	No AFUDC	No AFUDC
Acquisition or Sale of Gas Plant in Service - Affiliated Companies	545	Various	No AFUDC	No AFUDC
Electronic Flow - Computers/Correctors	547	385	N/A	Regular
Automatic Meter Reading Devices	549	381	N/A	(1)
Mains - New Business	555	376	N/A	(2)
Mains - Leakage Elimination	557	376	N/A	Regular
Mains - Service Improvement	559	376	N/A	Regular
Mains - Street Improvement	561	376	N/A	Regular
Service Lines - New	563	380	Limited	Regular
Service Lines - Replacement	565	380	Limited	Regular
Meters	567	381	N/A	(3)
Meter Installations - New	569	382	Limited	Regular
House Regulators - New	571	383/384	Limited	Regular
Plant Regulators - New	573	378	N/A	Regular
Regulator Sites	575	374	N/A	(4)
Regulator Structures - New	577	375	N/A	Regular
Meter Installations - Replacement	579	382	Limited	Regular

COLUMBIA GAS OF KENTUCKY, INC  
AFUDC APPLICATION SCHEDULE  
EFFECTIVE OCTOBER 1, 1991

<u>Blanket Budget Description</u>	<u>Blanket Budget Number</u>	<u>Primary Gas Plant Account</u>	<u>AFUDC Application to:</u>	
			<u>Blanket Work Orders</u>	<u>Specific Work Orders</u>
<u>Distribution Plant (Continued)</u>				
House Regulator - Replacement	581	383/384	Limited	Regular
Plant Regulator - Replacement	583	378	Limited	Regular
Regulator Structures - Replacement	585	375	N/A	Regular
Large Volume Excess Pressure Measuring Station Installations	587	385	N/A	Regular
Service Regulators - New	593	383/384	Limited	Regular
Corrosion Mitigation Installations	595	376	Limited	Regular
Services Regulators - Replacement	597	383/384	Limited	Regular
<u>General Plant</u>				
Miscellaneous Project	889	Various	Regular	Regular
Office Furniture and Equipment	901	391	No AFUDC	No AFUDC
General Structures	903	375/390	N/A	(5)
Miscellaneous Buildings Equipment	905	398	No AFUDC	No AFUDC
Miscellaneous Motorized Equipment	907	396	No AFUDC	No AFUDC
Communications Equipment	909	387	Limited	Regular
Electronic Data Processing (EDP) Equipment	911	391	No AFUDC	No AFUDC
EDP Software	913	303	N/A	Regular
Miscellaneous	915	394	No AFUDC	No AFUDC
Alternative Fuel Vehicle Equipment	917	394	Limited	Regular
Inter-Company Transfers: distribution companies	998	381	No AFUDC	No AFUDC



COLUMBIA GAS OF KENTUCKY, INC  
 AFUDC APPLICATION SCHEDULE  
 EFFECTIVE OCTOBER 1, 1991

<u>Specific Budget Description</u>	<u>Blanket Budget</u>	<u>Primary Gas Plant</u>	<u>AFUDC Application to:</u>	
			<u>Blanket Work Orders</u>	<u>Specific Work Orders</u>
Various	Various	Various	---	(6)

N/A = Not Applicable - these blanket budgets do not have related blanket work orders.

- NOTES:
- (1) No AFUDC on automatic meter reading devices purchased between Group related companies. Limited AFUDC is computed on the purchase of new automatic meter reading devices.
  - (2) No AFUDC on facilities purchased from individuals, private companies or Group related companies. Regular AFUDC is computed on all other specific work orders.
  - (3) No AFUDC on meters purchased between Group related companies. Limited AFUDC is computed on new meters purchased.
  - (4) No AFUDC on street and sewer assessments charged to leases and deeds already in plant. Regular AFUDC is computed on all other specific work orders.
  - (5) No AFUDC or work orders issued for rehabilitating Company owned and occupied buildings where all or part of the project is continually in service. Regular AFUDC on all other specific work orders.
  - (6) No AFUDC on the original cost of property acquisitions immediately placed in service. No AFUDC on automotive transportation equipment and general tools. Regular AFUDC on all other specific budgets with related specific work orders.



December 22, 2008  
No. 2008-34

From: J. Grossman

To: R. Kriner      M. Hershberger      W. Telzerow      S. Taylor      G. Bane

CC: K. Blissmer      L. Ford      M. Holland      J. O'Brien      J. Shikany  
      C. Delany      K. Fritts      K. Johnson      L. Olson      J. Siegle  
      T. Dillinger      L. Francisco      L. Koh      T. Pemberton      K. Townsend  
      B. Douce      J. Gambone      P. LaCroix      R. Plantz      B. Vangen  
      D. Djokic      J. Gore      D. Loudermilk      E. Postma      J. Wood  
      B. Elliot      R. Grzywana      T. Napiwocki      S. Rippy  
      G. Fisher      T. Harmon      P. Newman      A. Romero

Re: Bay State, Northern Utilities, Columbia and NIPSCO 2008 Allowance for Funds Used During Construction (AFUDC) Borrowed and Equity Rates

Listed below are the revised AFUDC rates to be used for 2008 shown alongside the rates last published in the September 18, 2008 Controller's letter.

	Ended August 31, 2008			Ended November 30, 2008		
	Borrowed	Equity	Total	Borrowed	Equity	Total
	(A/C 700310000)	(A/C 703124000)		(A/C 700310000)	(A/C 703124000)	
→ NiSource	4.21%	0.07%	4.28%	3.72%	0.07%	3.79% (1) ←
NIPSCO	2.97%	3.92%	6.89%	3.02%	2.78%	5.80% (1)
BSG	4.23%	-	4.23%	3.68%	-	3.68% (1)
NU	3.87%	1.30%	5.17%	3.47%	1.18%	4.65% (1)
CMD			9.75%	3.51%		9.75% (2)
CGV			-	3.508%	5.648%	9.156% (3)

(1) It will be necessary to record a cumulative adjustment from January 1, 2008 in order to reflect the changes for the AFUDC rate changes shown above, which decreased more than 25 basis points. These AFUDC rates have decreased due to a decrease in the short-term interest rates.

(2) The Columbia Gas of Maryland (CMD) AFUDC rate of 9.75% remained unchanged because its rate was negotiated in previous rate filing settlement.

(3) The Columbia Gas of Virginia (CGV) is allowed AFUDC of 9.156% for natural gas facility placed into service on or after July 1, 2008, per "Treatment of AFUDC Pursuant to Virginia Code Section 56-235.9," used to determine rates in CGV's most recent rate case. Calculation for borrowed and equity AFUDC rates provided by Robert Horner, Mgr., Regulatory Policy.

Attached are schedules showing the computation of the 2008 AFUDC rates.

If you have any questions regarding the AFUDC calculations, please contact Don Watkins at (219) 647-5742 or Kevin Blissmer at (219) 647-5690.

MONTHLY AVERAGE CONSTRUCTION WORK IN PROGRESS (CWIP) (A/C 100126000)

MONTH	CKY	COH	CPA	TCO	CGT	CMD	CVA	NIPSCO	BAY STATE	NORTHERN UTILITIES	KOKOMO GAS	NIFL	AVERAGE REGULATED UTILITIES	
NOV. 2007														
DEC. 2007	AVERAGE	\$ 3,175,633	\$ 33,222,144	\$ 12,101,157	\$ 74,889,932	\$ 10,295,895	\$ 1,141,227	\$ 12,217,154	\$ 145,000,552	\$ 12,169,260	\$ 3,664,650	\$ 2,274,495	\$ 2,943,171	\$ 313,095,167
JAN. 2008	"	2,395,009	20,384,746	10,958,749	57,389,275	6,565,996	1,042,155	9,821,236	146,155,744	10,345,876	4,079,067	1,181,641	1,737,737	272,957,228
FEB. 2008	"	2,246,354	20,973,052	10,963,084	65,351,986	9,149,063	1,186,479	10,562,138	159,421,168	10,141,178	3,604,575	1,272,868	1,875,965	296,747,306
MAR. 2008	"	2,486,367	22,045,192	12,126,969	87,087,676	14,069,943	1,228,173	11,124,566	169,859,417	10,519,502	3,286,679	1,361,351	2,046,796	337,942,650
APR. 2008	"	3,264,661	23,904,134	14,361,295	108,438,019	17,182,410	1,245,307	12,010,360	174,240,130	11,816,751	3,414,858	1,465,819	2,295,668	373,659,410
MAY 2008	"	4,067,580	26,874,853	16,029,071	124,798,465	14,576,418	1,286,336	11,652,607	147,156,924	12,087,720	3,759,183	1,633,248	2,533,047	367,355,459
JUNE 2008	"	5,114,110	30,399,635	18,914,143	147,885,639	10,116,763	1,327,025	10,498,889	112,190,294	14,298,736	4,368,093	1,745,087	2,692,870	359,553,282
JULY 2008	"	5,441,930	33,122,536	21,277,887	160,002,985	6,736,293	1,479,120	10,231,140	101,048,847	15,856,235	4,971,159	1,827,845	2,833,094	364,929,069
AUG. 2008	"	5,680,724	36,216,981	22,198,594	168,687,360	9,608,671	1,656,802	10,784,112	97,140,121	17,428,460	5,056,703	1,931,296	3,011,138	379,400,959
SEPT. 2008	"	6,087,411	33,534,690	21,501,474	180,500,535	14,258,887	1,588,098	11,077,839	95,108,978	18,180,091	4,879,278	2,041,746	3,213,519	391,972,542
OCT. 2008	"	6,221,364	28,924,770	21,002,177	192,219,008	17,778,208	1,584,929	11,221,010	99,950,868	18,325,303	4,970,231	2,166,841	3,711,734	408,056,484
NOV. 2008	"	4,676,134	26,415,046	20,049,570	205,121,594	19,652,801	2,120,411	11,699,174	104,156,738	16,951,752	5,220,708	2,308,481	4,188,305	422,568,712
		\$ 50,857,314	\$ 336,017,777	\$ 201,483,167	\$ 1,572,372,472	\$ 150,893,444	\$ 16,868,059	\$ 132,900,228	\$ 1,551,229,579	\$ 169,120,861	\$ 51,275,191	\$ 21,230,717	\$ 33,082,441	\$ 4,287,339,246

AVG. CWIP 357,278,271

Adjusted formulas to be 366 days due to leap year in 2008

Short-term Borrowings Used for AFUDC

Days	Average ST Borrowings Used for Construction	ST Borrowing Rate from Below	Daily Interest Costs for Money Pool Borrowings	Total of Daily Ending Balances of Money Pool Borrowings	Monthly Interest Costs for Money Pool Borrowings
31 DEC. 2007	\$ 313,095,167	5.35%	\$ 45,767	\$ 9,705,950,177	\$ 1,418,766
31 JAN. 2008	272,057,228	5.37%	39,917	8,433,774,068	1,237,414
29 FEB. 2008	286,747,306	3.97%	32,188	8,605,671,874	933,457
31 MAR. 2008	337,942,650	3.55%	32,779	10,476,222,135	1,016,136
30 APR. 2008	373,659,410	3.17%	32,363	11,209,782,285	970,902
31 MAY 2008	319,225,806	3.60%	31,399	9,895,999,986	973,377
30 JUNE 2008	359,553,282	3.17%	31,142	10,788,588,445	934,249
31 JULY 2008	364,929,069	3.07%	30,610	11,312,801,124	948,915
31 AUG. 2008	379,400,959	3.09%	32,031	11,761,429,729	992,973
30 SEPT. 2008	391,972,542	3.23%	34,592	11,759,178,260	1,037,763
31 OCT. 2008	408,056,464	4.08%	45,488	12,649,750,384	1,410,136
30 NOV. 2008	422,569,712	3.70%	42,719	12,677,091,300	1,281,564
366	\$ 4,239,209,593		\$ 430,995	\$ 129,274,247,826	\$ 13,155,653

Average Balance \$ 353,208,327

Weighted Average Rate 3.72%

Adjusted formulas to be 366 days due to leap year in 2008

Total Actual Short-term Borrowings

Days	Average NiSource Finance Short-term Debt Per Month	Monthly Charged Rate for Short-term Debt	Daily Interest Costs for NiSource Finance Short-term Debt	Total of Daily Ending Balances of NiSource Finance Short-term Debt	Monthly Interest Costs for NiSource Finance Short-term Debt
31 DEC. 2007	\$ 768,529,032	5.35%	\$ 112,047	\$ 23,762,399,992	\$ 3,473,466
31 JAN. 2008	919,345,161	5.37%	134,888	28,499,699,991	4,181,513
29 FEB. 2008	594,703,445	3.97%	64,507	17,246,389,905	1,870,716
31 MAR. 2008	441,470,968	3.55%	42,820	13,695,600,008	1,327,428
30 APR. 2008	605,166,687	3.17%	52,415	18,155,000,010	1,572,441
31 MAY 2008	319,225,806	3.60%	31,399	9,895,999,986	973,377
30 JUNE 2008	430,666,667	3.17%	37,301	12,920,000,010	1,119,027
31 JULY 2008	576,235,484	3.07%	48,335	17,863,300,004	1,498,370
31 AUG. 2008	890,387,097	3.09%	75,172	27,602,000,007	2,330,333
30 SEPT. 2008	1,057,700,000	3.23%	93,343	31,731,000,000	2,800,304
31 OCT. 2008	1,264,235,484	4.08%	140,931	39,191,300,004	4,368,866
30 NOV. 2008	1,424,890,000	3.70%	144,056	42,749,700,000	4,321,691
366 TOTAL	\$ 9,290,655,811		\$ 977,215	\$ 283,302,399,917	\$ 29,637,533

Average Balance \$ 774,050,273

Weighted Average Rate 3.85%

Adjusted formula to be 366 days due to leap year in 2008

NiSource "LTD" and "Cost Rate Percent" excludes NDC Douglas Properties, Inc. and PEI Holdings, Inc. notes and CKY, COH, TCO and NiSource Corporate Services capital leases.

	AMOUNT	CAPITALIZATION PERCENT	COST RATE PERCENT
AT JANUARY 1, 2008			
LTD (INCL. CURRENT)	\$ 5,605,867,934	52.18%	6.49% (PER DRW PRINTOUT)
PREFERRED	0	0.00%	0.00%
COMMON EQUITY	5,076,598,988	47.52%	12.27% (PER DRW PRINTOUT)
	\$ 10,682,566,922	100.00%	
AVERAGE CWIP	357,278,271		
SHORT-TERM (A)	353,208,327		3.72%
		USE	
AFUDC-BORROWED=	3.72000%		3.72%
AFUDC-EQUITY=	0.07000%		0.07%
TOTAL	3.79000%		3.79%

NOTE (A)  
 THE SHORT-TERM DEBT CANNOT BE GREATER THAN THE AVERAGE CWIP FOR PURPOSES OF THE AFUDC FORMULA.

Page 2 of 2



PSC Case No. 2009-00141  
AG DR Set 1-010  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 010:

Please reconcile the CWC amount of \$3,781,941 on Schedule B-5 to the CWC amount of \$3,800,230 on Schedule B-5.2 and Schedule B-1, line 7.

**Response:**

The cash working capital amount of \$3,781,941 shown on Schedule B-5 is the result of a cell reference error. Line 1 of Schedule B-5 should reflect \$3,800,230. The information on Schedule B-5 is not used in subsequent calculations and therefore does not effect the revenue requirement.

A corrected Schedule B-5 is attached as AG DR Set 1-010 Attachment 1.

COLUMBIA GAS OF KENTUCKY, INC.  
CASE NO. 2009-00141  
ALLOWANCE FOR WORKING CAPITAL  
FOR THE HISTORIC PERIOD DECEMBER 31, 2008  
**CORRECTED**

SCHEDULE B-5  
SHEET 1 OF 1  
WITNESS: J. F. RACHER

Data:  Historic Period  Forecasted Period  
Type of Filing:  Original  Updated  
Workpaper Reference No(s). \_\_\_\_\_

LINE NO.	WORKING CAPITAL COMPONENT	DESCRIPTION OF METHODOLOGY USED TO DETERMINE JURISDICTIONAL REQUIREMENT	WORKPAPER REFERENCE NO.	TOTAL COMPANY \$	JURISDICTIONAL PERCENT	JURISDICTIONAL AMOUNT \$
1	CASH WORKING CAPITAL	1 / 8 O & M METHOD	B-5.2	3,800,230	100.00%	3,800,230
2	FUEL STOCK	13 MONTH AVERAGE BALANCE	B-5.1	0		0
3	MATERIAL & SUPPLIES	13 MONTH AVERAGE BALANCE	B-5.1	54,354		54,354
4	GAS STORED UNDERGROUND	13 MONTH AVERAGE BALANCE	B-5.1	48,234,292		48,234,292
5	PREPAYMENTS	13 MONTH AVERAGE BALANCE	B-5.1	<u>376,377</u>		<u>376,377</u>
6	TOTAL WORKING CAPITAL REQUIREMENTS			<u>52,465,253</u>		<u>52,465,253</u>



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 011:

With regard to Gas Stored Underground, please provide the following information:

- a. Provide the actual monthly per books Gas Stored Underground balances and the corresponding 13-month average balances for the years 2005, 2006, 2007, for the test year 2008, and for each 2009 month through April. In addition, for each of the monthly balances from 2005 through April 2009, provide the monthly Gas Stored Underground volume (in Dth) and the applicable actual average monthly gas price per Dth which, when applied to the monthly Dth volume, result in the monthly per books Gas Stored Underground balance. Also, for each year, provide the 13-month average Dth volume and 13-month average price per Dth.
- b. Confirm that in the Company's prior case (reference WPB-5.1, sheet 3 in the prior case filing – Case No. 2007-00008), the Company proposed to base its claimed Gas Stored Underground balance in rate base on the 13-month average of its per books monthly balances for the test year in that case.
- c. In the Company's rate case prior to Case No. 2007-00008, was the Company's claimed rate base balance for Gas Stored Underground also based on the average of the monthly per books gas storage balances in the test year in that case? If not, describe the derivation of the proposed Gas Stored Underground balance in that case.

**Response:**

- a. Please see the attachment AG Set 1-011.
- b. In Case No. 2007-00008, the Company's claimed Gas Stored Underground balance was based on the 13-month average per books storage balances.
- c. In the Company's rate case prior to Case No. 2007-00008, the balance for Gas Stored Underground also was based on the average of the monthly per books gas storage balances.



COLUMBIA GAS OF KENTUCKY, INC.  
 GAS STORED UNDERGROUND  
 JANUARY 2005 THROUGH MAY 2009

	<u>ACCOUNT 164/242</u> <u>ENDING BALANCE</u>	<u>TOTAL DTH</u> <u>VOLUMES</u>	<u>AVERAGE RATE</u> <u>PER DTH</u>		<u>ACCOUNT 164/242</u> <u>ENDING BALANCE</u>	<u>TOTAL DTH</u> <u>VOLUMES</u>	<u>AVERAGE RATE</u> <u>PER DTH</u>
<u>2005</u>				<u>2007</u>			
JANUARY	\$8,047,950	4,008,228	\$2.01	JANUARY	\$26,509,526	5,399,436	\$4.91
FEBRUARY	(\$2,358,827)	2,792,394	(\$0.84)	FEBRUARY	(\$909,706)	2,530,572	(\$0.36)
MARCH	(\$15,441,931)	1,460,940	(\$10.57)	MARCH	\$2,151,314	2,618,046	\$0.82
APRIL	\$2,111,575	3,316,610	\$0.64	APRIL	\$8,091,434	3,696,365	\$2.19
MAY	\$15,838,547	5,091,620	\$3.11	MAY	\$23,078,204	5,307,670	\$4.35
JUNE	\$24,974,915	6,301,264	\$3.96	JUNE	\$37,171,248	7,047,903	\$5.27
JULY	\$38,460,573	7,876,808	\$4.88	JULY	\$51,297,769	8,768,358	\$5.85
AUGUST	\$49,795,973	9,350,650	\$5.33	AUGUST	\$57,372,559	9,539,273	\$6.01
SEPTEMBER	\$66,909,084	10,805,091	\$6.19	SEPTEMBER	\$67,684,358	10,904,452	\$6.21
OCTOBER	\$72,256,381	11,307,949	\$6.39	OCTOBER	\$68,673,515	11,068,968	\$6.20
NOVEMBER	\$69,861,584	11,008,886	\$6.35	NOVEMBER	\$61,500,155	10,129,037	\$6.07
DECEMBER	<u>\$52,359,573</u>	<u>8,837,300</u>	\$5.92	DECEMBER	<u>\$49,637,977</u>	<u>8,568,342</u>	\$5.79
13 Mo Avg	\$30,198,248	6,647,393	\$4.54	13 Mo Avg	\$38,536,521	7,232,624	\$5.33
<u>2006</u>				<u>2008</u>			
JANUARY	\$40,463,675	7,743,637	\$5.23	JANUARY	\$19,073,033	5,031,677	\$3.79
FEBRUARY	\$25,966,446	5,736,155	\$4.53	FEBRUARY	(\$4,560,580)	2,476,641	(\$1.84)
MARCH	\$23,742,471	5,259,388	\$4.51	MARCH	(\$24,046,822)	1,154,953	(\$20.82)
APRIL	\$28,899,953	6,021,604	\$4.80	APRIL	(\$16,245,253)	1,863,325	(\$8.72)
MAY	\$29,477,203	6,187,333	\$4.76	MAY	(\$757,915)	3,814,443	(\$0.20)
JUNE	\$34,363,936	6,691,316	\$5.14	JUNE	\$16,549,397	5,671,698	\$2.92
JULY	\$47,885,141	8,283,843	\$5.78	JULY	\$41,617,842	7,874,478	\$5.29
AUGUST	\$58,764,853	9,568,336	\$6.14	AUGUST	\$59,578,224	9,452,826	\$6.30
SEPTEMBER	\$70,324,844	11,109,753	\$6.33	SEPTEMBER	\$71,353,477	10,618,648	\$6.72
OCTOBER	\$71,172,981	11,110,058	\$6.41	OCTOBER	\$81,472,966	11,443,831	\$7.12
NOVEMBER	\$60,879,624	9,885,761	\$6.16	NOVEMBER	\$71,114,944	10,496,522	\$6.78
DECEMBER	<u>\$48,716,415</u>	<u>8,445,688</u>	\$5.77	DECEMBER	<u>\$61,163,287</u>	<u>9,607,982</u>	\$6.37
13 Mo Avg	\$45,616,701	8,067,706	\$5.65	13 Mo Avg	\$32,765,429	6,775,028	\$4.84
				<u>2009</u> ACCOUNT 164/174			
				JANUARY	\$30,388,920	5,282,940	\$5.75
				FEBRUARY	\$24,873,543	3,090,748	\$8.05
				MARCH	\$20,235,291	1,654,865	\$12.23
				APRIL	\$27,446,881	2,463,518	\$11.14



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 012:

Please provide the actual unit cost of gas CGK has experienced for each month from January 2005 through April 2009.

**Response:**

<u>Month</u>	<u>Gas Cost</u>	<u>Month</u>	<u>Gas Cost</u>
January 2005	\$10.1799	March 2007	\$6.3234
February 2005	\$10.1799	April 2007	\$6.3234
March 2005	\$9.1189	May 2007	\$6.3234
April 2005	\$9.1189	June 2007	\$7.1583
May 2005	\$9.1189	July 2007	\$7.1583
June 2005	\$9.7773	August 2007	\$7.1583
July 2005	\$9.7773	September 2007	\$10.1932
August 2005	\$9.7773	October 2007	\$10.1932
September 2005	\$9.4031	November 2007	\$10.1932
October 2005	\$9.4031	December 2007	\$10.5891
November 2005	\$12.3069	January 2008	\$10.5891
December 2005	\$14.6394	February 2008	\$10.5891
January 2006	\$14.6394	March 2008	\$10.6673
February 2006	\$11.6203	April 2008	\$10.6673
March 2006	\$11.0410	May 2008	\$10.6673
April 2006	\$11.0410	June 2008	\$13.6508
May 2006	\$11.0410	July 2008	\$13.6508
June 2006	\$10.0303	August 2008	\$13.6508
July 2006	\$10.0073	September 2008	\$14.2263
August 2006	\$10.0073	October 2008	\$14.2263
September 2006	\$8.3670	November 2008	\$14.2263
October 2006	\$8.3670	December 2008	\$13.2687
November 2006	\$8.3670	January 2009	\$13.2687
December 2006	\$8.4354	February 2009	\$13.2687
January 2007	\$8.4354	March 2009	\$10.1224
February 2007	\$8.4354	April 2009	\$10.1224



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 013:

With regard to WPB-5.1, sheet 4, please provide the following information:

- a. From the Company's monthly balance sheets for the test year, the AG has calculated a 13-month average monthly per books test year Gas Stored Underground balance of \$37,585,482. Please reconcile this with the 13-month average balance of \$32,765,395 shown on sheet 4.
- b. Reconcile the negative balances of (\$4,560,615), (\$24,046,859), (\$16,245,288), and (\$757,948) shown for the months of February through May 2008 versus the corresponding per books balances of \$4,586,100, \$1,421,542, \$3,002,564, and \$8,040,200 reported in the Company's monthly balance sheets.

**Response:**

Please see AG Set 1-013 Attachment 1.

COLUMBIA GAS OF KENTUCKY, INC.  
CASE NO. 2009-00141  
WORKING CAPITAL COMPONENTS

AG DR Set 1 No. 13 Attachment 1  
SHEET 1 OF 1

WITNESS: James Racher

ACCOUNT 164 / 242  
GAS STORED UNDERGROUND - CURRENT

Per books  
Inventory  
Deficit

Line No.	Month	LIFO								Total Account 164 / 242	Per books Inventory Deficit Stored Gas 242-0081-15790	Per books Account 164
		MCF			Rate	Dollars						
		Injection	Withdraw	Balance		Injection	Withdraw	YTD Adj	Balance			
1	Dec-07			8,238,790	\$6.0249					\$49,637,944	49,637,977	49,637,977
2	Jan-08	(7,460)	(3,393,179)	4,838,151	\$8.9880	(\$67,050)	(\$30,497,893)			\$19,073,001	19,073,033	0 19,073,033
3	YTD rate adjustment											
4	Feb-08	28,374	(2,485,139)	2,381,386	\$9.2530	\$262,545	(\$22,994,991)			(\$3,659,446)		
5	YTD rate adjustment	(7,460)	(3,393,179)		\$0.2650	(\$899,192)	(\$1,977)	(\$901,169)		(\$4,560,615)	(4,560,580)	(9,146,682) 4,586,102
6	Mar-08	198,810	(1,469,664)	1,110,532	\$10.3370	\$2,055,099	(\$15,191,917)			(\$17,697,433)		
7	YTD rate adjustment	20,914	(5,878,318)		\$1.0840	\$22,671	(\$6,372,097)	(\$6,349,426)		(\$24,046,859)	(24,046,822)	(25,468,366) 1,421,544
8	Apr-08	851,463	(170,336)	1,791,659	\$10.2190	\$8,701,100	(\$1,740,664)			(\$17,086,422)		
9	YTD rate adjustment	219,724	(7,347,982)		(\$0.1180)	(\$25,927)	\$867,062	\$841,134		(\$16,245,288)	(16,245,253)	(19,247,819) 3,002,566
10	May-08	1,877,996	(1,921)	3,667,734	\$11.0250	\$20,704,906	(\$21,179)			\$4,438,439		
11	YTD rate adjustment	1,071,187	(7,518,318)		\$0.8060	\$863,377	(\$6,059,764)	(\$5,196,388)		(\$757,948)	(757,915)	(8,798,117) 8,040,202
12	Jun-08	1,785,822	0	5,453,556	\$11.8800	\$21,215,565	\$0			\$20,457,617		
13	YTD rate adjustment	2,949,183	(7,520,239)		\$0.8550	\$2,521,551	(\$6,429,804)	(\$3,908,253)		\$16,549,364	16,549,397	0 16,549,397
14	Jul-08	2,118,057	0	7,571,613	\$12.0210	\$25,461,163	\$0			\$42,010,527		
15	YTD rate adjustment	4,735,005	(7,520,239)		\$0.1410	\$667,636	(\$1,060,354)	(\$392,718)		\$41,617,809	41,617,842	0 41,617,842
16	Aug-08	1,517,643	0	9,089,256	\$11.6880	\$17,738,211	\$0			\$59,356,021		
17	YTD rate adjustment	6,853,062	(7,520,239)		(\$0.3330)	(\$2,282,070)	\$2,504,240	\$222,170		\$59,578,191	59,578,224	0 59,578,224
18	Sep-08	1,295,318	(174,336)	10,210,238	\$11.0150	\$14,267,928	(\$1,920,311)			\$71,925,807		
19	YTD rate adjustment	8,370,705	(7,520,239)		(\$0.6730)	(\$5,633,484)	\$5,061,121	(\$572,364)		\$71,353,444	71,353,477	0 71,353,477
20	Oct-08	785,062	8,384	11,003,684	\$11.5140	\$9,039,204	\$96,533			\$80,489,181		
21	YTD rate adjustment	9,666,023	(7,694,575)		\$0.4990	\$4,823,345	(\$3,839,593)	\$983,753		\$81,472,934	81,472,966	0 81,472,966
22	Nov-08	(64,936)	(845,938)	10,092,810	\$11.5840	(\$752,219)	(\$9,799,346)			\$70,921,369		
23	YTD rate adjustment	10,451,085	(7,686,191)		\$0.0700	\$731,576	(\$538,033)	\$193,543		\$71,114,912	71,114,944	0 71,114,944
24	Dec-08	11,482	(865,848)	9,238,444	\$11.5293	\$132,379	(\$9,982,621)			\$61,264,670		
25	YTD rate adjustment	10,386,149	(8,532,129)		(\$0.0547)	(\$568,122)	\$466,707	(\$101,415)		\$61,163,255	61,163,287	0 61,163,287
26	Thirteen Month Average Account 164 / 242									<b>\$32,765,396</b>	32,765,429	(4,820,076) 37,585,505



PSC Case No. 2009-00141  
AG DR Set 1-014  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 014:

Using the same cost averaging method as shown for the test year on WPB-5.1 (13-month average Dth volume times actual unit cost rate as of October), show what would be the average balances for each of the years 2005, 2006 and 2007 as calculated in accordance with this cost averaging method.

**Response:**

Please refer to the response to PSC DR Set 2-021 part c.





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 015:

In this filing, the Company has reduced its 12/31/08 plant in service with a 12/31/08 customer advances balance of \$1,449,153. In addition, the Company has reflected a separate rate base deduction of \$130,111 for 12/31/08 customer advances. Together, these two rate base deductions add to \$1,579,264. Please reconcile this with the total 12/31/08 customer advances balance of \$1,675,318 shown in the Company's December 2008 balance sheet.

**Response:**

<u>252</u>	<u>Customers Advances for Construction</u>	
		\$
252-15540	Cash Deposits After 1979 Prior to 01/01/87	19
252-15561	Customer Advances (Deposits) Post 12/31/99	1,545,188
252-15560	Customer Advances (Deposits) After 01/01/87	<u>130,111</u>
	Total	1,675,318

Customer Advances for Construction have been classified to one of two different 252 sub-accounts. Account 252-15561 has been used as a classification for customer advances since January 2000. Account 252-15560 was used prior to January 2000. Use of account 252-15561 began with the adoption of a revised method of accounting for customer advances.

Account 101-Gas Plant in Service is debited when plant is placed in service. Since January 2000, a credit is applied to Account 101-Gas Plant in Service to recognize customer advances. Therefore, a reduction to rate base has already been included related to Account 252-15561 by including the net 101-Gas Plant in Service per books. Prior to January 2000, there was no 101-Gas Plant in Service offset for customer advances. As such, rate base would not otherwise be reduced for customer advances prior to January 2000. The reduction to rate base for pre-January 2000 customer advances is made by deducting Account 252-15560.

The reduction to rate base of \$1,449,153 (Account 101-0040) represents a non-taxable relocation reimbursement of pipe booked to Account 376 mains.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 016:

Schedule B-6, lines 7 and 8 shows that the Company has proposed to increase its rate base with prepaid ADIT balances of \$2,787,339 and \$508,329 associated with the LIFO accounting method for the Company's Gas Stored Underground balance. The Company has proposed to increase its Gas Stored Underground balance on a pro forma basis by a significant amount to \$48.2 million by assuming an average rate gas inventory pricing method rather than a LIFO rate pricing method. In this regard, please provide the following information:

- a. Given the above facts, why would it still be appropriate to add the referenced LIFO pricing related ADIT balances to rate base?
- b. How would the Company's proposed Gas Stored Underground pricing mechanism impact the Company's test year per books ADIT balance? Please provide all calculations and assumptions.

**Response:**

- a. The account title for the prepaid ADIT balance accounts "LIFO Inventory Evaluation" captures the tax impact of differences in storage rates for book and tax. These differences will exist whether the Company is on LIFO, FIFO or weighted average. For tax purposes demand charges are included in the storage rate whereas the book storage rate does not include demand costs. The prepaid ADIT balances represent a higher tax cost of carrying inventory and should be included in rate base.
- b. The Company's proposed Gas Stored Underground pricing mechanism is only for rate making purposes to reflect in rate base the cost of the long term investment in gas the Company has made on behalf of its customers for their future consumption. LIFO valuation is acceptable for accounting purposes, but it does not accurately reflect the ongoing cost of gas in storage as a component of rate base. Since the Company's books will continue to value storage on a LIFO basis, there will be no change to the ADIT balances noted.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 017:

The Company's actual 12/31/08 Account 253 – Other Deferred Credit balance amounts to \$1,919,267. Please provide each component making up this balance and explain why these components should not be used as a rate base deduction in this case.

**Response:**

Please refer to AG Set 1-017 Attachment 1 for the requested information.

This balance is considered a cash working capital item and has been included as a rate base deduction by means of application of the previously-accepted formula method to determine cash working capital allowances. This formula method is a reasonable approximation of the Company's cash working capital needs and is, therefore, a comprehensive representation of not only the 253 account being questioned here but all similar cash working capital related assets and liabilities.

Columbia Gas of Kentucky, Inc.  
Account 253 - Other Deferred Credits  
Data As of December 31, 2008

<u>Line No.</u>	<u>Acct No.</u>	<u>Auxillary</u>	<u>Activity</u>	<u>Description</u>	<u>Amount</u>
1	253				\$
2		0003		Unearned Interest - Residential Fuel Conversion Loan	90
3		0049		Retention Agreements	1
4		0050		Enviromental Expenditures	7,770
5		0079		Other Post Retirement Benefits	(49)
6		0080		Post-Employment Benefits - Noncurrent	1,107,462
7		0082		Other Post Retirement Benefits - Retiree Contributions	(21)
8		9900	Miscellaneous		
9			1558X	Employment Agreements	(2)
10			15600	G.O. Building Lease (All CDC)	337,149
11			15640	Inventory Deficit Stored - Gas Delivery	1
12			15665	Deferred G/P Options	(14)
13			15670	Other	(12)
14			15675	TCO Penalty Credits	(1)
15			15676	Nicole Energy Reserve	402,683
16			15681	OFO/OMO Penalties	64,217
17			15715	Special Employee Severance Program	(5)
18			15782	Environmental INS Recoveries	(2)
19	<b>Total Account 253</b>				<b><u>1,919,267</u></b>





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 018:

With regard to Account 228.2 – I&D Reserve, please provide the following information:

- a. During the test year, this balance has averaged around \$5.8 million per month and increased to about \$14 million in December 2008. Please explain the accounting process that generates these balances (e.g., is the balance built up through accruals and reduced by actual cash outlays for I&D expenses), and explain the large increase in the month of December 2008.
- b. Provide the average Account 228.2 – I&D Reserve balances for each of the years 2005, 2006 and 2007 and provide the monthly balances for 2009.
- c. Are the Company's Account 228.2 – I&D Reserve balances funded by accruals for which the Company receives rates from the ratepayers? If not, explain why not.

**Response:**

- a. The December, 2008 \$14 million balance includes both account 228.2 – I&D Reserve and account 228.3 – Accumulated Provision for Pension and Benefits.

The December, 2008 balance for account 228.2 – I&D Reserve was \$53,547. This balance represents the reserve expected to be paid out for third party injuries and damages. This reserve is evaluated on a quarterly basis and includes specifically identified accruals for known, probable future expenses, as determined by the Corporate Insurance Department. At the time the accrual is determined, operating expense is charged and operating reserve (Account 228.2) is credited with the dollar value of the estimated exposure. As each claim or case is resolved, the costs are charged directly to the operating reserve account.

The December, 2008 balance for account 228.3 – Accumulated Provision for Pension and Benefits was \$14,125,077. This balance represents the reserve for long term Pension and Other Post Retirement benefit costs.

b. Average balance for Account 228.2 – I&D Reserve

2005	\$187,740
2006	\$252,588
2007	\$108,349

Monthly balances for 2008 and 2009

January, 2008	\$38,408
February	\$38,408
March	\$44,891
April	\$44,891
May	\$44,891
June	\$45,170
July	\$45,170
August	\$45,170
September	\$41,822
October	\$41,822
November	\$41,822
December	\$53,547

January, 2009	\$53,547
February	\$53,547
March	\$40,084
April	\$40,084
May	\$40,084

c. Yes



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 019:

With regard to the Company's proposed pro forma test year property taxes of \$2,051,056 shown on Schedule D-2.11, please provide the following information:

- a. Provide the actual property tax credits booked by the Company as a result of successful property tax valuation protests in each of the last 5 years. In addition, indicate to which tax years these tax credits applied.
- b. Explain the process of these property tax valuations; whether the Company files such tax valuation protests on an annual basis; and whether the Company has protested its property tax valuation for the test year.
- c. Provide the most recent available annual property tax assessment for the Company by the Kentucky Department of Revenue and explain whether this assessment is an initial assessment that can still be protested or whether it represents a final assessment that has been adjusted for any protests.

**Response:**

- a. It is inapplicable for the company to receive or book any property tax credits for successful property tax valuation protests. The company accrues property taxes at expected protested outcome levels. The company's protest is at a level less than the expected outcome and it is the company's protested level upon which initial property tax bills are based. As a result, settlement of the protests results in additional tax bills for the difference between the company's protested level and the ultimate settlement level.
- b. The Commonwealth of Kentucky (KY) prepares a Notice of Assessment which includes its determination of assessed value and an invoice for the state portion of property taxes. For several years, including the test year, the company determines that the KY determination of assessed value exceeds expectations and files a protest. Initial property tax payments are based on the company's protested assessed value claim. The company and KY negotiate over a period of time to attain an assessment level they each

determine is just and reasonable. The parties execute a Settlement, Release and Confidentiality Agreement upon which final tax bills are prepared.

- c. A copy of the most recent annual property tax assessment is attached. This assessment is for the 2008 tax year and represents the values that each of the taxing jurisdictions will use for a basis of applying their tax rates and issuing bills.

COMMONWEALTH OF KENTUCKY  
DEPARTMENT OF REVENUE  
OFFICE OF PROPERTY VALUATION  
PUBLIC SERVICE SECTION  
501 High Street, 4th Floor, Station 32  
Frankfort, KY 40620  
Phone (502) 564-8175 Fax (502) 564-8192

03/24/2009

COLUMBIA GAS OF KENTUCKY INC  
TAX DEPT-MARK FEHLING  
200 CIVIC CENTER DR  
COLUMBUS, OH 43215-4138

GNC: 005525  
TYPE CO: GU  
TAX TYPE: 035

RE: Amended property Tax Certifications for Public Service & Centrally Assessed Companies

Amended certification of your assessment for 2008 taxes is being mailed today to the county clerk (s) of the county (s) in which you operate and have certifiable property. The enclosed copy is for your use in checking tax bills submitted by local taxing districts.

If you have any questions or if additional information is needed, please contact the Public Service Section.

Sincerely,



Michael A. Baker, Supervisor  
State Valuation Branch

COMMONWEALTH OF KENTUCKY  
 DEPARTMENT OF REVENUE  
 OFFICE OF PROPERTY VALUATION  
 PUBLIC SERVICE SECTION  
 501 High Street, 4th Floor, Station 32  
 Frankfort, KY 40620  
 Phone (502) 564-8175 Fax (502) 564-8192

AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
 TAX DEPT-MARK FEHLING  
 200 CIVIC CENTER DR  
 COLUMBUS, OH 43215-4138

GNC: 005525  
 TYPE CO: GU  
 TAX TYPE: 035  
 TAX ID:  
 PRINT DATE: 03/24/2009

The Department of Revenue certifies this assessment to the County Clerk in accordance with KRS136.180. This assessment is subject to all tax levies as explained below.

When processing an AMENDED certification, check to see if a tax bill has been previously sent. If the tax bill is unpaid, exonerate the original bill and issue a corrected tax bill. If the bill was paid based on the original certification, determine if a supplemental bill should be issued or if a refund is due based on this amendment. Refunds should be taken from current year's collections.

Amended Certification Date(s): 3/24/2009 Original Certification Date: 11/3/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
BATH COUNTY GENERAL	0.00	1,654.00	1,654.00
SCHOOL BATH COUNTY GENERAL	0.00	1,654.00	1,654.00

COMMONWEALTH OF KENTUCKY  
 DEPARTMENT OF REVENUE  
 OFFICE OF PROPERTY VALUATION  
 PUBLIC SERVICE SECTION  
 501 High Street, 4th Floor, Station 32  
 Frankfort, KY 40620  
 Phone (502) 564-8175 Fax (502) 564-8192

AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
 TAX DEPT-MARK FEHLING  
 200 CIVIC CENTER DR  
 COLUMBUS, OH 43215-4138

GNC: 005525  
 TYPE CO: GU  
 TAX TYPE: 035  
 TAX ID:  
 PRINT DATE: 03/24/2009

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Amended Certification Date(s): 3/24/2009 Original Certification Date: 11/3/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
BOURBON COUNTY			
GENERAL	2,066,165.00	1,708,913.00	3,775,078.00
SCHOOL			
BOURBON COUNTY GENERAL	1,402,093.00	752,029.00	2,154,122.00
PARIS INDEPENDENT GENERAL	664,072.00	956,883.00	1,620,955.00
CITY			
PARIS	785,160.00	1,261,774.00	2,046,934.00

THIS CERTIFICATION IS BASED ON A SETTLEMENT AGREEMENT PURSUANT TO KRS 131.030. NO FURTHER CERTIFICATIONS WILL BE ISSUED FOR THIS TAX YEAR UNLESS THERE ARE ERRORS WITHIN JURISDICTIONS THAT DO NOT BALANCE TO THE OVERALL SETTLED VALUES.



COMMONWEALTH OF KENTUCKY  
DEPARTMENT OF REVENUE  
OFFICE OF PROPERTY VALUATION  
PUBLIC SERVICE SECTION  
501 High Street, 4th Floor, Station 32  
Frankfort, KY 40620  
Phone (502) 564-8175 Fax (502) 564-8192

AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
TAX DEPT-MARK FEHLING  
200 CIVIC CENTER DR  
COLUMBUS, OH 43215-4138

GNC: 005525  
TYPE CO: GU  
TAX TYPE: 035  
TAX ID:  
PRINT DATE: 03/24/2009

The Department of Revenue certifies this assessment to the County Clerk in accordance with KRS136.180. This assessment is subject to all tax levies as explained below.

When processing an AMENDED certification, check to see if a tax bill has been previously sent. If the tax bill is unpaid, exonerate the original bill and issue a corrected tax bill. If the bill was paid based on the original certification, determine if a supplemental bill should be issued or if a refund is due based on this amendment. Refunds should be taken from current year's collections.

Amended Certification Date(s): 3/24/2009

Original Certification Date: 11/3/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
<b>BOYD COUNTY</b>			
GENERAL	8,432,314.00	6,234,299.00	14,666,613.00
<b>SCHOOL</b>			
ASHLAND INDEPENDENT GENERAL	4,080,358.00	3,871,184.00	7,951,542.00
BOYD COUNTY GENERAL	3,695,274.00	1,738,071.00	5,433,345.00
FAIRVIEW INDEPENDENT GENERAL	628,949.00	576,047.00	1,204,996.00
RUSSELL INDEPENDENT GENERAL	27,733.00	48,997.00	76,730.00
<b>CITY</b>			
ASHLAND	4,094,960.00	4,015,075.00	8,110,035.00
CATLETTSBURG	335,667.00	349,011.00	684,678.00
<b>SPECIAL</b>			
CANNONSBURG FIRE DISTRICT	1,602,139.00	623,430.00	2,225,569.00
EAST FORK FIRE DISTRICT	421,616.00	155,857.00	577,473.00
ENGLAND HILL FIRE DISTRICT	1,011,878.00	392,761.00	1,404,639.00
FAIRVIEW-WESTWOOD FIRE DISTRICT	716,747.00	140,272.00	857,019.00
FLOODWALL-ASHLAND	4,094,960.00	4,015,075.00	8,110,035.00
FLOODWALL-CATLETTSBURG	335,667.00	349,011.00	684,678.00
SUMMIT-IRONVILLE FIRE DISTRICT	1,011,878.00	392,761.00	1,404,639.00

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COMMONWEALTH OF KENTUCKY  
 DEPARTMENT OF REVENUE  
 OFFICE OF PROPERTY VALUATION  
 PUBLIC SERVICE SECTION  
 501 High Street, 4th Floor, Station 32  
 Frankfort, KY 40620  
 Phone (502) 564-8175 Fax (502) 564-8192

AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
 TAX DEPT-MARK FEHLING  
 200 CIVIC CENTER DR  
 COLUMBUS, OH 43215-4138

GNC: 005525  
 TYPE CO: GU  
 TAX TYPE: 035  
 TAX ID:  
 PRINT DATE: 03/24/2009

The Department of Revenue certifies this assessment to the County Clerk in accordance with KRS136.180. This assessment is subject to all tax levies as explained below.

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Amended Certification Date(s): 3/24/2009 Original Certification Date: 11/3/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
BRACKEN COUNTY			
GENERAL	50,950.00	79,344.00	130,294.00
SCHOOL			
BRACKEN COUNTY GENERAL	50,950.00	79,344.00	130,294.00
CITY			
GERMANTOWN	10,369.00	23,156.00	33,525.00

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AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
TAX DEPT-MARK FEHLING  
200 CIVIC CENTER DR  
COLUMBUS, OH 43215-4138

GNC: 005525  
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Amended Certification Date(s): 3/24/2009 Original Certification Date: 11/3/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
CARTER COUNTY			
GENERAL	325,665.00	15,287.00	340,952.00
SCHOOL			
CARTER COUNTY GENERAL	325,665.00	15,287.00	340,952.00

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AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
 TAX DEPT-MARK FEHLING  
 200 CIVIC CENTER DR  
 COLUMBUS, OH 43215-4138

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Amended Certification Date(s): 3/24/2009 Original Certification Date: 11/3/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
CLARK COUNTY			
GENERAL	4,624,134.00	3,375,998.00	8,000,132.00
SCHOOL			
CLARK COUNTY GENERAL	4,624,134.00	3,375,998.00	8,000,132.00
CITY			
WINCHESTER	2,296,796.00	2,410,418.00	4,707,214.00

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 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
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 200 CIVIC CENTER DR  
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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
CLAY COUNTY			
GENERAL	0.00	6,616.00	6,616.00
SCHOOL			
CLAY COUNTY GENERAL	0.00	6,616.00	6,616.00

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 TAX YEAR 2008

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 200 CIVIC CENTER DR  
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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
<b>ESTILL COUNTY</b>			
GENERAL	901,882.00	813,329.00	1,715,211.00
<b>SCHOOL</b>			
ESTILL COUNTY GENERAL	901,882.00	813,329.00	1,715,211.00
<b>CITY</b>			
IRVINE	378,099.00	352,005.00	730,104.00
RAVENNA	58,351.00	111,458.00	169,809.00

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 TAX YEAR 2008

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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
FAYETTE COUNTY			
GENERAL	38,151,682.00	34,572,648.00	72,724,330.00
SCHOOL			
FAYETTE COUNTY GENERAL	38,151,682.00	34,572,648.00	72,724,330.00
SPECIAL			
REFUSE	31,091,501.00	34,198,194.00	65,289,695.00
STREET CLEANING	31,091,501.00	34,198,194.00	65,289,695.00
STREET LIGHTS	31,091,501.00	34,198,194.00	65,289,695.00

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COLUMBIA GAS OF KENTUCKY INC  
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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
FLOYD COUNTY			
GENERAL	225,926.00	513,310.00	739,236.00
SCHOOL			
FLOYD COUNTY GENERAL	225,926.00	513,310.00	739,236.00

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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
FRANKLIN COUNTY			
GENERAL	5,097,473.00	5,721,359.00	10,818,832.00
SCHOOL			
FRANKFORT INDEPENDENT GENERAL	1,921,877.00	1,145,419.00	3,067,296.00
FRANKLIN COUNTY GENERAL	3,175,597.00	4,575,941.00	7,751,538.00
CITY			
FRANKFORT	2,803,729.00	4,380,556.00	7,184,285.00

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AG Set 1 Data Request No. 019  
Attachment 1  
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AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
TAX DEPT-MARK FEHLING  
200 CIVIC CENTER DR  
COLUMBUS, OH 43215-4138

GNC: 005525  
TYPE CO: GU  
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Amended Certification Date(s): 3/24/2009 Original Certification Date: 11/3/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
<b>GREENUP COUNTY</b>			
GENERAL	3,292,081.00	3,294,861.00	6,586,942.00
<b>SCHOOL</b>			
GREENUP COUNTY GENERAL	1,170,459.00	1,345,264.00	2,515,723.00
RACELAND INDEPENDENT GENERAL	318,230.00	321,635.00	639,865.00
RUSSELL INDEPENDENT GENERAL	1,803,391.00	1,627,962.00	3,431,353.00
<b>CITY</b>			
BELLEFONTE	95,865.00	158,369.00	254,234.00
FLATWOODS	714,697.00	958,663.00	1,673,360.00
GREENUP	119,143.00	195,913.00	315,056.00
RACELAND	231,320.00	231,493.00	462,813.00
RUSSELL	835,877.00	481,198.00	1,317,075.00
SOUTH SHORE	59,509.00	171,496.00	231,005.00
WORTHINGTON	176,444.00	282,355.00	458,799.00
WURLAND	155,859.00	175,106.00	330,965.00
<b>SPECIAL</b>			
LLOYD FIRE DISTRICT	49,626.00	29,984.00	79,610.00
SOUTH SHORE FIRE DISTRICT	265,221.00	230,594.00	495,815.00

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AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
 TAX DEPT-MARK FEHLING  
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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
HARRISON COUNTY			
GENERAL	2,633,161.00	949,404.00	3,582,565.00
SCHOOL			
HARRISON COUNTY GENERAL	2,633,161.00	949,404.00	3,582,565.00
CITY			
CYNTHIANA	1,820,011.00	847,541.00	2,667,552.00

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Amended Certification Date(s):		Original Certification Date:	
3/24/2009		11/3/2008	
TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
JESSAMINE COUNTY			
GENERAL	338,277.00	326,763.00	665,040.00
SCHOOL			
JESSAMINE COUNTY GENERAL	338,277.00	326,763.00	665,040.00
SPECIAL			
FIRE PROTECTION DISTRICT	338,277.00	326,763.00	665,040.00

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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
JOHNSON COUNTY GENERAL	62,512.00	26,079.00	88,591.00
SCHOOL JOHNSON COUNTY GENERAL	62,512.00	26,079.00	88,591.00

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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
KNOTT COUNTY			
GENERAL	150,829.00	154,624.00	305,453.00
SCHOOL			
KNOTT COUNTY GENERAL	150,829.00	154,624.00	305,453.00
CITY			
HINDMAN	95,653.00	87,380.00	183,033.00

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COLUMBIA GAS OF KENTUCKY INC  
 TAX DEPT-MARK FEHLING  
 200 CIVIC CENTER DR  
 COLUMBUS, OH 43215-4138

GNC: 005525  
 TYPE CO: GU  
 TAX TYPE: 035  
 TAX ID:  
 PRINT DATE: 03/24/2009

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Amended Certification Date(s): 3/24/2009 Original Certification Date: 11/3/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
LAWRENCE COUNTY			
GENERAL	674,130.00	501,705.00	1,175,835.00
SCHOOL			
LAWRENCE COUNTY GENERAL	674,130.00	501,705.00	1,175,835.00
CITY			
LOUISA	314,751.00	254,992.00	569,743.00
SPECIAL			
LOUISA FIRE & RESCUE DISTRICT	314,751.00	254,992.00	569,743.00

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COMMONWEALTH OF KENTUCKY  
 DEPARTMENT OF REVENUE  
 OFFICE OF PROPERTY VALUATION  
 PUBLIC SERVICE SECTION  
 501 High Street, 4th Floor, Station 32  
 Frankfort, KY 40620  
 Phone (502) 564-8175 Fax (502) 564-8192

AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
 TAX DEPT-MARK FEHLING  
 200 CIVIC CENTER DR  
 COLUMBUS, OH 43215-4138

GNC: 005525  
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Amended Certification Date(s): 3/24/2009 Original Certification Date: 11/3/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
LEE COUNTY			
GENERAL	0.00	2,067.00	2,067.00
SCHOOL			
LEE COUNTY GENERAL	0.00	2,067.00	2,067.00

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AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
 TAX DEPT-MARK FEHLING  
 200 CIVIC CENTER DR  
 COLUMBUS, OH 43215-4138

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Amended Certification Date(s): 3/24/2009

Original Certification Date: 11/3/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
LEWIS COUNTY			
GENERAL	71,740.00	34,734.00	106,474.00
SCHOOL			
LEWIS COUNTY GENERAL	71,740.00	34,734.00	106,474.00

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 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT	
MADISON COUNTY				
GENERAL	236,782.00	241,669.00	478,451.00	
SCHOOL				
MADISON COUNTY GENERAL	236,782.00	241,669.00	478,451.00	
CITY				
RICHMOND	1,799.00	0.00	1,799.00	

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AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
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 200 CIVIC CENTER DR  
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Amended Certification Date(s): 3/24/2009 Original Certification Date: 11/3/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
MARTIN COUNTY			
GENERAL	199,415.00	521,521.00	720,936.00
SCHOOL			
MARTIN COUNTY GENERAL	199,415.00	521,521.00	720,936.00
CITY			
INEZ	42,967.00	94,092.00	137,059.00
WARFIELD	12,392.00	23,309.00	35,701.00

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 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
MASON COUNTY			
GENERAL	2,352,558.00	1,703,084.00	4,055,642.00
SCHOOL			
MASON COUNTY GENERAL	2,352,558.00	1,703,084.00	4,055,642.00
CITY			
GERMANTOWN	17,036.00	20,262.00	37,298.00
MAYSVILLE	1,688,767.00	1,414,279.00	3,103,046.00

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 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
MENIFEE COUNTY GENERAL	0.00	25,223.00	25,223.00
SCHOOL MENIFEE COUNTY GENERAL	0.00	25,223.00	25,223.00

COMMONWEALTH OF KENTUCKY  
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AG Set 1 Data Request No. 019  
Attachment 1  
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AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
TAX DEPT-MARK FEHLING  
200 CIVIC CENTER DR  
COLUMBUS, OH 43215-4138

GNC: 005525  
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Amended Certification Date(s):	3/24/2009	Original Certification Date:	11/3/2008
TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
MONTGOMERY COUNTY			
GENERAL	1,738,884.00	1,428,680.00	3,167,564.00
SCHOOL			
MONTGOMERY COUNTY GENERAL	1,738,884.00	1,428,680.00	3,167,564.00
CITY			
MOUNT STERLING	668,546.00	721,050.00	1,389,596.00
SPECIAL			
FIRE PROTECTION DISTRICT	1,070,339.00	707,629.00	1,777,968.00

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AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
 TAX DEPT-MARK-FEHLING  
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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
MORGAN COUNTY			
GENERAL	0.00	3,722.00	3,722.00
SCHOOL			
MORGAN COUNTY GENERAL	0.00	3,722.00	3,722.00

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 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
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 200 CIVIC CENTER DR  
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Amended Certification Date(s): 3/24/2009 Original Certification Date: 11/3/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
NICHOLAS COUNTY			
GENERAL	364,252.00	287,341.00	651,593.00
SCHOOL			
NICHOLAS COUNTY GENERAL	364,252.00	287,341.00	651,593.00

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 TAX YEAR 2008

COLUMBIA GAS OF KENTUCKY INC  
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 200 CIVIC CENTER DR  
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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
OWSLEY COUNTY			
GENERAL	0.00	8,270.00	8,270.00
SCHOOL			
OWSLEY COUNTY GENERAL	0.00	8,270.00	8,270.00

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TAX YEAR 2008

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200 CIVIC CENTER DR  
COLUMBUS, OH 43215-4138

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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
PIKE COUNTY			
GENERAL	167,955.00	363,790.00	531,745.00
SCHOOL			
PIKE COUNTY GENERAL	167,955.00	363,790.00	531,745.00
CITY			
COAL RUN VILLAGE	10,264.00	26,050.00	36,314.00

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AG Set 1 Data Request No. 019  
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AMENDED CERTIFICATION OF PROPERTY ASSESSMENT  
TAX YEAR 2008

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TAX DEPT-MARK FEHLING  
200 CIVIC CENTER DR  
COLUMBUS, OH 43215-4138

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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
ROBERTSON COUNTY			
GENERAL	0.00	4,135.00	4,135.00
SCHOOL			
ROBERTSON COUNTY GENERAL	0.00	4,135.00	4,135.00

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Amended Certification Date(s):		Original Certification Date:	
3/24/2009		11/3/2008	
TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
SCOTT COUNTY			
GENERAL	3,800,807.00	2,676,831.00	6,477,638.00
SCHOOL			
SCOTT COUNTY GENERAL	3,800,807.00	2,676,831.00	6,477,638.00
CITY			
GEORGETOWN	2,259,502.00	2,279,800.00	4,539,302.00

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TAX YEAR 2008

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TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
WOODFORD COUNTY			
GENERAL	3,616,536.00	2,280,726.00	5,897,262.00
SCHOOL			
WOODFORD COUNTY GENERAL	3,616,536.00	2,280,726.00	5,897,262.00
CITY			
MIDWAY	111,338.00	206,243.00	317,581.00
VERSAILLES	820,574.00	1,291,229.00	2,111,803.00
SPECIAL			
FIRE PROTECTION DISTRICT	2,684,623.00	783,254.00	3,467,877.00

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**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 020:

Please reconcile the "Schedule D Adjustments" Federal and State Income Taxes of (\$3,338,874) and (\$572,422) on Schedule C-2, lines 15 and 16 to the corresponding "Schedule D Adjustments" Federal and State Income Taxes of (\$1,728,571) and (\$315,241) on Schedule D-1, Sheet 2, lines 30 and 31.

**Response:**

The Federal and State Income Taxes on "Schedule D Adjustments" illustrate the approximate impact on income taxes from the revenue and expense adjustments on Schedule D. Income tax adjustments on this schedule exclude interest charges relating to capital, tax credits, other income and other prior period Federal and State Income tax adjustments.

Schedule C-2 shows the Federal and State Income Tax adjustments provided on Schedule E-1. Schedule E-1's income tax adjustment encompasses interest charges, tax credits, other income and all other prior period income tax adjustments. Thus, these items combined explain the difference between the two Income Tax adjustments.

Information below illustrates the change in operating income calculated from Schedule C-2 that is subject to tax can be reconciled to Schedule D-1 Sheet 2, lines 30 and 31.

<u>Schedule C-2 Sched D Adjs</u>	<u>Amount</u>	<u>Comments</u>
Net Operating Income	(\$1,342,719)	Schedule C-2 Line 18
Plus: Federal Income Tax	(3,338,874)	Schedule C-2 Line 15
Plus: State Income Tax	<u>(572,422)</u>	Schedule C-2 Line 16
Income Before Income Tax	(\$5,254,015)	Tie to Schedule D-1, Sheet 2, Line 28
Less: State Income Tax @ 6%	<u>(315,241)</u>	Tie to Schedule D-1, Sheet 2, Line 31
Income Before Federal Inc. Tax	(\$4,938,774)	
Federal Income Tax @ 35%	(\$1,728,571)	Tie to Schedule D-1, Sheet 2, Line 30





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 021:

Concerning CGK's federal income taxes, please provide the following information:

- a. Does CGK participate in the filing of a consolidated federal income tax return?
- b. If so, identify the entity that files the return on behalf of CGK and other participants.
- c. If so, in what year did CGK begin filing its federal income tax return as part of a consolidated tax return?
- d. Please provide the taxable income or tax losses experienced for each member in the consolidated income tax group during each of the years 2003 through 2007. In addition, separate these participating group members as regulated versus non-regulated entities.

**Response:**

21 a.-c. The company participates in the filing of a consolidated federal income tax return under NiSource Inc. This began in the year 2000. Prior to the year 2000 the company had participated in the filing of a consolidated federal income tax return under Columbia Energy Group (f.k.a. Columbia Gas System) for the past 40 years or more.

21 d. Please see attached.

**COLUMBIA GAS OF KENTUCKY, INC.**  
Case No. 2009-00141

AG DR Set 1-021d Attachment A

<u>Company Name</u>	<u>2007 Taxable Income</u>	<u>2006 Taxable Income</u>	<u>2005 Taxable Income</u>	<u>2004 Taxable Income</u>	<u>2003 Taxable Income</u>
<b><u>Regulated Entities:</u></b>					
Bay State Gas Company	26,542,888	10,272,963	85,197,597	14,149,584	(887,329)
Central Kentucky Transmission Company	53,946	23,270			
Columbia Gas of Kentucky, Inc.	5,363,129	26,574,636	12,201,552	11,464,455	2,836,171
Columbia Gas of Maryland, Inc.	4,106,915	3,618,443	3,964,653	2,302,066	4,095,285
Columbia Gas of Ohio, Inc.	112,073,186	246,879,623	(36,144,252)	37,377,291	103,716,330
Columbia Gas of Pennsylvania, Inc.	15,061,290	60,733,483	26,760,808	9,847,810	52,152,317
Columbia Gas of Virginia, Inc.	1,701,914	9,058,541	24,140,477	20,134,282	8,152,078
Columbia Gas Transmission Corporation	222,756,313	308,326,310	249,127,738	218,812,804	221,381,709
Columbia Gulf Transmission Company	42,706,890	25,309,149	22,344,898	29,385,299	23,447,661
Columbia Hardy Corp.	1,746,872	64,847	18,731		
Crossroads Pipeline Company	(3,355,241)	(58,615)	(110,607)	(163,672)	(810,315)
Granite State Gas Transmission, Inc.	29,048	(563,855)	1,257,326	954,362	1,417,267
Kokomo Gas and Fuel Company	3,690,727	1,209,721	2,435,205	5,616,088	1,211,171
Northern Indiana Fuel and Light Company, Inc.	2,226,523	(167,245)	3,628,804	6,073,014	2,876,633
Northern Indiana Public Service Company	293,385,816	418,514,563	313,272,542	247,278,106	334,070,789
Northern Utilities, Inc.	7,545,343	(2,696,255)	1,242,437	5,406,104	76,694
<b><u>Parent, Finance and Corporate Service</u></b>					
NiSource Inc.	(237,545,006)	(234,746,010)	(225,271,380)	(198,797,569)	(234,253,466)
NiSource Finance Corp.	(969,895)	(1,970,310)	(2,333,176)	(8,588,685)	(48,782,947)
NiSource Capital Markets, Inc.	(2,369,142)	(2,952,725)	(3,742,831)	(5,248,532)	(7,786,399)
NiSource Corporate Services Company	8,507,914	(46,927,544)	40,089,814	(787,934)	4,554,723
<b><u>Unregulated Operating Entities</u></b>					
Alamco-Delaware, Inc.					205,946
Bay State Energy Enterprises, Inc					
Bay State GPE, Inc.		(1,275)	(1,011)	3,240	(62,448)
Cardinal Property Management, Inc.	20,996	(808)	(692)	48,577	(2,996)
CNS Microwave, Inc.	593,987	736,295	504,178	358,148	461,059
Cokenergy, Inc.					4,326,557
Columbia Accounts Receivable Corp.		162,521	323,091	516,857	852,127
Columbia Assurance Agency, Inc.		1,841	1,067	617	7,479
Columbia Atlantic Trading Corporation	(37,337)	(1,692,716)	(419,418)	(113,036)	(250,667)
Columbia Deep Water Services Company	12,709	(58,567)	8,678	600,698	142,173
Columbia Energy Group	6,421,675	(16,588,823)	(46,213,896)	11,107,963	300,866,645
Columbia Energy Group Capital Corporation					(1,800)
Columbia Energy Resources, Inc.					(65,013)
Columbia Energy Services Corporation	(22,549,162)	(15,750,418)	(14,741,826)	(9,579,425)	(12,598,877)
Columbia Insurance Corporation LTD.	(467,374)	637,389	(47,190)	2,582,489	1,785,021
Columbia Natural Resources Canada, Ltd.					(2,025,425)
Columbia Natural Resources, Inc.					84,361,164
Columbia Network Services Corporation	-	(34,533)	(80,000)	(85,797)	(19,114)
Columbia of Ohio Receivables Corp.	300,977	305,065	264,230	117,703	
Columbia Petroleum Corporation					
Columbia Remainder Corporation	(4,134,962)	3,378,471	42,511	(3,281,463)	(1,083,821)
Columbia Service Partners, Inc.					16,576,986
Columbia Transmission Communications Corporation					(178,526,865)
Eliminations	1,621,459	1,037,469	1,532,539	(1,605,679)	(1,000,236)
EnergySPE, Inc.					14,860
EnergyUSA Appalachian					3,961
EnergyUSA Commercial Energy Services, Inc.	8,245	7,684	(300,105)	(232,659)	(130,001)
EnergyUSA Connecticut Inc.					(155,307)
EnergyUSA Engineering Inc.					(13,080)

**COLUMBIA GAS OF KENTUCKY, INC.**  
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**AG DR Set 1-021d Attachment A**

EnergyUSA Inc. (IN)	(2,272,801)	(2,169,462)	(2,338,231)	(1,346,546)	7,040,676
EnergyUSA Inc. (MA)	35,943	(4,912)	(6,685)	(8,560)	391,051
EnergyUSA Mechanical, Inc.					(99,972)
EnergyUSA Retail, Inc.					
EnergyUSA-TPC Corp.	5,393,763	6,036,208	6,200,477	(1,492,115)	(959,238)
Harbor Coal Company					2,141,227
Harbour Water Corp.				116	(3,961)
Hawg Hauling & Disposal, Inc.					119,565
Indianapolis Water Company	(500,929)		(590,566)	(5,698)	(203,340)
Irishman's Run Acquisition Corp.					(95)
Ironside Energy LLC (div of Primary single member)					(2,442,187)
IWC Morgan Water Corp.					(1,766)
IWC Resources Corp.	(2,237,595)	(1,951,160)	(978,847)	(1,552,109)	(1,105,219)
JOF Transportation Company	2,052,407	1,219,808	2,338,583	1,868,585	(408,511)
Lake Erie Land Company	(1,673,419)	(3,205,513)	(3,437,909)	(3,690,346)	(4,152,787)
Lakeside Energy Corp.					2,215,111
Liberty Water Corp.					(55)
NDC Douglas Properties, Inc.**	(1,042,819)	(590,857)	(2,871,076)	(3,627,272)	(4,605,467)
NESI Power Marketing, Inc.			-	(106,734)	(2,957,251)
NI Energy Services Transportation, Inc.	17,081	237,312	225,537	228,179	205,089
NI Energy Services, Inc.		(2,453,033)	(1,292,575)	(4,206,601)	(4,711,585)
NI Fuel Company, Inc.		-	979,658	5,758,845	(749,036)
NIPSCO Receivables Corporation	6,745,066	6,014,262	3,720,099	758,247	302,521
NiSource Development Company, Inc.	(11,539,864)	(11,488,247)	(9,632,248)	(3,844,775)	(4,175,420)
NiSource Energy Technologies, Inc.	(1,654,334)	(3,299,236)	224,101	(2,287,039)	(1,990,704)
NiSource Retail Services, Inc.	(52,348)	(35,993)	(950,091)	(1,461,252)	
NI-TEX Gas Services, Inc.					1,618,281
NI-TEX, Inc.		(193,205)	(22,806)	(114,862)	(118,294)
North Lake Energy Corp.					(1,031,476)
Northern Indiana Trading Company	1,279,845	393,191	129,854	904,001	557,849
Portside Energy Corp.					2,783,273
Primary Energy, Inc.	(4,597,466)	(12,241,959)	(4,319,143)	(2,149,262)	37,522,178
SCC Services, Inc.	1	(313,946)	59,749	(193,765)	(578,213)
The Darlington Water Works Company					(209)
Whiting Clean Energy, Inc.*	(66,987,933)	(61,895,284)	(46,963,369)	(66,336,992)	(66,288,079)
<b>Total</b>	<b>408,015,241</b>	<b>706,700,559</b>	<b>399,427,004</b>	<b>312,747,151</b>	<b>639,450,656</b>

\* Whiting Clean Energy is a generator of Electricity. Prior to 2008, the company tried to have Whiting's assets regulated by the Indiana Utility Regulatory Commission. The request was denied. Whiting Clean was sold in 2008.

\*\*Entity invests in low income housing projects in the community which generates income tax credits.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 022:

Please provide the actual Account 487 – Forfeited Discounts and Account 488 – Miscellaneous Service Revenues for each of the years 2004 through 2008.

**Response:**

<u>Year</u>	<u>Account 487</u>	<u>Account 488</u>
2004	318,994	146,781
2005	252,465	124,769
2006	416,218	155,598
2007	270,231	125,482
2008	192,713	147,314



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 023:

With regard to Attachment JMC-2, please provide the actual number of reconnect occurrences for each of the years 2004 through 2008.

**Response:**

The actual number of reconnect occurrences each year 2004 through 2008 is as follows:

<b>Year</b>	<b>Accounts Reconnected</b>
2004	6,257
2005	6,822
2006	7,413
2007	5,562
2008	5,556





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 024:

With regard to Schedule D-2.1, Sheet 3, please provide the following information:

- a. Breakout of adjusted and per books Other Gas Department revenues of \$683,915 and \$16,545,195, respectively, by revenue component (sales for resale, forfeited discounts, miscellaneous service, non-traditional sales, and other gas revenues).
- b. With regard to the Other Gas Revenues (last revenue category referenced in part (a) above), provide the actual Other Gas Revenues for each year from 2004 through 2008 and provide the basis for the adjusted revenue amount claimed in this case. In addition, to the extent that there are gas costs included in the filing associated with these revenues, provide the amount of these gas costs.
- c. If the adjusted total revenue amount of \$683,915 does not include sales for resale revenues, please indicate where (filing schedule) the adjusted pro forma sales for resale revenue amount is included.
- d. Please provide the basis for the sales for resale revenues of \$211,101 claimed in this case. In addition, to the extent that there are gas costs included in the filing associated with these revenues, provide the amount of these gas costs.

**Response:**

a.	<u>Account</u>	<u>Description</u>	<u>Amount</u>
	483	Sales for Resale	243,259
	487	Forfeited Discounts	192,713
	488	Misc. Service Revenue	147,314
	495	Off System Sales	10,897,017
	495	Unbilled	4,721,004
	495	Other	<u>343,888</u>
		Total	16,545,195

<u>Account</u>	<u>Description</u>	<u>Amount</u>
487	Forfeited Discounts	192,713
488	Misc. Service Revenue	147,314
495	Other	<u>343,888</u>
	Total	683,915

b. The adjusted revenue amount of \$683,915 reflects the amount of “Other Gas Department Revenue” during the test year. Unbilled revenues of \$4,721,004 and unbilled gas cost expense of \$4,703,999 as well as off system sales revenues of \$10,897,017 and off system sales expense of \$10,897,017 have been eliminated from the test year through annualization of revenue and gas cost expense on Schedule M-2.2.

<u>Year</u>	<u>Other Revenue</u>	<u>Gas Costs</u>
2004	6,616,549	5,991,958
2005	7,534,611	6,829,049
2006	825,699	(442,895)
2007	18,451,138	17,192,685
2008	16,545,195	15,601,016

c. Please see Columbia’s response to Staff DR Set 2 No. 026 Part b.

d. Annualized sale for resale revenues are located on Schedule M-2.2, Page 20 of 38. The \$211,101 consists of \$6,120 of customer charge revenue (\$255.00 customer charge x 24 monthly bills), delivery revenue of \$11,298.63 (19,134 Mcf test year normalized consumption x \$.5905 delivery charge), and \$193,682 of gas cost revenue (\$10.1224 x 19,134 Mcf).



PSC Case No. 2009-00141  
AG DR Set 1-025  
Respondent(s): Mark Balmert

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 025:

With regard to Ms. Efland's testimony page 4, lines 15 – 22, please indicate what the impact would be on the pro forma test year sales volume and the associated pro forma test year net revenues (revenues net of associated gas costs) by using 63 degrees (residential) and 64 degrees (commercial) as the reference points for HDD rather than 65 degrees for both customer classes.

**Response:**

Please see AG DR Set 1-025 Attachment A.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 026:

In the prior case, the Company switched the reference point for HDD in its proposed weather normalization adjustment from 65 degrees to 63 degrees (residential) and 64 degrees (commercial). In the current case, the Company is switching back from 63 degrees (residential) and 64 degrees (commercial) to 65 degrees. Please explain the reasons for this back-and-forth switching of HDD reference points.

**Response:**

The company changed the reference temperature from 65 to 63 to support specific analyses for peak day and for use in the customer Choice program when that program required daily deliveries based on temperature. Neither of these reasons applies today. With no analytical or operational reasons to continue using the revised reference temperature, the company has decided to use 65 degrees as the reference temperature. This is consistent with the NOAA standard and allows for more direct comparisons among other NiSource companies who also use 65 as their reference point. Analysis performed using the 2008 test year data shows that this that change has little effect on normal annual volumes with only a 0.3% difference for residential and 0.1% difference for commercial.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 027:

Please indicate what the impact would be on the pro forma test year sales volume and the associated pro forma test year net revenues (revenues net of associated gas costs) if the Company had assumed normal weather to be the 25-year average of 1984 – 2008 rather than the 20-year period 1989-2008 with 65 degrees as the reference point for HDDs.

**Response:**

Please see attachment A.



Columbia Gas of Kentucky, Inc.  
Adjustment based on Normalized Volumes  
For the 12 Months Ended December 31, 2008

Line No.	Description	Phy. Flow (1) Mcf (WPC)	Normalized (2) Mcf	Normalized Adjustment (3=2-1) Mcf	Base Rate (4) \$/Mcf	Revenue (5=3x4) \$
1	RESIDENTIAL					
2	Rate Schedule GSR	7,244,105.4	6,921,361.7	(322,743.7)	1.8715	(604,014.83)
3	COMMERCIAL					
4	Rate Schedule G1C	6,951.3	6,717.6	(233.7)	1.5093	(352.72)
5	RESIDENTIAL					
6	Rate Schedule GIR	2,523.4	2,408.8	(114.6)	2.6160	(299.79)
7	RESIDENTIAL					
8	Rate Schedule IN3	1,562.4	1,491.2	(71.2)	0.4000	(28.48)
9	COMMERCIAL					
10	Rate Schedule IN3	58.9	56.8	(2.1)	0.4000	(0.84)
11	RESIDENTIAL					
12	Rate Schedule IN4	117.9	113.0	(4.9)	0.5500	(2.70)
13	RESIDENTIAL					
14	Rate Schedule IN5	764.1	726.5	(37.6)	0.6000	(22.56)
15	RESIDENTIAL					
16	Rate Schedule LG2	676.0	638.8	(37.2)	0.3500	(13.02)
17	COMMERCIAL					
18	Rate Schedule LG2	980.3	944.0	(36.3)	0.3500	(12.71)
19	RESIDENTIAL					
20	Rate Schedule LG3					
21	First 2 Mcf	20.9	20.9	0.0	0.0000	0.00
22	Over 2 Mcf	<u>489.2</u>	<u>464.0</u>	<u>(25.2)</u>	0.3500	<u>(8.82)</u>
23	Total Rate Schedule LG3	510.1	484.9	(25.2)		(8.82)
24	RESIDENTIAL					
25	Rate Schedule LG4	283.0	268.5	(14.5)	0.4000	(5.80)
26	COMMERCIAL					
27	Rate Schedule GSO					
28	First 50 Mcf	1,574,363.8	1,558,154.1	(16,209.7)	1.8715	(30,336.45)
29	Next 350 Mcf	1,633,709.9	1,579,551.7	(54,158.2)	1.8153	(98,313.38)
30	Next 600 Mcf	489,368.1	462,262.1	(27,106.0)	1.7296	(46,882.54)
31	Over 1,000 Mcf	<u>474,318.0</u>	<u>446,222.5</u>	<u>(28,095.5)</u>	1.5802	<u>(44,396.51)</u>
32	Total Rate Schedule GSO	4,171,759.8	4,046,190.4	(125,569.4)		(219,928.88)
33	COMMERCIAL					
34	Rate Schedule GST	0.0	0.0	0.0	0.0000	0.00

Columbia Gas of Kentucky, Inc.  
Adjustment based on Normalized Volumes  
For the 12 Months Ended December 31, 2008

Line No.	Description	Phy. Flow (1) Mcf (WPC)	Normalized (2) Mcf	Normalized Adjustment (3=2-1) Mcf	Base Rate (4) \$/Mcf	Revenue (5=3x4) \$
1	<b>COMMERCIAL</b>					
2	Rate Schedule IST	0.0	0.0	0.0	0.0000	0.00
3	<b>WHOLESALE</b>					
4	Rate Schedule IUS	19,134.0	19,134.0	0.0	0.5905	0.00
<b>5 Tariff Sales Summary by Customer Class</b>						
6	Total Residential Sales	7,250,542.3	6,927,493.4	(323,048.9)		(604,396.00)
7	Total Commercial Sales	4,179,750.3	4,053,908.8	(125,841.5)		(220,295.15)
8	Total Wholesale Sales	<u>19,134.0</u>	<u>19,134.0</u>	<u>0.0</u>		<u>0.00</u>
9	Total Tariff Sales Excl Industrial	11,449,426.6	11,000,536.2	(448,890.4)		(824,691.15)
10	<b>RESIDENTIAL</b>					
11	Rate Schedule GTR	2,112,388.0	2,010,672.7	(101,715.3)	1.8715	(190,360.18)
12	<b>COMMERCIAL</b>					
13	<b>Rate Schedule GTO</b>					
14	First 50 Mcf	500,578.9	495,721.6	(4,857.3)	1.8715	(9,090.44)
15	Next 350 Mcf	591,423.4	571,927.0	(19,496.4)	1.8153	(35,391.81)
16	Next 600 Mcf	196,754.3	187,067.7	(9,686.6)	1.7296	(16,753.94)
17	Over 1,000 Mcf	<u>184,939.5</u>	<u>171,885.7</u>	<u>(13,053.8)</u>	1.5802	<u>(20,627.61)</u>
18	Total Rate Schedule GTO	1,473,696.1	1,426,602.0	(47,094.1)		(81,863.80)
19	<b>COMMERCIAL</b>					
20	<b>Rate Schedule DS</b>					
21	First 30,000 Mcf	1,497,942.0	1,467,328.0	(30,614.0)	0.5467	(16,736.67)
22	Over 30,000 Mcf	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.2905	<u>0.00</u>
23	Total Rate Schedule DS	1,497,942.0	1,467,328.0	(30,614.0)		(16,736.67)
24	<b>COMMERCIAL</b>					
25	<b>Rate Schedule GDS</b>					
26	First 50 Mcf	10,200.0	10,200.00	0.0	1.8715	0.00
27	Next 350 Mcf	69,534.0	69,541.30	7.3	1.7296	12.63
28	Next 600 Mcf	94,487.0	93,747.80	(739.2)	1.5802	(1,168.08)
29	Over 1,000 Mcf	<u>75,789.0</u>	<u>71,752.80</u>	<u>(4,036.2)</u>	0.0000	<u>0.00</u>
30	Total Rate Schedule GDS	250,010.0	245,241.9	(4,768.1)		(1,155.45)
31	<b>COMMERCIAL</b>					
32	Rate Schedule FX1	311,128.0	307,352.9	(3,775.1)	0.1250	(471.89)
33	<b>COMMERCIAL</b>					
34	Rate Schedule FX2	5,852.0	5,203.0	(649.0)	0.1250	(81.13)

Columbia Gas of Kentucky, Inc.  
 Adjustment based on Normalized Volumes  
 For the 12 Months Ended December 31, 2008

Line No.	Description	Phy. Flow (1) Mcf (WPC)	Normalized (2) Mcf	Normalized Adjustment (3=2-1) Mcf	Base Rate (4) \$/Mcf	Revenue (5=3x4) \$
1	<b>COMMERCIAL</b>					
2	<b>Rate Schedule SAS</b>					
3	First 30,000	52,357.0	50,804.6	(1,552.4)	0.5467	(848.70)
4	Over 30,000	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.2905	<u>0.00</u>
5	Total Rate Schedule SAS	52,357.0	50,804.6	(1,552.4)		(848.70)
<b>6 Transportation Summary by Customer Class</b>						
7	Total Residential Transportation	2,112,388.0	2,010,672.7	(101,715.3)		(190,360.18)
8	Total Commercial Transportation	<u>3,590,985.1</u>	<u>3,502,532.4</u>	<u>(88,452.7)</u>		<u>(101,157.64)</u>
9	Total Tran Excl. Industrial	5,703,373.1	5,513,205.1	(190,168.0)		(291,517.82)
10	<b>Total Company Throughput (Excl. Industrial)</b>	17,152,799.7	16,513,741.3	(639,058.4)		(1,116,208.97)



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 028:

Please indicate what the impact would be on the pro forma test year sales volume and the associated pro forma test year net revenues (revenues net of associated gas costs) if the Company had assumed normal weather to be the 25-year average of 1984 – 2008 rather than the 20-year period 1989-2008 with 63 degrees (residential) and 64 degrees (commercial) as the reference points for HDDs.

**Response:**

Please see attachment A.

Line No.	Description	Phy. Flow (1) Mcf (WPC)	Normalized (2) Mcf	Normalized Adjustment (3=2-1) Mcf	Base Rate (4) \$/Mcf	Revenue (5=3x4) \$
1	RESIDENTIAL					
2	Rate Schedule GSR	7,244,105.4	6,905,531.7	(338,573.7)	1.8715	(633,640.68)
3	COMMERCIAL					
4	Rate Schedule GIC	6,951.3	6,709.9	(241.4)	1.5093	(364.35)
5	RESIDENTIAL					
6	Rate Schedule GIR	2,523.4	2,403.3	(120.1)	2.6160	(314.18)
7	RESIDENTIAL					
8	Rate Schedule IN3	1,562.4	1,487.3	(75.1)	0.4000	(30.04)
9	COMMERCIAL					
10	Rate Schedule IN3	58.9	56.9	(2.0)	0.4000	(0.80)
11	RESIDENTIAL					
12	Rate Schedule IN4	117.9	112.8	(5.1)	0.5500	(2.81)
13	RESIDENTIAL					
14	Rate Schedule IN5	764.1	724.6	(39.5)	0.6000	(23.70)
15	RESIDENTIAL					
16	Rate Schedule LG2	676.0	636.5	(39.5)	0.3500	(13.83)
17	COMMERCIAL					
18	Rate Schedule LG2	980.3	942.6	(37.7)	0.3500	(13.20)
19	RESIDENTIAL					
20	Rate Schedule LG3					
21	First 2 Mcf	20.9	20.9	0.0	0.0000	0.00
22	Over 2 Mcf	<u>489.2</u>	<u>462.5</u>	<u>(26.7)</u>	0.3500	<u>(9.35)</u>
23	Total Rate Schedule LG3	510.1	483.4	(26.7)		(9.35)
24	RESIDENTIAL					
25	Rate Schedule LG4	283.0	267.6	(15.4)	0.4000	(6.16)
26	COMMERCIAL					
27	Rate Schedule GSO					
28	First 50 Mcf	1,574,363.8	1,557,117.1	(17,246.7)	1.8715	(32,277.20)
29	Next 350 Mcf	1,633,709.9	1,577,527.6	(56,182.3)	1.8153	(101,987.73)
30	Next 600 Mcf	489,368.1	461,616.1	(27,752.0)	1.7296	(47,999.86)
31	Over 1,000 Mcf	<u>474,318.0</u>	<u>445,453.0</u>	<u>(28,865.0)</u>	1.5802	<u>(45,612.47)</u>
32	Total Rate Schedule GSO	4,171,759.8	4,041,713.8	(130,046.0)		(227,877.26)
33	COMMERCIAL					
34	Rate Schedule GST	0.0	0.0	0.0	0.0000	0.00

<u>Line No.</u>	<u>Description</u>	<u>Phy. Flow</u> (1) Mcf (WPC)	<u>Normalized</u> (2) Mcf	<u>Normalized Adjustment</u> (3=2-1) Mcf	<u>Base Rate</u> (4) \$/Mcf	<u>Revenue</u> (5=3x4) \$
1	<b>COMMERCIAL</b>					
2	Rate Schedule IST	0.0	0.0	0.0	0.0000	0.00
3	<b>WHOLESALE</b>					
4	Rate Schedule IUS	19,134.0	19,134.0	0.0	0.5905	0.00
<b>5 Tariff Sales Summary by Customer Class</b>						
6	Total Residential Sales	7,250,542.3	6,911,647.2	(338,895.1)		(634,040.75)
7	Total Commercial Sales	4,179,750.3	4,049,423.2	(130,327.1)		(228,255.61)
8	Total Wholesale Sales	<u>19,134.0</u>	<u>19,134.0</u>	<u>0.0</u>		<u>0.00</u>
9	Total Tariff Sales Excl Industrial	11,449,426.6	10,980,204.4	(469,222.2)		(862,296.36)
10	<b>RESIDENTIAL</b>					
11	Rate Schedule GTR	2,112,388.0	2,005,448.9	(106,939.1)	1.8715	(200,136.53)
12	<b>COMMERCIAL</b>					
13	<b>Rate Schedule GTO</b>					
14	First 50 Mcf	500,578.9	495,402.3	(5,176.6)	1.8715	(9,688.01)
15	Next 350 Mcf	591,423.4	571,141.6	(20,281.8)	1.8153	(36,817.55)
16	Next 600 Mcf	196,754.3	186,747.3	(10,007.0)	1.7296	(17,308.11)
17	Over 1,000 Mcf	<u>184,939.5</u>	<u>171,520.7</u>	<u>(13,418.8)</u>	1.5802	<u>(21,204.39)</u>
18	Total Rate Schedule GTO	1,473,696.1	1,424,811.9	(48,884.2)		(85,018.06)
19	<b>COMMERCIAL</b>					
20	<b>Rate Schedule DS</b>					
21	First 30,000 Mcf	1,497,942.0	1,465,265.2	(32,676.8)	0.5467	(17,864.41)
22	Over 30,000 Mcf	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.2905	<u>0.00</u>
23	Total Rate Schedule DS	1,497,942.0	1,465,265.2	(32,676.8)		(17,864.41)
24	<b>COMMERCIAL</b>					
25	<b>Rate Schedule GDS</b>					
26	First 50 Mcf	10,200.0	10,200.0	0.0	1.8715	0.00
27	Next 350 Mcf	69,534.0	69,539.7	5.7	1.7296	9.86
28	Next 600 Mcf	94,487.0	93,663.2	(823.8)	1.5802	(1,301.77)
29	Over 1,000 Mcf	<u>75,789.0</u>	<u>71,507.0</u>	<u>(4,282.0)</u>	0.0000	<u>0.00</u>
30	Total Rate Schedule GDS	250,010.0	244,909.9	(5,100.1)		(1,291.91)
31	<b>COMMERCIAL</b>					
32	Rate Schedule FX1	311,128.0	306,886.5	(4,241.5)	0.1250	(530.19)
33	<b>COMMERCIAL</b>					
34	Rate Schedule FX2	5,852.0	5,171.9	(680.1)	0.1250	(85.01)

Columbia Gas of Kentucky, Inc.  
Adjustment based on Normalized Volumes  
For the 12 Months Ended December 31, 2008

Line No.	Description	Phy. Flow (1) Mcf (WPC)	Normalized (2) Mcf	Normalized Adjustment (3=2-1) Mcf	Base Rate (4) \$/Mcf	Revenue (5=3x4) \$
1	<b>COMMERCIAL</b>					
2	<b>Rate Schedule SAS</b>					
3	First 30,000	52,357.0	50,726.4	(1,630.6)	0.5467	(891.45)
4	Over 30,000	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.2905	<u>0.00</u>
5	Total Rate Schedule SAS	52,357.0	50,726.4	(1,630.6)		(891.45)
6	<b>Transportation Summary by Customer Class</b>					
7	Total Residential Transportation	2,112,388.0	2,005,448.9	(106,939.1)		(200,136.53)
8	Total Commercial Transportation	<u>3,590,985.1</u>	<u>3,497,771.8</u>	<u>(93,213.3)</u>		<u>(105,681.03)</u>
9	Total Tran Excl. Industrial	5,703,373.1	5,503,220.7	(200,152.4)		(305,817.56)
10	<b>Total Company Throughput (Excl. Industrial)</b>	17,152,799.7	16,483,425.1	(669,374.6)		(1,168,113.92)





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 029:

Please indicate what the impact would be on the pro forma test year sales volume and the associated pro forma test year net revenues (revenues net of associated gas costs) if the Company had assumed normal weather to be the 30-year average of 1979 – 2008 rather than the 20-year period 1989-2008 with 65 degrees as the reference point for HDDs.

**Response:**

Please see attachment A.

Columbia Gas of Kentucky, Inc.  
Adjustment based on Normalized Volumes  
For the 12 Months Ended December 31, 2008

Line No.	Description	Phy. Flow (1) Mcf (WPC)	Normalized (2) Mcf	Normalized Adjustment (3=2-1) Mcf	Base Rate (4) \$/Mcf	Revenue (5=3x4) \$
1	RESIDENTIAL					
2	Rate Schedule GSR	7,244,105.4	6,990,841.3	(253,264.1)	1.8715	(473,983.76)
3	COMMERCIAL					
4	Rate Schedule GIC	6,951.3	6,768.9	(182.4)	1.5093	(275.30)
5	RESIDENTIAL					
6	Rate Schedule GIR	2,523.4	2,433.0	(90.4)	2.6160	(236.49)
7	RESIDENTIAL					
8	Rate Schedule IN3	1,562.4	1,505.5	(56.9)	0.4000	(22.76)
9	COMMERCIAL					
10	Rate Schedule IN3	58.9	57.4	(1.5)	0.4000	(0.60)
11	RESIDENTIAL					
12	Rate Schedule IN4	117.9	114.2	(3.7)	0.5500	(2.04)
13	RESIDENTIAL					
14	Rate Schedule IN5	764.1	733.5	(30.6)	0.6000	(18.36)
15	RESIDENTIAL					
16	Rate Schedule LG2	676.0	644.9	(31.1)	0.3500	(10.89)
17	COMMERCIAL					
18	Rate Schedule LG2	980.3	951.0	(29.3)	0.3500	(10.26)
19	RESIDENTIAL					
20	Rate Schedule LG3					
21	First 2 Mcf	20.9	20.9	0.0	0.0000	0.00
22	Over 2 Mcf	<u>489.2</u>	<u>465.0</u>	<u>(24.2)</u>	0.3500	<u>(8.47)</u>
23	Total Rate Schedule LG3	510.1	485.9	(24.2)		(8.47)
24	RESIDENTIAL					
25	Rate Schedule LG4	283.0	271.2	(11.8)	0.4000	(4.72)
26	COMMERCIAL					
27	Rate Schedule GSO					
28	First 50 Mcf	1,574,363.8	1,561,778.1	(12,585.7)	1.8715	(23,554.14)
29	Next 350 Mcf	1,633,709.9	1,591,462.0	(42,247.9)	1.8153	(76,692.61)
30	Next 600 Mcf	489,368.1	469,173.2	(20,194.9)	1.7296	(34,929.10)
31	Over 1,000 Mcf	<u>474,318.0</u>	<u>454,555.5</u>	<u>(19,762.5)</u>	1.5802	<u>(31,228.70)</u>
32	Total Rate Schedule GSO	4,171,759.8	4,076,968.8	(94,791.0)		(166,404.55)
33	COMMERCIAL					
34	Rate Schedule GST	0.0	0.0	0.0	0.0000	0.00

Line No.	Description	Phy. Flow (1) Mcf (WPC)	Normalized (2) Mcf	Normalized Adjustment (3=2-1) Mcf	Base Rate (4) \$/Mcf	Revenue (5=3x4) \$
1	<b>COMMERCIAL</b>					
2	Rate Schedule IST	0.0	0.0	0.0	0.0000	0.00
3	<b>WHOLESALE</b>					
4	Rate Schedule IUS	19,134.0	19,134.0	0.0	0.5905	0.00
<b>5 Tariff Sales Summary by Customer Class</b>						
6	Total Residential Sales	7,250,542.3	6,997,029.5	(253,512.8)		(474,287.49)
7	Total Commercial Sales	4,179,750.3	4,084,746.1	(95,004.2)		(166,690.71)
8	Total Wholesale Sales	<u>19,134.0</u>	<u>19,134.0</u>	<u>0.0</u>		<u>0.00</u>
9	Total Tariff Sales Excl Industrial	11,449,426.6	11,100,909.6	(348,517.0)		(640,978.20)
10	<b>RESIDENTIAL</b>					
11	Rate Schedule GTR	2,112,388.0	2,030,054.6	(82,333.4)	1.8715	(154,086.96)
12	<b>COMMERCIAL</b>					
13	<b>Rate Schedule GTO</b>					
14	First 50 Mcf	500,578.9	496,802.6	(3,776.3)	1.8715	(7,067.35)
15	Next 350 Mcf	591,423.4	576,164.6	(15,258.8)	1.8153	(27,699.30)
16	Next 600 Mcf	196,754.3	189,164.7	(7,589.6)	1.7296	(13,126.97)
17	Over 1,000 Mcf	<u>184,939.5</u>	<u>175,182.9</u>	<u>(9,756.6)</u>	1.5802	<u>(15,417.38)</u>
18	Total Rate Schedule GTO	1,473,696.1	1,437,314.8	(36,381.3)		(63,311.00)
19	<b>COMMERCIAL</b>					
20	<b>Rate Schedule DS</b>					
21	First 30,000 Mcf	1,497,942.0	1,475,506.6	(22,435.4)	0.5467	(12,265.43)
22	Over 30,000 Mcf	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.2905	<u>0.00</u>
23	Total Rate Schedule DS	1,497,942.0	1,475,506.6	(22,435.4)		(12,265.43)
24	<b>COMMERCIAL</b>					
25	<b>Rate Schedule GDS</b>					
26	First 50 Mcf	10,200.0	10,200.00	0.0	1.8715	0.00
27	Next 350 Mcf	69,534.0	69,545.70	11.7	1.7296	20.24
28	Next 600 Mcf	94,487.0	93,837.40	(649.6)	1.5802	(1,026.50)
29	Over 1,000 Mcf	<u>75,789.0</u>	<u>72,946.90</u>	<u>(2,842.1)</u>	0.0000	<u>0.00</u>
30	Total Rate Schedule GDS	250,010.0	246,530.0	(3,480.0)		(1,006.26)
31	<b>COMMERCIAL</b>					
32	Rate Schedule FX1	311,128.0	308,691.2	(2,436.8)	0.1250	(304.60)
33	<b>COMMERCIAL</b>					
34	Rate Schedule FX2	5,852.0	5,195.7	(656.3)	0.1250	(82.04)

<u>Line No.</u>	<u>Description</u>	<u>Phy. Flow</u> (1) Mcf (WPC)	<u>Normalized</u> (2) Mcf	<u>Normalized Adjustment</u> (3=2-1) Mcf	<u>Base Rate</u> (4) \$/Mcf	<u>Revenue</u> (5=3x4) \$
1	<b>COMMERCIAL</b>					
2	<b>Rate Schedule SAS</b>					
3	First 30,000	52,357.0	51,141.7	(1,215.3)	0.5467	(664.40)
4	Over 30,000	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.2905	<u>0.00</u>
5	Total Rate Schedule SAS	52,357.0	51,141.7	(1,215.3)		(664.40)
6	<b>Transportation Summary by Customer Class</b>					
7	Total Residential Transportation	2,112,388.0	2,030,054.6	(82,333.4)		(154,086.96)
8	Total Commercial Transportation	<u>3,590,985.1</u>	<u>3,524,380.0</u>	<u>(66,605.1)</u>		<u>(77,633.73)</u>
9	Total Tran Excl. Industrial	5,703,373.1	5,554,434.6	(148,938.5)		(231,720.69)
10	<b>Total Company Throughput (Excl. Industrial)</b>	17,152,799.7	16,655,344.2	(497,455.5)		(872,698.89)



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 030:

Please indicate what the impact would be on the pro forma test year sales volume and the associated pro forma test year net revenues (revenues net of associated gas costs) if the Company had assumed normal weather to be the 30-year average of 1979 – 2008 rather than the 20-year period 1989-2008 with 63 degrees (residential) and 64 degrees (commercial) as the reference points for HDDs.

**Response:**

See attachment.

Columbia Gas of Kentucky, Inc.  
Adjustment based on Normalized Volumes  
For the 12 Months Ended December 31, 2008

Line No.	Description	Phy. Flow (1) Mcf (WPC)	Normalized (2) Mcf	Normalized Adjustment (3=2-1) Mcf	Base Rate (4) \$/Mcf	Revenue (5=3x4) \$
1	RESIDENTIAL					
2	Rate Schedule GSR	7,244,105.4	6,974,281.2	(269,824.2)	1.8715	(504,975.99)
3	COMMERCIAL					
4	Rate Schedule G1C	6,951.3	6,761.5	(189.8)	1.5093	(286.47)
5	RESIDENTIAL					
6	Rate Schedule G1R	2,523.4	2,426.8	(96.6)	2.6160	(252.71)
7	RESIDENTIAL					
8	Rate Schedule IN3	1,562.4	1,501.7	(60.7)	0.4000	(24.28)
9	COMMERCIAL					
10	Rate Schedule IN3	58.9	57.3	(1.6)	0.4000	(0.64)
11	RESIDENTIAL					
12	Rate Schedule IN4	117.9	113.7	(4.2)	0.5500	(2.31)
13	RESIDENTIAL					
14	Rate Schedule IN5	764.1	731.5	(32.6)	0.6000	(19.56)
15	RESIDENTIAL					
16	Rate Schedule LG2	676.0	642.9	(33.1)	0.3500	(11.59)
17	COMMERCIAL					
18	Rate Schedule LG2	980.3	949.8	(30.5)	0.3500	(10.68)
19	RESIDENTIAL					
20	Rate Schedule LG3					
21	First 2 Mcf	20.9	20.9	0.0	0.0000	0.00
22	Over 2 Mcf	<u>489.2</u>	<u>463.4</u>	<u>(25.8)</u>	0.3500	<u>(9.03)</u>
23	Total Rate Schedule LG3	510.1	484.3	(25.8)		(9.03)
24	RESIDENTIAL					
25	Rate Schedule LG4	283.0	270.2	(12.8)	0.4000	(5.12)
26	COMMERCIAL					
27	Rate Schedule GSO					
28	First 50 Mcf	1,574,363.8	1,561,226.1	(13,137.7)	1.8715	(24,587.21)
29	Next 350 Mcf	1,633,709.9	1,589,664.9	(44,045.0)	1.8153	(79,954.89)
30	Next 600 Mcf	489,368.1	468,582.4	(20,785.7)	1.7296	(35,950.95)
31	Over 1,000 Mcf	<u>474,318.0</u>	<u>454,011.4</u>	<u>(20,306.6)</u>	1.5802	<u>(32,088.49)</u>
32	Total Rate Schedule GSO	4,171,759.8	4,073,484.8	(98,275.0)		(172,581.54)
33	COMMERCIAL					
34	Rate Schedule GST	0.0	0.0	0.0	0.0000	0.00



Columbia Gas of Kentucky, Inc.  
Adjustment based on Normalized Volumes  
For the 12 Months Ended December 31, 2008

Line No.	Description	Phv. Flow (1) Mcf (WPC)	Normalized (2) Mcf	Normalized Adjustment (3=2-1) Mcf	Base Rate (4) \$/Mcf	Revenue (5=3x4) \$
1	COMMERCIAL					
2	Rate Schedule IST	0.0	0.0	0.0	0.0000	0.00
3	WHOLESALE					
4	Rate Schedule IUS	19,134.0	19,134.0	0.0	0.5905	0.00
5	<b>Tariff Sales Summary by Customer Class</b>					
6	Total Residential Sales	7,250,542.3	6,980,452.3	(270,090.0)		(505,300.59)
7	Total Commercial Sales	4,179,750.3	4,081,253.4	(98,496.9)		(172,879.33)
8	Total Wholesale Sales	<u>19,134.0</u>	<u>19,134.0</u>	<u>0.0</u>		<u>0.00</u>
9	Total Tariff Sales Excl Industrial	11,449,426.6	11,080,839.7	(368,586.9)		(678,179.92)
10	RESIDENTIAL					
11	Rate Schedule GTR	2,112,388.0	2,024,562.6	(87,825.4)	1.8715	(164,365.24)
12	COMMERCIAL					
13	Rate Schedule GTO					
14	First 50 Mcf	500,578.9	496,646.6	(3,932.3)	1.8715	(7,359.30)
15	Next 350 Mcf	591,423.4	575,557.9	(15,865.5)	1.8153	(28,800.64)
16	Next 600 Mcf	196,754.3	188,910.8	(7,843.5)	1.7296	(13,566.12)
17	Over 1,000 Mcf	<u>184,939.5</u>	<u>174,922.5</u>	<u>(10,017.0)</u>	1.5802	<u>(15,828.86)</u>
18	Total Rate Schedule GTO	1,473,696.1	1,436,037.8	(37,658.3)		(65,554.92)
19	COMMERCIAL					
20	Rate Schedule DS					
21	First 30,000 Mcf	1,497,942.0	1,474,792.0	(23,150.0)	0.5467	(12,656.11)
22	Over 30,000 Mcf	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.2905	<u>0.00</u>
23	Total Rate Schedule DS	1,497,942.0	1,474,792.0	(23,150.0)		(12,656.11)
24	COMMERCIAL					
25	Rate Schedule GDS					
26	First 50 Mcf	10,200.0	10,200.0	0.0	1.8715	0.00
27	Next 350 Mcf	69,534.0	69,543.4	9.4	1.7296	16.26
28	Next 600 Mcf	94,487.0	93,791.2	(695.8)	1.5802	(1,099.50)
29	Over 1,000 Mcf	<u>75,789.0</u>	<u>72,875.1</u>	<u>(2,913.9)</u>	0.0000	<u>0.00</u>
30	Total Rate Schedule GDS	250,010.0	246,409.7	(3,600.3)		(1,083.24)
31	COMMERCIAL					
32	Rate Schedule FX1	311,128.0	308,667.9	(2,460.1)	0.1250	(307.51)
33	COMMERCIAL					
34	Rate Schedule FX2	5,852.0	5,173.5	(678.5)	0.1250	(84.81)

Columbia Gas of Kentucky, Inc.  
 Adjustment based on Normalized Volumes  
 For the 12 Months Ended December 31, 2008

Workpaper WPM-D

Sheet 3 of 3

<u>Line No.</u>	<u>Description</u>	<u>Phy. Flow</u> (1) Mcf (WPC)	<u>Normalized</u> (2) Mcf	<u>Normalized Adjustment</u> (3=2-1) Mcf	<u>Base Rate</u> (4) \$/Mcf	<u>Revenue</u> (5=3x4) \$
1	COMMERCIAL					
2	Rate Schedule SAS					
3	First 30,000	52,357.0	51,103.9	(1,253.1)	0.5467	(685.07)
4	Over 30,000	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.2905	<u>0.00</u>
5	Total Rate Schedule SAS	52,357.0	51,103.9	(1,253.1)		(685.07)
6	Transportation Summary by Customer Class					
7	Total Residential Transportation	2,112,388.0	2,024,562.6	(87,825.4)		(164,365.24)
8	Total Commercial Transportation	<u>3,590,985.1</u>	<u>3,522,184.8</u>	<u>(68,800.3)</u>		<u>(80,371.66)</u>
9	Total Tran Excl. Industrial	5,703,373.1	5,546,747.4	(156,625.7)		(244,736.90)
10	Total Company Throughput (Excl. Industrial)	17,152,799.7	16,627,587.1	(525,212.6)		(922,916.82)



PSC Case No. 2009-00141  
AG DR Set 1-031  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 031:

Please provide the KPSC assessment rate currently in effect and the rate expected to be in effect on July 1, 2009. In addition, provide the basis for the latter rate.

**Response:**

The PSC assessment rate of 0.001603 represents the most recent assessment received by Columbia Gas of Kentucky. The rate is effective July 1, 2008 through June 30, 2009. Columbia anticipates the notification for the rate for July 1, 2009 through June 30, 2010 in late June or early July, 2009.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 032:

The Company's proposed uncollectible accrual rate of 1.410552% for its residential revenues is the actual rate experienced in the 2008 test year. In this case, the Company has proposed a 5% Late Payment Fee for its residential customers and the impact of this proposed Late Payment Fee is not reflected in the actual 2008 uncollectible ratio of 1.410552%. In this regard, please provide the following information:

- a. Confirm the above facts. If you do not agree, explain your disagreement.
- b. Provide the Company's best estimate of the impact that the proposed Late Payment Fee will have on the claimed uncollectible ratio of 1.410552%.

**Response:**

- a. The facts are true.
- b. For customers who do not pay their bills and are charged off, the impact of the Late Payment Fee on their bills would increase the amount charged off. This would point to the uncollectible ratio increasing slightly.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 033:

Please provide the actual uncollectible expenses booked in account 904 for each of the years 2004 through the test year.

**Response:**

<b><u>Line</u></b> <b><u>No.</u></b>	<b>Twelve Months Actual</b> <b><u>Month / Year</u></b>	<b>Account 904</b> <b><u>Uncollectibles Expense</u></b> <b>(\$)</b>
1	December 2004	1,981,712
2	December 2005	1,499,299
3	December 2006	1,594,285
4	December 2007	1,181,046
5	December 2008	2,451,089





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 034:

For the test year and each of the years 2004, 2005, 2006 and 2007 (all actual data), please provide the following information regarding uncollectible data:

- a. Reserve account balance at beginning of year.
- b. Charges to the reserve account.
- c. Credits to the reserve account.
- d. Current year provision (accrual). In addition, reconcile these accruals to the actual per books account 904 uncollectible expenses to be provided in response to the prior data request.
- e. Reserve account balance at end of year.
- f. Total revenues subject to uncollectibles (in addition, indicate the customer class making up these revenues subject to uncollectibles, e.g., residential, commercial, public authority, etc.)
- g. Percent of provision (accrual) to total revenue (line d / line f).

**Response:**

The response below pertains to residential customers.

<u>Line Item</u>	<u>Date</u>	<u>Beginning Balance</u> (a)	<u>Accrual</u> (d)	<u>Charge-offs</u> (b)	<u>Recoveries</u> (c)	<u>Ending Balance</u> (e)
1	12/31/2004	303,851	1,194,997	1,943,076	798,396	354,168
2	12/31/2005	354,168	984,998	1,530,085	623,803	432,884
3	12/31/2006	432,884	1,131,001	1,999,311	750,227	314,801
4	12/31/2007	314,801	470,002	1,154,502	591,682	221,983
5	12/31/2008	221,983	1,910,000	2,218,556	706,289	619,716

(f)	<u>Year</u>	<u>Total Residential Revenue</u> (000s)
	2004	92,733
	2005	105,159
	2006	90,782
	2007	86,104
	2008	118,515

(g)	<u>Year</u>	<u>Provision Accrual</u> (000s)	<u>Total Residential Revenue</u> (000s)	<u>Provision/</u> <u>Revenue</u>
	2004	1,195	92,733	1.28756%
	2005	985	105,159	0.93572%
	2006	1,131	90,782	1.24584%
	2007	470	86,104	0.54585 %
	2008	1,910	118,515	1.61161%



**COLUMBIA GAS OF KENTUCKY, INC.  
 RESPONSE TO REQUESTS FOR INFORMATION OF THE  
 ATTORNEY GENERAL**

Data Request 035:

With regard to the uncollectible expense data shown on Schedule D-2.1, please provide the following information:

- a. Basis for and all calculations underlying the accrual rate of 1.410552%.
- b. Equivalent actual accrual rates for each of the 5 years prior to the test year, including the calculations for these rates.
- c. Reconciliation between the actual test year per books uncollectible expense of \$1,371,336 and the actual test year per books uncollectible expense of \$2,451,089 shown on Schedule C-2.1, sheet 2, line 60. In addition, provide a dollar amount breakout of the specific components of the difference of \$1,079,753.
- d. Explanation as to why the adjustment is calculated for the residential revenues only.

**Response:**

- (a) Columbia Gas of Kentucky, Inc. (CKY) charges off accounts for residential customer receivables in excess of 120 days outstanding from the initial billing date (calendar days). Therefore, the December Provision for Uncollectible Accounts should reflect the portion of receivables recorded for September through December that will not be collected. The net-charge offs for the twelve month ended period (TME) December, divided by the TME August revenues, provides the most recent experience factor. This experience factor is multiplied by the September through December revenues to provide the needed balance of the provision for uncollectible account.

	(000s)
Residential Billed Sales 12 months ended August, 2008	106,449
Plus Unbilled Residential Sales August, 2008	2,163
Less Unbilled Residential Sales August, 2007	<u>(1,349)</u>
Total Residential Sales	107,263
Net Charge-offs 12 months ended December, 2008	<u>1,513</u>
Divided by Total Residential Sales	÷ <u>107,263</u>
Experience Ratio	<u>1.410552%</u>

(b) Experience ratio	2003	0.963468%
	2004	1.204971%
	2005	0.996231%
	2006	1.163918%
	2007	0.696643%

These ratios were calculated using the same methodology described in part a above.

(c)

<b>Account 904 Per Books</b>	<b>Cost Element</b>	<b>Amount</b>
Uncollectible Accounts via DIS Billing System	8510	\$1,910,000
Less:		
Energy Assistance Plan expense included in Account 904	8520	<u>538,664</u>
Total per Schedule D-2.1 Sheet 5 Line 6		\$1,371,336
Uncollectible Accounts via DIS Billing System	8510	\$1,910,000
Energy Assistance Plan expense included in Account 904	8520	538,664
Uncollectible accounts via GMB Billing System	8530	2,423
Financial Statement Rounding		<u>2</u>
Total Account 904 Per Books		\$2,451,089

(d) CKY utilizes only the residential customer class accounts receivable information in the above calculation. A study of historical data concluded that residential customers have a more consistent pattern for non-pay. Using commercial and industrial information in the calculation caused aberrations among the years. Consequently, commercial and industrial receivables are reviewed on a case by case basis and separate uncollectible reserves are recorded for those accounts as needed.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 036:

In the same format as per Schedule D-2.1, sheet 5 of 6, lines 1 through 12, provide the following information:

- a. Calculations of what the uncollectible expense adjustments would be for the Company's commercial and, separately, for the Company's industrial customers.
- b. Provide the actual uncollectible ratios (equivalent to the ratio of 1.410552% for the residential revenues) for the commercial revenues and, separately, for the industrial customers for each of the years 2004 through 2008.

**Response:**

- a. The information to perform this calculation is not readily available. Please refer to the response to part (d) of the response to AG DR Set 1-035 which explains why this calculation is not reliable.
- b. Please refer to the response to part (a) above.





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 037:

The Company's unadjusted test year uncollectible expenses amount to \$2,451,089 which has been adjusted by (\$31,301) for a total adjusted uncollectible expense amount of \$2,419,788. In this regard, please provide the following information:

- a. Confirm the above facts. If you do not agree, explain your disagreement.
- b. What portion of the adjusted balance of \$2,419,788 represents uncollectible expenses associated with the commodity cost of gas? Also, provide assumptions and calculations made in the derivation of this expense portion.
- c. How would the adjusted test year expense of \$2,419,089 be impacted by Mr. Balmert's proposal to collect the uncollectible expenses associated with the commodity cost of gas through a separate surcharge rather than through base rates? Please provide all assumptions and calculations in the derivation of this impact.
- d. Why hasn't the Company proposed an uncollectible expense adjustment in this case to reflect Mr. Balmert's proposal?

**Response:**

- a. Columbia agrees.
- b. Columbia does not currently differentiate the uncollectible commodity gas cost recovery revenues from other revenues on its books.
- c. Test year expense of \$2,419,089 would not be impacted. Mr. Balmert's proposal to collect uncollectible expenses associated with the commodity cost of gas through a separate surcharge rather than through base rates is simply a different mechanism to recover uncollectible expense related to uncollectible revenues generated by billing the commodity cost of gas. The commodity cost of gas, which fluctuates with the market and causes bills to fluctuate, generates an uncollectible cost over which Columbia has little or no control.
- d. Mr. Balmert's proposal does not impact the amount of revenue that is booked as uncollectible expense on the Company's books, it simply allows Columbia a reasonable opportunity to recover the amount of uncollectible expense caused by billing the commodity cost of gas. Therefore, no adjustment to uncollectible expense is required as a result of Mr. Balmert's proposal.



PSC Case No. 2009-00141  
AG DR Set 1-038  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 038:

With regard to WPD 2.2, Sheet 6, please provide the actual overtime hours, overtime pay, and premium pay for each of the years 2004 through 2008.

**Response:**

Please see AG DR Set 1-038 Attachment 1.

Line No.	Description	Overtime Hours (1)	Overtime Pay (2)	Premium Pay (3)
1	January, 2008	2,494	87,627	7,146
2	February	2,754	91,608	2,249
3	March	2,693	93,331	1,424
4	April	2,463	86,221	1,879
5	May	2,248	78,224	3,452
6	June	2,523	86,007	332
7	July	2,179	75,208	373
8	August	2,930	97,988	326
9	September	2,548	89,122	2,164
10	October	3,516	121,509	4,560
11	November	3,561	117,725	6,872
12	December	<u>2,535</u>	<u>88,067</u>	<u>5,330</u>
13	Total	<u>32,444</u>	<u>1,112,637</u>	<u>36,107</u>
	Description	Overtime Hours (1)	Overtime Pay (2)	Premium Pay (3)
14	January, 2007	1,515	44,973	2,795
15	February	2,871	93,823	2,912
16	March	2,198	63,464	12,467
17	April	2,147	70,562	1,218
18	May	1,845	60,215	(923)
19	June	2,311	73,759	8,296
20	July	1,852	62,119	1,435
21	August	2,645	87,262	52,978
22	September	2,098	71,135	82,981
23	October	2,316	76,613	(2,394)
24	November	3,311	112,892	3,326
25	December	<u>3,434</u>	<u>118,819</u>	<u>75</u>
26	Total	<u>28,542</u>	<u>935,636</u>	<u>165,166</u>
	Description	Overtime Hours (1)	Overtime Pay (2)	Premium Pay (3)
27	January, 2006	1,941	61,746	1,847
28	February	2,508	70,783	482
29	March	2,339	68,304	33,035
30	April	1,945	58,054	24,558
31	May	1,805	57,481	1,536
32	June	2,008	57,766	9,643
33	July	1,966	57,266	2,784
34	August	1,977	57,428	64,531
35	September	2,391	79,655	26,821
36	October	2,719	87,946	(274)
37	November	2,269	73,001	5,866
38	December	<u>2,533</u>	<u>76,808</u>	<u>3,029</u>
39	Total	<u>26,399</u>	<u>806,236</u>	<u>173,857</u>

Line No.	Description	Overtime Hours (1)	Overtime Pay (2)	Premium Pay (3)
1	January, 2005	2,773	83,914	5,111
2	February	2,230	66,145	2,128
3	March	2,191	61,652	11,772
4	April	2,271	69,496	5,081
5	May	2,041	62,005	3,660
6	June	2,009	55,237	3,690
7	July	2,066	62,005	3,470
8	August	1,546	45,012	2,792
9	September	2,314	66,422	7,377
10	October	2,690	83,282	5,305
11	November	2,480	78,009	3,833
12	December	<u>2,876</u>	<u>94,591</u>	<u>27,996</u>
13	Total	<u>27,487</u>	<u>827,771</u>	<u>82,215</u>

Line No.	Description	Overtime Hours (1)	Overtime Pay (2)	Premium Pay (3)
1	January, 2004	3,214	92,857	(3,888)
2	February	2,705	75,238	(2,139)
3	March	2,947	81,921	918
4	April	2,990	83,337	2,052
5	May	2,569	69,648	1,801
6	June	3,055	90,478	3,704
7	July	2,682	78,017	2,382
8	August	2,368	67,000	1,899
9	September	2,120	62,325	8,049
10	October	3,536	104,644	3,655
11	November	2,821	81,258	3,345
12	December	<u>3,929</u>	<u>122,856</u>	<u>2,353</u>
13	Total	<u>34,932</u>	<u>1,009,581</u>	<u>24,128</u>



PSC Case No. 2009-00141  
AG DR Set 1-039  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 039:

In the same format and detail as per WPD-2.2, sheet 7, please provide the actual Direct O&M Percentage (equivalent to the actual test year percentage of 72.464%) and Indirect O&M Percentage (equivalent to the actual test year percentage of 70.940%) for each of the years 2004 through 2008.

**Response:**

Please see AG DR Set 1-039 attachment A.



Columbia Gas of Kentucky, Inc.  
O&M Expense Percentages For Direct & Indirect Payroll  
For The Twelve Months Ended December 31, 2004

Data:  Historic Period  Forecasted Period  
Type of Filing:  Original  Updated  
Workpaper Reference No(s). \_\_\_\_\_

WPD 2.2  
Witness: J. F. Racher  
Sheet 7 of 15

Line No	Description	Direct
1	Construction Payroll [1]	\$2,225,356
2	Plant Removal [1]	272,920
3	Other Accounts [1]	0
4	Cleared To Construction [1]	17,121
5	Cleared To Plant Removal [1]	2,732
6	Less: Indirect Capital Payroll [2]	246,235
7	Less: Indirect Payroll Cleared To Capital [2]	0
8	Total Capitalized Payroll	\$2,271,894
9	O&M Payroll [3]	\$12,693,083
10	Cleared To O&M [4]	80,066
11	Less: Indirect O&M Payroll [2]	372,943
12	Less: Indirect Payroll Cleared To O&M [2]	201
13	Total Expensed Direct Payroll	\$12,400,005
14	Total CGV Payroll	\$14,671,898
15	Direct O&M % (Ln 13 / Ln 14)	84.515%
		Indirect
16	Indirect Labor Expense [2]	\$372,943
17	Plus: Labor Cleared To Expense	201
18	Total Indirect Labor Expense [2]	\$373,144
19	Plus: Capital Labor [2]	246,235
20	Plus: Labor Cleared To Capital [2]	0
21	Total Gross Indirect Labor	\$619,380
22	Indirect Labor Expense % (Ln 18 / Ln 21)	60.245%

Notes:

[1] See Sheet 15 of this Adjustment.  
[2] See Sheet 10 of this Adjustment.

[3] See Sheet 15, Col. A. Line 62 of this Adjustment.  
[4] See Sheet 15, Col. C. Line 62 of this Adjustment.

Columbia Gas of Kentucky, Inc.  
O&M Expense Percentages For Direct & Indirect Payroll  
For The Twelve Months Ended December 31, 2005

Data:  Historic Period  Forecasted Period  
Type of Filing:  Original  Updated  
Workpaper Reference No(s). \_\_\_\_\_

WPD 2.2  
Witness: J. F. Racher  
Sheet 7 of 15

Line No	Description	Direct
1	Construction Payroll [1]	\$2,249,062
2	Plant Removal [1]	210,388
3	Other Accounts [1]	0
4	Cleared To Construction [1]	23,451
5	Cleared To Plant Removal [1]	2,845
6	Less: Indirect Capital Payroll [2]	213,563
7	Less: Indirect Payroll Cleared To Capital [2]	0
8	Total Capitalized Payroll	\$2,272,183
9	O&M Payroll [3]	\$7,073,605
10	Cleared To O&M [4]	53,103
11	Less: Indirect O&M Payroll [2]	465,891
12	Less: Indirect Payroll Cleared To O&M [2]	497
13	Total Expensed Direct Payroll	\$6,660,320
14	Total CGV Payroll	\$8,932,503
15	Direct O&M % (Ln 13 / Ln 14)	74.563%
		Indirect
16	Indirect Labor Expense [2]	\$465,891
17	Plus: Labor Cleared To Expense	497
18	Total Indirect Labor Expense [2]	\$466,388
19	Plus: Capital Labor [2]	213,563
20	Plus: Labor Cleared To Capital [2]	0
21	Total Gross Indirect Labor	\$679,951
22	Indirect Labor Expense % (Ln 18 / Ln 21)	68.591%

## Notes:

[1] See Sheet 15 of this Adjustment.  
[2] See Sheet 10 of this Adjustment.

[3] See Sheet 15, Col. A. Line 62 of this Adjustment.  
[4] See Sheet 15, Col. C. Line 62 of this Adjustment.

Columbia Gas of Kentucky, Inc.  
O&M Expense Percentages For Direct & Indirect Payroll  
For The Twelve Months Ended December 31, 2006

Data:  Historic Period  Forecasted Period  
Type of Filing:  Original  Updated  
Workpaper Reference No(s): \_\_\_\_\_

WPD 2.2  
Witness: J. F. Racher  
Sheet 7 of 15

Line No	Description	Direct
1	Construction Payroll [1]	\$1,988,432
2	Plant Removal [1]	365,414
3	Other Accounts [1]	0
4	Cleared To Construction [1]	24,527
5	Cleared To Plant Removal [1]	4,235
6	Less: Indirect Capital Payroll [2]	133,536
7	Less: Indirect Payroll Cleared To Capital [2]	0
8	Total Capitalized Payroll	\$2,249,072
9	O&M Payroll [3]	\$6,175,127
10	Cleared To O&M [4]	63,745
11	Less: Indirect O&M Payroll [2]	390,046
12	Less: Indirect Payroll Cleared To O&M [2]	807
13	Total Expensed Direct Payroll	\$5,848,020
14	Total CGV Payroll	\$8,097,092
15	Direct O&M % (Ln 13 / Ln 14)	72.224%
		Indirect
16	Indirect Labor Expense [2]	\$390,046
17	Plus: Labor Cleared To Expense	807
18	Total Indirect Labor Expense [2]	\$390,852
19	Plus: Capital Labor [2]	133,536
20	Plus: Labor Cleared To Capital [2]	0
21	Total Gross Indirect Labor	\$524,388
22	Indirect Labor Expense % (Ln 18 / Ln 21)	74.535%

Notes:

[1] See Sheet 15 of this Adjustment.  
[2] See Sheet 10 of this Adjustment.

[3] See Sheet 15, Col. A. Line 62 of this Adjustment.  
[4] See Sheet 15, Col. C. Line 62 of this Adjustment.

Columbia Gas of Kentucky, Inc.  
O&M Expense Percentages For Direct & Indirect Payroll  
For The Twelve Months Ended December 31, 2007

Data:  Historic Period  Forecasted Period  
Type of Filing:  Original  Updated  
Workpaper Reference No(s). \_\_\_\_\_

WPD 2.2  
Witness: J. F. Racher  
Sheet 7 of 15

Line No	Description	Direct
1	Construction Payroll [1]	\$2,096,243
2	Plant Removal [1]	152,809
3	Other Accounts [1]	0
4	Cleared To Construction [1]	24,771
5	Cleared To Plant Removal [1]	2,127
6	Less: Indirect Capital Payroll [2]	64,817
7	Less: Indirect Payroll Cleared To Capital [2]	0
8	Total Capitalized Payroll	\$2,211,133
9	O&M Payroll [3]	\$5,686,064
10	Cleared To O&M [4]	63,493
11	Less: Indirect O&M Payroll [2]	324,325
12	Less: Indirect Payroll Cleared To O&M [2]	221
13	Total Expensed Direct Payroll	\$5,425,011
14	Total CGV Payroll	\$7,636,144
15	Direct O&M % (Ln 13 / Ln 14)	71.044%
		Indirect
16	Indirect Labor Expense [2]	\$324,325
17	Plus: Labor Cleared To Expense	221
18	Total Indirect Labor Expense [2]	\$324,546
19	Plus: Capital Labor [2]	64,817
20	Plus: Labor Cleared To Capital [2]	0
21	Total Gross Indirect Labor	\$389,363
22	Indirect Labor Expense % (Ln 18 / Ln 21)	83.353%

Notes:

[1] See Sheet 15 of this Adjustment.  
[2] See Sheet 10 of this Adjustment.

[3] See Sheet 15, Col. A. Line 62 of this Adjustment.  
[4] See Sheet 15, Col. C. Line 62 of this Adjustment.

Columbia Gas of Kentucky, Inc.  
O&M Expense Percentages For Direct & Indirect Payroll  
For The Twelve Months Ended December 31, 2008

Data:  Historic Period  Forecasted Period  
Type of Filing:  Original  Updated  
Workpaper Reference No(s). \_\_\_\_\_

WPD 2.2  
Witness: J. F. Racher  
Sheet 7 of 15

Line No	Description	Direct
1	Construction Payroll [1]	\$2,454,170
2	Plant Removal [1]	171,435
3	Other Accounts [1]	0
4	Cleared To Construction [1]	31,717
5	Cleared To Plant Removal [1]	2,516
6	Less: Indirect Capital Payroll [2]	229,440
7	Less: Indirect Payroll Cleared To Capital [2]	0
8	Total Capitalized Payroll	\$2,430,398
9	O&M Payroll [3]	\$6,880,282
10	Cleared To O&M [4]	75,678
11	Less: Indirect O&M Payroll [2]	559,694
12	Less: Indirect Payroll Cleared To O&M [2]	398
13	Total Expensed Direct Payroll	\$6,395,868
14	Total CGV Payroll	\$8,826,266
15	Direct O&M % (Ln 13 / Ln 14)	72.464%
		Indirect
16	Indirect Labor Expense [2]	\$559,694
17	Plus: Labor Cleared To Expense	398
18	Total Indirect Labor Expense [2]	\$560,092
19	Plus: Capital Labor [2]	229,440
20	Plus: Labor Cleared To Capital [2]	0
21	Total Gross Indirect Labor	\$789,532
22	Indirect Labor Expense % (Ln 18 / Ln 21)	70.940%

Notes:

[1] See Sheet 15 of this Adjustment.  
[2] See Sheet 10 of this Adjustment.

[3] See Sheet 15, Col. A. Line 62 of this Adjustment.  
[4] See Sheet 15, Col. C. Line 62 of this Adjustment.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 040:

Please provide the effective dates of the 3% rate increases for the clerical and exempt employees on WPD 2.2.

**Response:**

The effective date of the 3% Rate increase in 2009 for clerical employees was March 1, 2009.

The effective date of the 3% Rate increase in 2009 for Exempt front line leaders was March 1, 2009.

The effective date of the 3% Rate increase in 2009 for other Exempt employees will be September 1, 2009.





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 041:

Please provide the actual number of employees (in total and as broken out by employee category) for each of the months from January 2006 through May 2009.

**Response:**

<b>Month-Year</b>	<b>Clerical</b>	<b>Exempt</b>	<b>Union non- exempt</b>	<b>Total</b>
<b>01-06</b>	27	27	90	144
<b>02-06</b>	27	27	90	144
<b>03-06</b>	26	28	90	144
<b>04-06</b>	20	27	90	137
<b>05-06</b>	19	26	91	136
<b>06-06</b>	17	27	91	135
<b>07-06</b>	17	27	91	135
<b>08-06</b>	17	27	91	135
<b>09-06</b>	18	27	91	136
<b>10-06</b>	19	26	89	134
<b>11-06</b>	18	27	88	133
<b>12-06</b>	17	28	85	130
<b>01-07</b>	16	26	85	127
<b>02-07</b>	16	25	84	125
<b>03-07</b>	16	23	86	125
<b>04-07</b>	15	22	85	122
<b>05-07</b>	15	22	87	124
<b>06-07</b>	15	22	86	123
<b>07-07</b>	15	23	86	124
<b>08-07</b>	15	23	86	124
<b>09-07</b>	15	23	86	124
<b>10-07</b>	14	23	85	122
<b>11-07</b>	14	23	91	128
<b>12-07</b>	16	23	90	129
<b>01-08</b>	16	23	90	129
<b>02-08</b>	16	22	88	126

<b>03-08</b>	16	22	88	126
<b>04-08</b>	17	22	88	127
<b>05-08</b>	18	22	87	127
<b>06-08</b>	18	22	87	127
<b>07-08</b>	18	23	87	128
<b>08-08</b>	18	22	87	127
<b>09-08</b>	18	23	87	128
<b>10-08</b>	18	23	86	127
<b>11-08</b>	18	23	92	133
<b>12-08</b>	18	23	92	133
<b>01-09</b>	18	21	92	131
<b>02-09</b>	18	20	92	130
<b>03-09</b>	18	21	92	131
<b>04-09</b>	18	21	91	130
<b>05-09</b>	18	21	91	130



PSC Case No. 2009-00141  
AG DR Set 1-042  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 042:

Please provide filing requirement Schedule G-1 (details about the test year payroll cost, employee benefits and payroll taxes) and Schedule G-2 (payroll analysis data for the test year as compared to the 5 years prior to the test year regarding man hours, labor dollars, employee benefits, payroll taxes and employee levels). [Note: while the Company claims that this filing requirement information is not a requirement of an historic test period filing, the AG is seeking this same information through this request for information].

**Response:**

Please refer to 2009-00141 AG Set 1-042 Attachment 1 for the requested information pertaining to Schedule G-1 and Schedule G-2.

Columbia Gas of Kentucky, Inc.  
Case No. 2009-00141  
Payroll Costs  
For the Twelve Months Ended December 31, 2008

Line No.	Description	Operating Expenses			
		Total Company Unadjusted (\$)	Jurisdictional (%)	Jurisdictional Base Period Unadjusted (\$)	Jurisdictional Base Period Adjusted (\$)
1	<b>PAYROLL COSTS</b>				
2	Labor	6,880,272	100%	6,880,272	7,424,458
3	Incentive Compensation - Profit Sharing	446,298	100%	446,298	233,172
4	Total Payroll Costs	<u>7,326,570</u>		<u>7,326,570</u>	<u>7,657,630</u>
5	<b>EMPLOYEE BENEFITS</b>				
6	Pension & Retirement Income Plan	(152,146)	100%	(152,146)	951,452
7	Employee Insurance Plans	895,748	100%	895,748	1,447,523
8	Thrift Plan Contributions	213,828	100%	213,828	204,574
9	Total Employee Benefits	<u>957,430</u>		<u>957,430</u>	<u>2,603,549</u>
10	<b>PAYROLL TAXES</b>				
11	F.I.C.A.	507,244	100%	507,244	548,260
12	Federal Unemployment	(9,133)	100%	(9,133)	(9,133)
13	State Unemployment	5,001	100%	5,001	5,001
14	Total Payroll Taxes	<u>503,112</u>		<u>503,112</u>	<u>544,128</u>
15	Total Payroll Costs	<u><u>8,787,112</u></u>		<u><u>8,787,112</u></u>	<u><u>10,805,307</u></u>

Columbia Gas of Kentucky, Inc.  
Case No. 2009-00141  
Payroll Analysis by Employee Classification/Payroll Distribution Company  
For the Twelve Months Ended December 31, 2008

Line No	Description	Test Year	% Change	Most Recent Five Calendar Years								
		Dec. 31, 2008		2007	% Change	2006	% Change	2005	% Change	2004	% Change	2003
		(\$)		(\$)		(\$)		(\$)		(\$)		(\$)
1	<b>TOTAL COMPANY</b>											
2	<b>MANHOURS</b>											
3	Straight Time Hours	266,645	-2.94%	258,794	10.30%	285,441	21.59%	347,054	3.28%	358,440	3.55%	371,159
4	Overtime Hours	30,272	-17.18%	25,072	5.29%	26,399	4.12%	27,486	27.09%	34,932	7.99%	37,724
5	Total Man Hours	296,917	-4.40%	283,866	9.85%	311,840	20.11%	374,540	5.03%	393,372	3.94%	408,883
6	Ratio of Overtime Hours											
7	To Straight-Time Hours	11.353%		9.688%		9.248%		7.920%		9.746%		10.164%
8	<b>LABOR DOLLARS</b>											
9	Straight Time Hours	7,217,074	-5.20%	6,841,785	9.08%	7,462,775	10.47%	8,243,961	-1.82%	8,093,949	-1.69%	7,956,971
10	Overtime Hours	1,150,998	-20.82%	911,381	-11.54%	806,236	2.67%	827,769	21.96%	1,009,579	2.19%	1,031,711
11	Total Man Hours	8,368,072	-7.35%	7,753,167	6.65%	8,269,011	9.71%	9,071,730	0.35%	9,103,528	-1.26%	8,988,682
12	Ratio of Overtime Hours											
13	To Straight-Time Hours	15.948%		13.321%		10.803%		10.041%		12.473%		12.966%
14	O&M Labor Dollars	6,880,271	-17.36%	5,686,062	8.60%	6,175,127	14.55%	7,073,605	-6.06%	6,644,701	-0.37%	6,620,397
15	Ratio of O&M Labor Dollars											
16	To Total Labor Dollars	82.221%		73.339%		74.678%		77.974%		72.990%		73.653%
17	<b>EMPLOYEE BENEFITS</b>											
18	Total Employee Benefits	1,415,706	39.25%	1,971,354	18.34%	2,332,861	52.15%	3,549,415	-1.24%	3,505,374	-3.91%	3,368,336
19	Employee Benefits Expensed	979,126	48.26%	1,451,631	18.34%	1,717,918	57.00%	2,697,100	-0.90%	2,672,811	-4.67%	2,548,111
20	Ratio of Employee Benefits											
21	Expensed To Total Employee											
22	Benefits	69.162%		73.636%		73.640%		75.987%		76.249%		75.649%
23	<b>PAYROLL TAXES</b>											
24	Total Payroll Taxes	654,390	-5.41%	619,005	11.27%	688,775	1.57%	699,605	1.08%	707,127	4.87%	741,588
25	Payroll Taxes Expensed	503,112	-8.95%	458,106	10.11%	504,401	1.57%	512,335	1.08%	517,843	4.87%	543,080
26	Ratio of Payroll Taxes											
27	Expensed to Total Payroll											
28	Taxes	76.883%		74.007%		73.232%		73.232%		73.232%		73.232%
29	<b>EMPLOYEE LEVELS</b>											
30	Average Employee Levels	129	-3.10%	125	10.40%	138	20.29%	166	2.41%	170	4.12%	177
31	Year End Employee Levels	133	-1.50%	131	-0.76%	130	10.77%	144	16.67%	168	5.36%	177



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 043:

With regard to WPD 2.2, sheet 10, please provide the following information:

- a. Explain what represents the “indirect payroll from affiliate” and which affiliate this represents.
- b. Explain why this is reflected separately from the NiSource Corporate Service costs allocated to CGK on Schedule D-2.8 and why this does not represent an expense double-count.
- c. Explain why these indirect payroll expenses were not included in the Company’s prior case labor expense adjustment on WPD-2.2.
- d. Actual source documentation in support of the 2008 expense amount of \$789,532.
- e. Actual indirect payroll from affiliates, in the same format and detail as per WPD 2.2, sheet 10, for each of the years 2004 through 2007.

**Response:**

- a. Indirect payroll from affiliates represents labor costs charged to Columbia Gas of Kentucky from affiliated companies. Affiliate labor costs charged to the Company include Columbia Gas of Ohio, Inc., Columbia Gas of Pennsylvania, Inc., Columbia Gas of Virginia, Inc., and Columbia Gas Transmission.
- b. NiSource Corporate Services labor costs are charged and accounted for on the Company’s books as an outside service expense. Indirect payroll from affiliates shown in response in a. above is charged and accounted for on the Company’s books as labor expense. NiSource Corporate Services charges are not the same charges as those from the affiliates in response a. above and therefore there is no double-counted expense.
- c. Indirect labor was included in the O&M expenses of Columbia’s last rate case but was omitted when determining the labor adjustment. Columbia then calculated the labor adjustment by comparing the direct annualized labor to the direct test year labor. In this case, essentially all Columbia has done differently is to add the test year indirect labor to the direct annualized labor and then compare it to the total labor (direct and indirect) on Columbia’s books to determine the labor adjustment.



The two different methods produce essentially the same results. The method used in this case ties the adjustment to Columbia's books where the other method only showed direct labor in the adjustment because only the direct labor is adjusted from test year levels and indirect labor remains at test year levels.

d.

<u>Affiliate</u>	<u>Amount</u>
Columbia Gas of Ohio, Inc.	\$608,324
Columbia Gas of Pennsylvania, Inc.	\$149,668
Columbia Gas of Virginia, Inc.	\$297
Columbia Gas Transmission	<u>\$31,246</u>
	\$789,534

e. Please see AG DR Set 1-043 Attachment A.

Columbia Gas of Kentucky, Inc.  
Indirect Payroll From Affiliates  
For The Twelve Months Ended December 31, 2004

Data:  Historic Period  Forecasted Period  
Type of Filing:  Original  Updated  
Workpaper Reference No(s): \_\_\_\_\_

WPD 2.2  
Witness: J. F. Racher  
Sheet 10 of 15

Line No	Gen Ledger	O&M Expense (\$)	Capital (\$)	O&M Clearing Accounts (\$)	Capital Clearing Accounts (\$)	Total (\$)
1	107	0	202,497	0	0	202,497
2	108	0	2,439	0	0	2,439
3	183	0	0	0	0	0
4	184	0	0	201	0	201
5	186	0	4,306	0	0	4,306
6	242	0	36,992	0	0	36,992
7	807	21,702	0	0	0	21,702
8	870	6,982	0	0	0	6,982
9	871	3,274	0	0	0	3,274
10	874	33,610	0	0	0	33,610
11	875	9,438	0	0	0	9,438
12	876	358	0	0	0	358
13	878	62,628	0	0	0	62,628
14	879	46,558	0	0	0	46,558
15	880	54,666	0	0	0	54,666
16	885	6,982	0	0	0	6,982
17	886	173	0	0	0	173
18	887	4,769	0	0	0	4,769
19	889	8,921	0	0	0	8,921
20	890	1,805	0	0	0	1,805
21	892	2,775	0	0	0	2,775
22	893	790	0	0	0	790
23	894	671	0	0	0	671
24	902	5,436	0	0	0	5,436
25	903	77,399	0	0	0	77,399
26	908	12,002	0	0	0	12,002
27	920	12,003	0	0	0	12,003
28	935	0	0	0	0	0
29	TOTAL	372,943	246,235	201	0	619,380

Columbia Gas of Kentucky, Inc.  
Indirect Payroll From Affiliates  
For The Twelve Months Ended December 31, 2005

Data:  Historic Period  Forecasted Period  
Type of Filing:  Original  Updated  
Workpaper Reference No(s). \_\_\_\_\_

WPD 2.2  
Witness: J. F. Racher  
Sheet 10 of 15

Line No	Gen Ledger	O&M Expense (\$)	Capital (\$)	O&M Clearing Accounts (\$)	Capital Clearing Accounts (\$)	Total (\$)
1	107	0	215,672	0	0	215,672
2	108	0	2,198	0	0	2,198
3	183	0	0	0	0	0
4	184	0	0	497	0	497
5	186	0	(4,306)	0	0	(4,306)
6	242	0	0	0	0	0
7	807	22,267	0	0	0	22,267
8	870	11,807	0	0	0	11,807
9	871	1,421	0	0	0	1,421
10	874	67,070	0	0	0	67,070
11	875	10,421	0	0	0	10,421
12	876	2,373	0	0	0	2,373
13	878	82,088	0	0	0	82,088
14	879	74,647	0	0	0	74,647
15	880	46,300	0	0	0	46,300
16	885	17,846	0	0	0	17,846
17	886	0	0	0	0	0
18	887	5,071	0	0	0	5,071
19	889	19,909	0	0	0	19,909
20	890	1,536	0	0	0	1,536
21	892	2,316	0	0	0	2,316
22	893	1,058	0	0	0	1,058
23	894	605	0	0	0	605
24	902	5,538	0	0	0	5,538
25	903	81,204	0	0	0	81,204
26	908	10,352	0	0	0	10,352
27	920	2,062	0	0	0	2,062
28	935	0	0	0	0	0
29	TOTAL	465,891	213,563	497	0	679,951

Columbia Gas of Kentucky, Inc.  
Indirect Payroll From Affiliates  
For The Twelve Months Ended December 31, 2006

Data:  Historic Period  Forecasted Period  
Type of Filing:  Original  Updated  
Workpaper Reference No(s). \_\_\_\_\_

WPD 2.2  
Witness: J. F. Racher  
Sheet 10 of 15

Line No	Gen Ledger	O&M Expense (\$)	Capital (\$)	O&M Clearing Accounts (\$)	Capital Clearing Accounts (\$)	Total (\$)
1	107	0	131,596	0	0	131,596
2	108	0	1,940	0	0	1,940
3	183	0	0	0	0	0
4	184	0	0	807	0	807
5	186	0	0	0	0	0
6	242	0	0	0	0	0
7	807	22,415	0	0	0	22,415
8	870	13,815	0	0	0	13,815
9	871	2,543	0	0	0	2,543
10	874	58,406	0	0	0	58,406
11	875	9,698	0	0	0	9,698
12	876	2,630	0	0	0	2,630
13	878	71,186	0	0	0	71,186
14	879	63,798	0	0	0	63,798
15	880	58,586	0	0	0	58,586
16	885	19,330	0	0	0	19,330
17	886	338	0	0	0	338
18	887	5,059	0	0	0	5,059
19	889	17,889	0	0	0	17,889
20	890	2,405	0	0	0	2,405
21	892	2,153	0	0	0	2,153
22	893	490	0	0	0	490
23	894	695	0	0	0	695
24	902	5,618	0	0	0	5,618
25	903	28,700	0	0	0	28,700
26	908	4,253	0	0	0	4,253
27	920	37	0	0	0	37
28	935	0	0	0	0	0
29	TOTAL	390,046	133,536	807	0	524,388

Columbia Gas of Kentucky, Inc.  
Indirect Payroll From Affiliates  
For The Twelve Months Ended December 31, 2007

Data:  Historic Period  Forecasted Period  
Type of Filing:  Original  Updated  
Workpaper Reference No(s): \_\_\_\_\_

WPD 2.2  
Witness: J. F. Racher  
Sheet 10 of 15

Line No	Gen Ledger	O&M Expense (\$)	Capital (\$)	O&M Clearing Accounts (\$)	Capital Clearing Accounts (\$)	Total (\$)
1	107	0	63,526	0	0	63,526
2	108	0	1,291	0	0	1,291
3	183	0	0	0	0	0
4	184	0	0	221	0	221
5	186	0	0	0	0	0
6	242	0	0	0	0	0
7	807	24,243	0	0	0	24,243
8	870	1,637	0	0	0	1,637
9	871	3,569	0	0	0	3,569
10	874	65,092	0	0	0	65,092
11	875	5,616	0	0	0	5,616
12	876	2,142	0	0	0	2,142
13	878	78,584	0	0	0	78,584
14	879	71,789	0	0	0	71,789
15	880	32,194	0	0	0	32,194
16	885	1,618	0	0	0	1,618
17	886	357	0	0	0	357
18	887	8,698	0	0	0	8,698
19	889	8,668	0	0	0	8,668
20	890	964	0	0	0	964
21	892	2,845	0	0	0	2,845
22	893	427	0	0	0	427
23	894	1,111	0	0	0	1,111
24	902	5,418	0	0	0	5,418
25	903	1,104	0	0	0	1,104
26	908	1,981	0	0	0	1,981
27	920	6,268	0	0	0	6,268
28	935	0	0	0	0	0
29	TOTAL	324,325	64,817	221	0	389,363

Columbia Gas of Kentucky, Inc.  
Indirect Payroll From Affiliates  
For The Twelve Months Ended December 31, 2008

Data:  Historic Period  Forecasted Period  
Type of Filing:  Original  Updated  
Workpaper Reference No(s). \_\_\_\_\_

WPD 2.2  
Witness: J. F. Racher  
Sheet 10 of 15

Line No	Gen Ledger	O&M Expense (\$)	Capital (\$)	O&M Clearing Accounts (\$)	Capital Clearing Accounts (\$)	Total (\$)
1	107	0	228752	0	0	228752
2	108	0	688	0	0	688
3	183	0	0	4	0	4
4	184	0	0	394	0	394
5	807	12624	0	0	0	12624
6	870	22056	0	0	0	22056
7	871	5659	0	0	0	5659
8	874	85725	0	0	0	85725
9	875	22606	0	0	0	22606
10	876	3205	0	0	0	3205
11	878	120522	0	0	0	120522
12	879	105714	0	0	0	105714
13	880	63069	0	0	0	63069
14	885	1552	0	0	0	1552
15	886	243	0	0	0	243
16	887	26395	0	0	0	26395
17	889	23313	0	0	0	23313
18	890	1252	0	0	0	1252
19	892	24416	0	0	0	24416
20	893	64	0	0	0	64
21	894	1093	0	0	0	1093
22	902	5403	0	0	0	5403
23	903	25538	0	0	0	25538
24	908	9245	0	0	0	9245
25	920	0	0	0	0	0
26	935	0	0	0	0	0
27	TOTAL	559694	229440	398	0	789532



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 044:

Please explain the out-of-period adjustment to the test year incentive compensation expense discussed on page 14, lines 13 -- 14 of Mr. Racher's testimony. In addition, explain why the actual test year CIP incentive compensation expenses of \$424,603 are so much higher than the proposed pro forma expense level of \$203,280.

**Response:**

The reference in testimony was in error as there was no out-of-period adjustment to test year incentive compensation.

The Company is accruing CIP incentive compensation expense at a level anticipated if results of goals meet a trigger level. In the test year, goals in excess of the trigger level were achieved resulting in the higher percentage levels of incentive compensation being paid.





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 045:

With regard to the CIP incentive compensation program and the Profit Sharing program offered to the employees of Columbia Gas of Kentucky, please provide the following information:

- a. Management summary of the CIP program and, separately, of the Profit Sharing program. These management summaries should include descriptions of the type and level and employees that may participate in these programs, as well as the type of performance goals that must be achieved in order to receive incentive compensation from the two programs.
- b. Copies of all internal Company documents describing the CIP program and the Profit Sharing program.
- c. Actual CIP incentive compensation expenses and, separately, Profit Sharing program expenses booked by the Company in each of the years 2004 through 2007, in the test year, and in the pro forma adjusted test year.
- d. Percentage and dollar portion of CIP incentive compensation expenses of \$203,280 and Profit Sharing program expenses of \$29,892 claimed for the pro forma adjusted test year in this case that are a function of the achievement of corporate financial performance goals. In addition, describe these financial performance goals.

**Response:**

a. The primary incentive program throughout Columbia Gas of Kentucky (CKY), as well as throughout all of NiSource, is the Corporate Incentive Plan (CIP). All CKY employees participate in this plan. The CIP is offered annually and goals are set at the individual level as well as company level. Each job is assigned a job scope level that is based on the specific requirements of the job. Each job scope level is linked to an incentive range that also provides additional earning potential as a percentage of base salary (percentage of total salary for non-exempt employees) if certain corporate, business unit and individual goals are met, as set each year by the NiSource Board of Directors and through agreement between each employee and his or her supervisor. The corporate goal is based on operating earnings per share. Business unit goals are based upon business unit operating earnings. Individual goals are set through the performance management process utilizing performance management worksheets. Each year employees and their

supervisors agree to goals for that year. For exempt employees, these goals and the employee's overall performance are key input into the incentive payout. Goals typically include measures of customer service, cost containment, productivity, safety and reliability.

Each year, NiSource, in its sole discretion, may make a profit sharing 401(k) plan contribution of up to 1.5% of compensation for each eligible employee. All nonunion employees are eligible for participation in the Program. Union employee participation is subject to a collective bargaining unit agreement (Columbia union employees are participants under their current agreement). Participants receive this contribution whether or not they contribute to the 401(k) plan as long as employed by the company on the last day of the plan year or have retired, became disabled or died during the year. Program performance goals are the same as the corporate financial goals in the CIP and are 100% a function of those goals.

b. For incentive, see attached Corporate Incentive Plan document. For Profit Sharing, see attached NiSource Retirement Savings Plan, Sections 3.06, 3.07 and 3.08 (pages 17 and 18.)

c.

<b>Year</b>	<b>CIP Incentive Expense</b>	<b>Profit Sharing Expense</b>
Test Year 2008	\$410,219	\$21,695
2007	\$218,808	\$35,363
2006	\$84,871	\$0
2005	(\$20,515)	\$0
2004	\$249,065	\$34,572

d. The funding of the incentive compensation expenses claimed for the pro forma adjusted test year is entirely a function of achieving corporate and business unit financial goals. The key measures for the 2008 NiSource Corporate Incentive Plan are operating earnings per share and business unit operating earnings.

The funding of profit sharing program expenses is entirely a function of the achievement of corporate goals. Financial performance goals are the same as the corporate incentive plan's operating earnings per share goals.

## NISOURCE 2008 CORPORATE INCENTIVE PLAN

### 1. PURPOSE

The purpose of the NiSource 2008 Corporate Incentive Plan ("Plan") is to motivate and reward certain employees of NiSource Inc. (the "Corporation") and its affiliates (individually, the "Employer" and collectively, the "Employers") by making a portion of their compensation dependent upon the achievement of certain performance criteria.

### 2. ADMINISTRATION

The Plan is administered by the Officer Nomination and Compensation Committee ("Committee") of the Board of Directors of the Company ("Board"), which, subject to action of the Board, has complete discretion and authority with respect to the Plan and its application, except to the extent that discretion is expressly limited by the Plan.

### 3. ELIGIBILITY FOR PARTICIPATION

All exempt and non-exempt employees of the Company and its affiliates, other than employees who have received a last chance letter, final notice letter or equivalent during the Plan year, certain exempt employees who participate in other specialized functional incentive plans and bargaining unit employees of Kokomo Gas and Fuel Company are eligible to participate in the Plan ("Participants"). The Committee may add additional employees, and remove employees, as Participants during each calendar year.

Notwithstanding the previous paragraph, an employee described above shall be a "Limited Participant" if he or she has received one or more suspensions without pay totaling five days or more during the calendar year. Each limited participant will have their individual incentive opportunity reduced by at least 50%. Any Participant not covered under the preceding sentences is a "Full Participant."

### 4. CREATION OF PERFORMANCE TARGETS

#### A. PERFORMANCE GROUPS

For incentive purposes, Participants shall participate as a member of one of the following "Groups": (a) Gas Distribution Business Unit, (b) NIE Business Unit, (c) NGT&S Business Unit, and (d) Corporate Support. Groups (a), (b), and (c) above may also be referred to as a "Business Unit." The Company, in its sole discretion, shall place Participants in a Group based upon their position in the Company. If a Participant changes positions during the calendar year, the Participant will be assigned to a Group based on the position they hold on December 31, unless the Company, in its sole discretion, determines otherwise.

**B. CORPORATE AND BUSINESS UNIT PERFORMANCE CONDITIONS;  
CREATION OF INCENTIVE POOL**

Whether a bonus payment will be made under this Plan depends upon the Company achieving a financial trigger for an applicable calendar year (the "Performance Year"). This trigger is the Company's achievement of operating earnings per share, after accounting for the cost of payments under the Plan ("OEPS"), of \$1.25 for the Performance Year. The Company shall have full discretion and authority to determine whether this trigger has been achieved and whether any adjustments need to be made in the calculation of OEPS to reflect unusual or non-recurring events. If the Company's OEPS for the Performance Year is less than \$1.25, no amount shall be payable under the Plan.

If the OEPS trigger described in the previous paragraph is reached, the Company will create an incentive pool for each Group from which bonuses under this Plan will be paid (the "Incentive Pool"). The amount of the Incentive Pool will be calculated using a percentage (as described below) of each Participant's "Eligible Earnings," which consists of the Participant's base earnings for the calendar year. Additionally, Eligible Earnings for Participants who are non-exempt employees also includes all shift premiums and overtime pay for the calendar year. Reimbursements for educational assistance, relocation, meals and mileage, as well as incentive payments, stock option gains, and long-term disability payments are not included in Eligible Earnings.

To determine the Incentive Pool for each Group, the Company will assign payout percentages, ranging from a minimum "Trigger" percentage to a maximum "Stretch" percentage, if certain performance criteria are met.

**Corporate Support**

For Participants in Corporate Support, the performance criterion will be OEPS. Exhibit 1 identifies the tiers of OEPS and the corresponding payout percentage of Eligible Earnings that will be used to calculate the amount of the Incentive Pool for the Corporate Support Group.

The Company shall have full discretion and authority to determine "Stretch," "Target" and "Trigger" for each Performance Year and the corresponding payout percentages.

### **Business Unit**

For Participants in a Business Unit, the performance criteria will be OEPS and the Business Unit's operating earnings ("BUOE"). Exhibit I identifies the tiers of OEPS and BUOE that will be used to calculate the amount of the Incentive Pool for each Business Unit. Fifty percent of a Participant's eligibility will be based upon OEPS and fifty percent will be based upon BUOE.

The Company shall have full discretion and authority to assign values for "Stretch," "Target," and "Trigger" for each Performance Year and the corresponding payout percentages.

### **Creation of Incentive Pool**

Once the Company has established the payout percentages for a Performance Year, the Company will calculate the Incentive Pool for each Group for that Performance Year as follows. First, the Company will calculate the portion of the Incentive Pool for each Group attributable for each Participant (the "individual incentive opportunity") in the following manner.

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

Participant's Eligible Earnings X OEPS individual payout percentage

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

(Participant's Eligible Earnings X Individual Business Unit payout percentage X 50%)

PLUS

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

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

## **5. CALCULATION OF BONUS**

### Non-exempt employees

A Participant's individual bonus under this Plan will be calculated in the following manner. Participants who are non-exempt employees will receive 100% of their individual incentive amount, as calculated under Section 4(B) in this Plan.

### Example

- Non-exempt, business unit employee
- Eligible earnings of \$50,000
- Trigger of 2%; target of 4%; stretch of 6%

- BUOE achieves target amount
- OEPS achieves trigger amount

BUOE Calculation =  $(\$50,000 \times 4\% \times 50\%) = \$1,000$

PLUS

OEPS Calculation =  $(\$50,000 \times 2\% \times 50\%) = \$500$

**Total bonus payout = \$1,500**

#### Exempt Employees

The bonus of each Participant who is an exempt employee will be calculated according the following formula.

The proposed amount of the individual incentive opportunity will be the amount calculated under Section 4(B) of this Plan. Of the proposed individual amount, the individual incentive opportunity will be divided into two categories:

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

The total amount of bonuses paid to all Participants in a Group may not exceed that Group's Incentive Pool.

#### **Example**

- Exempt, business unit employee
- Eligible earnings = \$50,000
- Trigger of 4%, target of 8%, stretch of 12%
- BUOE achieves trigger
- OEPS achieves target
- Solid performer

#### Step 1

BUOE Calculation =  $(\$50,000 \times 4\% \times 50\%) = \$1,000$

PLUS

OEPS Calculation =  $(\$50,000 \times 8\% \times 50\%) = \$2,000$

Total bonus potential opportunity = \$3,000

Step 2

Discretionary amount =  $\$3,000 \times 67\% = \$2,010$  (67% could increase or decrease based upon performance)

Non-discretionary amount =  $\$3,000 \times 33\% = \$990$

Total bonus paid =  $\$3,000$

**6. DISTRIBUTION OF THE INCENTIVE PAYMENT**

If payable, the Participant's bonus will be distributed to the Participant, or the Participant's estate in the event of the Participant's death before payment, in cash in a single sum as soon after the end of the applicable Performance Year as practicable, but no later than March 15 after the end of the Performance Year, in accordance with the Company's payroll practices. A Participant who terminates his or her employment with the Company after the end of the Performance Year, but before the distribution of the incentive payment will be entitled to receive any payment due under this Plan. However, any participant that is terminated "for cause" before the distribution of the incentive payment will not be entitled to receive any payment due under this plan. Notwithstanding the foregoing, any Participant who terminates employment with the Employer and their affiliates due to death, disability or retirement, pursuant to an Employer's qualified retirement plan, during a calendar year will be deemed a Participant on December 31 of such calendar year, and will receive an incentive payment for such year based on his or her Eligible Earnings through the date of termination of employment.

**7. CONTINUITY OF THE PLAN.**

Although it is the present intention of the Company to continue the Plan in effect for an indefinite period of time, the Company reserves the right to terminate the Plan in its entirety as of the end of any calendar year or to modify the Plan as it exists from time to time, provided that no such action shall adversely affect any incentive payment amounts previously earned in a preceding calendar year under the Plan.

**8. NOTICES.**

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

**9. WITHHOLDING.**

The Company may withhold from any incentive payment under the Plan amounts sufficient to satisfy applicable withholding requirements under any federal, state or local law, and deductions as may be required pursuant to agreement with, or without the consent of, a Participant,



including withholding with respect to any elective deferrals under the deferred compensation arrangement sponsored by the Company.

**10. MISCELLANEOUS PROVISIONS.**

- A. No incentive payment under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge prior to actual receipt thereof by the payee; and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber or charge prior to such receipt shall be void; and the Company shall not be liable in any manner for or subject to the debts, contracts, liabilities, engagements or torts of any person entitled to any incentive payment under the Plan.
- B. Nothing contained herein will confer upon any Participant the right to be retained in the service of an Employer or any affiliate thereof nor limit the right of an Employer or any subsidiary thereof to discharge or otherwise deal with any Participant without regard to the existence of the Plan.
- C. The Plan shall at all times be entirely unfunded and no provision shall at any time be made with respect to segregating assets of an Employer or any affiliate thereof for payment of any incentive payments hereunder. No Participant or any other person shall have any interest in any particular assets of an Employer or any affiliate thereof by reason of the right to receive an incentive payment under the Plan and any such Participant or any other person shall have only the rights of a general unsecured creditor of an Employer or any affiliate thereof with respect to any rights under the Plan.

**11. GOVERNING LAW.**

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

IN WITNESS WHEREOF, the Company has adopted this Plan and caused this Plan to be executed on its behalf by its officer duly authorized, on this 2nd day of May, 2008.

NISOURCE, INC.

By: \_\_\_\_\_


  
Robert Campbell

Exhibit 1

**OEPS Goals**

<b>OEPS</b>	<b>Individual Payout Percentage</b>
\$1.35	Stretch %
\$1.30	Target %
\$1.25	Trigger %

**BUOE Goals**

**Gas Distribution Business Unit**

<b>BUOE</b>	<b>Individual Payout Percentage</b>
\$276.4M	Stretch %
\$270.5M	Target %
\$264.5M	Trigger %

**NIE Business Unit**

<b>BUOE</b>	<b>Individual Payout Percentage</b>
\$317.2M	Stretch %
\$310.4M	Target %
\$303.6M	Trigger %

**NGT&S Business Unit**

<b>BUOE</b>	<b>Individual Payout Percentage</b>
\$386.4M	Stretch %
\$378.1M	Target %
\$369.8M	Trigger %

**NISOURCE INC. RETIREMENT  
SAVINGS PLAN**

Amended and Restated Effective as of January 1, 2008

December 2008

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## NISOURCE INC. RETIREMENT SAVINGS PLAN

### *Purpose*

NiSource Inc., a Delaware corporation, hereby amends and restates in its entirety the NiSource Inc. Retirement Savings Plan (the "Plan"), generally effective as of January 1, 2008, unless otherwise stated herein. Special effective dates are included with respect to a number of provisions as necessary to conform to various legislation and guidance (including but not limited to): the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") (as such provisions were previously adopted and reflected in a restated plan document effective January 1, 2006 (the "Plan 2006 Restatement")); revisions required to comply with Internal Revenue Code Section 415; and certain changes to comply with the Pension Protection Act of 2006 (PPA). By amending and restating the Plan, the Company intends to reflect various design changes, including the following: (1) an eligible automatic contribution arrangement ("EACA") with respect to certain employees, effective January 1, 2008, (2) consolidation of the Bay State Union 401(k) Plan and the NIPSCO 401(k) Plan (both described below) into the Plan, effective December 31, 2008, and (3) update the Plan in accordance with the legislative changes referenced above.

The Employer intends that the Plan be qualified under Code Section 401(a), with a cash or deferred arrangement qualified under Code Section 401(k) and its corresponding trust exempt from taxation under Code Section 501(a). Pursuant to the requirements of Code Section 401(a)(27), the Employer intends that the Plan be a profit sharing plan. In addition, the portion of the Plan related to Accounts invested in the Company Stock Fund, and the dividends thereon, shall constitute an employee stock ownership plan under Code §4975(e)(7).

The provisions of this amended and restated Plan shall apply solely to an Employee whose employment with the Employer terminates on or after the Effective Date. An Employee whose employment with the Employer terminates prior to the Effective Date shall be entitled to a benefit, if any, as determined under the provisions of the Plan or the Prior Plan (defined below) in effect on the date that his employment terminated.

### *Plan Background*

The Plan was designated the "NiSource Inc. Retirement Savings Plan" effective January 1, 2002 at the time of a merger of four plans into the Columbia Savings Plan (the "*Columbia 401(k) Plan*") (a plan that was originally effective September 1, 1958 and previously sponsored by Columbia Energy Group ("*Columbia*"). The four plans that merged effective January 1, 2002 into the Columbia 401(k) Plan (renamed the NiSource Inc. Retirement Savings Plan) are as follows: (1) the NiSource Inc. Tax Deferred Savings Plan ("*NiSource 401(k) Plan*") (originally effective May 1, 1984 and formerly known under certain other plan names as described in the Plan 2006 Restatement); (2) the Bay State Gas Company Employee Savings Plan (the "*Bay State 401(k) Plan*") (established effective January 1, 1979 by the Bay State Gas Company ("*Bay State*"); (3) the Kokomo Gas and Fuel Company Bargaining Unit Tax Deferred Savings Plan ("*Kokomo 401(k) Plan*") (established effective April 1, 1995 by Kokomo Gas and Fuel Company

("Kokomo")); and (4) the Northern Indiana Fuel & Light Company, Inc. Payroll Savings Plan ("*NIFL 401(k) Plan*") (established effective January 1, 1986 by Northern Indiana Fuel & Light Company, Inc. ("*NIFL*"). Columbia, Bay State, Kokomo, NIFL are wholly owned subsidiaries of NiSource Inc. effective as of the dates described in the Plan 2006 Restatement.

Effective December 31, 2008, two other plans are merged into the Plan: (1) the Bay State Gas Company Savings Plan for Operating Employees (the "*Bay State Union 401(k) Plan*") (originally established effective January 1, 1988); and (2) the Northern Indiana Public Service Company Bargaining Unit Tax Deferred Savings Plan (the "*NIPSCO 401(k) Plan*") (originally established October 1, 1987).

## ARTICLE I

### DEFINITIONS

Each word and phrase defined in this Article I shall have the following meaning whenever such word or phrase is capitalized and used herein unless a different meaning is clearly required by the context of this agreement.

Section 1.01 AB I Benefit. The term used to describe the "Account Balance Option" benefit (renamed the "AB I" benefit) in any of the applicable NiSource Pension Plans that offer such a cash balance benefit as defined therein.

Section 1.02 AB II Benefit. The term used to describe the "Account Balance 2011 Option" benefit (renamed the "AB II" benefit) in any of the applicable NiSource Pension Plans that offer such a cash balance benefit as defined therein.

Section 1.03 Account (or Account Balance). The separate bookkeeping account that the Committee or the Trustee shall maintain for a Participant pursuant to Section 10.13 of this Plan.

Section 1.04 After-tax Contribution Account. The portion of a Participant's Account credited with After-tax Contributions under Section 3.02C, and adjustments relating thereto.

Section 1.05 Bay State. Bay State Gas Company, or any successor(s).

Section 1.06 Bay State Operating Plan. Pension Plan For Operating Employees of Bay State Gas Company, or any successor plan (as defined therein).

Section 1.07 Bay State Pension Plan. The Bay State Gas Company Pension Plan, or any successor plan (as defined therein).

Section 1.08 Bay State Union 401(k) Plan. The Bay State Gas Company Savings Plan for Operating Employees, which merged into the Plan effective December 31, 2008.

Section 1.09 Bay State Union Employee. An Eligible Employee of Bay State (or any Related Employer of Bay State), whose compensation, conditions of employment or position are covered by a collective bargaining agreement to which Bay State is a party and which agreement calls for the Employee's participation in the Plan (or prior to December 31, 2008, in the Bay State Union 401(k) Plan).

Section 1.10 Beneficiary. A person, including any individual, legal representative, estate or other entity, designated by a Participant who is or may become entitled to a benefit under the Plan. A Beneficiary who becomes entitled to a benefit under the Plan shall remain a Beneficiary under the Plan until the Trustee has fully distributed his benefit to him. A Beneficiary's right to (and the Plan Administrator's, the Committee's, or a Trustee's duty to provide to the Beneficiary) information or data concerning the Plan shall not arise until he first becomes entitled to receive a benefit under the Plan. A Participant's designation of a

Beneficiary shall not change upon divorce or dissolution of marriage unless such Participant designates a new Beneficiary or remarries.

Section 1.11 Board. The board of directors of NiSource Inc. or a committee thereof acting on its behalf.

Section 1.12 Catch-up Contribution Account. That portion of a Participant's Accounts credited with Catch-up Contributions under Section 3.02B, and adjustments relating thereto.

Section 1.13 Code. The Internal Revenue Code of 1986, as it may be amended from time to time.

Section 1.14 Columbia. Columbia Energy Group, or any successor(s).

Section 1.15 Columbia Pension Plan. The Retirement Plan of Columbia Energy Group Companies, or any successor plan (as defined therein).

Section 1.16 Committee. The person or persons appointed pursuant to Article X, as from time to time constituted, to assist the Employer in the administration of the Plan in accordance with said Article.

Section 1.17 Company. NiSource Inc., a Delaware corporation, or its successor or successors. The Company is the sponsor and Plan Administrator of the Plan.

Section 1.18 Company Stock. The common stock shares of NiSource Inc., a Delaware corporation.

Section 1.19 Company Stock Fund. The Investment Fund established to facilitate investments by Participants in Company Stock of the Company, as further described in Section 8.08.

Section 1.20 Compensation. Except to the extent modified for specific Participant groups as set forth below, Compensation means the aggregate basic annual salary or wage and commissions paid to a Participant by his Employer. In addition, solely with respect to Participants subject to the NiSource Vacation Policy ("Vacation Policy") and subject to any payment timing limitations set forth below, Compensation includes any amounts attributable to "banked" vacation (as that term is described in the Vacation Policy) during the calendar year including such Participant's date of termination of employment. In addition, Compensation shall include amounts deferred and excluded from the Participant's taxable income pursuant to Code Sections 125, 132(f)(4), 402(e)(3), or 402(h)(1)(B).

Effective for limitations years beginning on or after July 1, 2007, for purposes of applying the limitations of Article VII and to the extent otherwise included in Plan Compensation, Compensation generally shall exclude amounts paid after Severance from Employment. However, Compensation shall include post-severance amounts set forth in items (i) and (ii) below to the extent such amounts are paid by the later of 2 ½ months after Severance from Employment or by the end of the Plan Year (the Limitation Year for purposes of Article

VII) that includes the date of such Severance from Employment. Provided the foregoing timing-of-payment condition is met, Compensation shall include:

(i) Regular pay paid after Severance from Employment if: (a) the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and (b) the payment would have been paid to the Employee prior to a Severance from Employment if the Employee had continued in employment with the Employer.

(ii) Payments of unused accrued bona fide sick, vacation, or other leave (but only if the Employee would have been able to use the leave if employment had continued).

A. Considerations by Specific Group. Subject to any limitations imposed by Code Section 415 as set forth in this Section, for certain groups the first sentence describing Compensation shall be modified as follows:

(i) Certain FAP Participants. For Participants other than (a) Participants eligible for either the AB I Benefit or the AB II Benefit, (b) Bay State Participants, and (c) any other Participant employed by Columbia or an affiliate, Compensation shall mean the aggregate basic annual salary or wage, bonus, commissions, overtime, sick pay, and shift differential paid to a Participant by his Employer for personal services as defined under Code Section 415(c)(3).

(ii) Bay State Union Employees. For Bay State Union Employees, Compensation shall mean straight time wages, exclusive of all daily or weekly overtime, bonuses, supplementary compensation payments, retirement benefits and other forms of non-recurring compensation, but inclusive of shift differentials, Saturday/Sunday premiums, compensation paid at an alternative rate (not including compensation paid at an alternative rate to a salesperson) and seventy-five percent of sales commissions paid to an Eligible Employee by an Employer while he is a Participant during the current period.

B. Compensation Limit. In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provisions of the Plan to the contrary, the annual Compensation of each Employee taken into account under the Plan shall not exceed the "Compensation Limit." The Compensation Limit for 2008 is \$230,000, and is subject to cost of living adjustments in subsequent years in accordance with Code Section 401(a)(17)(B). Any such cost of living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation is determined (the "Determination Period") beginning in such calendar year. If a Determination Period consists of fewer than 12 months, the Compensation Limit will be multiplied by a fraction, the numerator of which is the number of months in the Determination Period, and the denominator of which is 12. Any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the Compensation Limit set forth in this provision.

C. Compensation – Special Rules. For purposes of Article VII, the definition of Compensation set forth in this Section shall apply to the extent permitted under Code Section 415(c)(3) and otherwise in accordance with Treasury Regulation Section 1.415(c)-2(d)(3). For

purposes of Article XI and for determining whether the Plan discriminates in favor of Highly Compensated Employees, the Employer may elect to use an alternate nondiscriminatory definition of Compensation, in accordance with the requirements of Code Section 414(s) and the Treasury Regulations promulgated thereunder. In determining Compensation (for purposes of determining whether the Plan discriminates in favor of Highly Compensated Employees), the Employer may elect to include as Compensation all Elective Contributions (as defined in Code Section 415(c)(3)(D)(i) and (ii)) made by the Employer on behalf of Employees. The Employer's election to include Elective Contributions must be consistent and uniform with respect to Employees and all plans of the Employer for any particular Plan Year. The Employer may make this election to include Elective Contributions for nondiscrimination testing purposes, irrespective of whether Elective Contributions are included in the general definition of Compensation applicable to the Plan.

Section 1.21 Disability. A physical or mental condition that results in a determination of disability status that entitles the Employee to disability benefits (i) under Social Security; or (ii) under any group long-term disability plan sponsored by the Employer, as determined under the terms of such plan.

Section 1.22 Effective Date. January 1, 2008, the date on which the provisions of this amended and restated Plan become effective, except as otherwise provided herein. The original Effective Date of the Plan was September 1, 1958.

Section 1.23 Eligible Employee. Any Employee other than the following: (i) an Employee covered by a collective bargaining agreement (recognized as such under applicable federal labor law), unless the agreement provides that such Employee is entitled to participate in the Plan or unless the Company otherwise directs in a written instrument submitted to the Trustee; or (ii) an Employee who is eligible (or would be eligible upon satisfaction of service and/or age criteria) for another Code Section 401(k) plan maintained by an Employer. An Eligible Employee may become a Participant in the Plan pursuant to the requirements of Article II.

Section 1.24 Employee. Any person who, on or after the Effective Date, is directly employed by the Employer in a position that the Company determines to be subject to tax withholding by the Employer under the Federal Insurance Contribution Act (FICA) and for whom such taxes are regularly withheld by the Employer. The term "Employee" shall not include any Leased Employee deemed to be an employee of any Employer, as provided in Code Sections 414(n) and (o). Moreover, "Employee" shall not include an individual providing services to an Employer as an "independent contractor" (e.g., a person (who is not considered to be a Leased Employee) who is engaged as an independent contractor pursuant to a contract or agreement between such person and an Employer which designates him as an independent contractor or otherwise contemplates or implies that he shall function as an independent contractor). Only individuals who are paid as employees from an Employer payroll and treated by an Employer at all times as Employees shall be deemed Employees for purposes of the Plan, and no independent contractor shall be treated as an Employee under the Plan during the period he renders services to an Employer as an independent contractor.

An individual excluded from participation by reason of independent contractor or Leased Employee status, if determined by the Company or in accordance with law to be a common law employee, shall be recharacterized as an Employee under the Plan as of the date of such determination, unless an earlier date is necessary to preserve the tax qualified status of the Plan. Notwithstanding such general recharacterization, such person shall not be considered an Eligible Employee for purposes of Plan participation, except and to the extent necessary to preserve the tax qualified status of the Plan.

Section 1.25 Employer(s). The Company and any Related Employers that shall ratify and adopt this Plan in a manner satisfactory to, and with the consent of, the Company; any successor which shall maintain this Plan; and any predecessor which has maintained this Plan. Employers participating in the Plan shall be listed on Schedule I (attached hereto for informational purposes only and not formally part of the Plan.). Unless otherwise provided by the Company, an Employer participating in the Plan shall automatically cease to participate in the Plan on the date that such entity is no longer considered a Related Employer of the Company. Whenever the terms of this Plan authorize the Employer or the Company to take any action, such action shall be considered properly authorized if taken by the Board, the Chairman of the Board, any committee of the Board, or by the Committee for the Plan in accordance with its procedures under Section 10.03 hereof.

Section 1.26 Employment Commencement Date. The date upon which an Employee first performs an Hour of Service for the Employer or a Prior Employer.

Section 1.27 ERISA. The Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

Section 1.28 FAP Benefit. The term used to describe the "Final Average Pay Option" benefit (renamed the "FAP" benefit) in any of the applicable NiSource Pension Plans that offers such a pension benefit as described therein.

Section 1.29 Former Participant. A Participant who has transferred to a classification of Employees ineligible to participate in the Plan, or a Participant whose employment with the Employer has terminated but who has a vested Account balance under the Plan that has not been paid in full and, therefore, is continuing to participate in the allocation of Trust Fund Income.

Section 1.30 Highly Compensated Employee. For a particular Plan Year, any Employee who:

- A. at any time during the current or preceding Plan Year was a 5-percent owner (as defined in Code Section 416(i)(1)); or
- B. for the preceding Plan Year:
  - (i) received more than \$105,000 in annual Compensation from the Employer (or such higher amount as adjusted pursuant to Code Section 414(q)(1)(B)); and



- (ii) was in the top 20% of Employees when ranked on the basis of Compensation for the prior Plan Year.

The term Highly Compensated Employee includes a former Employee whose Termination of Employment occurred prior to the Plan Year, and who was a Highly Compensated Employee for the Plan Year in which his Termination of Employment occurred (or was deemed to have occurred) or for any Plan Year ending on or after his 55<sup>th</sup> birthday.

The determination of who is a Highly Compensated Employee shall be made in accordance with Code Section 414(q) and applicable Treasury Regulations and Internal Revenue Service guidance promulgated thereunder.

Section 1.31 Income. The net gain or loss of the Trust Fund from investments, as reflected by interest payments, dividends, realized and unrealized gains and losses on securities, other investment transactions and expenses paid from the Trust Fund. In determining the Income of the Trust Fund as of any date, assets shall be valued on the basis of their then fair market value.

Section 1.32 Investment Manager. A person or organization who is appointed under Section 10.05 to direct the investment of all or part of the Trust Fund, and who is either (a) registered in good standing as an Investment Adviser under the Investment Advisers Act of 1940, (b) a bank, as defined in that Act, or (c) an insurance company qualified to perform investment management services under the laws of more than one state of the United States, and who has acknowledged in writing that he is a fiduciary with respect to the Plan.

Section 1.33 Kokomo. Kokomo Gas and Fuel Company, or any successor(s).

Section 1.34 Kokomo Pension Plan. The Kokomo Gas and Fuel Company Bargaining Unit Employees' Retirement Plan, or any successor plan (as defined therein).

Section 1.35 Kokomo Union Employee. A Kokomo Employee, whose compensation, conditions of employment or position are covered by a collective bargaining agreement which calls for the Employee's participation in the Plan.

Section 1.36 Leased Employee. Any person (other than an Employee of the Employer) who, pursuant to an agreement between the Employer and any other person ("Leasing Organization"), has performed services for the Employer (or for the Employer and related persons determined in accordance with Code Section 414(n)(6)) on a substantially full time basis for a period of at least one year, which services are performed under the primary direction or control of the Employer. Contributions or benefits provided to a Leased Employee by the Leasing Organization that are attributable to services performed for the Employer shall be treated as provided by the Employer. If applicable, Compensation under Section 1.20 includes compensation from the Leasing Organization that is attributable to services performed for the Employer.

A Leased Employee shall not be considered an Employee of the Employer if (a) such employee is covered by a money purchase pension plan providing: (i) a nonintegrated employer contribution rate of at least ten percent of compensation, as defined in Code Section 415(c)(3),

but including amounts contributed pursuant to a salary reduction agreement that are excludible from the Employee's gross income under Section 125, Section 402(e)(3), Section 402(h) or Section 403(b) of the Code, (ii) immediate participation if such person received \$1,000 or more of compensation during the four-year period ending with the measuring plan year, and (iii) full and immediate vesting; and (b) leased employees do not constitute more than 20% of the Employer's nonhighly compensated workforce (within the meaning of Code Section 414(n)(5)(C)(ii)).

Section 1.37 Matching Account. That portion of a Participant's Account credited with Matching Contributions pursuant to Section 3.04, and adjustments relating thereto.

Section 1.38 NIFL. Northern Indiana Fuel & Light Company, Inc., or any successor(s).

Section 1.39 NIPSCO. Northern Indiana Public Service Company, or any successor(s). With reference to NIPSCO Union Employees and the NIPSCO 401(k) Plan, "NIPSCO" shall also include NiSource Inc. and any Related Employer that adopts the NIPSCO 401(k) Plan.

Section 1.40 NIPSCO 401(k) Plan. The Northern Indiana Public Service Company Bargaining Unit Tax Deferred Savings Plan, which merged into the Plan effective December 31, 2008.

Section 1.41 NIPSCO Union Employee. An Eligible Employee of NIPSCO, whose terms and conditions of employment are governed by a collective bargaining agreement to which NIPSCO is a party and which agreement calls for the Employee's participation in the Plan (or prior to December 31, 2008, in the NIPSCO 401(k) Plan).

Section 1.42 NIPSCO Union Pension Plan. The NiSource Inc. and Northern Indiana Public Service Company Pension Plan Provisions Pertaining to Bargaining Unit Employees, or any successor plan (as defined therein).

Section 1.43 NiSource Pension Plans. The NiSource Salaried Plan, the Columbia Pension Plan, the Subsidiary Plan, the Bay State Pension Plan, the Bay State Operating Plan, the NIPSCO Union Pension Plan, and the Kokomo Union Pension Plan (individually and/or collectively, as the context requires).

Section 1.44 NiSource Salaried Plan. The NiSource Inc. and Northern Indiana Public Service Company Pension Plan Provisions Pertaining to Salaried and Non-Exempt Employees, or any successor plan (as defined therein).

Section 1.45 Non-highly Compensated Employee. Any Eligible Employee who is not a Highly Compensated Employee.

Section 1.46 Participant. An Eligible Employee who becomes a Participant in accordance with the provisions of Article II. An Eligible Employee who becomes a Participant shall remain a Participant or Former Participant under the Plan until the Trustee has fully distributed the vested amount standing in his Account to him.

Section 1.47 Period of Service. The period of Service commencing on an Employee's Employment Commencement Date or Re-employment Commencement Date, whichever is applicable, and ending on the date his employment ends. Employment ends on the date the Employee quits, is discharged, retires or dies or (if earlier) the first anniversary of his absence for any other reason. The period of absence starting with the date an Employee's employment ends and ending on the date he next performs an hour of Service is (a) included in his Period of Employment if the period of absence does not exceed one year, and (b) excluded if such period exceeds one year

Section 1.48 Plan. The plan designated as the NiSource Inc. Retirement Savings Plan and sponsored by the Company, as set forth herein or in any amendments hereto.

Section 1.49 Plan 2006 Restatement. The amended and restated document for the Plan effective January 1, 2006.

Section 1.50 Plan Administrator. NiSource Inc., or the person(s) or entity appointed by NiSource Inc. to serve as Plan Administrator.

Section 1.51 Plan Year. The fiscal year of the Plan, a 12 consecutive month period commencing on January 1 and ending on December 31.

Section 1.52 Pre-tax Contribution Account. That portion of a Participant's Account credited with Pre-tax Contributions under Section 3.02, and adjustments relating thereto.

Section 1.53 Profit Sharing Account. That portion of a Participant's Account credited with Profit Sharing Contributions under Sections 3.06 and 3.07, and adjustments relating thereto.

Section 1.54 Reemployment Commencement Date. The date upon which an Employee first performs an hour of Service for the Employer following a break in Service.

Section 1.55 Related Employers. A controlled group of corporations (as defined in Code Section 414(b)) that includes the Company; trades or business (whether or not incorporated) which are under common control (as defined in Code Section 414(c)) with the Company; or an affiliated service group (as defined in Code Sections 414(m) and (o)) that includes the Company. If the Employer is a member of a group of Related Employers, the term "Employer" includes the Related Employers as required by the Code or by the Plan, including for purposes of crediting service, applying the coverage test of Code Section 410(b), applying the limitations of Article VII, applying the Top Heavy rules and the minimum benefit requirements of Article XI, the definitions of Employee, Highly Compensated Employee, Compensation, and Leased Employee contained in this Article I. However, only an Employer described in Section 1.25 may contribute to the Plan, and only an Eligible Employee described in Section 1.23 is eligible to participate in this Plan.

Section 1.56 Required Beginning Date. For purposes of Article IV, for any Participant who is not a Five-percent Owner (as defined in Code Section 416(i)), the Required Beginning Date is the April 1 of the calendar year following the later of the calendar year in which the Participant (i) attains age 70½, or (ii) terminates employment with the Employer. For any

Participant who is at least a Five-percent Owner (as defined in Code Section 416(i)), the Required Beginning Date is the April 1 immediately following the calendar year in which the Participant attains age 70½, regardless of whether the Participant has retired.

Section 1.57 Rollover Account. That portion of a Participant's Account credited with Rollover Contributions under Section 3.09, and adjustments relating thereto.

Section 1.58 Service. Any period of time the Employee is in the employ of the Employer, whether before or after adoption of the Plan, determined in accordance with reasonable and uniform standards and policies adopted by the Plan Administrator, which standards and policies shall be consistently observed.

Section 1.59 Severance from Employment. A termination of employment occurring when an Employee ceases to be an Employee of the Employer maintaining the Plan. An Employee does not have a "Severance from Employment" if, in connection with a change of employment, the Employee's new employer maintains the Plan with respect to the Employee.

Section 1.60 Subsidiary Pension Plan. The NiSource Subsidiary Pension Plan, or any successor plan (as defined therein).

Section 1.61 Transfer Account. That portion of a Participant's Account credited with Transfer Contributions under Section 3.09, and adjustments relating thereto.

Section 1.62 Treasury Regulations. Regulations promulgated under the Internal Revenue Code by the Secretary of the Treasury.

Section 1.63 Trust. A trust maintained in accordance with the terms of one or more trust agreements, as amended from time to time, between the Company and the Trustee(s).

Section 1.64 Trust Fund. All property of every kind held or acquired by a Trustee under a trust agreement established pursuant to Section 8.01.

Section 1.65 Trustee(s). The corporation, person or persons, bank, or trust company authorized by the Company, or such other entity or person(s) that may be appointed by the Company pursuant to Section 8.01.

Section 1.66 Valuation Date. Each day on which Company Stock is available to be publicly traded.

Section 1.67 Terms Defined Elsewhere.

Actual Contribution Percentage .....	Section 6.01
Actual Deferral Percentage .....	Section 6.01
After-tax Contributions .....	Section 3.02
Annual Additions .....	Section 7.02
Cash-out Distribution .....	Sections 4.03
Catch-up Contributions .....	Section 3.02
Claimant .....	Section 9.09

Determination Date .....	Section 11.06
Direct Rollover .....	Section 5.07
Distributee .....	Section 5.07
Eligible Retirement Plan .....	Section 5.07
Eligible Rollover Distribution .....	Section 5.07
Excess Aggregate Contributions .....	Section 6.01
Excess Amount .....	Section 7.02
Excess Contributions .....	Section 6.01
Excess Elective Deferrals .....	Section 7.01
Gap Period .....	Section 7.01
Investment Funds .....	Section 8.05
Key Employee .....	Section 11.06
Limitation Year .....	Section 7.02
Matching Contribution .....	Section 3.04
Maximum Permissible Amount .....	Section 7.02
Non-Key Employee .....	Section 11.06
Permissive Aggregation Group .....	Section 11.06
Pre-tax Contributions .....	Section 3.02
Prior Profit Sharing Contributions .....	Section 3.06
Prior Profit Sharing Contributions Account .....	Section 3.06
Profit Sharing Contributions .....	Section 3.06
Required Aggregation Group .....	Section 11.06
Rollover Contributions .....	Section 3.09
Top Heavy .....	Section 11.03
Transfer Contributions .....	Section 3.09

## ARTICLE II

### ELIGIBILITY AND PARTICIPATION

Section 2.01 ELIGIBILITY. Each Eligible Employee shall be eligible to become a Participant in the Plan. Each Eligible Employee who was a Participant in the Plan on the day before the Effective Date of this restated Plan shall continue as a Participant in this Plan as restated. Except as provided in Schedule IV (Bay State Union Employees), any other Eligible Employee shall become a Participant effective upon such Eligible Employee's Employment Commencement Date.

- A. Enrollment Generally. As soon as administratively practicable, the Plan Administrator shall notify each Eligible Employee that he is eligible to make contributions to the Plan and shall explain the rights, privileges and duties of a Participant in the Plan. Each Eligible Employee may enroll as a Participant in the Pre-tax Contributions or the After-tax Contributions portions of the Plan at any time and as soon as administratively practicable on or after his date of hire, by properly completing the enrollment procedures established at the time by the Plan Administrator, or by following such other reasonable procedures as the Plan Administrator may implement. The Plan Administrator may establish rules and procedures governing the time and manner in which enrollments shall be processed.
- B. Automatic Enrollment; Notice of Participation. Except as provided herein, all Eligible Employees hired or rehired on or after the Effective Date shall be subject to the automatic enrollment and notice provisions of this subsection B. Notwithstanding the foregoing, the provisions of this subsection B shall not apply to Kokomo Union Employees, Bay State Union Employees (except as provided in Schedule IV), and NIPSCO Union Employees, who shall instead be subject to the general enrollment provisions set forth in Section 2.01A (and Schedule IV, if applicable.) Pursuant to the provisions of this subsection B, an Eligible Employee shall be automatically enrolled in the Plan as of the first pay period following 30 days after his Employment Commencement Date (or Reemployment Commencement Date) and shall be deemed to have elected to defer 3% of his Compensation (the "Automatic Percentage Amount") in accordance with Section 3.02 of the Plan, unless the Eligible Employee elects to defer a different percentage of his Compensation or affirmatively elects not to defer any portion of his Compensation. By his participation, the Participant shall be deemed to have agreed to abide by the provisions of the Plan.

Notice. Within a reasonable time (generally 30 to 90 days before each Plan Year, or, in the case of a newly eligible Participant, within the 90 days prior to and including the date of eligibility), the Company shall give each Participant that will be or is enrolled in the Plan pursuant to this Section 3.01B a written notice of the Participant's rights and obligations under the Plan's automatic enrollment provisions in accordance with the provisions of Proposed Treasury Regulation Section 1.414(w)-1 and subsequent guidance. Such notice generally shall include

a description of the following: (i) the circumstances of automatic deferrals; (ii) the Participant's Automatic Percentage Amount (3%); (iii) the Participant's right to make a contrary deferral election as provided in Section 3.02 of the Plan; (iv) how contributions will be invested in the absence of any investment election by the Participant; (v) any Company contributions made on behalf of the Participant; and (vi) the Plan's withdrawal and vesting provisions.

Section 2.02 PARTICIPATION UPON RE-EMPLOYMENT. Except as provided in Schedule IV, an Eligible Employee who was a Participant shall again become a Participant on his Reemployment Commencement Date.

Section 2.03 TRANSFERS BETWEEN EMPLOYERS. For eligibility purposes, a Participant who transfers employment from one Employer to another Employer shall continue to be eligible to participate in the Plan if such Participant previously met the requirements of Section 2.01. In accordance with the Plan and Code, an Eligible Employee shall continue to be an Eligible Employee following a transfer between Employers as if such Eligible Employee had performed all Service during the Plan Year for the Employer to which the Eligible Employee last transferred.

Section 2.04 CHANGES IN PARTICIPANT'S JOB CLASSIFICATION. A Participant who transfers to a classification of Employee that causes him to cease to meet the definition of Eligible Employee, or who is granted a leave of absence or placed on inactive status by an Employer, shall not be deemed to have terminated employment and shall not be entitled to a distribution based upon a Severance from Employment. While such Participant is employed by an Employer but not as an Eligible Employee, or is on an unpaid leave of absence or in inactive status, neither the Participant nor an Employer on his behalf shall make contributions to the Plan other than Rollover Contributions pursuant to Section 3.09. If the Participant is later employed by an Employer, transfers to a classification of Employee which is eligible to participate in the Plan, returns to employment immediately upon expiration of a leave of absence, or is restored to active status, contributions to the Participant's account may resume under all applicable Plan provisions.

Section 2.05 TERMINATION OF PARTICIPATION. Subject to the provisions of Sections 2.02 and 2.04, an Employee who becomes a Participant shall remain a Participant until he or his Beneficiary is paid his entire Account Balance following his Severance Date.

### ARTICLE III

#### CONTRIBUTIONS

Section 3.01 INDIVIDUAL ACCOUNTS. The Committee, or, if the Committee so determines, the Trustee, shall maintain an Account for each Participant and Former Participant having an amount to his credit in the Trust Fund. Each Account shall be divided into separate subaccounts for "Pre-tax Contributions," "Catch-up Contributions," "After-tax Contributions," "Matching Contributions," "Profit Sharing Contributions," and "Prior Profit Sharing Contributions," as defined below. If a Participant has made a "Rollover Contribution" or "Transfer Contribution," as defined below, separate subaccounts shall be established for such contributions as well. The Committee will make its allocations, or request the Trustee to make its allocations, to the Accounts of the Participants in accordance with the provisions of Section 8.02. The Committee may direct the Trustee to maintain a temporary segregated investment Account in the name of a Participant to prevent a distortion of income, gain, or loss allocations under Section 8.02. The Committee shall ensure that records are maintained for all Account allocations and related recordkeeping activities.

#### Section 3.02 PARTICIPANT CONTRIBUTIONS.

- A. Pre-tax Contributions. A Participant may elect to have his Employer make "Pre-Tax Contributions" to the Trust on his behalf by following any deferral election procedures established pursuant to Section 3.03. Alternatively, in accordance with the automatic enrollment provisions of Section 2.01B, an Employer may make Pre-tax Contributions to the Trust on an automatic basis without the affirmative election of the Participant. The amount of Pre-tax Contributions that may be made on behalf of a Participant for any designated period shall be deducted from his Compensation and shall equal: (i) such whole percentage of his Compensation, in a range of 1% to 50%, as designated by the Participant in the salary reduction agreement; or (ii) 3% of Compensation if automatically enrolled pursuant to Section 2.01B. For each calendar year or other taxable year of any Participant, each such Participant's Pre-tax contribution shall not exceed \$15,500 in 2008 (or such larger dollar amount as the Commissioner of Internal Revenue may prescribe in accordance with Code Section 402(g)(5)). The Employer shall not make a Pre-tax Contribution to the Trust to the extent that the Contribution would exceed the Participant's "Maximum Permissible Amount" as defined under Section 7.02.
- B. Catch-up Contributions. An Employee who is eligible to make Pre-tax Contributions under the Plan and who has attained age 50 before the close of the Employee's taxable year shall be eligible to make "Catch-up Contributions" of not less than 1% but not more than 50% of Compensation in accordance with and subject to the limitations of Code Section 414(v). Such Catch-up Contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Code Sections 402(g) and 415. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Code Section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or



416, as applicable, by reason of the making of such Catch-up Contributions. No Matching Contributions shall be contributed with respect to any Catch-up Contributions elected or deemed to have been made by a Participant.

- C. After-tax Contributions. For any Plan Year, each Participant shall be permitted to make contributions on an after-tax basis ("After-tax Contributions") to the Trust in whole percentages between 1% and 25% of the Participant's Compensation per pay period. All Participant After-tax Contribution elections shall be made at the time, in the manner, and subject to the conditions specified by the Plan Administrator, which shall prescribe uniform and nondiscriminatory rules for such elections. The Trustee will maintain a separate account for a Participant's After-tax Contributions to which all income, expenses, gains and losses attributable to such contributions will be allocated. The Plan Administrator may establish whatever further procedures it deems necessary to facilitate After-tax Contributions.

Notwithstanding anything in the Plan to the contrary, the sum of a Participant's Pre-tax Contributions, Catch-up Contributions and After-tax Contributions shall not exceed 75% of such Participant's Compensation

Section 3.03 ELECTIONS, CHANGES AND SUSPENSIONS OF PARTICIPANT CONTRIBUTIONS. A Participant's Compensation for a Plan Year shall be reduced by the amount of the allocation he elects for such Plan Year. All elections shall be made at the time, in the manner, and subject to the conditions specified by the Committee, which shall prescribe uniform and nondiscriminatory rules for such elections, and shall become effective as of the first pay period as is administratively practicable after the election is properly made.

A Participant may change the rate of Pre-tax Contributions (including Catch-up Contributions, if any) or After-tax Contributions to his Account at any time during each Plan Year, effective for the first payroll period for which it is administratively feasible to change the rate of such Participant's Pre-tax Contributions (including Catch-up Contributions, if any) or After-tax Contributions, by communicating such rate change in accordance with uniform rules and procedures established by the Committee regarding the timing and manner of making such elections. In addition, a Participant may at any time elect to suspend all contributions to his Account by giving advance notice in any manner specified by the Committee in accordance with its uniform rules and procedures. An election to recommence contributions shall be effective for the first payroll period in which it is administratively feasible to begin deferral withholdings. All suspensions and recommencements of Pre-tax Contributions (including Catch-up Contributions, if any) or After-tax Contributions shall be made in the manner and at the times specified in uniform rules and procedures established by the Committee, which rules and procedures may be changed from time to time.

Section 3.04 MATCHING CONTRIBUTIONS. For each payroll period, each Employer shall make a "Matching Contribution" to the Trust in an amount provided in Schedule III. The Matching Contributions shall be allocated and invested in accordance with the provisions of Section 3.05. The Employer shall not make a Matching Contribution to the

Trust for any Participant to the extent that the contribution would exceed the Participant's "Maximum Permissible Amount" under Section 7.02.

Section 3.05 MATCHING CONTRIBUTION ALLOCATION AND ACCRUAL OF BENEFIT. Only Participants who have made Pre-tax Contributions or certain After-tax Contributions during the payroll period shall be eligible to share in the allocation of the Matching Contribution as set forth in Section 3.04 and Schedule III. No Matching Contributions shall be made, however, with respect to Catch-up Contributions.

Except as provided in Schedule IV, all Matching Contributions shall be allocated to the Company Stock Fund, pursuant to Section 8.07 and 8.08. All Matching Contributions shall be 100% vested and nonforfeitable at all times.

Section 3.06 PROFIT SHARING CONTRIBUTIONS. For each Plan Year, the Employer may contribute to the Trust amounts determined in its discretion. Such contributions will be in the form of "Profit Sharing Contributions" (previously designated "Profit Participation Contributions" in the Plan 2006 Restatement).

- A. Amount. The Profit Sharing Contribution made for a Plan Year shall be a stated percentage of the Compensation of the Participants entitled to receive allocations of such Profit Sharing Contribution for such Plan Year in accordance with the eligibility and allocation provisions set forth in Plan Section 3.07. The applicable percentage for each Plan Year shall be designated by the Committee, in its discretion exercised on a non-discriminatory basis, no later than the last day of the first quarter of the Plan Year following the Plan Year for which such percentage is applicable. For purposes of this Section 3.06, Compensation for a Plan Year shall be defined as determined under the Annual Incentive Plan of an Employer in effect for such Plan Year. In allocating a Profit Sharing Contribution to a Participant's Account, the Committee, subject to Section 11.01, shall take into account only Compensation paid to the Employee during the portion of the Plan Year during which the Employee was a Participant. In no event shall a Profit Sharing Contribution be made with respect to any Participant for any Plan Year to the extent such Profit Sharing Contribution would cause the limitations of Code Section 415 to be exceeded for such Participant for such Plan Year.
- B. Prior Profit Sharing Contributions. Prior to January 1, 2002, the Employer contributed other amounts as Profit Sharing Contributions to Participants as described in the Plan 2006 Restatement. The provisions relating to these "Prior Profit Sharing Contributions" including rules and conditions for eligibility, allocation, vesting, forfeitures, and investments, apply as set forth in the Plan 2006 Restatement. The Committee and/or Trustee shall maintain a "Prior Profit Sharing Contributions Account" to the extent that such contributions require a subaccount that is separate from the Profit Sharing Account.

Section 3.07 PROFIT SHARING CONTRIBUTION ALLOCATION / INVESTMENT.

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

Section 3.08 TIME AND FORM OF PAYMENT OF CONTRIBUTION. The Employer may pay its contribution for each Plan Year in one or more installments payments without interest. In the discretion of the Company, such payments may be made to the Plan in the form of cash or Company Stock. The Employer must make its contribution which Participants have elected to defer under Section 3.02 as soon as such amounts may reasonably be segregated from the Employer's general assets, but in no event later than 15 business days after the end of the calendar month in which such amounts were withheld from the Participant's Compensation, or such later time as may be permitted by regulations under ERISA and Code Section 401(k). The Employer must make the balance, if any, of its contribution to the Trustee within the time prescribed (including extensions) for filing its tax return for the taxable year for which it claims a deduction for its contribution, in accordance with Code Section 404(a)(6).

Section 3.09 ROLLOVER AND TRANSFER CONTRIBUTIONS. The Trustee is authorized to accept and hold as part of the Trust Fund, assets transferred on behalf of an Employee, provided that such transfer satisfied any procedures or other requirements established by the Committee. The Trustee shall also accept and hold as part of the Trust Fund

assets transferred in connection with a merger or consolidation of another plan with or into the Plan pursuant to Section 14.06 hereof and as may be approved by the Committee. In addition, the Trustee shall also accept "rollover" amounts (other than amounts attributable to after-tax contributions and earnings thereon) contributed directly by or on behalf of an Employee in accordance with procedures and rules established by the Committee in respect of a distribution made to or on behalf of such Employee from another plan pursuant to Section 14.06 hereof. All amounts so transferred to the Trust Fund shall be held in segregated subaccounts and shall be referred to as "Transfer Contributions" if such amounts are subject to the special distribution rules described in Section 14.06 and as "Rollover Contributions" if not subject to such rules. Rollover Contributions must conform to rules and procedures established by the Committee, including rules designed to assure the Committee that the funds so transferred qualify as a Rollover Contribution under the Code.

Section 3.10 RETURN OF CONTRIBUTIONS. All contributions to the Plan are conditioned upon their deductibility under the Code. The Trustee, upon written request from the Employer, shall return to the Employer the amount of the Employer's contribution made by the Employer by mistake of fact or the amount of the Employer's contribution disallowed as a deduction under Code Section 404. The Trustee shall not return any portion of the Employer's contribution under this provision more than one year after:

- A. The Employer made the contribution by mistake of fact; or
- B. The disallowance of the contribution as a deduction, and then, only to the extent of the disallowance.

The Trustee shall not increase the amount of the Employer contribution returnable under this Section for any earnings attributable to the contribution, but the Trustee shall decrease the Employer contribution returnable for any losses attributable to it. The Trustee may require the Employer to furnish it whatever evidence the Trustee deems necessary to enable the Trustee to confirm the amount the Employer has requested be returned is properly returnable under ERISA.

## ARTICLE IV

### VESTING: TIME AND METHOD OF PAYMENT OF BENEFITS

Section 4.01 VESTED BENEFIT. A Participant's interest in his Account shall at all times be fully vested and nonforfeitable.

Section 4.02 DISTRIBUTION UPON SEVERANCE FROM EMPLOYMENT, DISABILITY OR DEATH. Upon a Participant's Severance from Employment, Disability or death, the Participant (or in the event of death, the Beneficiary) shall be entitled to receive the Participant's entire Account Balance (reduced by any amount attributable to an outstanding loan made by the Participant pursuant to Section 5.08) in accordance with the provisions of this Article IV.

Section 4.03 PAYMENT TIMING. Upon Severance from Employment before age 65, the Trustee shall, subject to the consent requirements described in this Section, distribute the Participant's Account Balance as set forth below. For purposes of the distribution timing rules, a "Cash-out Distribution" is a lump sum distribution of the Participant's Account Balance.

A. Timing Based on Account Balance Amount.

- (i) If the Participant's Account Balance on the date the distribution commences is \$1,000 or less (\$5,000 prior to March 28, 2005), the Trustee shall pay such Account Balance to the Participant in the form of a single, lump sum Cash-out Distribution as soon as administratively practicable after the Participant's Severance from Employment.
- (ii) If the Participant's Account Balance on the date the distribution commences is more than \$1,000 but less than \$5,000, any distribution shall be automatically rolled over to an individual retirement account in the name of the Participant in accordance with Code Section 401(a)(31)(B)(i) and related regulations, unless the Participant otherwise consents to the distributions.
- (ii) If the Participant's Account Balance on the date the distribution commences is greater than \$5,000, such distribution shall be deferred until the Participant consents to the distribution (but no later than the Participant's Required Beginning Date).

B. Deferral of Distribution. If the Participant does not file his written consent (if required) with the Trustee within the reasonable period of time stated in the consent form, the Trustee shall continue to hold the Participant's Account in trust until the Participant files an application for distribution with the Plan Administrator. At that time, the Trustee shall commence payment of the Participant's Account in accordance with the provisions of this Article IV; provided, however, if the Participant dies after terminating employment but prior to attaining age 65, the Committee, upon notice of the death and application for benefits filed by the Beneficiary, shall direct the Trustee to commence payment of

the Participant's Account to his Beneficiary in accordance with the provisions of Section 4.05.

- C. Consent Requirements. The Participant must consent in writing to the Committee's direction to the Trustee to make a distribution to the Participant and to the form of the distribution if: (i) the Participant's Account Balance on the date the distribution commences exceeds \$1,000 (\$5,000 prior to March 28, 2005), and (ii) the Committee directs the Trustee to make a distribution to the Participant prior to his attaining age 65.

The Plan Administrator shall notify the Participant of the right to defer any distribution until the Participant's Account Balance is no longer immediately distributable. Such notice shall be provided no less than 30 days and no more than 90 days prior to the date of distribution. However, if the Participant, after having received this notice, affirmatively elects a distribution, such distribution may commence less than 30 days after the notice was provided.

The consent of the Participant shall not be required to the extent that a distribution is required to satisfy Code Section 401(a)(9) or Code Section 415. An Account balance is immediately distributable if any part of the Account balance could be distributed to the Participant (or the surviving spouse) before the Participant attains, or would have attained if not deceased, age 65.

- D. Minimum Legal Distribution Requirements. Unless the Participant elects otherwise in writing, the Participant's Account Balance shall be distributed not later than 60 days after the close of the Plan Year in which the later of the following events occurs:

- (i) The date the Participant attains age 65; or
- (ii) The date the Participant dies, becomes disabled, or otherwise terminates Service (employment) with the Employer.

In no event shall the distribution commence distribution, nor shall the Participant elect to have distribution commence, later than the Required Beginning Date. Furthermore, once distributions have begun to a Five-percent Owner (as defined in Code Section 416(i)), they must continue to be distributed, even if the Participant ceases to be a Five-percent Owner in a subsequent year.

In no event shall the payment commence later than the time prescribed by this Article IV or in a form not permitted under Article IV. The Committee shall make its determinations under this Article IV in a nondiscriminatory, consistent and uniform manner. The Participant shall be provided with the appropriate form to consent to the distribution direction, if required.

Section 4.04 FORM OF BENEFIT PAYMENT. A Participant shall receive payment of his Account Balance in one of the following forms:

- A. In a single lump sum payment in cash, or if elected by the Participant or Beneficiary, in shares of Company Stock based on the number of whole shares allocated to the Company Stock Fund for the Participant; or
- B. In annual, semi-annual, quarterly, or monthly installments, on an equal or decrementing counter basis.

Notwithstanding the preceding provisions of this Section, unless the Participant otherwise elects, the distribution of the balance in his Account invested in the Company Stock Fund shall be in substantially equal annual or more frequent payments over a period not longer than the greater of five years, or in the case of the Participant whose balance in the portion of his Account invested in the Company Stock Fund exceeds \$885,000, five years plus one additional year (but not more than five additional years) for each \$175,000 or fraction thereof by which such balance exceeds \$885,000, as adjusted pursuant to Code Section 409(o)(2).

Section 4.05 DISTRIBUTIONS UPON DEATH. Upon the death of the Participant, the Participant's Account Balance shall be paid in accordance with Code Section 401(a)(9) and Plan Sections 4.03 and 4.04.

Section 4.06 REVISED REQUIRED MINIMUM DISTRIBUTIONS. The Participant's Account Balance shall be distributed, as of the Required Beginning Date, in accordance with the minimum distribution requirements established by Code Section 401(a)(9) and the applicable Treasury Regulations thereunder.

- A. EFFECTIVE DATES. Effective January 1, 2003, the Plan shall apply the provisions of this Section 4.06 for purposes of determining the required minimum distributions for calendar years beginning on or after January 1, 2003.
- B. DEFINITIONS. For purposes of this Section 4.06, the following definitions shall apply:

"Designated Beneficiary" is the individual who is designated as the beneficiary under the Plan and is the Designated Beneficiary under Code Section 401(a)(9) and Section 1.401(a)(9)-1, Q&A-4 of the Treasury Regulations.

"Distribution Calendar Year" is a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which the distributions are required to begin. The required minimum distribution for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Beginning Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.

"Life Expectancy" is a beneficiary's life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury Regulations.

"Participant's Account Balance" is the Account Balance as of the last valuation date in the calendar year immediately preceding the Distribution Calendar Year (the "Valuation Calendar Year") increased by the amount of any contributions made and allocated or forfeitures allocated to the Account Balance as of dates in the Valuation Calendar Year after the valuation date and decreased by distributions made in the Valuation Calendar Year after the valuation date. The Account Balance for the Valuation Calendar Year includes any amounts rolled over or transferred to the Plan either in the Valuation Calendar Year or in the Distribution Calendar Year if distributed or transferred in the Valuation Calendar Year.

C. TIME AND MANNER OF DISTRIBUTION.

- (i) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.
- (ii) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:
  - a. If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then, except as provided herein, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.
  - b. If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, then, except as provided herein, distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.
  - c. If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
  - d. If the Participant's surviving spouse is the Participant's sole Designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 4.06C(ii), other than subsection a, above, will apply as if the surviving spouse were the Participant.



For purposes of this Section 4.06C(ii) and Section 4.06E, unless subsection d, above applies, distributions are considered to begin on the Participant's Required Beginning Date. If subsection d applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under subsection a, above. If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under subsection a, above), the date distributions are considered to begin is the date distributions actually commence.

- (iii) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required beginning Date, as of the first Distribution Calendar Year distributions will be made in accordance with Sections 4.06D and 4.06E. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with Code Section 401(a)(9) and the Treasury Regulations.

D. REQUIRED MINIMUM DISTRIBUTIONS DURING PARTICIPANT'S LIFETIME.

- (i) Amount of Required Minimum Distributions for Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of:
  - a. the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in Treasury Regulations Section 1.401(a)(9)-9, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or
  - b. if the Participant's sole Designated Beneficiary for the Distribution Calendar Year is the Participant's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Treasury Regulations Section 1.401(a)(9)-9, using the Participant's and the spouse's attained ages as of the Participant's and spouse's birthdays in the Distribution Calendar Year.
- (ii) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this Section 4.06D beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Participant's date of death.

E. REQUIRED MINIMUM DISTRIBUTIONS AFTER PARTICIPANT'S DEATH.

(i) Death On or After Date Distributions Begin.

- a. Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining Life Expectancy of the Participant or the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as follows:
1. The Participant's remaining Life Expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
  2. If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, the remaining Life Expectancy of the surviving spouse is calculated for each Distribution Calendar Year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving spouse's death, the remaining Life Expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.
  3. If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary's remaining Life Expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.
- b. No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no Designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining Life Expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

- (ii) Death Before Date Distributions Begin.
- a. Participant Survived by Designated Beneficiary. Except as provided herein, if the Participant dies before the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as provided in Section 4.06E(i).
  - b. No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
  - c. Death of Surviving Spouse Before Distributions to Surviving Spouse are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole Designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 4.06C(ii)(a), this Section 4.06E(ii) will apply as if the surviving spouse were the Participant.

Section 4.07 DESIGNATION OF BENEFICIARY. A Participant may, from time to time, designate in writing a Beneficiary or Beneficiaries, contingently or successively, to whom the Trustee shall pay his Account in the event of his death. A Participant's Beneficiary designation shall not be valid unless the Participant's spouse consents (in accordance with the requirements of Code Section 417) to the Beneficiary designation. A Participant's Beneficiary designation does not require spousal consent if the Participant's spouse is the Participant's designated Beneficiary. The Committee shall prescribe the form for the written designation of Beneficiary and, upon the Participant's filing the form with the Committee, the Participant shall effectively revoke all designations filed prior to that date by the same Participant.

The Committee may determine the identity of the distributees of any benefit payable under the Plan and in so doing may act and rely upon any information it may deem reliable upon reasonable inquiry, and upon any affidavit, certificate or other paper believed by it to be genuine, and upon any evidence believed by it sufficient. Any payment made in accordance with this Section shall be a complete discharge of obligations of the Committee and the Employers to the extent of such payment without regard to the application of any payment so made.

Section 4.08 FAILURE OF BENEFICIARY DESIGNATION. If a Participant fails to name a Beneficiary in accordance with Section 4.07, or if the Beneficiary named by a

Participant predeceases him, then the Participant's benefits otherwise payable pursuant to this Section shall be paid:

- (i) to his surviving spouse, or if none,
- (ii) to his descendants, per stirpes, or if none,
- (iii) to his father and mother, in equal parts, or if none,
- (iv) to his brothers and sisters, in equal parts, or if none,
- (v) to his estate.

Section 4.09 SPECIAL RULES FOR TRANSFER ACCOUNTS. By operation of relevant law and regulation (including, but not limited to, ERISA and the Code), any Participant who has one or more Transfer Accounts consisting in whole or in part of Transfer Contributions which, must be distributed or made available under the same terms and conditions under which amounts held thereunder were previously held (prior to their becoming Transfer Contributions), Accordingly, notwithstanding any provision of this Article IV to the contrary, but only to the extent required to comply with Code Section 411(d)(6), the Committee shall, upon the written request of the Participant (in the case of optional forms of benefit), cause the Trustee to distribute or make available such Transfer Contributions at such times and in such manner as may be so required.

Section 4.10 DISTRIBUTIONS UNDER DOMESTIC RELATIONS ORDERS. Nothing contained in this Plan shall prevent the Trustee from complying with the provisions of a qualified domestic relations order (as defined in Code Section 414(p)). This Plan specifically permits distribution to an alternate payee under a qualified domestic relations order at any time, irrespective of whether the Participant has attained his earliest retirement age (as defined under Code Section 414(p)) under the Plan. A distribution to an alternate payee prior to the Participant's attainment of the earliest retirement age is available only if the order specifies distribution at that time or permits an agreement between the Plan and the alternate payee to authorize such an earlier distribution. Nothing in this Section gives a Participant the right to receive a distribution at a time not permitted under the Plan, nor does this Section give the alternate payee the right to receive a form of payment not permitted under the Plan.

The Committee shall establish reasonable procedures to determine the qualified status of a domestic relations order. Upon receiving a domestic relations order, the Committee promptly shall notify the Participant and any alternate payee named in the order, in writing, of the receipt of the order and the Plan's procedures for determining the qualified status of the order. Within a reasonable period of time after receiving the domestic relations order, the Committee shall determine the qualified status of the order and shall notify the Participant and each alternate payee, in writing, of its determination. The Committee shall provide notice under this paragraph by mailing to the individual's address specified in the domestic relations order, or in a manner consistent with Labor Regulations.

If any portion of the Participant's Account Balance is payable during the period the Committee is making its determination of the qualified status of the domestic relations order, the

Trustee shall segregate the amounts payable in a separate account and to invest the segregated account solely in fixed income investments or to maintain a separate bookkeeping account of said amounts. If the Committee determines the order is a qualified domestic relations order within 18 months of the first date on which payments were due under the terms of the order, the Company or the Committee shall direct the Trustee to distribute the separate account in accordance with the order. If the Committee does not make its determination of the qualified status of the order within the above-described 18-month period, the Company or the Committee shall direct the Trustee to distribute the segregated account in the manner the Plan would distribute it if the order did not exist, and shall apply the order prospectively if the Committee later determines the order is a qualified domestic relations order.

To the extent it is not inconsistent with the provisions of the qualified domestic relations order, the Committee may direct the Trustee to invest any partitioned amount in a segregated subaccount or separate account and to invest the account in the money market investment option or in other fixed income investments. A segregated subaccount shall remain a part of the Trust, but it alone shall share in any income it earns, and it alone shall bear any expense or loss it incurs.

The Trustee shall make any payment or distributions required under this Section by separate benefit checks or other separate distribution to the alternate payee(s).

Section 4.11 LOST PARTICIPANT OR BENEFICIARY. The Account of a Participant shall be forfeited if the Plan Administrator, after reasonable effort, is unable to locate the Participant or his Beneficiary to whom payment is due. The amount of the forfeiture shall reduce the Employer's contributions under Sections 3.04 and 3.06, as elected by the Employer. However, any such forfeited Account will be reinstated and become payable if a claim is made by the Participant or Beneficiary for such Account. The Committee shall prescribe uniform and non-discriminatory rules for carrying out this provision.

Section 4.12 FACILITY OF PAYMENT. If any person entitled to receive any amount under the provisions of this Plan is determined to be incapable of receiving or disbursing the same by reason of minority, illness or infirmity, mental incompetence, or incapacity of any kind, the Committee may, in its discretion, direct the Trustee to take any one or more of the following actions:

- A. To apply such amount directly for the comfort, support and maintenance of such person;
- B. To reimburse any person for any such support theretofore supplied to the person entitled to receive any such payment;
- C. To pay such amount to any person selected by the Committee to disburse it for such comfort, support and maintenance, including without limitation, any relative who has undertaken, wholly or partially, the expense of such person's comfort, care and maintenance, or any institution in whose care or custody the person entitled to the amount may be. The Committee may, in its discretion, deposit any amount due to a minor to his credit in any savings or commercial bank of the

Committee's choice, direct that such distribution be paid to the legal guardian, or if none, to a parent of such person or a responsible adult with whom the minor maintains his residence, or to the custodian for such Beneficiary under the Uniform Gift to Minors Act or gift to Minors Act, if such is permitted by the laws of the state in which such minor Beneficiary resides.

Payment pursuant to this Section shall fully discharge the Company, Committee, Trustee, Employer and the Plan from further liability on account thereof.

Section 4.13 NO DISTRIBUTION PRIOR TO SEVERANCE FROM EMPLOYMENT, DEATH OR DISABILITY. Except as provided below, Pre-tax Contributions and Catch-up Contributions, and income allocable to each, are not distributable to a Participant or his Beneficiary or Beneficiaries, in accordance with such Participant's or Beneficiary's election, earlier than upon Severance from Employment, death or Disability.

Such amounts may also be distributed upon:

- A. Termination of the Plan without the establishment of another defined contribution plan, as defined in the Code and applicable Treasury Regulations.
- B. The hardship of the Participant, as described in Section 5.05 herein.
- C. The attainment by the Participant of age 59½, as described in Section 5.04 herein.

All distributions that may be made pursuant to one or more of the foregoing distributable events are subject to the spousal and Participant consent requirements (if applicable) contained in Sections 401(a)(11) and 417 of the Code.

Section 4.14 WRITTEN INSTRUCTION NOT REQUIRED. Any elections made or distributions processed under this Article IV may be accomplished through telephonic or similar instructions in accordance with the rules and procedures established by the Plan Administrator, to the extent they are consistent with the requirements of the Code and ERISA. Notwithstanding the foregoing, however, spousal consents and waivers, to the extent required, may only be granted in writing.

ARTICLE V

WITHDRAWALS; DIRECT ROLLOVERS AND WITHHOLDING; LOANS

Section 5.01 GENERAL RULES. This Article provides the rules that apply to a Participant's request for a withdrawal from the Plan while the Participant is employed by an Employer.

- A. A Participant's Account Balance, for purposes of in-service withdrawals shall be determined as of the Valuation Date coinciding with or immediately succeeding the date the request for withdrawal specified in such Sections is delivered to the Committee.
- B. Any withdrawal under Section 5.02, 5.03, 5.04 or 5.05 shall be paid to the Participant as soon as is reasonably practicable.
- C. All rules governing withdrawal privileges under this Article shall be administered by the Committee or its delegate in a uniform manner, and are subject to the claims procedure described in Section 9.07.
- D. Any election to begin, change or cease withdrawals shall be made in accordance with procedures established by the Committee or in such other manner as permitted by the Committee. Payment of amounts so requested shall be made within an administratively reasonable period of time after the withdrawal has been requested. The Committee may establish other rules of uniform applicability regarding the timing of and procedures for such withdrawals
- E. Withdrawals under this Article V shall be made from a Participant's Account in the following order: After-tax Contributions, Rollover Contributions, amounts in Columbia Lump Sum Deposits Source Account (as such account is defined in the Columbia Plan as in effect on December 31, 2001), other Transferred Accounts, Prior Profit Sharing Account, employer contributions, Pre-tax Contributions (to the extent permitted by Code Section 401(k) and regulations thereunder), Catch-up Contributions (to the extent permitted by Code Section 414(v) and regulations thereunder) and Profit Sharing Contributions

Section 5.02 WITHDRAWALS OF AFTER-TAX AND ROLLOVER CONTRIBUTIONS. Participant may elect to withdraw in cash from either his After-tax Contribution Account or his Rollover Contribution Account.

Section 5.03 WITHDRAWALS OF MATCHING CONTRIBUTIONS AND PROFIT SHARING CONTRIBUTIONS.

- A. Upon application, a Participant who has completed 60 months as a Participant may elect to receive a distribution of any portion or all of his Matching Contribution Account and/or Profit Sharing Account, not being used as security for a loan under Section 5.08.

If Participant has not completed 60 months as a Participant on the first day of the Plan Year in which a withdrawal request is made under this Section, any withdrawal of amounts from the Participant's Matching Contribution Account and/or Profit Sharing Account pursuant to this Section shall be limited to the balance of such an Account derived from Matching Contributions and/or Profit Sharing Contributions in excess of such Matching Contributions and/or Profit Sharing Contributions allocated to his Account during the current Plan Year and the two Plan Years preceding the Plan Year in which the withdrawal takes place, adjusted for gains, earnings and losses attributable thereto.

- B. Withdrawal of Matching Contributions and/or Profit Sharing Contributions under Subsection A above shall require a suspension of Participant deposits to the Plan for a period of six months.

Section 5.04 WITHDRAWALS AT AGE 59½. Upon application, a Participant may, upon written request to the Committee, make withdrawals in cash of any amount up to his entire Account Balance not being used as security for a loan under Section 5.08 on or after he has attained age 59-1/2.

Section 5.05 HARDSHIP WITHDRAWALS. Subject to any additional legal restrictions on in-service withdrawal rights (such as those outlined in Section 4.13), upon the application, a Participant may withdraw all or a portion of his entire Account not being used as security for a loan under Section 5.08 (excluding, on or after January 1, 1989, all trust earnings credited to Pre-tax Contributions Account or Catch-up Contributions) if the withdrawal is necessary due to the immediate and heavy financial need of the Participant.

- A. Only distributions made pursuant to conditions arising under the following circumstances shall be conclusively considered to be made on account of immediate and heavy financial need:
- (i) Alleviating extraordinary financial hardship arising from deductible medical expenses (within the meaning of Code Section 213(d)) previously incurred by the Participant or his spouse, children or other dependents, or necessary for such persons to obtain such care;
  - (ii) Purchasing real property (excluding mortgage payments) that is to serve as the principal residence of the Participant;
  - (iii) Expenditures necessary to prevent eviction from the Participant's principal residence or foreclosure of a mortgage on the same;
  - (iv) Financing the tuition and related educational fees for the next 12 months of post-secondary education for the Participant, his spouse, his children or other dependents.
  - (v) payments for funeral or burial expenses for the employee's deceased parent, spouse, child or dependent; or



- (vi) expenses to repair damage to the employee's principal residence that would qualify for a casualty loss deduction under Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income).

The last two financial needs specified in items (v) and (vi) above only apply to Plan Years beginning after 2005.

B. A distribution will be considered to be necessary to satisfy an immediate and heavy financial need of the Participant only if:

- (i) The Participant has obtained all distributions other than hardship distributions, and all nontaxable loans, currently available under all plans maintained by the Employer, or by borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the need;
- (ii) The Participant has elected to receive any and all dividends attributable to the Participant's Account invested in the Company Stock Fund under Section 8.08.
- (iii) All plans maintained by the Employer provide that the Participant's Pre-tax Contributions, Catch-up Contributions, or other Participant contributions will be suspended for 6 months after the receipt of the hardship distribution (which this Plan hereby so provides); and
- (iv) The distribution is not in excess of the amount necessary to satisfy the immediate and heavy financial need, including any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution.
- (v) All plans maintained by the Employer provide that the Participant may not make Pre-tax Contributions (including Catch-up Contributions, if applicable) for the Participant's taxable year immediately following the taxable year of the hardship distribution in excess of the applicable limit under Code Section 402(g) for such taxable year less the amount of such Participant's Pre-tax Contributions (including Catch-up Contributions, if applicable) for the taxable year of the hardship distribution (which this Plan hereby so provides).

C. A Participant making an application under this Section 5.05 shall have the burden of presenting to the Committee evidence of such need, and the Committee shall not permit withdrawal under this Section without first receiving such evidence. If a Participant's application for a hardship withdrawal is approved, the Committee shall then instruct the Trustee to make payment of the approved amount of the hardship withdrawal to the Participant.

Section 5.06 WITHDRAWALS DURING MILITARY SERVICE.

- A. Effective January 1, 2009, certain individuals performing military service shall have an additional in-service withdrawal right. Specifically, notwithstanding Section 4.13, for purposes of Code §401(k)(2)(B)(i)(I), an individual shall be treated as having been severed from employment during any period the individual is performing service in the uniformed services described in Code §3401(h)(2)(A). However, the plan will not distribute the benefit of such an individual without that individual's consent, so long as the individual is receiving differential wage payments.
- B. Suspension of deferrals. If an individual elects to receive a distribution by reason of severance from employment, death or disability, the individual may not make an elective deferral or employee contribution during the 6-month period beginning on the date of the distribution.

Section 5.07 DIRECT ROLLOVER AND WITHHOLDING RULES.

- A. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover. The Plan Administrator may establish rules and procedures governing the processing of Direct Rollovers and limiting the amount or number of such Direct Rollovers in accordance with applicable Treasury Regulations. Distributions not transferred to an Eligible Retirement Plan in a Direct Rollover shall be subject to income tax withholding as provided under the Code and applicable state and local laws, if any.
- B. Definitions.
  - (i) "Eligible Rollover Distribution." An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (a) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten years or more; (b) any distribution to the extent such distribution is required under Code Section 401(a)(9); (c) any hardship distribution described in Code Section 401(k)(2)(B)(i)(IV); and (d) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).
  - (ii) "Eligible Retirement Plan." An Eligible Retirement Plan is an individual retirement account described in Code Section 408(a), an individual

retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), a qualified trust described in Code Section 401(a), a tax sheltered annuity plan described in Code Section 403(b) or an eligible deferred compensation plan described in Code Section 457(b) that is maintained by an eligible employer described in Code Section 457(e)(1)(A) which agrees to separately account for amounts transferred into such plan, that accepts the distributor's Eligible Rollover Distribution. The definition of "Eligible Retirement Plan" shall also apply in the case of a distribution to the employee's or former employee's surviving spouse or the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p). Effective May 1, 2007, the definition of "Eligible Retirement Plan" also shall apply in the case of a distribution to an individual retirement account described in Code Section 408(a) or individual retirement annuity described in Code Section 408(b) established for the purpose of receiving such distribution on behalf of a non-spouse beneficiary of the Employee.

- (iii) "Distributee." A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are Distributees with regard to the interest of the spouse or former spouse. Effective May 1, 2007, the Employee's non-spouse beneficiary also is a Distributee, but only for distributions to individual retirement accounts described in Code Section 408(a) or individual retirement annuities described in Code Section 408(b), as provided in Section 7.6(b)(ii) of the Plan.
- (iv) "Direct Rollover." A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

C. Special Rules Pertaining to Non-spouse Beneficiary Rollover Right. For distributions on or after May 1, 2007, a non-spouse beneficiary who is a "designated beneficiary" under Code §401(a)(9)(E) and the regulations thereunder, by a direct trustee-to-trustee transfer ("direct rollover"), may roll over all or any portion of his/her distribution to an individual retirement account the beneficiary establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an Eligible Rollover Distribution.

- (i) Certain requirements not applicable. Although a non-spouse beneficiary may roll over directly a distribution as provided in this Section 7.6, the distribution is not subject to the direct rollover requirements of Code §401(a)(31), the notice requirements of Code §402(f) or the mandatory withholding requirements of Code §3405(c). If a non-spouse beneficiary

receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover.

- (ii) Trust Beneficiary. If the Participant's named beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary within the meaning of Code §401(a)(9)(E).
- (iii) Required Minimum Distributions Not Eligible for Rollover. A non-spouse beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other Revenue Service guidance. If the Participant dies before his/her required beginning date and the non-spouse beneficiary rolls over to an IRA the maximum amount eligible for rollover, the beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Treas. Reg. §1.401(a)(9)-3, A-4(c), in determining the required minimum distributions from the IRA that receives the non-spouse beneficiary's distribution

Section 5.08 LOANS TO PARTICIPANTS. Loans may be granted to any Participant under the Plan in accordance with applicable rules under the Code and ERISA and the provisions of this Section.

- A. General Rules. The Committee shall establish the procedures a Participant must follow to request a loan from his Account Balance under the Plan. Loans shall be made available to all Participants on a reasonably equivalent basis; provided, however, that loans will not be made available to a Former Participant, other than a Former Participant who is a Party-In-Interest as defined in Section 3(14) of ERISA whose Account has not been distributed.

In no event will the total of any outstanding loan balances made to any Participant, including any interest accrued thereon, when aggregated with corresponding loan balances of the Participant under any other plans of the Employer or any Related Employer, exceed the lesser of (i) or (ii), below:

- (i) \$50,000, reduced by the excess (if any) of the highest outstanding balance of such loans during the one-year period ending on the day before the date any such loan is made over the outstanding balance of such loans on the date any such loan is made; or
- (ii) One-half of the value of the Participant's Account. For purposes of this Section, the value of a Participant's Account shall be determined as of the Valuation Date coinciding with or next preceding the date on which a properly completed loan request is received by the Committee (or its delegate) or the Trustee, as applicable.

The minimum amount of any loan shall be \$1,000.

- B. Term of Loan. The term of any loan shall be determined by mutual agreement between the Committee and the Participant. Every Participant who is granted a loan shall receive a statement of the charges and interest rates involved in each loan transaction and periodic statements reflecting the current loan balance and all transactions with respect to that loan to date. Except for loans used to acquire any dwelling unit that within a reasonable time (determined at the time the loan is made) is to be used as the principal residence of the Participant, the term of any loan shall not exceed five years. The term of any loan that within a reasonable time (determined at the time the loan is made) is to be used as the principal residence of the Participant shall not exceed 15 years. All loans shall be amortized in level payments made not less frequently than quarterly over the term of the loan, or in accordance with other procedures established by the Employer or the Plan Administrator.
- C. Security. Each loan shall be secured by no more than one-half of the vested portion the Participant's nonforfeitable Account Balance (determined as of the Valuation Date coinciding with or next preceding the date on which the loan is made).
- D. Interest. Each Participant loan shall be considered an investment of the Trust, and interest shall be charged thereon at a reasonable rate established by, or in accordance with procedures approved by, the Plan Administrator commensurate with the interest rates then being charged by persons in the business of lending money under similar circumstances. Notwithstanding the foregoing sentence, the Plan Administrator will reduce the interest rate of an outstanding Participant loan to 6% during a period of qualified military leave, as defined in Code Section 414(u)(5), to the extent required by the Soldiers' and Sailors' Civil Relief Act of 1940. Participant loans under this Section will be considered the directed investment of the Participant requesting such loan, and interest paid on such loan will be allocated to the Account of the Participant-borrower.
- E. Party-In-Interest. The provisions of this Section shall apply to any Participant who is a Party-In-Interest (as defined in Section 3(14) of ERISA) and who retains an Account Balance in the Plan following termination of employment. Payments of principal and interest on a loan to any such Participant shall be made through direct debit from his bank account in accordance with the electronic loan payment procedures established by the Committee.

Such Participant's Account Balance, except for the portion secured by the loan (or loans), may at any time be distributed pursuant to the applicable terms of the Plan. Notwithstanding the preceding sentence, a loan to a Participant to whom this subsection E applies shall become payable in full on the date such Participant receives a final distribution of his Account Balance

- F. Repayment Terms.

1. Generally. The terms and conditions of each loan shall be determined by mutual agreement between the Committee and the Participant. The Committee shall take all necessary actions to ensure that each loan is repaid on schedule by its maturity date, including requiring repayment of the loan by payroll deduction. In the event a Participant (or his Beneficiary or spouse) elects to receive a distribution from the Trust Fund at a time when there is an unpaid balance of a loan against such Participant's Account, the Trustee shall deduct the unpaid balance of the principal of such loan or any portion thereof, and any interest accrued to the date of such deduction, from any payment or distribution from the Trust Fund to which such Participant or his Beneficiary or spouse may be entitled. If the amount of such payment or distribution is not sufficient to repay the outstanding balance of such loan and any interest accrued thereon, the Participant (or his estate, if applicable) shall be liable for and continue to make payments on any balance still due from him.
2. Bank Debit. The provisions of this subsection F(2) shall apply to any Participant who (a) terminates employment with all Employers on or after July 1, 2005, and (b) has an outstanding loan (or loans) as of his termination date. Payments of principal and interest on any such Participant's loan (or loans) may be made through direct debit from his bank account, in accordance with the electronic loan payment procedures established by the Committee. If any such Participant does not authorize payments through direct debit from his bank account, his outstanding loan shall be considered in default.

Except as set forth in subsection E, no Participant described in this subsection F(2) shall be entitled to receive any new loan pursuant to this Section 5.08 from and after the date of his termination of employment. The balance of his Account, except for the portion secured by the loan (or loans), may be distributed pursuant to the applicable terms of the Plan. A loan to a Participant to whom this subsection F(2) applies shall become payable in full on the date such Participant receives a final distribution of his Account Balance.

3. Suspension of Loan Payments during Qualified Military Leave. Loan payments shall be suspended during a period of "qualified military service," as defined in Code Section 414(u)(5). The duration of such period of service shall not be taken into account in determining the maximum permissible term of the loan under Code Section 72(p) and the regulations promulgated thereunder. Following the Participant's timely reemployment after a period of qualified military service, loan payments shall resume at an amount no less than required by the terms of the original loan, and at a frequency such that the loan will be repaid in full during a period that is no longer than the "latest permissible term of the loan" (defined as latest date permitted under Code Section 72(p)(2)(B) plus the period of suspension due to such military service).

- G. Restrictions on Loans. No Participant shall have more than two loans under this Section 5.08 outstanding at the same time. All loans will be paid by payroll deduction and a loan will be approved only if the Participant has sufficient income to support the required payroll withholdings.
- H. Nondiscrimination. Loans will not be made available to Highly Compensated Employees in an amount greater than the amount made available to other Employees.
- I. Default. Failure to make a payment within 90 days of the date payment is due will generally constitute a default, unless loan procedures and applicable law do not so require. Upon default (or, to the extent prohibited by law or by the terms of the Plan until a distributable event occurs, upon such event) the Plan Administrator will deduct the total unpaid amount of the loan and any unpaid interest due on the loan from the Participant's Account. The Committee may establish additional rules and procedures for handling loan defaults, including, but not limited to, restrictions on future borrowing.
- J. Procedure. The Committee will establish nondiscriminatory policies and procedures to administer Participant loans.

Section 5.09 SPECIAL WITHDRAWAL RULES APPLICABLE TO TRANSFER ACCOUNTS. Notwithstanding any other Plan provision to the contrary, if the Internal Revenue Service requires distribution to be made (or offered) with respect to any or all amounts held on behalf of a Participant with respect to a predecessor or transferor plan, as a condition of preserving the tax-qualified status of this Plan or of said predecessor or transferor plan, or if a court of competent jurisdiction issues an order or decree in respect of the Plan or its fiduciaries which is determined under relevant federal law to be enforceable, and which compels the distribution of a Participant's Plan interest, the Committee will be entitled to direct the prompt distribution (or offer of distribution) of such amounts.

## ARTICLE VI

### TESTING OF PRE-TAX, AFTER-TAX AND MATCHING CONTRIBUTIONS

Section 6.01 DEFINITIONS. For purposes of this Article, the following definitions shall apply:

- A. "Actual Deferral Percentage" means the average of the actual deferral ratios (calculated separately for each Eligible Employee) of the amount of Pre-tax Contributions actually made by the Eligible Employee for such Plan Year to the Eligible Employee's Compensation for the period of time during such Plan Year that he participated in the Plan, rounded to the nearest one-hundredth of one percent.
- B. "Actual Contribution Percentage" means the average of the actual contribution ratios (calculated separately for each Eligible Employee) of the amount of Matching Contributions actually made by an Employer for the Eligible Employee for such Plan Year, plus the amount of After-tax Contributions made by the Eligible Employee during such Plan Year, to such Employee's Compensation for the period of time during such Plan Year in which he participated in the Plan, rounded to the nearest one-hundredth of one percent.
- C. "Eligible Employee" means any Participant in the Plan and any Employee who would be eligible to make Pre-tax Contributions or After-tax Contributions to the Plan for a Plan Year but for a suspension due to a distribution or a failure to elect to participate in the Plan.
- D. "Excess Contributions" means, with respect to any Plan Year, the excess of the aggregate amount of the Pre-tax Contributions actually made on behalf of Highly Compensated Employees for such Plan Year over the maximum amount of such Contributions permitted under the limitations of Code Section 401(k)(3)(A)(ii).
- E. "Excess Aggregate Contributions" means, with respect to any Plan Year, the excess of the aggregate amount of the After-tax Contributions and Matching Contributions actually made on behalf of Highly Compensated Employees for such Plan Year over the maximum amount of such contributions permitted under the limitations of Code Section 401(m)(2)(A).
- F. "Highly Compensated Eligible Employee" means an Eligible Employee who is a Highly Compensated Employee.

#### Section 6.02 PRE-TAX CONTRIBUTIONS: 401(k) TESTS.

- A. Actual Deferral Percentage Test. The total amount of Pre-tax Contributions shall comply with either (i) or (ii) below for each Plan Year:



- (i) The Actual Deferral Percentage for the Highly Compensated Eligible Employees shall not exceed the Actual Deferral Percentage for all other Eligible Employees multiplied by 1.25; or
  - (ii) The Actual Deferral Percentage for Highly Compensated Eligible Employees shall not exceed the Actual Deferral Percentage of all other Eligible Employees multiplied by 2.0, provided that the Actual Deferral Percentage for the Highly Compensated Eligible Employees does not exceed that of all other Eligible Employees by more than two percentage points.
- B. The Actual Deferral Percentage for the Plan Year for any Highly Compensated Eligible Employee who is eligible to make Pre-tax Contributions under two or more plans that are qualified under Code Section 401(a) or 401(k) and that are maintained by an Employer or an Affiliate must be determined as if all such deferrals were made under a single plan. Plans may be aggregated only if they have the same Plan Year.
- C. In determining whether the requirements of Section 6.02A of the Plan are met, the Committee may aggregate plans on any basis as permitted under Code Section 401(a)(4) and Treasury Regulations thereunder.
- D. Pre-tax Contributions shall be taken into account for purposes of determining the Actual Deferral Percentage of any Eligible Employee for a Plan Year only if such Pre-tax Contributions relate to Compensation that either (1) would have been received by the Eligible Employee in such Plan Year (but for the election to make such Pre-tax Contributions), or (2) is attributable to services performed by the Eligible Employee in such Plan Year and would have been received by the Eligible Employee within 2-1/2 months after the end of such Plan Year (but for the election to make such Pre-tax Contributions).
- E. Pre-tax Contributions shall be taken into account for purposes of determining the Actual Deferral Percentage of an Eligible Employee for a Plan Year only if such Pre-tax Contributions are allocated to the Pre-tax Contributions Account of the Eligible Employee as of a date that occurs within such Plan Year. For this purpose, Pre-tax Contributions are considered allocated as of a date within a Plan Year if the allocation is not contingent upon participation or performance of services after such date and the Pre-tax Contributions are actually paid to the Trustee no later than 12 months after the end of the Plan Year to which the Pre-tax Contributions relate.
- F. The determination and treatment of the Actual Deferral Percentage of any Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury. In performing the required testing hereunder, any variations in procedures or methods permitted under the Code and applicable Treasury Regulations may be employed

Section 6.03 CORRECTION OF EXCESS PRE-TAX CONTRIBUTIONS.

- A. If the amount of Pre-tax Contributions made for Highly Compensated Eligible Employees in a Plan Year would not comply with either clause (i) or (ii) in Section 6.02A above, then the Committee in its discretion may choose either (i), (ii) or (iii) below, or any combination, in order to comply with such tests:
- (i) In determining the Actual Deferral Percentage of Eligible Employees, the Committee may treat Matching Contributions, other than Matching Contributions used to meet the test in Section 6.04A, as Pre-tax Contributions; or
  - (ii) The Excess Contributions can, with the consent of the applicable Highly Compensated Eligible Employees, be recharacterized as After-tax Contributions solely for the purposes of Sections 6.02 and 6.04 of the Plan, within 2-1/2 months after the related Plan Year, but only to the extent that it shall not cause the limitations in Section 6.04A to be exceeded, or
  - (iii) The Excess Contributions for such Plan Year (including the income, gains and losses attributable to such Contributions as provided in B below) shall be distributed by the last day of the following twelve-month period to Highly Compensated Eligible Employees. Excess Contributions attributable to each Highly Compensated Eligible Employee shall be determined according to the following leveling method:
    - 1. The Actual Deferral Percentage of the Highly Compensated Eligible Employee with the highest Actual Deferral Percentage for the Plan Year shall be reduced to the extent necessary to cause such Highly Compensated Eligible Employee's Actual Deferral Percentage to equal the Actual Deferral Percentage of the Highly Compensated Eligible Employee with the next highest Actual Deferral Percentage. This process shall be repeated until the Plan satisfies one of the tests set forth in Section 6.02 for such Plan Year.
    - 2. The dollar amount of each prospective reduction made pursuant to (1) next above shall be determined for each Highly Compensated Eligible Employee and all such dollar amounts for such Plan Year shall be aggregated.
    - 3. The Pre-tax Contributions of the Highly Compensated Eligible Employee with the highest dollar amount of Pre-tax Contributions for the Plan Year shall be reduced by the amount necessary to cause the amount of such Highly Compensated Eligible Employee's Pre-tax Contributions to equal the amount of Pre-tax Contributions of the Highly Compensated Eligible Employee with the next highest dollar amount of Pre-tax Contributions for such Plan Year. This process shall be repeated until the total amount of Pre-tax Contributions so

reduced equals the aggregate dollar amount determined in (2) next above.

Following completion of this process, the amount of Excess Contributions for each Highly Compensated Eligible Employee shall be equal to the total of his Pre-tax Contributions reduced pursuant to the aforementioned leveling method.

In the event of the complete termination of the Plan during the Plan Year in which Excess Contributions arose, such distributions are to be made after termination of the Plan and before the close of the 12-month period that immediately follows such termination. Any distribution of Excess Contributions may be made without regard to any notice or consent requirements of the Plan.

- B. The income, gains and losses allocable to Excess Contributions shall be the income, gains and losses attributable to such Excess Contributions for the Plan Year in which they occurred, determined pursuant to Code Section 401(k)(8). In addition, beginning with any Excess Contributions distributed on or after December 29, 2004, but not to include any Excess Contributions distributed after December 31, 2007, such income, gains and losses allocable to Excess Contributions shall include the income, gains and losses attributable to such Excess Contributions for the period commencing on the first day of the next Plan Year and ending on the date of distribution.
- C. For purposes of this Section, a distribution occurring on or before the fifteenth day of the month shall be treated as having been made as of the last day of the preceding month and a distribution occurring after such fifteenth day shall be treated as having been made on the first day of the following month.
- D. The amount of Excess Contributions to be distributed to, or recharacterized with respect to, a Highly Compensated Eligible Employee for a Plan Year shall be reduced by any Excess Contributions previously distributed to the Highly Compensated Eligible Employee for the taxable year of the Highly Compensated Eligible Employee ending with or within the same Plan Year, and Excess Contributions to be distributed to a Highly Compensated Eligible Employee for a taxable year of the Highly Compensated Eligible Employee shall be reduced by Excess Contributions previously distributed, or recharacterized with respect to, such Highly Compensated Eligible Employee for the Plan Year beginning in such taxable year.
- E. An amount of Matching Contributions attributable to the Pre-tax Contributions distributed to a Highly Compensated Eligible Employee as an Excess Contribution pursuant to clause (iii) of Section 6.03A shall also be distributed to the applicable Highly Compensated Eligible Employee by the last day of the 12-month period following the end of the Plan Year in which such Excess Contributions occurred.

- F. Excess Contributions that are recharacterized pursuant to clause (ii) Section 6.03A shall be nonforfeitable and fully vested and shall be subject to the distribution limitations set forth in Section 4.13 that are applicable to Pre-tax Contributions.
- G. For purposes of this Section, the Actual Deferral Percentage for Highly Compensated Eligible Employees and for Eligible Employees who are not Highly Compensated Eligible Employees shall be determined for the current Plan Year.

Section 6.04 AFTER-TAX AND MATCHING CONTRIBUTIONS: 401(m) TESTS.

- A. Actual Contribution Percentage Test. The total amount of Matching Contributions as described in Section 3.04, except for any Matching Contributions used to satisfy the test in Section 6.02A, plus the total amount of After-tax Contributions as described under Section 3.02C, including any amount recharacterized as an After-tax Contribution under Section 6.03A(ii) above shall comply with either (i) or (ii) below for each Plan Year:
  - (i) The Actual Contribution Percentage for the Highly Compensated Eligible Employees shall not exceed the Actual Contribution Percentage for all other Eligible Employees multiplied by 1.25; or
  - (ii) The Actual Contribution Percentage for Highly Compensated Eligible Employees shall not exceed the Actual Contribution Percentage of all other Eligible Employees multiplied by 2.0, provided that the Actual Contribution Percentage for the Highly Compensated Eligible Employees does not exceed that of all other Eligible Employees by more than two percentage points.
- B. The Actual Contribution Percentage for the Plan Year for any Highly Compensated Eligible Employee who is eligible to receive Matching Contributions or to make After-tax Contributions under two or more plans that are qualified under Code Section 401(a) or 401(k) and that are maintained by an Employer or an Affiliate, must be determined as if all such Contributions were made under a single plan. Plans may be aggregated only if they have the same Plan Year.
- C. In determining whether the requirements in Section 6.04A are met, the Committee may aggregate plans as permitted under Code Section 401(a)(4) and Treasury Regulations thereunder.
- D. The determination and treatment of the Actual Contribution Percentage of any Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury. In performing the required testing hereunder, any variations in procedures or methods permitted under the Code and applicable Treasury Regulations may be employed.

Section 6.05 CORRECTION OF EXCESS AGGREGATE CONTRIBUTIONS.

- A. If the amount of Matching Contributions plus After-tax Contributions made for Highly Compensated Eligible Employees in a Plan Year would not comply with either clause (i) or (ii) in Section 6.04A above, then the Committee in its discretion shall choose either (i) or (ii) below in order to comply with such tests:
- (i) The Pre-tax Contributions of nonhighly compensated Eligible Employees shall be recharacterized as Matching Contributions to the extent necessary to comply with either clause (i) or (ii) in Section 6.04A, provided that the Code Section 401(k) test for Pre-tax Contributions (as described in 6.02A(i) or (ii)) shall still be met both before and after such recharacterization; or
  - (ii) The Excess Aggregate Contributions for such Plan Year (including any income, gains or losses attributable to such Contributions as provided in paragraph (b) below) shall be distributed by the last day of the following 12-month period to Highly Compensated Eligible Employees. Excess Aggregate Contributions attributable to each Highly Compensated Eligible Employee shall be determined according to the following leveling method:
    - 1. The Actual Contribution Percentage of the Highly Compensated Eligible Employee with the highest Actual Contribution Percentage for the Plan Year shall be reduced to the extent necessary to cause such Highly Compensated Eligible Employee's Actual Contribution Percentage to equal the Actual Contribution Percentage of the Highly Compensated Eligible Employee with the next highest Actual Contribution Percentage for such Plan Year. This process shall be repeated until the Plan satisfies one of the tests set forth in Section 6.04 for such Plan Year.
    - 2. The dollar amount of each reduction made pursuant to (1) next above shall be determined for each Highly Compensated Eligible Employee and all such dollar amounts for such Plan Year shall be aggregated.
    - 3. The Matching Contributions and After-tax Contributions of the Highly Compensated Eligible Employee with the highest dollar amount of Matching Contributions and After-tax Contributions for the Plan Year shall be reduced to the extent necessary to cause the amount of such Highly Compensated Eligible Employee's Matching Contributions and After-tax Contributions to equal the amount of Matching Contributions and After-tax Contributions of the Highly Compensated Eligible Employee with the next highest dollar amount of Matching Contributions and After-tax Contributions. This process shall be repeated until the total amount of Matching Contributions and After-tax Contributions so reduced equals the aggregate dollar amount in (2) next above.

The amount of Excess Aggregate Contributions for a Plan Year shall be determined only after first determining the Excess Contributions that are recharacterized as After-tax Contributions pursuant to clause (ii) of Section 6.03A. The amount of Excess Aggregate Contributions to be distributed to each Highly Compensated Eligible Employee pursuant to this clause (ii) for a Plan Year shall be distributed on a pro rata basis from the After-tax Contributions made by such Highly Compensated Eligible Employee for such Plan Year and the Matching Contributions allocable to the Matching Contribution Account of the Highly Compensated Eligible Employee for such Plan Year.

In the event of the complete termination of the Plan during the Plan Year in which an Excess Aggregate Contribution arose, such distributions are to be made after termination of the Plan and before the close of the 12-month period that immediately follows such termination. Any distribution of Excess Aggregate Contributions may be made without regard to any notice or consent requirements of the Plan.

- B. The income, gains and losses allocable to Excess Aggregate Contributions shall be such income, gains and losses attributable to such Excess Aggregate Contributions for the Plan Year in which they occurred, determined pursuant to Code Section 401(m)(6). In addition, beginning with any Excess Aggregate Contributions distributed on or after December 29, 2004, but not to include any Excess Aggregate Contributions distributed after December 31, 2007, such income, gains and losses allocable to Excess Aggregate Contributions shall include the income, gains and losses attributable to such Excess Aggregate Contributions for the period commencing on the first day of the next Plan Year and ending on the date of distribution.
- C. For purposes of this Section 6.05, a distribution occurring on or before the fifteenth day of the month shall be treated as having been made as of the last day of the preceding month and a distribution occurring after such fifteenth day shall be treated as having been made on the first day of the following month.
- D. For purposes of this Section 6.05, the Actual Contribution Percentage for Highly Compensated Eligible Employees and for Eligible Employees who are not Highly Compensated Eligible Employees shall be determined for the current Plan Year.

ARTICLE VII

LIMITATIONS ON CONTRIBUTIONS AND BENEFITS

Section 7.01 DOLLAR LIMITATIONS ON PRE-TAX CONTRIBUTIONS.

- A. Code Section 402(g) Limitation. In no event shall the sum of (i) a Participant's Pre-tax Contributions for any calendar year and (ii) any other "elective deferrals" (as defined in Code Section 402(g)(3)) for any calendar year, exceed the dollar limitation set forth in Code Section 402(g) (\$15,500 for 2008, and as adjusted thereunder), except to the extent Catch-up Contributions are permitted under Plan Section 3.02B and Code Section 414(v).
- B. Distribution of Excess Deferrals. In the event that the aggregate amount of Pre-tax Contributions by a Participant exceeds the maximum dollar limitation as determined under subsection A above, the amount of such excess Pre-tax Contributions (the "Excess Elective Deferrals"), increased by any income and decreased by any losses attributable thereto, shall be returned to the Participant no later than April 15th of the calendar year following the calendar year for which the Pre-tax Contributions were made.
- C. Determination of Income or Loss. Excess Elective Deferrals shall be adjusted for any income or loss for the calendar year in which such contributions occurred. Effective for taxable years beginning after December 31, 2006 (excesses distributed after December 31, 2007), any refunds of Excess Elective Deferrals shall be adjusted for income or loss up to the date of distribution (the "Gap Period"). The income or loss allocable to Excess Elective Deferrals is equal to the sum of the allocable gain or loss for the Plan Year and, to the extent that such Excess Elective Deferrals would otherwise be credited with gain or loss for the Gap Period if the total Account were to be distributed, the allocable gain or loss during that period.

The Plan Administrator may use any reasonable method for computing the income allocable to Excess Elective Deferrals, provided that the method does not violate Code Section 401(a)(4), is used consistently for all Participants and for all corrective distributions under the Plan for the Plan Year, and is used by the Plan for allocating income to Participants' Accounts. The Plan will not fail to use a reasonable method for computing the income allocable to Excess Elective Deferrals merely because the income allocable to such contributions is determined on a date that is no more than seven days before the actual distribution. In addition, the Plan Administrator may allocate income in any manner permitted under applicable Treasury Regulations.

Section 7.02 ANNUAL ADDITIONS -- DEFINITIONS. For purposes of Section 7.03, the following definitions and rules of interpretation shall apply:

A. "Annual Additions." The sum of the following amounts credited to a Participant's Account for any Limitation Year:

- (i) Employer contributions;
- (ii) Employee contributions (not including Catch-up Contributions); and
- (iii) Forfeitures, if any.

Except to the extent provided in Treasury Regulations, Annual Additions also include any excess contributions described in Code Section 401(k), excess aggregate contributions described in Code Section 401(m), and excess deferrals described in Code Section 402(g), irrespective of whether the Plan distributes or forfeits such excess amounts. Annual Additions also include amounts allocated to an individual medical account (as defined in Code Section 415(l)(2)) included as part of a pension or annuity plan maintained by the Employer. Furthermore, Annual Additions include contributions attributable to post-retirement medical benefits allocated to the separate account of a Key Employee (as defined in Code Section 419(A)(d)(3)) under a welfare benefit fund (Code Section 419(e)) maintained by the Employer.

Annual Additions shall not include the following: (i) Transfer Contributions; (ii) Rollover Contributions; (iii) reinvestment of dividends pursuant to Section 8.08; and (iv) restorative payments allocated to a Participant's Account, which include payments made to restore losses to the Plan resulting from actions (or a failure to act) by a fiduciary for which there is a reasonable risk of liability under Title I of ERISA or under other applicable federal or state law, where similarly situated Participants are similarly treated.

B. "Excess Amount." For a Participant for each Limitation Year, the excess, if any of (i) the Annual Additions that would be credited to his Account under the terms of the Plan without regard to Code Section 415 over (ii) the maximum Annual Additions allowed under Code Section 415(c)(1)(A).

C. "Limitation Year." The Plan Year.

D. "Maximum Permissible Amount." The Maximum Permissible Amount with respect to any Participant shall be the lesser of:

- (i) \$46,000, as adjusted for increases in cost-of-living under Code Section 415(d), or
- (ii) 100% of the Participant's Compensation for the Limitation Year.

The Compensation limit set forth in (ii) above, shall not apply to any contribution for medical benefits after separation from Service (within the meaning of Code Section 401(h) or Code Section 419(f)(2)), which is otherwise treated as an Annual Addition.



Section 7.03 LIMITATIONS UNDER CODE SECTION 415. The amount of the Annual Addition that may be credited under the Plan to any Participant's Account, or that may be credited to such Participant under any other qualified plan, welfare benefit fund (as defined in Code Section 419(e)) or an individual medical account (as defined in Code Section 415(1)(2)), maintained by an Employer, for any Limitation Year shall not exceed the Maximum Permissible Amount.

The following provisions shall apply:

- A. Notwithstanding anything contained in the Plan to the contrary, the provisions of the Plan shall at all times comply with the limitations, adjustments and other requirements prescribed in Code Section 415 and the Treasury Regulations thereunder, the terms of which are specifically incorporated herein by reference.
- B. Subject to the provisions of subsection F, if the foregoing limitation on allocations would be exceeded in any Limitation Year for any Participant as a result of (i) reasonable error in estimating such Participant's Compensation, (ii) reasonable error in determining the amount of elective deferrals within the meaning of Code Section 402(g)(3) (that may be made with respect to such Participant) or (iii) under such other limited facts and circumstances that the Commissioner of Internal Revenue (pursuant to Treasury Regulation Section 415-6(b)(6)) finds justify the availability of this Section), the After-tax Contributions and Pre-tax Contributions made by or with respect to such Participant shall be distributed to him, to the extent that any such distribution would reduce the amount in excess of the limits of this Section. Any amount in excess of the limits of this Section remaining after such distribution shall be placed, unallocated to any Participant, in a designated Plan account ("Suspense Account.") If a Suspense Account is in existence at any time during a particular Limitation Year, other than the Limitation Year described in the preceding sentence, all amounts in the Suspense Account must be allocated to the Participants' Accounts (subject to the limits of this Section) before any contributions which would constitute Annual Additions may be made to the Plan for that Limitation Year. The excess amount allocated pursuant to this Section shall be used to reduce Matching Contributions for the next Limitation Year (and succeeding Limitation Years), as necessary, for that Participant. However, if that Participant is not covered by the Plan as of the end of the applicable Limitation Year, then the excess amounts must be held unallocated in the Suspense Account for the Limitation Year and allocated and reallocated in the next Limitation Year to all of the remaining Participants in the Plan. The Suspense Account shall not share in the valuation of Participants' Accounts, and the allocation of earnings set forth in Section 8.02 of the Plan and the change in fair market value and allocation of earnings attributable to the Suspense Account shall be allocated to the remaining Accounts hereunder as set forth in Section 8.02.
- C. Prior to determining a Participant's actual Compensation for the Limitation Year, the Company may determine the Maximum Permissible Amount for a Participant

on the basis of a reasonable estimate of the Participant's Compensation for the Limitation Year uniformly determined for all Participants similarly situated.

- D. As soon as is administratively feasible after the end of the Limitation Year, the Maximum Permissible Amount for the Limitation Year shall be determined on the basis of the Participant's actual Compensation for the Limitation Year.
- E. If pursuant to subsections B and D there is an Excess Amount to be distributed to a Participant covered by the Plan at the end of the Limitation Year, the excess shall be disposed of by the Committee as follows:
  - (vi) After-tax Contributions, adjusted for earnings, gains and losses allocable thereto, shall be returned to the Participant, to the extent they would reduce the Excess Amount.
  - (vii) If, after the application of paragraph (i), an Excess Amount still exists, Pre-tax Contributions, adjusted for earnings, gains and losses allocable thereto, shall be returned to the Participant, to the extent they would reduce the Excess Amount.
  - (viii) If, after the application of paragraphs (i) and (ii), an Excess Amount still exists, the Excess Amount in the Suspense Account shall be used to reduce Matching Contributions for such Participant in the next Limitation Year, and each succeeding Limitation Year, if necessary
- F. Effective for any Limitation Year beginning on or after July 1, 2007, and anything herein to the contrary notwithstanding, if there is an Excess Amount to be distributed to a Participant covered by the Plan at the end of the Limitation Year, the Employer may only correct such excess in accordance with the Employee Plans Compliance Resolution System (EPCRS), or any successor thereto.

## ARTICLE VIII

### TRUST CREATION, ALLOCATION AND INVESTMENTS

Section 8.01 ESTABLISHMENT OF TRUST. The Company shall execute a Trust Agreement with one or more persons or parties who shall serve as the Trustee. The Trustee so selected shall serve as the Trustee until otherwise replaced or said Trust Agreement is terminated. The Company may, from time to time, enter into such further agreements with the Trustee or other parties and make such amendments to said Trust Agreement as it may deem necessary or desirable to carry out this Plan. Any and all rights or benefits which may accrue to a person under this Plan shall be subject to all the terms and provisions of the Trust Agreement.

Section 8.02 ACCOUNTING AND ADJUSTMENTS. With respect to each Participant, the Plan Administrator and Trustee shall maintain separate subaccounts (for accounting purposes only) to reflect the different kinds of contributions made to the Plan, as follows: Pre-tax Contributions Account, Catch-up Contributions Account, After-tax Contribution Account, Matching Contribution Account, Profit Sharing Account, Prior Profit Sharing Account, Rollover Account and Transfer Account(s), if any.

Amounts credited to such subaccounts shall be allocated among the Participant's designated investments on a reasonable pro rata basis, in accordance with the valuation procedures of the Trustee and the Investment Funds. The Trustee and the Committee shall also establish uniform procedures which they may change from time to time, for the purpose of adjusting the subaccounts of a Participant's Account for withdrawals, loans, distributions and contributions. Gains, losses, withdrawals, distributions, forfeitures and other credits or charges may be separately allocated among such subaccounts on a reasonable and consistent basis in accordance with such procedures.

Section 8.03 VALUE OF PARTICIPANT'S ACCOUNT. The value of each Participant's Account shall be based on its fair market value on the appropriate Valuation Date. A valuation shall occur at least once every Plan Year, and otherwise in accordance with the terms of the Trust and administratively practicable procedures approved by the Committee. Periodically, on a frequency determined by the Committee and the Trustee, the Participant will receive a statement showing the transaction activity and value of his Account as of a date set forth in the statement.

Section 8.04 INVESTMENT FUNDS. The Committee and the Trustee shall establish certain investment funds (the "Investment Funds"), rules governing the administration of the Investment Funds, and procedures for directing the investment of Participant Accounts among the Investment Funds. The Trustee shall invest and reinvest the principal and income of each Account in the Trust Fund as required by ERISA and as directed by Participants. The Committee and the Employer reserve the right to change the investment options available under the Plan and the rules governing investment designations at any time and from time to time. The Investment Funds are set forth in Schedule II, attached hereto for informational purposes only and not formally part of the Plan.

Notwithstanding any other provisions of the Plan, assets of the Trust may be invested in any collective investment fund or funds, including common and group trust funds presently in existence or hereafter established. The assets so invested shall be subject to all the provisions of the instruments establishing such funds as they may be amended from time to time, and which are hereby incorporated by reference.

Section 8.05 PARTICIPANT DIRECTION OF INVESTMENT. The Committee and the Trustee shall establish rules governing the administration of Investment Funds and procedures for Participant direction of investment, including rules governing the timing, frequency and manner of making investment elections. The Committee and the Company reserve the right to change the investment options available under the Plan and rules governing investment designations from time to time. Nothing in this or any other provision of the Plan shall require the Trustee, the Company or the Committee to implement Participant investment directions or changes in such directions, or to establish any procedures, other than on an administratively practicable basis, as determined by the Company in its discretion.

Each Participant shall, in accordance with procedures established by the Committee and the Trustee, direct that his Account and contributions thereto be invested and reinvested in any one or more of the Investment Funds. The investment of any such monies shall be subject to such restrictions as the Committee may determine, in its sole discretion, to be advisable or necessary under the circumstances. Moreover, in accordance with procedures established by the Trustee and agreed to by the Plan Administrator, Participants may, when administratively practicable, be permitted to change their current and prospective investment designations through telephone, "on-line" or similar instructions to the Trustee or its authorized agent on a frequency established under such procedures, as in effect from time to time.

The exercise of investment direction by a Participant will not cause the Participant to be a fiduciary solely by reason of such exercise, and neither the Trustee nor any other fiduciary of this Plan will be liable for any loss or any breach that results from the exercise of investment direction by the Participant. The investment designation procedures established under the Plan shall be and are intended to be in compliance with the requirements of ERISA Section 404(c) and the regulations thereunder.

Notwithstanding any provision to the contrary, the Committee may, in its sole discretion and where the terms of any relevant investment contracts, regulated investment companies or pooled or group trusts so require, impose special terms, conditions and restrictions upon a Participant's right to direct the investment in, or transfer into or out of, such contracts, companies or trusts.

Section 8.06 ADMINISTRATION OF INVESTMENT DESIGNATIONS.

- A. Affirmative Direction. The Trustees shall invest and reinvest the Account as the Participant shall instruct the Committee, according to the provisions of Section 8.05 by such means of instruction as provided by the Committee. The instructions of a Participant shall remain in force until altered by him. With the exception of automatic Pre-tax Contributions, no contributions may be authorized by or made for a Participant unless an investment instruction with respect to such

contributions is provided by him prior to the date such contributions are authorized or delivered. A Participant shall not be allowed to withdraw all prior investment instructions unless simultaneous therewith he delivers new investment instructions.

- B. Default Investments. To the extent that a Participant fails to give the investment directions contemplated in subsection A above with respect to automatic Pre-tax Contributions, the Participant's Account related to such contributions shall be invested in such default investment fund(s) established by the Committee in its discretion. In establishing such default investment fund(s), the Committee may elect to comply with the rules and regulations applicable to "qualified default investment alternatives" as established by the Department of Labor pursuant to Section 404(c)(5) of ERISA.
- C. Changing Designations. Any investment election given by a Participant for investment of his Account shall continue in effect until changed by the Participant or Beneficiary. A Participant or Beneficiary may change his current investment election as to his future Account in accordance with procedures established by the Committee.

Section 8.07 SPECIAL RULES PERTAINING TO INVESTMENT OF MATCHING CONTRIBUTIONS AND PROFIT SHARING CONTRIBUTIONS. Except as provided in Schedule IV, all Matching Contributions and Profit Sharing Contributions (whether made in the form of cash or Company Stock, pursuant to Section 3.08) shall initially be invested in the Company Stock Fund. Thereafter, in accordance with the provisions of Section 8.05 and 8.06, a Participant may elect to change such investment designation to a different Investment Fund.

Section 8.08 SPECIAL RULES PERTAINING TO THE COMPANY STOCK FUND.

- A. Dividends. Dividends attributable to a Participant's Account invested in the Company Stock Fund shall, at the election of the Participant, be payable to him in cash or reinvested in the Company Stock Fund. Such election shall be made no later than 15 days before the date on which such dividend is paid by the Company. Any Participant who fails to make a timely election shall have dividends attributable to the investment of his Account in the Company Stock Fund reinvested in the Company Stock Fund. Notwithstanding the previous sentences, any dividend payment less than \$10 shall be so reinvested.
- B. Procedures for Voting.
  - (i) When the issuer of Company Stock files preliminary proxy solicitation materials with the Securities and Exchange Commission, the Company shall cause a summary of the items being voted upon to be simultaneously sent to the Trustee. Based on this summary the Trustee shall prepare a voting instruction form. At the time of mailing of the notice of each annual or special stockholders' meeting of the Company, the Company shall cause a copy of the notice and all proxy solicitation materials to be sent to each

Participant, together with the foregoing voting instruction form to be returned to the Trustee or its designee. The form shall show the number of full and fractional shares of Company Stock credited to the Participant's Account. For purposes of this Section, the number of shares of Company Stock deemed "credited" to the Participant's Account, attributable to the Company Stock Fund, shall be determined as of the last preceding valuation date for which an allocation has been completed and Company Stock has actually been credited to Participants' Accounts. The Company shall provide the Trustee with a copy of any materials provided to the Participants and shall certify to the Trustee that the materials have been mailed or otherwise sent to Participants.

- (ii) Each Participant shall have the right to direct the Trustee as to the manner in which the Trustee is to vote that number of shares of Company Stock credited to the Participant's Account. Directions from a Participant to the Trustee concerning the voting of Company Stock shall be communicated in writing; these directions shall be held in confidence by the Trustee and shall not be divulged to the Company, or any officer or employee thereof, or any other person. Upon its receipt of the directions, the Trustee shall vote the shares of Company Stock as directed by the Participant. The Trustee shall not vote shares of Company Stock credited to a Participant's Account for which it has received no directions from the Participant.
- (iii) The Trustee shall vote that number of shares of Company Stock not credited to Participants' Accounts, which is determined by multiplying the total number of shares not credited to Participants' Accounts by a fraction, the numerator of which is the number of shares of Company Stock credited to Participants' Accounts for which the Trustee received voting directions from Participants and the denominator of which is the total number of shares of Company Stock credited to Participants' Accounts. The Trustee shall vote those shares of Company Stock not credited to Participants' Accounts which are to be voted by the Trustee pursuant to the foregoing formula in the same proportion on each issue as it votes those shares credited to Participants' Accounts for which it received voting directions from Participants. The Trustee shall not vote the remaining shares of Company Stock not credited to Participants' Accounts.

C. Procedures for Tendering.

- (i) Upon commencement of a tender offer for any securities held in the Trust that are Company Stock, attributable to the Company Stock Fund, the Company shall notify each Participant of the tender offer and utilize its best efforts to timely distribute or cause to be distributed to the Participant the same information that is distributed to shareholders of the issuer of Company Stock in connection with the tender offer, and, after consulting with the Trustee, shall provide and pay for a means by which the Participant may direct the Trustee whether or not to tender the Company Stock credited

- to the Participant's Account. The Company shall provide the Trustee with a copy of any material provided to the Participants and shall certify to the Trustee that the materials have been mailed or otherwise sent to Participants.
- (ii) Each Participant shall have the right to direct the Trustee to tender or not to tender some or all of the shares of Company Stock credited to the Participant's Account. Directions from a Participant to the Trustee concerning the tender of Company Stock shall be communicated in writing. The Trustee shall tender or not tender shares of Company Stock as directed by the Participant. The Trustee shall not tender shares of Company Stock credited to Participants' Accounts for which it has received no directions from the Participants. Directions received from Participants shall be held in confidence by the Trustee and shall not be divulged to the Company or any officer or employee thereof or any other person.
  - (iii) The Trustee shall tender that number of shares of Company Stock not credited to Participants' Accounts which is determined by multiplying the total number of shares of Company Stock not credited to Participants' Accounts by a fraction, the numerator of which is the number of shares of Company Stock credited to Participants' Accounts for which the Trustee has received directions from Participants to tender (which directions have not been withdrawn as of the date of this determination) and the denominator of which is the total number of shares of Company Stock credited to Participants' Accounts.
  - (iv) A Participant who has directed the Trustee to tender some or all of the shares of Company Stock credited to the Participant's Account may, at any time prior to the tender offer withdrawal date, direct the Trustee to withdraw some or all of the tendered shares, and the Trustee shall withdraw the directed number of shares from the tender offer prior to the tender offer withdrawal deadline. Prior to the withdrawal deadline, if any shares of Company Stock not credited to Participants' Accounts have been tendered, the Trustee shall redetermine the number of shares of Company Stock that would be tendered if the date of the tender offer withdrawal were the date of determination, and withdraw from the tender offer the number of shares of Company Stock not credited to Participants' Accounts necessary to reduce the amount of tendered Company Stock not credited to Participants' Accounts to the amount so redetermined. A Participant shall not be limited as to the number of directions to tender or withdraw that the Participant may give to the Trustee.
  - (v) A direction by a Participant to the Trustee to tender shares of Company Stock credited to the Participant's Account shall not be considered a written election under the Plan by the Participant to withdraw, or have distributed, any or all of his withdrawable shares. The Trustee shall credit to each Participant's Account from which the tendered shares were taken the

proceeds received by the Trustee in exchange for the shares of Company  
Stock tendered from that Account.



## ARTICLE IX

### PARTICIPANT ADMINISTRATIVE PROVISIONS

Section 9.01 PERSONAL DATA TO COMMITTEE. Each Participant and each Beneficiary of a deceased Participant must furnish to the Committee such evidence, data or information as the Committee considers necessary or desirable for the purpose of administering the Plan. The provisions of this Plan are effective for the benefit of each Participant upon the condition precedent that each Participant will furnish promptly full, true and complete evidence, data and information when requested by the Committee, provided the Committee shall advise each Participant of the effect of his failure to comply with its request.

Section 9.02 ADDRESS FOR NOTIFICATION. Each Participant and each Beneficiary of a deceased Participant shall file with the Committee, from time to time, in writing, or otherwise notify the Committee (in accordance with its rules and procedures) of, his post office address and any change of post office address. Any communication, statement or notice addressed to a Participant, or Beneficiary, at his last post office address filed with the Committee, or as shown on the records of the Employer, shall bind the Participant, or Beneficiary, for all purposes of this Plan.

Section 9.03 ASSIGNMENT OR ALIENATION. Subject to Code Section 414(p) relating to qualified domestic relations orders, neither a Participant nor a Beneficiary shall anticipate, assign or alienate (either at law or in equity) any benefit provided under the Plan, and the Trustee shall not recognize any such anticipation, assignment or alienation. Furthermore, a benefit under the Plan is not subject to attachment, garnishment, levy, execution or other legal or equitable process.

Section 9.04 NOTICE OF CHANGE IN TERMS. The Employer, within the time prescribed by ERISA and the applicable regulations, shall furnish all Participants and Beneficiaries a summary description of any material amendment to the Plan or notice of discontinuance of the Plan and all other information required by ERISA to be furnished without charge.

Section 9.05 LITIGATION AGAINST THE TRUST. If any legal action filed against the Trustee, the Company as Plan Administrator, or the Committee, or against any member or members of the Committee, by or on behalf of any Participant or Beneficiary, results adversely to the Participant or to the Beneficiary, the Trustee shall reimburse itself, the Company or the Committee, or any member or members of the Committee, all costs and fees expended by it or them by surcharging all costs and fees against the sums payable under the Plan to the Participant or to the Beneficiary, but only to the extent a court of competent jurisdiction specifically authorizes and directs any such surcharges and only to the extent Code Section 401(a)(13) does not prohibit any such surcharges.

Section 9.06 INFORMATION AVAILABLE. Any Participant in the Plan or any Beneficiary may examine copies of the Plan, the Trust, the Plan description, the latest annual report, any bargaining agreement, contract or any other instrument under which the Plan was established or is operated. The Company will maintain all of the items listed in this Section in

its offices, or in such other place or places as it may designate from time to time in order to comply with the regulations issued under ERISA, for examination during reasonable business hours. Upon the written request of a Participant or Beneficiary, the Employer shall furnish him with a copy of any item listed in this Section. The Employer may make a reasonable charge to the requesting person for the copy so furnished.

Section 9.07 SPECIAL RULES RELATING TO VETERANS REEMPLOYMENT RIGHTS UNDER USERRA. The following special provisions of this Section shall apply to an Employee or Participant who is reemployed in accordance with the reemployment provisions of the Uniformed Services Employment and Reemployment Rights Act (“USERRA”) following a period of qualifying military service (as determined under USERRA):

- A. Each period of qualifying military service served by an Employee or Participant shall, upon such reemployment, be deemed to constitute service with an Employer for all purposes of the Plan.
- B. The Participant shall be permitted to make up Pre-tax Contributions missed during the period of qualifying military service. The Participant shall have a period of time beginning on the date of the Participant’s reemployment with an Employer following his period of qualifying military service and extending over the lesser of (1) the product of three and the Participant’s period of qualifying military service, and (2) five years, to make up such missed Pre-tax Contributions.
- C. If an Employer made any Matching Contributions and/or Profit Sharing Contributions to the Plan during the period of qualifying military service, it shall make a Matching Contribution and/or Profit Sharing Contribution, as applicable, on behalf of the Participant upon the Participant’s reemployment following his period of qualifying military service, in the amount that would have been made on behalf of such Participant had the Participant been employed during the period of qualifying military service.
- D. An Employer shall not (1) credit earnings to a Participant’s Accounts with respect to any Pre-tax Contribution, Matching Contribution or Profit Sharing Contribution before such Contribution is actually made, or (2) make up any allocation of forfeitures, with respect to the period of qualifying military service.
- E. For all purposes under the Plan, including an Employer’s liability for making contributions on behalf of a reemployed Participant as described above, the Participant shall be treated as having received Compensation from an Employer based on the rate of Compensation the Participant would have received during the period of qualifying military service, or if that rate is not reasonably certain, on the basis of the Participant’s average rate of Compensation during the 12-month period immediately preceding such period.
- F. If the Participant makes a Pre-tax Contribution or an Employer makes a Matching Contribution and/or Profit Sharing Contribution in accordance with the foregoing provisions of this Section 9.07,

- G. such Contributions shall not be subject to any otherwise applicable limitation under Code Sections 402(g), 404(a) or 415, and shall not be taken into account in applying such limitations to other Pre-tax, Matching or Profit Sharing Contributions under the Plan, or any other plan, with respect to the year in which such Contributions are made, and such Contributions shall be subject to these limitations only with respect to the year to which such Contributions relate and only in accordance with Treasury Regulations prescribed by the Internal Revenue Service; and
- H. the Plan shall not be treated as failing to meet the requirements of Code Sections 401(a)(4), 401(a)(26), 401(m), 410(b), or 416 by reason of such Contributions.

Section 9.08 CLAIMS PROCEDURE. Claims for benefits under the Plan shall be made in writing to the Company. Benefits under the Plan shall be paid only if the Committee, in its discretion, decides that the Claimant is entitled to them. If the Committee wholly or partially denies a claim for benefits, the Committee shall, within a reasonable period of time, but no later than 90 days after receiving the claim, notify the Participant or Beneficiary (the "Claimant") in writing of the denial of the claim. If the Committee fails to notify the Claimant in writing of the denial of the claim within 90 days after the Committee receives it, the claim shall be deemed denied. A notice of denial shall be written in a manner calculated to be understood by the Claimant, and shall contain:

- A. The specific reason or reasons for denial of the claim;
- B. Specific references to the pertinent Plan provisions upon which the denial is based;
- C. A description of any additional material or information necessary for the Claimant to perfect the claim, together with an explanation of why such material or information is necessary; and
- D. An explanation of the Plan's review procedure.

Within 60 days of the receipt by the Claimant of the written notice of denial of the claim, or within 60 days after the claim is deemed denied as set forth above, if applicable, the Claimant may file a written request with the Committee that it conduct a full and fair review of the denial of the Claimant's claim for benefits, including the conducting of a hearing, if the Committee deems one necessary. In connection with the Claimant's appeal of the denial of his benefit, the Claimant may review pertinent documents and may submit issues and comments in writing. The Committee shall render a decision on the claim appeal promptly, but not later than 60 days after receiving the Claimant's request for review, unless, in the discretion of the Committee, special circumstances (such as the need to hold a hearing) require an extension of time for processing, in which case the 60-day period may be extended to 120 days. The Committee shall notify the Claimant in writing of any such extension. The decision upon review shall (1) include specific reasons for the decision, (2) be written in a manner calculated to be understood by the Claimant

and (3) contain specific references to the pertinent Plan provisions upon which the decision is based

## ARTICLE X

### ADMINISTRATION OF THE PLAN

Section 10.01 ALLOCATION OF RESPONSIBILITY AMONG FIDUCIARIES FOR PLAN AND TRUST ADMINISTRATION. The fiduciaries shall have only those powers, duties, responsibilities and obligations as are specifically given to them under this Plan and the Trust. The Employers shall have the sole responsibility for making the contributions provided for under Article III. The Company shall have the sole authority to appoint and remove the Trustee and members of the Committee, and to amend or terminate, in whole or in part, this Plan or the Trust. The Company shall have the final responsibility for the administration of the Plan, which responsibility is specifically described in this Plan and the Trust, and shall be the "Plan Administrator" and the named fiduciary. The Committee shall have the specific delegated powers and duties described in the further provisions of this Article X and such further powers and duties as hereinafter may be delegated to it by the Company. The Trustee shall have the sole responsibility for the administration of the Trust and the management of the assets held under the Trust, all as specifically provided in the Trust.

Each fiduciary warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of this Plan and the Trust, authorizing or providing for such direction, information or action. Furthermore, each fiduciary may rely upon any such direction, information or action of another fiduciary as being proper under this Plan and the Trust, and is not required under this Plan or the Trust to inquire into the propriety of any such direction, information or action. It is intended under this Plan and the Trust that each fiduciary shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under this Plan and the Trust and shall not be responsible for any act or failure to act of another fiduciary. No fiduciary guarantees the Trust Fund in any manner against investment loss or depreciation in asset value.

Section 10.02 APPOINTMENT OF COMMITTEE. The NiSource Inc. and Affiliates Retirement Plan Administrative and Investment Committee has administrative and investment responsibilities with respect to the Plan. The Committee shall be appointed by and serve at the pleasure of the Board of Directors of the Company to assist in the administration of the Plan. All usual and reasonable expenses of the Committee may be paid in whole or in part by the Company, and any expenses not paid by the Company shall be paid by the Trustee out of the principal or income of the Trust Fund. Any members of the Committee who are Employees shall not receive compensation with respect to their services for the Committee.

Section 10.03 COMMITTEE PROCEDURES. The Committee may act at a meeting or in writing without a meeting. The Committee may adopt such bylaws and regulations as it deems desirable for the conduct of its affairs. All decisions of the Committee shall be made by the vote of the majority, including actions in writing taken without a meeting. By appropriate action, the Committee may authorize one or more of its members to execute documents on its behalf, and the Trustee, upon written notification of such authorization, shall accept and rely upon such documents until notified in writing that such authorization has been revoked by the Committee.

Section 10.04 OTHER COMMITTEE POWERS AND DUTIES. The Committee shall have the following powers and duties:

- A. To construe and enforce the terms of the Plan and the rules and regulations it adopts, including the discretionary authority to interpret the Plan documents and documents related to the Plan's operation (including, but not limited to, issues of fact);
- B. To adopt rules of procedure and regulations necessary for the proper and efficient administration of the Plan, provided the rules are not inconsistent with the terms of this Plan and the Trust;
- C. To decide all questions of Plan eligibility and determine the amount, manner and time of payment of any benefits hereunder;
- D. To direct the Trustee with respect to the crediting and distribution of the Trust;
- E. To review and render decisions respecting a claim for (or denial of a claim for) a benefit under the Plan;
- F. To furnish the Employer with information that the Employer may require for tax or other purposes;
- G. To engage the service of agents whom it may deem advisable to assist it with the performance of its duties; and
- H. To engage the services of an Investment Manager or Investment Managers (as defined in ERISA Section 3(38)), each of whom shall have full power and authority to manage, acquire or dispose (or direct the Trustee with respect to acquisition or disposition) of any Plan asset under its control.
- I. As permitted by the Employee Plans Compliance Resolution System ("EPCRS") issued by the Internal Revenue Service ("IRS"), as in effect from time to time, (i) to voluntarily correct any Plan qualification failure, including, but not limited to failures involving Plan operation, impermissible discrimination in favor of highly compensated employees, the specific terms of the Plan document, or demographic failures; (ii) implement any correction methodology permitted under EPCRS; and (iii) negotiate the terms of a compliance statement or a closing agreement proposed by the IRS with respect to correction of a plan qualification failure.

Section 10.05 RULES AND DECISIONS. The Committee may adopt such rules as it deems necessary, desirable or appropriate. All rules and decisions of the Committee shall be uniformly and consistently applied to all Participants in similar circumstances. When making a determination or calculation, the Committee shall be entitled to rely upon information furnished by an Employee, Participant or Beneficiary, an Employer, the legal counsel of an Employer, or the Trustee. Any determination by the Committee shall presumptively be conclusive and binding on all persons. The regularly kept records of the Company shall be conclusive and binding upon all persons with respect to an Employee's date and length of employment, time

and amount of Compensation and the manner of payment thereof, type and length of any absence from work, and all other matters contained therein relating to Employees.

Section 10.06 APPLICATION AND FORMS FOR BENEFITS. The Committee may require a Participant or Beneficiary to complete and file with the Committee an application for a benefit and all other forms approved by the Committee, and to furnish all pertinent information requested by the Committee. The Committee may rely upon all such information so furnished to it, including the Participant's or Beneficiary's current mailing address.

Section 10.07 AUTHORIZATION OF BENEFIT PAYMENTS. The Committee shall issue directions to the Trustee concerning all benefits that are to be paid from the Trust Fund pursuant to the provisions of the Plan, or establish other procedures on which the Trustee may act, and warrants that all such directions are in accordance with this Plan.

Section 10.08 FUNDING POLICY. The Committee shall, from time to time, review all pertinent Employee information and Plan data in order to establish the funding policy of the Plan and to determine the appropriate methods of carrying out the Plan's objectives. The Committee shall communicate periodically, as it deems appropriate, to the Trustee and to any Plan Investment Manager, the Plan's short-term and long-term financial needs so that investment policy can be coordinated with Plan financial requirements.

Section 10.09 FIDUCIARY DUTIES. In performing their duties, all fiduciaries with respect to the Plan shall act solely in the interest of the Participants and their Beneficiaries, and:

- A. For the exclusive purpose of providing benefits to the Participants and their Beneficiaries;
- B. With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims;
- C. To the extent a fiduciary possesses and exercises investment responsibilities, by diversifying the investments of the Trust Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
- D. In accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with the provisions of Title I of ERISA.

Section 10.10 ALLOCATION OR DELEGATION OF DUTIES AND RESPONSIBILITIES. In furtherance of their duties and responsibilities under the Plan, the Committee and the Board may, subject always to the requirements of Section 10.09:

- A. Employ agents to carry out nonfiduciary responsibilities;
- B. Employ agents to carry out fiduciary responsibilities (other than trustee responsibilities as defined in Section 405(c)(3) of ERISA);

- C. Consult with counsel, who may be of counsel to the Company; and
- D. Provide for the allocation of fiduciary responsibilities (other than trustee responsibilities as defined in Section 405(c)(3) of ERISA) between the members of the Board, in the case of the Board, and among the members of the Committee, in the case of the Committee.

Section 10.11 PROCEDURE FOR THE ALLOCATION OR DELEGATION OF FIDUCIARY DUTIES. Any action described in subsections B or D of Section 10.10 may be taken by the Committee or the Board only in accordance with the following procedure:

- A. Such action shall be taken by a majority of the Committee or by the Board, as the case may be, in a resolution approved by a majority of such Committee or by a majority of the Board.
- B. The vote cast by each member of the Committee or the Board for or against the adoption of such resolution shall be recorded and made a part of the written record of the Committee's or the Board's proceedings.
- C. Any delegation of fiduciary responsibilities or any allocation of fiduciary responsibilities among members of the Committee or the Board may be modified or rescinded by the Committee or the Board according to the procedure set forth in subsections A and B of this Section 10.11.

Section 10.12 RECORDS AND REPORTS. The Employer (or the Committee if so designated by the Employer) shall exercise such authority and responsibility as it deems appropriate in order to comply with ERISA and governmental regulations issued thereunder relating to records of Participant's Service and Account balances; notifications to Participants; annual registration with the Internal Revenue Service; and annual reports to the Department of Labor.

Section 10.13 INDIVIDUAL STATEMENT. As determined by the Committee in its discretion, the Plan Administrator shall furnish to the Participant (or to the Beneficiary of a deceased Participant) an individual statement reflecting the condition of his Account. In addition, subject to the requirements of ERISA, the Plan Administrator shall provide to any Participant or Beneficiary of a deceased Participant who so requests in writing, a statement indicating the total value of his Account and the nonforfeitable portion of such Account, if any. The Plan Administrator shall also furnish a written statement to any Participant who terminates employment during the Plan Year and is entitled to a deferred vested benefit under the Plan as of the end of the Plan Year, if no retirement benefits have been paid with respect to such Participant during the Plan year. No Participant, except a member of the Committee and its designees, shall have the right to inspect the records reflecting the Account of any other Participant.

Section 10.14 FEES AND EXPENSES FROM FUND. The Trustee, other than the Company when serving as such, shall receive reasonable annual compensation as may be agreed upon from time to time between the Company and the Trustee. The Trustee shall pay all expenses reasonably incurred by it or by the Employer(s), the Committee, or other professional



advisers or administrators in the administration of the Plan from the Trust Fund unless the Employer(s) pay the expenses. The Committee shall not treat any fee or expense paid, directly or indirectly, by an Employer as an Employer contribution. No person who is receiving full pay from the Employer shall receive compensation for services from the Trust Fund. Brokerage commissions, transfer taxes, and other charges and expenses in connection with the purchase and sale of securities shall be charged to each Investment Fund and/or Participant's Account, as applicable. Fees related to investments subject to Participant direction, and other fees resulting from or attributable to expenses incurred in relation to a Participant or Beneficiary or his Account may be charged to his Account to the extent permitted under the Code and ERISA.

Section 10.15 USE OF ALTERNATIVE MEDIA. The Plan Administrator may include in any process or procedure for administering the Plan, the use of alternative media, including, but not limited to, telephonic, facsimile, computer or other such electronic means as available. Use of such alternative media shall be deemed to satisfy any Plan provision requiring a "written" document or an instrument to be signed "in writing" to the extent permissible under the Code, ERISA and applicable regulations.

Section 10.16 INFORMATION TO PLAN ADMINISTRATOR. Each Employer shall supply current information to the Plan Administrator as to the name, date of birth, date of employment, annual compensation, leaves of absence, Service, and date of termination of employment of each Employee who is, or who will be eligible to become, a Participant under the Plan, together with any other information that the Committee considers necessary. The Employer's records as to the current information that the Employer furnishes to the Committee shall be conclusive as to all persons.

Section 10.17 LIMITATION OF LIABILITY. Notwithstanding any other provision of the Plan or the Trust, no Employer nor member of the Committee, nor an individual acting as an employee or agent of any of them, shall be liable to any Participant or former Participant, or any Beneficiary or spouse of any Participant or former Participant, for any claim, loss, liability, or expense incurred in connection with the Plan or the Trust, except when the same shall have been judicially determined to be due to the willful misconduct of such person.

Section 10.18 INDEMNITY. The Company shall indemnify and hold harmless each member of the Committee, or any employee of an Employer or any individual acting as an employee or agent of any of them or of an Employer (to the extent not indemnified or saved harmless under any liability insurance or any other indemnification arrangement with respect to the Plan or the Trust) from any and all claims, losses, liabilities, costs, and expenses (including attorneys' fees) arising out of any actual or alleged act or failure to act with respect to the administration of the Plan or the Trust, except that no indemnification or defense shall be provided to any person with respect to any conduct that has been judicially determined, or agreed by the parties, to have constituted willful misconduct on the part of such person, or to have resulted in his receipt of personal profit or advantage to which he is not entitled. In connection with the indemnification provided by the preceding sentence, expenses incurred in defending a civil or criminal action, suit or proceeding, or incurred in connection with a civil or criminal investigation may be paid by the Company in advance of the final disposition of such action, suit, proceeding, or investigation, as authorized by the Committee in the specific case, upon receipt of an undertaking by or on behalf of the party to be indemnified to repay such

amount unless it shall ultimately be determined that he is entitled to be indemnified by the Company pursuant to this paragraph.

Section 10.19 SEVERABILITY. Each of the Sections contained in the Plan, and each provision in each Section, shall be enforceable independently of every other Section or provision in the Plan, and the invalidity or unenforceability of any Section or provision shall not invalidate or render unenforceable any other Section or provision contained herein. If any Section or provision in a Section is found invalid or unenforceable, it is the intent of the parties that a court of competent jurisdiction shall reform the Section or provision to produce its nearest enforceable economic equivalent.

## ARTICLE XI

### TOP HEAVY RULES

Section 11.01 MINIMUM EMPLOYER CONTRIBUTION. If this Plan is "Top Heavy," as defined below, in any Plan Year, the Plan guarantees a minimum contribution (subject to the provisions of this Article XI) of three percent of Compensation for each "Non-Key Employee," as defined below, who is a Participant employed by the Employer on the Accounting Date of the Plan Year without regard to hours of Service completed during the Plan Year or to whether he has elected to make Pre-tax Contributions under Section 3.02, and who is not a Participant in a Top Heavy defined benefit plan maintained by the Employer. Participants who also participate in a Top Heavy defined benefit plan of the Employer shall receive the required minimum benefit in the defined benefit plan rather than in this Plan. The Plan satisfies the guaranteed minimum contribution for the Non-Key Employee if the Non-Key Employee's contribution rate is at least equal to the minimum contribution. For purposes of this paragraph, a Non-Key Employee Participant includes any Employee otherwise eligible to participate in the Plan but who is not a Participant because his Compensation does not exceed a specified level.

If the contribution rate for the "Key Employee," as defined below, with the highest contribution rate is less than three percent, the guaranteed minimum contribution for Non-Key Employees shall equal the highest contribution rate received by a Key Employee. The contribution rate is the sum of Employer contributions (not including Employer contributions to Social Security) and forfeitures allocated to the Participant's Account for the Plan Year divided by his "Compensation," as defined below, not in excess of the compensation limitation under Code Section 401(a)(17) for the Plan Year. For purposes of determining the minimum contribution for a Plan Year, the Committee shall consider contributions made to any plan pursuant to a compensation reduction agreement or similar arrangement as Employer contributions. To determine the contribution rate, the Committee shall consider all qualified Top Heavy defined contribution plans maintained by the Employer as a single plan.

Notwithstanding the preceding provisions of this Section 11.01, if a defined benefit plan maintained by the Employer that benefits a Key Employee depends on this Plan to satisfy the anti-discrimination rules of Code Section 401(a)(4) or the coverage rules of Code Section 410 (or another plan benefiting the Key Employee so depends on such defined benefit plan), the guaranteed minimum contribution for a Non-Key Employee is three percent of his Compensation regardless of the contribution rate for the Key Employees.

The minimum employer contribution required (to the extent required to be nonforfeitable under Code Section 416(b)) may not be forfeited under Code Section 411(a)(3)(B) or 411(a)(3)(D).

Section 11.02 ADDITIONAL CONTRIBUTION. If the contribution rate (excluding Pre-tax Contributions) for the Plan Year with respect to a Non-Key Employee described in Section 11.01 is less than the minimum contribution, the Employer will increase its contribution for such Employee to the extent necessary so his contribution rate for the Plan Year will equal the guaranteed minimum contribution. Matching Contributions will be taken into account to satisfy the minimum contribution requirement under the Plan, or if the Plan provides that the

minimum contribution requirement shall be met in another plan, such other plan. Matching Contributions that are used to satisfy the minimum contribution requirements shall be treated as matching contributions for purposes of the actual contribution percentage test and other requirements of Code Section 401(m). The additional contribution shall be allocated to the Account of a Non-Key Employee for whom the Employer makes the contribution.

Section 11.03 DETERMINATION OF TOP HEAVY STATUS. The Plan is "Top Heavy" for a Plan Year if the Top Heavy ratio as of the Determination Date exceeds sixty percent (60%). The Top Heavy ratio is a fraction, the numerator of which is the sum of the present value of the Accounts of all Key Employees as of the Determination Date, and the denominator of which is a similar sum determined for all Employees. For purposes of determining the present value of the Accounts for the foregoing fraction, the Committee shall include contributions due as of the Determination Date and distributions made for any purpose within the one-year period ending on the Determination Date. In addition, the Committee shall also include distributions made within the five-year period ending on the Determination Date if such distributions were made for reasons other than upon separation from service, death or disability (e.g., in-service withdrawals); provided, however, that no distribution shall be counted more than once. In addition, the Committee shall calculate the Top Heavy ratio by disregarding the Account (including distributions, if any, of the Account balance) of an individual who has not received credit for at least one Hour of Service with the Employer during the one-year period ending on the Determination Date in such calculation. The Top Heavy ratio, including the extent to which it must take into account distributions, rollovers and transfers, shall be calculated in accordance with Code Section 416 and the Treasury Regulations thereunder.

If the Employer maintains other qualified plans (including a simplified employee pension plan), this Plan is Top Heavy only if it is part of the Required Aggregation Group, and the Top Heavy ratio for both the Required Aggregation Group and the Permissive Aggregation Group exceeds 60%. The Top Heavy ratio shall be calculated in the same manner as required by the first paragraph of this Section 11.03, taking into account all plans within the Aggregation Group. To the extent distributions to a Participant must be taken into account, the Committee shall include distributions from a terminated plan that would have been part of the Required Aggregation Group if it were in existence on the Determination Date. The present value of accrued benefits and the other amounts the Committee must take into account, under defined benefit plans or simplified employee pension plans included within the group, shall be calculated in accordance with the terms of those plans, Code Section 416 and the Treasury Regulations thereunder. If an aggregated plan does not have a valuation date coinciding with the Determination Date, the Committee shall value the accrued benefits or Accounts in the aggregated plan as of the most recent valuation date falling within the 12-month period ending on the Determination Date. The Committee shall calculate the Top Heavy ratio with reference to the Determination Dates that fall within the same calendar year.

The accrued benefit of a Participant other than a Key Employee shall be determined under (a) the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by the Employer, or (b) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code Section 411(b)(1)(C).

Section 11.04 TOP HEAVY VESTING SCHEDULE. For any Plan Year for which the Plan is Top Heavy, as determined in accordance with this Article XI, any Participant who separates from the service of all Employers and all Affiliates shall have, as of the date thereof, a vested right to his entire Account Balance.

Section 11.05 DEFINITIONS. For purposes of applying the provisions of this Article XI:

- A. "Key Employee" means any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the Determination Date was (i) an officer of the Employer having annual Compensation greater than \$150,000 (as adjusted under Code Section 416(i)(1)), (ii) a more than five-percent owner of the Employer, or (iii) a more than one-percent owner of the Employer having annual Compensation of more than \$150,000. The Committee shall make the determination of who is a Key Employee in accordance with Code Section 416(i) and the Treasury Regulations promulgated thereunder.
- B. "Non-Key Employee" is an Employee who does not meet the definition of Key Employee.
- C. "Compensation" shall mean the first \$230,000 (or such larger amount as the Commissioner of Internal Revenue may prescribe in accordance with Code Section 401(a)(17)) of Compensation as defined in Code Section 415(c)(3), but including amounts contributed by the Employer pursuant to a salary reduction agreement that are excludible from the Employee's gross income under Section 125, "deemed compensation" under Code Section 125, Section 132(f)(4), Section 402(a)(8), Section 402(h) or Section 403(b) of the Code.
- D. "Required Aggregation Group" means:
  - (i) Each qualified plan of the Employer in which at least one Key Employee participates at any time during the five Plan Year period ending on the Determination Date; and
  - (ii) Any other qualified plan of the Employer that enables a plan described in (i) to meet the requirements of Code Section 401(a)(4) or Code Section 410.

The Required Aggregation Group includes any plan of the Employer which was maintained within the last five years ending on the Determination Date on which a top heaviness determination is being made if such plan would otherwise be part of the Required Aggregation Group for the Plan Year but for the fact it has been terminated.

- E. "Permissive Aggregation Group" is the Required Aggregation Group plus any other qualified plans maintained by the Employer, but only if such group would satisfy in the aggregate the requirements of Code Section 401(a)(4) and Code

Section 410. The Committee shall determine which plans to take into account in determining the Permissive Aggregation Group.

- F. "Employer" shall mean all the members of a controlled group of corporations (as defined in Code Section 414(b)), of a commonly controlled group of trades or businesses (whether or not incorporated) (as defined in Code Section 414(c)), or an affiliated service group (as defined in Code Section 414(m)), of which the Employer is a part. However, the Committee shall not aggregate ownership interests in more than one member of a related group to determine whether an individual is a Key Employee because of his ownership interest in the Employer.
- G. "Determination Date" for any Plan Year is the Accounting Date of the preceding Plan Year or, in the case of the first Plan Year of the Plan, the Accounting Date of that Plan Year.

## ARTICLE XII

### MISCELLANEOUS

Section 12.01 EVIDENCE. Anyone required to give evidence under the terms of the Plan may do so by certificate, affidavit, document or other information that the person to act in reliance may consider pertinent, reliable and genuine, and to have been signed, made or presented by the proper party or parties. Both the Committee and the Trustee shall be fully protected in acting and relying upon any evidence described under the immediately preceding sentence.

Section 12.02 NO RESPONSIBILITY FOR EMPLOYER ACTION. Neither the Trustee nor the Committee shall have any obligation or responsibility with respect to any action required by the Plan to be taken by the Employer, any Participant or Eligible Employee, nor for the failure of any of the above persons to act or make any payment or contribution, or otherwise to provide any benefit contemplated under this Plan, nor shall the Trustee or the Committee be required to collect any contribution required under the Plan, or determine the correctness of the amount of any Employer contribution. Neither the Trustee nor the Committee need inquire into or be responsible for any action or failure to act on the part of the others. Any action required of a corporate Employer shall be by its Board or its designee.

Section 12.03 FIDUCIARIES NOT INSURERS. The Trustee, the Committee, the Plan Administrator and the Employer in no way guarantee the Trust Fund from loss or depreciation. The Employer does not guarantee the payment of any money that may be or becomes due to any person from the Trust Fund. The liability of the Committee and the Trustee to make any payment from the Trust Fund at any time and all times is limited to the then available assets of the Trust.

Section 12.04 WAIVER OF NOTICE. Any person entitled to notice under the Plan may waive the notice, unless the Code or Treasury Regulations require the notice, or ERISA specifically or impliedly prohibits such a waiver.

Section 12.05 SUCCESSORS. The Plan shall be binding upon all persons entitled to benefits under the Plan, their respective heirs and legal representatives, upon the Employer, its successors and assigns, and upon the Trustee, the Committee, the Plan Administrator and their successors.

Section 12.06 WORD USAGE. Words used in the masculine shall apply to the feminine where applicable, and wherever the context of the Plan dictates, the plural shall be read as singular and the singular as the plural.

Section 12.07 HEADINGS. The headings are for reference only. In the event of a conflict between a heading and the content of a section, the content of the section shall control.

Section 12.08 STATE LAW. Indiana law shall determine all questions arising with respect to the provisions of this agreement except to the extent a federal statute supersedes Indiana law.

Section 12.09 EMPLOYMENT NOT GUARANTEED. Nothing contained in this Plan, and nothing with respect to the establishment of the Trust, any modification or amendment to the Plan or the Trust, the creation of any Account, or the payment of any benefit, shall give any Employee, Employee-Participant or Beneficiary any right to continue employment, or any legal or equitable right against the Employer, or an Employee of the Employer, the Committee, the Trustee or its agents or employees, or the Plan Administrator. Nothing in the Plan shall be deemed or construed to impair or affect in any manner the right of the Employer, in its discretion, to hire Employees and, with or without cause, to discharge or terminate the service of Employees.



## ARTICLE XIII

### PLAN ADOPTION

Section 13.01 ADOPTION PROCEDURE. With the written consent of the Company, any Related Employer may adopt the Plan and the Trust for its eligible employees by appropriate resolution, that shall specify the effective date of such adoption and that may contain such changes and variations in Plan terms as the Company approves. Any such adoption shall be contingent upon a determination by the Internal Revenue Service that such resolution, in conjunction with the Plan and with the Trust, constitutes a qualified plan and trust under applicable provisions. An Employer adopting the Plan shall compile and submit all information required by the Trustee with reference to its Eligible Employees.

Section 13.02 JOINT EMPLOYERS. If an Employee receives Compensation simultaneously from more than one participating Employer, the total amount of such Compensation shall be considered for the purposes of the Plan as having been paid by one participating Employer and the respective participating Employers shall share pro-ratably in contributions to the Plan on account of said Employee.

Section 13.03 EXPENSES. Each participating Employer shall pay such part of actuarial and other necessary expenses incurred in the administration of the Plan as the Trustee shall determine.

Section 13.04 WITHDRAWAL. A participating Employer may withdraw from the Plan at any time by giving written notice of its intention to the Company and the Trustee prior to the effective date of withdrawal; provided, however that such withdrawal may be subject to the provisions of Article XIV.

Section 13.05 SUPERSEDED PLANS. If an Employer adopting the Plan already maintains a pension plan covering employees who shall be covered by the Plan, it may, with the consent of the Company, provide in its resolution adopting the Plan for the merger, restatement and continuation, without discontinuance or termination, of its plan by the Plan.

## ARTICLE XIV

### EXCLUSIVE BENEFIT, AMENDMENT, TERMINATION

Section 14.01 EXCLUSIVE BENEFIT. Except as provided under Article III, the Employer shall have no beneficial interest in any asset of the Trust and no part of any asset in the Trust shall ever revert to or be repaid to the Employer, either directly or indirectly; nor prior to the satisfaction of all liabilities with respect to the Participants and their Beneficiaries under the Plan, shall any part of the corpus or income of the Trust Fund, or any asset of the Trust, be (at any time) used for, or diverted to, purposes other than the exclusive benefit of the Participants or their Beneficiaries.

Section 14.02 AMENDMENT BY THE COMPANY. The Company shall have the right at any time and from time to time:

- A. To amend this agreement in any manner it deems necessary or advisable in order to qualify (or maintain qualification of) this Plan and the Trust created under it under the appropriate provisions of the Code; and
- B. To amend this agreement in any other manner.

However, no amendment shall authorize or permit any part of the Trust Fund (other than the part required to pay taxes and administration expenses) to be used for or diverted to purposes other than for the exclusive benefit of the Participants or their Beneficiaries or estates. No amendment shall cause or permit any portion of the Trust Fund to revert to or become a property of the Employer; and the Company shall not make any amendment that affects the rights, duties or responsibilities of the Plan Administrator or the Committee without the written consent of the affected Plan Administrator or the affected member of the Committee. Furthermore, no amendment shall decrease a Participant's Account balance or accrued benefit or reduce or eliminate any benefit protected under Code Section 411(d)(6), with respect to a Participant with an Account balance or accrued benefit at the date of the amendment, except to the extent permitted under Code Section 412(c)(8).

The Company shall make all amendments in writing. Amendments shall be considered properly authorized by the Company if approved or ratified by the Board, any committee of the Board, or by the Committee, unless the subject of the amendment has been reserved to the Board. Each amendment shall state the date to which it is either retroactively or prospectively effective, and may be executed by any authorized officer of the Company. Notwithstanding the foregoing, no oral representation shall act to amend the Plan in an manner or at any time.

Section 14.03 DISCONTINUANCE. An Employer shall have the right, at any time, to suspend or discontinue its contributions under the Plan, or revoke its participation in the Plan. At the time of any such discontinuance or revocation, satisfactory evidence thereof and of any applicable conditions imposed shall be delivered to the Trustee. The Trustee shall thereafter transfer, deliver and assign Trust Fund assets allocable to the Participants employed by such Employer to such new trustee as shall have been designated by such Employer, in the event that it has established a separate pension plan for its Employees; provided however, that no such

transfer shall be made if the result is the elimination or reduction of any benefit protected under Code Section 411(d)(6). If no successor is designated, the Trustee shall retain such assets for the Employees of such Employer pursuant to the provisions of the Plan and Trust. In no such event shall any part of the corpus or income of the Trust as it relates to such Employer be used for or diverted to purposes other than for the exclusive benefit of the Employees of such Employer.

The Company shall have the right to terminate, at any time, this Plan and the Trust created under this agreement. The Plan shall terminate upon the first to occur of the following:

- A. The date terminated by action of the Company.
- B. The dissolution, merger, consolidation or reorganization of the Company or the sale by the Company of all or substantially all of its assets, unless the successor or purchaser makes provision to continue the Plan, in which event the successor or purchaser shall substitute itself as the plan sponsor under this Plan.

Section 14.04 FULL VESTING ON TERMINATION. Notwithstanding any other provision of this Plan to the contrary, upon either full or partial termination of the Plan, or, if applicable, upon the date of complete discontinuance of contributions to the Plan, an affected Participant's right to his Account shall be 100% nonforfeitable.

Section 14.05 MERGER, DIRECT TRANSFER AND ELECTIVE TRANSFER. The Trustee shall not consent to, or be a party to, any merger or consolidation with another plan, or to a transfer of assets or liabilities to another plan, unless immediately after the merger, consolidation or transfer, the surviving plan provides each Participant a benefit equal to or greater than the benefit each Participant would have received had the Plan terminated immediately before the merger or consolidation or transfer. The Trustee possesses the specific authority to enter into merger agreements or direct transfer of assets agreements with the trustees of other retirement plans described in Code Section 401(a) and to accept the direct transfer of plan assets, or to transfer plan assets, as a party to any such agreement, only upon the consent or direction of the Employer or the Committee.

If permitted by the Employer or the Committee in its discretion, the Trustee may accept a direct transfer of plan assets on behalf of an Employee prior to the date the Employee satisfies the Plan's eligibility condition(s). If the Trustee accepts such a direct transfer of plan assets, the Committee and the Trustee shall treat the Employee as a Participant for all purposes of the Plan except that the Employee shall not share in Employer contributions or Participant forfeitures under the Plan until he actually becomes a Participant in the Plan. The Trustee shall hold, administer and distribute the transferred assets as a part of the Trust Fund, and the Trustee shall maintain a separate Transfer Account for the benefit of the Employee on whose behalf the Trustee accepted the transfer in order to reflect the value of the transferred assets.

The Trustee may not consent to, or be a party to, a merger, consolidation or transfer of assets with a defined benefit plan, except with respect to an elective transfer, unless the Committee consents and so directs, and the transfer is consistent with the Code and with ERISA. The Trustee will hold, administer and distribute the transferred assets as a part of the Trust Fund,

and the Trustee shall maintain a separate Transfer Account for the benefit of the Employee on whose behalf the Trustee accepted the transfer in order to reflect the value of the transferred assets. Unless a transfer of assets to this Plan is an elective transfer, the Plan will preserve all Code Section 411(d)(6) protected benefits with respect to those transferred assets, in the manner described in Section 14.02.

A transfer is an elective transfer if: (a) the transfer satisfies the first paragraph of this Section 14.05; (b) the transfer is voluntary, under a fully informed election by the Participant; (c) the Participant has an alternative that retains his Code Section 411(d)(6) protected benefits (including an option to leave his benefit in the transferor plan, if that plan is not terminating); (d) the transfer satisfies the applicable spousal consent requirements of the Code; (e) the transferor plan satisfies the joint and survivor notice requirements of the Code, if the Participant's transferred benefit is subject to those requirements; (f) the Participant has a right to immediate distribution from the transferor plan, in lieu of the elective transfer; (g) the transferred benefit is at least the greater of the single sum distribution provided by the transferor plan for which the Participant is eligible or the present value of the Participant's accrued benefit under the transferor plan payable at that plan's normal retirement age; (h) the Participant has a 100% nonforfeitable interest in the transferred benefit; and (i) the transfer otherwise satisfies applicable Treasury Regulations. An elective transfer may occur between qualified plans of any type.

If the Plan receives a direct transfer (by merger or otherwise) of elective contributions (or amounts treated as elective contributions) under a plan with a Code Section 401(k) arrangement, the distribution restrictions of Code Sections 401(k)(2) and (10) continue to apply to those transferred elective contributions.

Section 14.06 TERMINATION. Upon a complete or partial termination of the Plan, the Accounts of all Participants affected thereby shall be fully vested, and the Committee may direct the Trustee:

- A. to continue to administer the Trust Fund and pay Account Balances in accordance with Article IV to each Participant affected by the complete or partial termination upon his termination of employment or to his Beneficiary upon such Participant's death, until the Trust Fund, or the portion thereof applicable to the Participants affected by the partial termination, has been liquidated; or
- B. to distribute the assets remaining in the Trust Fund, or the portion thereof attributable to Participants affected by the partial termination, after payment of any expenses properly chargeable thereto, to the applicable Participants and Beneficiaries in proportion to the respective Account Balances.

Section 14.07 MANNER OF DISTRIBUTION. Upon termination of the Plan, distribution shall be made in cash or Company Stock in a manner consistent with the requirements of Article IV.

[SIGNATURE BLOCK FOLLOWS ON NEXT PAGE]

IN WITNESS WHEREOF, this Amendment and Restatement of the Plan is hereby executed on this 30th day of December, 2008, by the duly authorized officer of the Company, to be effective as of January 1, 2008.

NISOURCE INC.

By: 

Its: SVP Human Resources

**SCHEDULE I**  
**PARTICIPATING EMPLOYERS**

**Name of Participating Related Employer**

1. Bay State Gas Company
2. CNS Microwave
3. Columbia Gas of Kentucky
4. Columbia Gas of Maryland
5. Columbia Gas of Ohio
6. Columbia Gas of Pennsylvania
7. Columbia Gas of Virginia
8. Columbia Gas Transmission Corp
9. Columbia Gulf Transmission Co
10. Crossroads Pipeline Company
11. Energy USA/TPC Corp
12. Granite\*
13. Kokomo Gas & Fuel Company
14. NIPSCO
15. NiSource Corporate Services Co
16. NiSource Energy Technologies, Inc.
17. NiSource Gas Transmission & Storage
18. Northern Indiana Fuel & Light Co.
19. Northern Utilities\*
20. Primary Energy

\*Effective 12/1/08, the entities designated above are no longer Related Employers and do not participate in Plan as of such date.

## SCHEDULE II

### Investment Options

#### Investment Options Effective December 12, 2008\*

- American Funds® EuroPacific Growth Fund® - Class R5
- Columbia Acorn USA Fund - Class Z
- Fidelity Balanced Fund – Class K<sup>4</sup>
- Fidelity Contrafund® – Class K<sup>4</sup>
- Fidelity Equity-Income Fund – Class K<sup>4</sup>
- Fidelity Europe Fund<sup>1</sup>
- Fidelity Freedom Income Fund®
- Fidelity Freedom 2010 Fund®
- Fidelity Freedom 2020 Fund®
- Fidelity Freedom 2030 Fund®
- Fidelity Freedom 2040 Fund®
- Fidelity Freedom 2050 Fund®
- Fidelity Growth Company Fund – Class K<sup>4</sup>
- Fidelity Growth & Income Portfolio – Class K<sup>4</sup>
- Fidelity Intermediate Bond Fund
- Fidelity Institutional Money Market Fund
- Fidelity Magellan® Fund – Class K<sup>2,4</sup>
- Fidelity Overseas Fund – Class K<sup>4</sup>
- Fidelity Pacific Basin Fund<sup>1</sup>
- Fidelity Small Cap Independence Fund<sup>2</sup>
- Janus Small Cap Value Fund - Institutional Class<sup>3</sup>
- Managed Income Portfolio
- Morgan Stanley Institutional Fund Trust: U.S. Small Cap Value Portfolio - Institutional Class
- NiSource Stock Fund
- Northern Small Cap Value Fund
- PIMCO Total Return Fund - Institutional Class
- PIMCO Long-Term U.S. Government Fund - Institutional Class
- PIMCO Low Duration Fund - Institutional Class
- Spartan® U.S. Equity Index Fund

- \* The effective date for listing of Investment Funds shall be revised as this Schedule is modified and updated to reflect added, revised or eliminated Investment Funds. Eliminated Investment Funds (as previously reflected on this Schedule II) include:
- *Closed after 4:00 PM EST on March 31, 2008:* Vanguard U.S. Growth Fund - Admiral Class<sup>1</sup>; Fidelity Puritan® Fund.<sup>1</sup>
  - *Closed after 4:00 PM EST on December 12, 2008:* PIMCO StocksPLUS Fund - Institutional Class (frozen to new contributions and exchanges in, after 4:00 PM EST on December 4, 2008); Dreyfus Emerging Leaders Fund.

<sup>1</sup> Closed to new investments effective January 1, 2005.

<sup>2</sup> Closed to new investments effective April 1, 2006.

<sup>3</sup> Closed to new investments effective June 1, 2007.

<sup>4</sup> Fund's share class transferred to Class K shares effective December 12, 2008.

### SCHEDULE III

#### Matching Contributions

Subject to the limitations of Article VI and VII, an Employer shall contribute and pay or cause to be paid to the Trustee a Matching Contribution, as described in Section 3.05, determined as set forth in this Schedule III. The amount of Matching Contribution varies based on certain factors as described below, including (i) the kind of benefit a Participant is eligible to receive under the applicable NiSource Pension Plan, and (ii) the Participant's Employer.

A. AB II Participants

For the Account of each Participant who participates in the AB II Benefit of any NiSource Pension Plan that offers such benefit, the Matching Contribution shall be an amount equal to 100% of the Pre-tax Contribution and After-tax Contribution made by or for each Participant during each pay period, not to exceed 6% of the total Compensation of such Participant for that pay period

B. AB I Participants

For the Account of each Participant who participates in the AB I Benefit of any NiSource Pension Plan that offers such benefit, the Matching Contribution shall be an amount equal to 75% of the Pre-tax Contribution and After-tax Contribution made by or for each Participant during each pay period, not to exceed 6% of the total Compensation of such Participant for that pay period.

A Participant who begins to participate in the AB I Benefit of the NiSource Pension Plan, Columbia Pension Plan, Subsidiary Pension Plan or Bay State Pension Plan, effective as of July 1, 2002, shall have an additional Matching Contribution allocated to his Matching Contribution Account as of July 1, 2002, in an amount equal to the difference between the Matching Contribution such Participant would have had allocated to his Matching Contribution Account if this subsection B was in effect as of June 1, 2002 and the amount of Matching Contribution, if any, actually allocated to his Account for the month of June 2002.

C. FAP Participants

(i) Columbia Participants. For the Account of each Participant employed by Columbia who participates in the FAP Benefit of the Columbia Pension Plan:

(a) during the first 120 months of the Participant's participation, the Matching Contribution shall be an amount equal to 50% of the Pre-tax Contribution and After-tax Contribution made by or for each Participant during each pay period, not to exceed 6% of the total Compensation of such Participant;



- (b) from the 121st through 240th month of the Participant's participation, the Matching Contribution shall be an amount equal to 75% of the Pre-tax Contribution and After-tax Contribution made by or for each Participant during each pay period, not to exceed 6% of the total Compensation of such Participant; and
  - (c) from the 241st month of the Participant's participation onward, the Matching Contribution shall be an amount equal to 100% of the Pre-tax Contribution and After-tax Contribution made by or for each Participant during each pay period, not to exceed 6% of the total Compensation of such Participant.
- (ii) Bay State Participants (other than Bay State Union Employees).
  - (a) Eligible for Post-Retirement Medical. For the Account of each Participant employed by Bay State who participates in the FAP Benefit of the Bay State Pension Plan, and who is eligible for post-retirement medical benefits under the Bay State Pension Plan, the Matching Contribution shall be an amount equal to 50% of the Pre-tax Contribution made by or for each Participant during each pay period, not to exceed 5% of the total Compensation of such Participant.
  - (b) Not Eligible for Post-Retirement Medical. For the Account of each Participant employed by Bay State who participates in the Final Pay Option of the Bay State Pension Plan, and who is not eligible for post-retirement medical benefits under the Bay State Pension Plan, the Matching Contribution shall be an amount equal to 100% of the Pre-tax Contribution made by or for each Participant during each pay period, not to exceed 2.5% of the total Compensation of such Participant, and 50% of the Pre-tax Contribution made by each Participant during each pay period on the next 5% of the total Compensation of such Participant.
- (iii) NIFL Participants. For the Account of each Participant employed by NIFL who participates in the FAP Benefit of the Subsidiary Pension Plan, the Matching Contribution shall be an amount equal to 50% of the Pre-tax Contribution made by or for each Participant during each pay period, not to exceed 6% of the total Compensation of such Participant.
- (iv) Other FAP Participants. For the Account of each Participant employed by any Employer not covered in subsection C, paragraphs (i), (ii) or (iii) above, who participates in the FAP Benefit of the NiSource Salaried Plan, the Subsidiary Pension Plan, the NIPSCO Union Pension Plan or who participates in the Kokomo Union Pension Plan, the Matching Contribution shall be an amount equal to 11.1% of the Pre-tax Contribution made by or for such Participant during each pay period.

- D. Bay State Union Employees. For the Account of each Bay State Union Employee, the Matching Contribution shall be an amount as set forth in Schedule IV.
  
- E. NIPSCO Union Employees. In accordance with subsection B, above, for the Account of each NIPSCO Union Employee who participates in the AB I Benefit of the NIPSCO Union Pension Plan, the Matching Contribution amount shall be the amount described in such subsection B. In accordance with subsection C(iv), above, for the Account of each NIPSCO Union Employee who participates in the FAP Benefit of the NIPSCO Union Pension Plan, the Matching Contribution amount shall be the amount described in such subsection C(iv).

## SCHEDULE IV

### SPECIAL PROVISIONS FOR BAY STATE UNION EMPLOYEES

Section IV.01 BACKGROUND AND APPLICABILITY. Effective December 31, 2008 (the "Merger Date"), the Bay State Gas Company Savings Plan for Operating Employees ("Bay State Union 401(k) Plan") merged into the Plan and the assets of the Bay State Union 401(k) Plan transferred to the Plan. After the Merger Date, Bay State Union Employees participate in and are subject to the terms of the Plan and this Schedule IV.

Prior to the Merger Date, Bay State Union Employees participated in and were governed by the terms of the Bay State Union 401(k) Plan. While operated as a separate plan with a separate trust up until the Merger Date, the Bay State Union 401(k) Plan is amended and restated pursuant to the terms of this restated Plan document (including this Schedule IV) as of the Effective Date and shall be operated in accordance with the terms set forth in the Plan as modified by this Schedule IV.

The Bay State Union 401(k) Plan has been operated in accordance with all applicable recent legislation, including without limitation, the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") (as such provisions were previously adopted and reflected in a restated plan document effective January 1, 2003); revisions required to comply with Internal Revenue Code Section 415; the Pension Protection Act of 2006 (PPA); and the Heroes Earnings Assistance and Relief Tax Act of 2008 ("HEART"). Upon amendment of the Plan to comply with all recent legislation (whether by this restated Plan or subsequent amendment), such amendment shall also apply to the assets transferred from the Bay State Union 401(k) Plan, and such plan shall be deemed to have been amended effective as of the specified date(s) required by applicable legislation.

Section IV.02 PLAN VS. SPECIAL PROVISIONS. Except as set forth in this Schedule IV or as specifically otherwise provided elsewhere in the Plan, the provisions of the Plan shall apply to Bay State Union Employees. This Schedule IV sets forth special provisions that shall apply solely to Bay State Union Employees.

#### Section IV.03 ELIGIBILITY, PARTICIPATION AND ENROLLMENT

- A. Eligible Employee. An Eligible Employee that is subject to one of the collective bargaining agreements set forth below shall be considered a Bay State Union Employee. (Such list is described in this Schedule IV for informational purposes only and may be updated or modified as necessary by the Company.)

##### *Bay State Collective Bargaining Units*

- Lawrence Division, International Brotherhood of Electrical Workers, Local No. 326 ("*Lawrence Employees*")

- Brockton Division, Utility Workers' Union of America, AFL-CIO, Local No. 273 ("*Brockton Operating Employees*")
  - Brockton Division, Utility Workers' Union of America, AFL-CIO, Local No. 273 Clerical/Technical Unit ("*Brockton C/T Employees*")
  - Northern Utilities, Inc., Portland Division, *Brotherhood* of Utility Workers of New England, Incorporated, Local No. 341 ("*Portland Employees*") (withdrawn from Plan effective December 1, 2008)
  - Granite State Gas Transmission, Inc., *Brotherhood* of Utility Workers of New England, Incorporated, Local No. 341 ("*Granite State Employees*") (withdrawn from Plan effective December 1, 2008)
  - Springfield Division, United Steelworkers of America, AFL-CIO, Local No. 12026 ("*Springfield Employees*")
  - Springfield Division, International Brotherhood of Electrical Workers, Local No. 486 ("*Northampton Employees*")
  - Northern Utilities, Inc., Portsmouth Division, United Steelworkers of America, AFLCIO-CLC, Local No. 12012-6 ("*Portsmouth Employees*") (withdrawn from Plan effective December 1, 2008)
  - Springfield Division, United Steelworkers of America, AFL-CIO-CLC, Local 12026 Clerical Technical Unit ("*Springfield Clerical/Technical Employees*")
- B. Participation and Enrollment Generally. In accordance with Plan Section 2.01, and except as provided in Section IV.03C, below, a Bay State Union Employee shall become a Participant in the Plan on the first day of the month following the completion of a 60-day Period of Service and may enroll in the Plan thereafter pursuant to the general enrollment provisions of Section 2.01A
- C. Automatic Enrollment. Notwithstanding the provisions of Section IV.03B above, the Bay State Union Employees set forth below shall become Participants upon their Employment Commencement Date and shall be subject to the automatic enrollment provisions set forth in Section 2.01C. The following Bay State Employees shall be subject to the Plan's automatic enrollment provisions:
- Lawrence Employees hired or rehired on or after January 1, 2008.
  - Brockton Operating Employees hired or rehired on or after January 1, 2008.
  - Brockton C/T Employees hired or rehired on or after January 1, 2008.

Section IV.04 MATCHING CONTRIBUTIONS.

A. Amount. Subject to the limitations of Article VI and VII, and in accordance with Section 3.04 and subsection D of Schedule III, Bay State or the Company shall contribute and pay or cause to be paid to the Trustee a Matching Contribution, determined as set forth in this Section IV.04A. The amount of Matching Contribution shall be determined by the Bay State Union Employee's collective bargaining agreement as set forth below.

(i) Lawrence Employees and Brockton Operating Employees.

(a) Hired/Rehired in 2008 or Later. For the Account of each Participant who is either a Lawrence Employee or a Brockton Operating hired or rehired on or after January 1, 2008, in accordance with the provisions of subsection A of Schedule III, the Matching Contribution shall be an amount equal to 100% of the Pre-tax Contribution and After-tax Contribution made by or for each Participant during each pay period, not to exceed 6% of the total Compensation of such Participant for that pay period.

(b) Hired/Rehired Before 2008. For the Account of each Participant who is either a Lawrence Employee or a Brockton Operating Employee hired or rehired before January 1, 2008, the Matching Contribution shall be an amount equal to 50% of the Pre-tax Contribution made by or for each Participant during each pay period, not to exceed 5% of the total Compensation of such Participant.

(ii) Brockton C/T Employees.

(a) Hired/Rehired in 2008 or Later. For the Account of each Participant who is a Brockton C/T Employee hired or rehired on or after January 1, 2008, in accordance with the provisions of subsection A of Schedule III, the Matching Contribution shall be an amount equal to 100% of the Pre-tax Contribution and After-tax Contribution made by or for each Participant during each pay period, not to exceed 6% of the total Compensation of such Participant for that pay period.

(b) Hired/Rehired Before 2008. For the Account of each Participant who is a Brockton C/T Employee hired or rehired before January 1, 2008, the Matching Contribution shall be an amount equal to (1) 100% of the Pre-tax Contribution made by or for each Participant during each pay period, not to exceed 1% of the total Compensation of such Participant, and (2) 50% of the Pre-tax Contribution made by each Participant during each pay period on

the next 5% of the total Compensation of such Participant. Accordingly, no Matching Contribution shall be made on such Participant's Pre-tax Contributions in excess of 6% of his Compensation.

- (iii) Other Bay State Employees. If this paragraph (iii) applies as described below, the Matching Contribution shall be an amount equal to 50% of the Pre-tax Contribution made by or for each Participant during each pay period, not to exceed 5% of the total Compensation of such Participant. The provisions of this paragraph (iii) shall apply for the Account of each Participant who is considered one if the following Bay State Employees:
- (a) Portland Employee (applicable only prior to December 1, 2008);
  - (b) Granite State Employee (applicable only prior to December 1, 2008);
  - (c) Springfield Employee;
  - (d) Northampton Employee; or
  - (e) Portsmouth Employee (applicable only prior to December 1, 2008).
- (iv) Springfield C/T Employees. For the Account of each Participant who is a Springfield C/T Employee, the Matching Contribution shall be an amount equal to 50% of the Pre-tax Contribution made by or for each Participant during each pay period, not to exceed 5% of the total Compensation of such Participant.

Notwithstanding the foregoing, with respect to any Springfield C/T Employee that:

- (a) became an Employee before September 1, 1990 and was under age 45 on January 1, 1992; or
- (b) became an Employee on or after September 1, 1990; or
- (c) became an Employee before September 1, 1990, was at least age 45 on January 1, 1992 and irrevocably elected to waive eligibility for post-retiree medical coverage no later than September 1, 1992,

then the Matching Contribution shall be an amount equal to (1) 100% of the Pre-tax Contribution made by or for each Participant during each pay period, not to exceed 2.5% of the total Compensation of such Participant, and (2) 50% of the Pre-tax Contribution made by each Participant during each pay period on the next 5% of the total Compensation of such Participant. Accordingly, no Matching Contribution shall be made on

such Participant's Pre-tax Contributions in excess of 7.5% of his Compensation.

- B. Matching Allocation. Notwithstanding the matching allocation provisions of Section 3.05, in accordance with the Plan enrollment provisions set forth in Section IV.03 subsection B or C, as applicable, a Bay State Union Employee shall become eligible to receive Matching Contributions upon becoming a Participant in the Plan and making Pre-Tax Contributions (i.e., on the first day of the month following the completion of a 60-day Period of Service or upon Employment Commencement Date, as applicable).
- C. Matching Contribution Investment. Notwithstanding the matching allocation provisions of Section 3.05 and Section 8.07, Matching Contributions contributed on behalf of Bay State Union Employees shall be invested in accordance with the investment allocation selected by each Bay State Union Employee, in accordance with Section 8.05 and 8.06, rather than invested automatically in the Company Stock Fund.

Section IV.05 PROFIT SHARING CONTRIBUTIONS. As provided in Section 3.07A regarding eligibility for Profit Sharing Contributions, no Bay State collective bargaining agreement currently provides for a Profit Sharing Contribution to be allocated to any Bay State Union Employee.

Section IV.06 DISTRIBUTIONS AND WITHDRAWALS. The provisions of Article IV (regarding payment of benefits) and Article V (regarding in-service withdrawals and loans) shall be applicable to the Account balance of any Bay State Union employee in the same manner as other Account balances, with the following exception:

- The provision of Section 5.03 allowing for the in-service withdrawal of certain Matching and Profit Sharing Contributions shall not apply to any Bay State Union Employee.

## SCHEDULE V

### SPECIAL PROVISIONS FOR NIPSCO UNION EMPLOYEES

Section V.01 BACKGROUND AND APPLICABILITY. Effective December 31, 2008 (the "Merger Date"), the Northern Indiana Public Service Company Bargaining Unit Tax Deferred Savings Plan ("NIPSCO 401(k) Plan") merged into the Plan and the assets of the NIPSCO 401(k) Plan transferred to the Plan. After the Merger Date, NIPSCO Union Employees participate in and are subject to the terms of the Plan and this Schedule IV.

Prior to the Merger Date, NIPSCO Union Employees participated in and were governed by the terms of the NIPSCO 401(k) Plan. While operated as a separate plan with a separate trust up until the Merger Date, the NIPSCO 401(k) Plan is amended and restated pursuant to the terms of this restated Plan document (including this Schedule IV) as of the Effective Date shall be operated in accordance with the terms set forth in the Plan as modified by this Schedule IV.

The NIPSCO 401(k) Plan has been operated in accordance with all applicable recent legislation, including without limitation, the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") (as such provisions were previously adopted and reflected in a restated plan document effective January 1, 2003); revisions required to comply with Internal Revenue Code Section 415; the Pension Protection Act of 2006 (PPA); and the Heroes Earnings Assistance and Relief Tax Act of 2008 ("HEART"). Upon amendment of the Plan to comply with all recent legislation (whether by this restated Plan or subsequent amendment), such amendment shall also apply to the assets transferred from the NIPSCO 401(k) Plan, and such plan shall be deemed to have been amended effective as of the specified date(s) required by applicable legislation.

Section V.02 PLAN VS. SPECIAL PROVISIONS. Except as set forth in this Schedule V or as specifically otherwise provided elsewhere in the Plan, the provisions of the Plan shall apply to NIPSCO Union Employees. This Schedule V sets forth special provisions that shall apply solely to NIPSCO Union Employees.

Section V.03 ELIGIBILITY, PARTICIPATION AND ENROLLMENT. The provisions of Article II (regarding Plan eligibility and enrollment) shall apply to the Account balance of any NIPSCO Union Employee in the same manner as other Account balances as described therein. Accordingly, NIPSCO Union Employees are eligible to participate in the Plan on their Employment Commencement Date or Reemployment Commencement Date and shall be subject to the general enrollment provisions (not automatic enrollment).

Section V.04 MATCHING CONTRIBUTIONS. The Matching Contributions of NIPSCO Union Employees shall be determined in accordance with Section 3.05 and 3.06 and Schedule III.

Section V.05 PROFIT SHARING CONTRIBUTIONS. As provided in Section 3.07A regarding eligibility for Profit Sharing Contributions, no NIPSCO collective bargaining agreement



currently provides for a Profit Sharing Contribution to be allocated to any NIPSCO Union Employee.

Section V.06 DISTRIBUTIONS AND WITHDRAWALS. The provisions of Article IV (regarding payment of benefits) and Article V (regarding in-service withdrawals and loans) shall be applicable to the Account balance of any NIPSCO Union Employee in the same manner as other Account balances, with the following exception:

- The provision of Section 5.03 allowing for the in-service withdrawal of certain Matching and Profit Sharing Contributions shall not apply to any NIPSCO Union Employee.



**COLUMBIA GAS OF KENTUCKY, INC.  
 RESPONSE TO REQUESTS FOR INFORMATION OF THE  
 ATTORNEY GENERAL**

Data Request 046:

With regard to WPD-2.3, sheet 1, please provide the following information:

- a. Explanation of the derivation and basis of the pro forma CIP incentive accrual of \$203,280 and the pro forma Profit Sharing program expenses of \$29,892.
- b. Equivalent CIP incentive accrual and Profit Sharing program expense included in the approved 2009 budget.
- c. The pro forma CIP incentive accrual of \$203,280 and the pro forma Profit Sharing program expenses of \$29,892 represent O&M expense amounts. Please provide the costs prior to capitalization, the capitalized costs and the resulting O&M expense ratio that resulted in the expense amounts of \$203,280 and \$29,892.

**Response:**

- a. The pro forma CIP/SIP incentive accrual and the pro forma Profit Sharing accrual are derived by taking the 2009 monthly accrual for payout times twelve months ( $\$203,280 = \$16,940 \times 12$ ) and ( $\$29,892 = \$2,491 \times 12$ ), respectively. The accrual is predicated upon the Company achieving a financial trigger for the current calendar year.

- b. This level of expense is in the Company's budget.

c.

	<u>CIP Bonus</u>	<u>Expense Ratio</u>	<u>SIP Bonus</u>	<u>Expense Ratio</u>	<u>CIP/SIP</u>	<u>Expense Ratio</u>
O&M	\$179,280	71%	\$24,000	100%	\$203,280	74%
Capital	<u>\$72,480</u>	<u>29%</u>	<u>\$0</u>	<u>0%</u>	<u>\$72,480</u>	<u>26%</u>
Total Cost	\$251,760	100%	\$24,000	100%	\$275,760	100%

	<u>Profit Sharing</u>	<u>Expense Ratio</u>
O&M	\$29,892	71%
Capital	<u>\$12,084</u>	<u>29%</u>
Total Cost	\$41,976	100%



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 047:

With regard to WPD 2.4, sheet 2, please provide the following information:

- a. What is the source of the information shown on sheet 2?
- b. Provide the 2009 pension and OPEB expenses in accordance with the 2009 actuary reports. In addition, provide copies of these actuary reports and indicate where the numbers for CGK can be found in these reports.
- c. If the 2009 actuary reports are not yet available, indicate when they will become available and provide CGK's pension and OPEB costs as included in the actuary's most recent available actuary reports. Also, provide copies of these most recent available actuary reports and indicate where the numbers for CGK can be found in these reports.

**Response:**

- a. The source of the information shown on sheet 2 was Hewitt Associates, LLC.
- b. The 2009 pension and OPEB expense derived from actuarial reports are \$1,313,813 and \$711,483, respectively. A copy of the most recent actuarial report from which 2009 expense was based may be found in Attachment A of Staff Set 2, question number 55. Approximately 99% of CKY's expense is based on allocations from the Columbia Energy Group plan. The numbers for CKY are not isolated in that report since these reports are prepared at a plan level and CKY is just one of the participants in the Columbia Energy Group plan.
- c. Please refer to the response to 47b.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 048:

Please reconcile the following employee benefit expenses included in the 2009 budget in Volume 5, FR #7-d and as shown in WPD 2.4, sheet 2: Medical FAS 106 \$423,000 vs. \$705,000; OPEB Life (\$74,000) vs. \$6,000; Pension \$1,173,000 vs. \$1,313,000; and Pension Transfer (\$293,000) vs. (\$361,548).

**Response:**

The employee benefit expenses included in the 2009 0&12 budget in Volume 5, FR #7-d was based on projected information provided by the actuaries in July, 2008. These amounts did not reflect the impact of the economic crisis. The amounts in sheet WPD 2.4, sheet 2 reflects the most current information as the 2009 expense reflects the impact of the economic downturn.





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 049:

Please reconcile the OPEB expense numbers for 2008 and 2009 shown in the table on page 5 of Ms. Konold's testimony to the 2008 and 2009 OPEB expenses of \$222,587 and \$484,975 on Schedule D-2.4. Also, reconcile the 2009 pension expenses of \$980,525 to the Schedule D-2.4 2009 pension expenses of \$980,525.

**Response:**

The OPEB expense numbers for 2008 and 2009 on Schedule D-2.4 were \$529,273 and \$791,661 respectively. These numbers tie to those amounts shown in the table on page 5 of my testimony.

	2008	2009
	(column 3)	(column 6)
Schedule D-2.4		
Ongoing OPEB - Medical	\$ 307,901	\$ 505,660
Ongoing OPEB - Group Life	\$ (60,326)	\$ 4,303
SFAS 106 Amortization	\$ 281,698	\$ 281,698
OPEB per schedule D-2.4	\$ 529,273	\$ 791,661
OPEB per Konold testimony	\$ 529,273	\$ 791,661
Difference	\$ -	\$ -

The difference in the 2009 Retirement Income Plan expense is due to a one time item that was accrued in 2009 but not reflected in schedule D-2.4.

	2008	2009
Retirement Income Plan per schedule D-2.4	\$ (152,146)	\$ 951,452
Retirement Income Plan per Konold Testimony	\$ (152,146)	\$ 980,525
Difference	\$ -	\$ (29,073)



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 050:

With regard to the Company's proposed pension/OPEB deferral and cost recovery mechanism, please provide the following information:

- a. Please provide the pension expenses and OPEB expenses that were included in the pro forma test year results in the Company's prior rate case, Case No. 2007-00008.
- b. Please provide the pension expenses and OPEB expenses that the Company considers to be included in current rates.
- c. Starting with January 2009, please provide the monthly pension and OPEB expense (chargeable to O&M) differences between the expenses included in current rates and the current actual expenses that the Company is proposing to defer effective 1/1/09. In addition, provide the estimated total deferral amount that will have accumulated from 1/1/09 until the expected rate effective date of this case; and explain how the Company proposes to recover this total deferred cost amount from the ratepayers.
- d. Will the proposed Rider POM, to be effective in July 2010, not only include rate recovery over a one-year period of the pension/OPEB deferrals for the 18-month period 1/1/09 – 6/30/10, but also the projected cost differences between the projected costs for the one-year period July 2010 – June 2011 and the costs to be approved in base rates as a result of this rate case? Please explain this in detail.

**Response:**

- a. Below are the pension and OPEB expenses that were included in the pro forma test year results in the Company's prior rate case, Case No. 2007-00008.

Pensions - Retirement Income Plan	\$ (15,800)
OPEB - Retiree Medical	\$ 336,506
OPEB - Group Life Insurance	\$ (38,318)
OPEB - Amortization of Transition Obligation	<u>\$ 281,695</u>
Total	<u>\$ 564,083</u>

- b. The amounts provided in part (a) above are the amounts of pension and OPEB expenses that the Company considers to be included in current rates.

c. The table below illustrates the difference between the monthly pension and OPEB expenses (chargeable to O&M) and the expenses included in current rates. The estimated amounts that the Company is proposing to defer through November 1, 2009 (the expected rate effective date of this case) for Pension and OPEB are \$834,084 and \$172,676, respectively. These amounts would be included in the July 30, 2010 Rider POM filing.

	2009 Pension			2009 OPEB		
	Expense	Rates	Deferral	Expense	Rates	Deferral
<i>actual</i> January	\$ 136,918	\$ (1,317)	\$ 138,235	\$ 44,110	\$ 48,324	\$ (4,214)
<i>actual</i> February	\$ 54,549	\$ (1,317)	\$ 55,866	\$ 90,010	\$ 48,324	\$ 41,686
<i>actual</i> March	\$ 77,072	\$ (1,317)	\$ 78,389	\$ 64,450	\$ 48,324	\$ 16,126
<i>actual</i> April	\$ 77,376	\$ (1,317)	\$ 78,693	\$ 59,087	\$ 48,324	\$ 10,763
<i>actual</i> May	\$ 75,970	\$ (1,317)	\$ 77,287	\$ 58,889	\$ 48,324	\$ 10,565
June	\$ 79,805	\$ (1,317)	\$ 81,122	\$ 67,874	\$ 48,324	\$ 19,550
July	\$ 79,806	\$ (1,317)	\$ 81,123	\$ 67,874	\$ 48,324	\$ 19,550
August	\$ 79,806	\$ (1,317)	\$ 81,123	\$ 67,874	\$ 48,324	\$ 19,550
September	\$ 79,806	\$ (1,317)	\$ 81,123	\$ 67,874	\$ 48,324	\$ 19,550
October	\$ 79,806	\$ (1,317)	\$ 81,123	\$ 67,874	\$ 48,324	\$ 19,550
YTD 10/09	\$ 820,914	\$ (13,170)	\$ 834,084	\$ 655,916	\$ 483,240	\$ 172,676

d. The proposed Rider POM, to be filed on July 30, 2010 and effective with meter readings on and after Unit 1 of Columbia's September billing cycle, will include rate recovery over a one-year period of actual pension and OPEB deferrals for the 18-month period ending June 30, 2010. Building on the example above, Rider POM would not only include actual pension and OPEB deferrals as of October 31, 2009 but also include any additional deferrals (assets/liabilities) generated from November 1, 2009 through June 30, 2010. The June 30<sup>th</sup> Rider POM filing will not include projected deferrals.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 051:

With regard to the rate case expenses incurred for the prior rate case, Case No. 2007-00008, please provide the following information:

- a. In the same format and detail as per Schedule D-2.7 in the prior rate case, provide the actual rate case expenses incurred for Case No. 2007-00008.
- b. Provide the calculations in support of the unamortized balance of \$50,904 shown on line 6 of Schedule D-2.7 in the current case. Show unamortized starting balance and the monthly amortizations, indicating the starting and ending amortization months.

**Response:**

Please refer to 2009-00141 AG Set 1-051 Attachment 1 for the requested information.

Columbia Gas of Kentucky, Inc.  
Rate Case Expense - Case No. 2007-00008

Line No.	<u>Description</u>	<u>Amount</u>		
		\$		
1	Amortization	(48,800)		
2	Legal	20,041		
3	Consultants	142,058		
4	Other Expenses :			
5	Employee Travel	5,391		
6	Duplicating, courier, & supplies	36,608		
7	Postage Fees	767		
8	Total	<u>156,066</u>		
9	<b>2007 Rate Case Expense</b>		<b>156,066</b>	<b>Balance</b>
				\$
10	Sep. 2007	Amortization	(4,382)	151,684
11	Oct. 2007	Amortization	(4,382)	147,302
12	Nov. 2007	Amortization	(4,382)	142,921
13	Dec. 2007	Amortization	(4,382)	138,539
14	Jan. 2008	Amortization	(4,382)	134,157
15	Feb. 2008	Amortization	(4,382)	129,775
16	Mar. 2008	Amortization	(4,382)	125,394
17	Apr. 2008	Amortization	(4,382)	121,012
18	May 2008	Amortization	(4,382)	116,630
19	Jun. 2008	Amortization	(4,382)	112,248
20	Jul. 2008	Amortization	(4,382)	107,867
21	Aug. 2008	Amortization	(4,382)	103,485
22	Sep. 2008	Amortization	(4,382)	99,103
23	Oct. 2008	Amortization	(4,382)	94,722
24	Nov. 2008	Amortization	(4,382)	90,340
25	Dec. 2008	Amortization	(4,382)	85,958
26	Jan. 2009	Amortization	(4,382)	81,576
27	Feb. 2009	Amortization	(4,382)	77,195
28	Mar. 2009	Amortization	(4,382)	72,813
29	Apr. 2009	Amortization	(4,382)	68,431
30	May 2009	Amortization	(4,382)	64,050
31	Jun. 2009	Amortization	(4,382)	59,668
32	Jul. 2009	Amortization	(4,382)	55,286
33	Aug. 2009	Amortization	(4,382)	50,904





PSC Case No. 2009-00141  
AG DR Set 1-052  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 052:

In the same format and detail as per Schedule D-2.7, provide the actual rate case expenses invoiced and booked to date.

**Response:**

Please refer to Columbia's response to Staff Set 1-052 for the requested information. This request is being updated monthly.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 053:

With regard to the Company's actual regulatory commission expenses in Account 928 for the 2008 test year amount to \$302,664. Please provide a breakout of this total expense amount by regulatory activity and indicate to what extent these regulatory activities are recurring or non-recurring. Also, indicate how much is included in the \$302,664 for the expenses associated with the prior rate case.

**Response:**

Please see Table below.

Table AG Set 1-053

<u>Description</u>	<u>Amount</u>	<u>Reference</u>
	\$	
P. S. C. Maintenance Fee	250,083	Recurring
Amortization of Rate Case Expense: Case No. 2007-0008 over three year period	<u>52,581</u>	Recurring
Total Account 928 Regulatory Commission Expense	<u><u>302,664</u></u>	



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 054:

In the Company's prior rate case, the Commission allowed an 8-year amortization of certain one-time IBM costs and the 3-year amortization of certain severance costs included in the NiSource Service costs allocated to CGK (see page 4 of PSC Order in). In this regard, please provide the following information:

- a. Provide the total one-time IBM costs, the annual amortization of this cost, and the amortization amount included in the pro forma NiSource Service cost of \$9,148,390 claimed in this case.
- b. Provide the total one-time severance costs, the annual amortization of this cost, the amortization starting and expiration dates, and the amortization amount included in the pro forma NiSource Service cost of \$9,148,390 claimed in this case.

**Response:**

- a. There is \$0 included in the pro forma NCSC cost of \$9,148,390 claimed in this case related to the total one-time IBM costs, the annual amortization of this cost, and the amortization amounts related to Case No. 2007-0008.
- b. There is \$0 included in the pro forma NCSC cost of \$9,148,390 claimed in this case related to the total one-time severance costs, the annual amortization of this cost, and the amortization amount related to Case No. 2007-0008.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 055:

Do the pro forma NiSource Service costs of \$9,148,390 include any costs associated with the \$38,033 loss on mainframe; the \$95,309 loss on the sale of the Marble Cliff building; and the \$22,236 Marble Cliff depreciation which items were issues in the Company's prior rate case? If so, quantify these costs and explain why they have been included again in the current case.

**Response:**

The \$9,148,390 in pro forma NCSC costs does not include any costs associated with the \$38,033 loss on mainframe; the \$95,309 loss on the sale of the Marble Cliff building; or the \$22,236 Marble Cliff depreciation related to the Company's prior rate case.





PSC Case No. 2009-00141  
AG DR Set 1-056  
Respondent(s): Susanne Taylor

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 056:

Please provide a functional component breakout of the unadjusted test year NiSource Service cost amount of \$9,044,321 in the same format and detail as per Attachment SMT-3 in Case No. 2007-00008. In addition, provide the same NCSC-allocated cost information for the year 2007 and as budgeted for the year 2009.

**Response:**

A functional component breakout of unadjusted test year NCSC costs of \$9,044,321, (NCSC unadjusted test year costs of \$9,083,713 adjusted for a non-recurring expense of \$39,392 on Columbia Gas of Kentucky's books as shown on Schedule D-2.12, Line 1) in the same format and detail as provided in Case No. 2007-00008, is included hereto as AG Set 1 No. 56 Attachment A. In addition, AG Set 1 No. 56 Attachment A includes NCSC unadjusted 2007 actual costs and budgeted 2009 costs in the same format and detail as provided in Case No. 2007-00008.

Service Category	2007		2008		2009 (Budgeted)	
	CKY Amount	Total NCSC	CKY Amount	Total NCSC	CKY Amount	Total NCSC
Accounting and Statistical Services	1,033,411	22,451,332	745,283	26,302,101	592,867	24,367,652
Auditing Services	99,476	4,267,557	98,829	4,621,899	141,590	5,104,152
Budget Services	128,165	4,905,946	142,535	6,078,000	167,801	7,074,307
Business Promotion Services	201,268	3,079,242	249,613	3,578,635	439,934	7,481,320
Corporate Services	383,603	14,634,276	378,512	15,654,076	325,711	15,678,048
Customer Billing, Collection, and Contact Services	2,066,602	48,472,048	1,127,573	33,099,823	1,305,491	31,637,579
Electronic Communications Services	-	1,800	-	-	-	-
Employee Services	386,769	12,444,903	271,349	12,616,083	473,886	12,556,696
Engineering and Research Services	375,150	6,887,437	309,710	7,515,876	28,251	487,083
Gas Dispatching Services	182,661	4,973,537	197,627	5,132,883	251,019	5,003,433
Information Services	81,042	3,591,214	81,240	3,623,551	69,720	2,472,320
Information Technology Services	3,047,887	107,885,913	3,122,696	121,117,640	3,138,231	132,876,241
Insurance Services	44,388	3,044,724	48,932	3,642,888	46,953	3,158,097
Interest, Stock and Tax	144,898	5,462,648	282,872	11,105,819	334,810	12,570,677
Legal Services	503,596	34,957,385	269,179	32,404,607	506,381	30,639,951
Office Space	349,775	11,478,863	315,158	11,114,476	217,293	7,828,636
Operations Support and Planning Services	1,067,210	34,053,582	1,402,733	45,882,043	1,687,104	37,916,230
Purchasing, Storage and Disposition Services	238,772	8,632,687	239,412	9,954,792	156,876	8,711,208
Rate Services	75,119	4,881,546	17,397	4,649,592	36,597	1,032,680
Tax Services	117,493	3,463,400	111,100	3,685,765	142,179	3,543,309
Transportation Services	125,673	5,793,606	130,978	6,388,574	132,537	6,066,646
Treasury Services	109,404	3,793,993	116,643	4,138,604	134,515	4,914,143
Total - Pre Capitalization	10,762,361	349,157,639	9,659,371	372,307,729	10,329,746	361,120,410
Total Capitalized	(561,132)		(575,658)		(618,131) *	
Non-recurring expenses (See Schedule D-2.12 Line 1)	-		(39,392)		-	
<b>Total</b>	<b>10,201,229</b>		<b>9,044,321</b>		<b>9,711,615</b>	

\* 2009 Budgeted capital of \$618,131 is based on the percentage capitalized in 2008 by Columbia Gas of Kentucky, Inc. of 5.98399% as shown on Schedule D-2.8 Sheet 1, Column 4, Line 3.



PSC Case No. 2009-00141  
AG DR Set 1-057  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 057:

Please provide the number of NiSource Service employees, in total and broken out by employee category, for each month of 2007, 2008 and 2009 through May. In addition, provide the budgeted number of NCSC employees for the year 2009.

**Response:**

A schedule providing NCSC employees broken out by employee category, for each month of 2007, 2008 and 2009 through May, as well as the budgeted number of NCSC employees for June 2009 through December 2009 is attached hereto as AG Set 1 No. 57 Attachment A. Please note the number of NCSC employees for the year 2009 is budgeted by total employees and is not broken out by employee category.

NiSource Corporate Services Company - Number of Employees

Date	Headcount		
	Exempt	Nonexempt	Total
1/31/2007	651	131	782
2/28/2007	663	135	798
3/31/2007	662	135	797
4/30/2007	664	136	800
5/31/2007	668	134	802
6/30/2007	716	147	863
7/31/2007	727	158	885
8/31/2007	732	160	892
9/30/2007	733	165	898
10/31/2007	740	166	906
11/30/2007	740	168	908
12/31/2007	741	168	909

1/31/2008	735	190	925
2/29/2008	736	194	930
3/31/2008	751	196	947
4/30/2008	751	210	961
5/31/2008	760	220	980
6/30/2008	770	226	996
7/31/2008	771	234	1005
8/31/2008	761	244	1005
9/30/2008	729	246	975
10/31/2008	727	244	971
11/30/2008	733	249	982
12/31/2008	732	247	979

1/31/2009	750	245	995
2/28/2009	749	246	995
3/31/2009	754	246	1000
4/30/2009	757	247	1004
5/31/2009	764	247	1011

NiSource Corporate Services Company - Budgeted Number of Employees \*

6/30/2009	0	0	1073
7/31/2009	0	0	1073
8/31/2009	0	0	1073
9/30/2009	0	0	1073
10/31/2009	0	0	1073
11/30/2009	0	0	1072
12/31/2009	0	0	1072

\* Please note the number of NCSC employees for the year 2009 is budgeted by total employees and is not broken out by employee category



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 058:

With regard to SERP expenses, please provide the following information:

- a. Description of what the SERP benefit represents. In addition, explain whether this benefit program is an active on-going program for which current employees are eligible, or whether it is a program that has been discontinued for currently active employees, but is still active for retired employees.
- b. Actual SERP expenses (direct and as included in the NCSC-allocated cost of \$9,148,390) booked by the Company in each of the years 2004 – 2008.
- c. How many employees are the recipients of the \$200,853 SERP and what are the titles of these employees?
- d. Do the employees receiving the SERP benefit also receive the “regular” pension benefits for which all other Company employees are eligible?
- e. Reasons why the SERP expense should be charged to the ratepayers rather than the shareholders.

**Response:**

- a. The Supplemental Executive Retirement Plan (Plan) applies to those officers and other employees selected by the board of directors to participate in the plan. The Plan provides a retirement benefit at age 62, or age 60 and the completion of at least 25 years of service of the greater of (i) 60% of final average pay (prorated for less than 20 years of service) and an additional 0.5% of final average pay per year between 20 and 30 years of service, less 5% of Primary Social Security Benefits (prorated for less than 20 years of service) or (ii) the benefit formula under the NiSource qualified pension plan. Final average pay is determined by dividing the participant’s total compensation during the 60 consecutive months within the last 120 months of service that produce the highest result, by the number of months for which the compensation was received. For purposes of the Plan, total compensation is compensation as defined in the NiSource Pension Plan (but disregarding the limitations required by Code Section 401(a)(17) and the 50% limitation application to bonuses). In addition, the Plan provides certain early retirement and disability benefits and pre-retirement death benefits for the spouse of a participant. The Plan is an active on-going program.

- b. See Table AG-1-058 for the actual SERP expenses (direct and NCSC-allocated) booked by the Company in each of the years 2004-2008.

**Table AG-1-058**

<b>Year</b>	<b>CKY Direct</b>	<b>NCSC Allocated</b>
2004	\$0	\$140,965.02
2005	\$0	\$165,337.29
2006	\$0	\$199,088.34
2007	\$0	\$168,516.83
2008	\$0	\$147,672.53

- c. The test year SERP expense was \$147,673, not \$200,853 as asked in the Data Request. There are 24 recipients of the \$147,673 test year SERP expense. The titles of the SERP recipients are the following: Vice Chairman, Group VP & Chief Technical Officer, VP Engineering & Construction, Treasurer, Sr. VP NI Generation and Transmission, Group VP Marketing and Communications, Director Major Accounts Relations, President, President Merchant Company, Chairman and CEO, Executive Vice President & CFO, VP Audit, Corporate Secretary (2), Sr. VP & Environmental Counsel, President Primary Energy, General Manager, President Energy Distribution, VP Finance, Senior VP EUSA, VP Energy Supply Services, President and COO CNR, Regulatory & Corporate Affairs Advisor, and VP Human Resources.
- d. Yes, the employees receiving the SERP benefit also receive the “regular” pension benefits for which all other Company employees are eligible.
- e. The SERP is part of a total compensation concept. NiSource performs periodic market analysis for compensation and other benefits and believes that in order to retain and attract quality employees must be able to compete for talent on equal footing. Columbia believes that retaining and attracting quality employees will provide an ultimate benefit to the CKY ratepayers.





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 059:

To the extent that the pro forma NiSource Service-allocated costs of \$9,148,390 include any business development/business promotion expenses, please provide the following information:

- a. Quantify these expenses.
- b. Provide actual source documentation available at NCSC that describes the activities underlying the business development/business promotion expenses.
- c. Explain whether or not the activities underlying the business development/business promotion expenses are specific to CGK's territory and ratepayers, and why and how these activities benefit the ratepayers of CGK.
- d. Of the business development/business promotion expenses allocated from NCSC to CGK, indicate what portion of the allocated costs is directly assignable to CGK and what portion is charged by formula allocation. In addition, describe the process of the directly assignable costs and the allocation factors used in the formula allocation.

**Response:**

- a. NCSC billed CGK \$249,612.77 related to Business Promotion Services.
- b. Please see the Business Promotion Services paragraph in Appendix A of the Service Agreement between NCSC and Columbia of Kentucky attached hereto as AG-1-059 Attachment A which describes the nature of Business Promotion Services.
- c. The activities underlying the business development/business promotion expenses includes the coordination of new, conversion and added load customers in the markets served by NiSource, including Columbia Gas of Kentucky. Employees included in this category provide cost analysis and information to customers regarding products and services. In addition, these employees spent a great deal of time educating consumers on energy efficiency and conservation, as well as natural gas safety which allows

consumers/rate payers to make educated choices regarding energy efficiency and conservation. Further, these activities benefit the ratepayers of Columbia Gas of Kentucky by synergizing the number of resources necessary to process customer additions, business development strategies, and cost analysis related to products and services.

- d. Of the \$249,612.77 billed by NCSC to CGK related to Business Promotion Services, \$182,604.07 (73%) was directly billed to CGK while \$67,008.70 was allocated. The allocation basis used to allocate the \$67,008.70 was Basis 10, Number of Retail Customers, and the costs were allocation primarily to the Columbia distribution companies including Columbia Gas of Kentucky, Ohio, Maryland, Pennsylvania and Virginia.

Service Agreement  
BETWEEN  
NISOURCE CORPORATE SERVICES COMPANY  
AND  
COLUMBIA GAS OF KENTUCKY, INC.

Dated January 1, 2007

(To Take Effect Pursuant to Article 3 Hereof)

## SERVICE AGREEMENT

This SERVICE AGREEMENT (the "Service Agreement" or "Agreement") is made and entered into this \_\_\_\_\_, 2007 by and between Columbia Gas of Kentucky, Inc., its subsidiaries, affiliates and associates ("Client", and together with other associate companies that have or may in the future execute this form of Service Agreement, the "Clients") and NiSource Corporate Services Company ("Company").

### WITNESSETH:

WHEREAS, the Securities and Exchange Commission ("SEC") has approved and authorized as meeting the requirements of Section 13(b) of the Public Utility Holding Company Act of 1935 ("Act") the organization and conduct of the business of the Company, in accordance herewith, as a wholly-owned subsidiary service company of NiSource Inc. ("NiSource"), including the allocation of all Company costs by using the methods approved by the Securities and Exchange Commission ("SEC Method");

WHEREAS, Client is an affiliate of the Company; and

WHEREAS, the Company and Client agree to enter into this Service Agreement whereby the Client may seek certain services from the Company and the Company agrees to provide such services upon request and upon the Company's conclusion that it is able to perform such services. Further, the Client agrees to pay for the services as provided herein at cost, with cost determined in accordance with applicable rules and regulations under the Act, which require the Company to fairly and equitably allocate costs among all Clients to which it renders services; and

WHEREAS, the rendition of such services set forth in Article 2 of Appendix A on a centralized basis enables the Clients to realize economic and other benefits through (1) efficient use of personnel and equipment, (2) coordination of analysis and planning, and (3) availability of specialized personnel and equipment which the Clients cannot economically maintain on an individual basis.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties to this Service Agreement covenant and agree as follows:

## ARTICLE 1

### SERVICES

1.1 The Company shall furnish to Client, as requested by Client, upon the terms and conditions hereinafter set forth, such of the services described in Section 2 of Appendix A hereto (the "Services"), at such times, for such periods and in such manner as Client may from time to time request and that the Company concludes it is able to perform. The Company shall also provide Client with such services, in addition to those services described in Appendix A hereto, as may be requested by Client and that the Company concludes it is able to perform. In supplying such services, the Company may arrange, where it deems appropriate in consultation with Client,

for the services of such experts, consultants, advisers, and other persons with necessary qualifications as are required for or pertinent to the provision of such services ("Additional Services").

1.2 Client shall take from the Company such of the Services, and such Additional Services, whether or not now contemplated, as are requested from time to time by Client and that the Company concludes it is able to perform.

1.3 The cost of the Services described herein or contemplated to be performed hereunder shall be allocated to Client in accordance with the SEC Method. Client shall have the right from time to time to amend or alter any activity, project, program or work order provided that (i) Client pays and remunerates the Company the full cost for the services covered by the activity, project, program or work order, including therein any expense incurred by the Company as a direct result of such amendment or alteration of the activity, project, program or work order, and (ii) Client accepts that no amendment or alteration of an activity, project, program or work order shall release Client from liability for all costs already incurred by or contracted for by the Company pursuant to the activity, project, program or work order, regardless of whether the services associated with such costs have been completed.

1.4 The Company shall hire, train and maintain an experienced staff able to perform the Services, or shall obtain experience through third-party resources, as it shall determine in consultation with Client.

## ARTICLE 2

### COMPENSATION

2.1 As compensation for the Services to be rendered hereunder, Client shall compensate and pay to the Company all costs, reasonably identifiable and related to particular Services performed by the Company for or on Client's behalf. The methods for allocating the Company costs to Client, as well as to other associate companies, are set forth in Appendix A.

2.2 It is the intent of this Service Agreement that charges for Services shall be billed, to the extent possible, directly to the Client or Clients benefiting from such Service. Any amounts remaining after such direct billing shall be allocated using the methods identified in Appendix A. The methods of allocation of cost shall be subject to review annually, or more frequently if appropriate. Such methods of allocation of costs may be modified or changed by the Company without the necessity of an amendment to this Service Agreement; provided that, in each instance, all services rendered hereunder shall be at actual cost thereof, fairly and equitably allocated, all in accordance with the requirements of the Act and any orders promulgated thereunder. The Company shall review with the Client any proposed change in the methods of allocation of costs hereunder and the parties must agree to any such changes before they are implemented.

2.3 The Company shall render a monthly report to Client that shall reflect all information necessary to identify the costs charged and Services rendered for that month. Client shall undertake an immediate review of the report and identify all questions or concerns

regarding the charges reflected within ten (10) days of receipt of the report. If no concerns are identified within that time, Client shall remit to the Company all charges billed to it within 30 days of receipt of the monthly report.

2.4 Client agrees to provide the Company, from time to time, as requested such financial and statistical information as the Company may need to compute the charges payable by Client consistent with the method of allocation set forth on Appendix A.

2.5 It is the intent of this Service Agreement that the payment for services rendered by the Company to Client under this Service Agreement shall cover all the costs of its doing business including, but not limited to, salaries and wages, office supplies and expenses, outside services employed, insurance, injuries and damages, employee and retiree pensions and benefits, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization, and compensation for use of capital as permitted under the Act.

### **ARTICLE 3**

#### **TERM**

3.1 This Service Agreement shall become effective as of the date first written above, subject only to the receipt of any required regulatory approvals from the State Commissions and the SEC, and shall continue in force until terminated by the Company or Client, upon not less than one year's prior written notice to the other party. This Service Agreement shall also be subject to termination or modification at any time, without notice, if and to the extent performance under this Service Agreement may conflict with (1) the Act or with any rule, regulation or order of the SEC adopted before or after the date of this Service Agreement, or (2) any state or federal statute, or any rule, decision, or order of any state or federal regulatory agency having jurisdiction over one or more Clients. Further, this Service Agreement shall be terminated with respect to the Client immediately upon the Client ceasing to be an associate company of the Company. The parties' obligations under this Service Agreement which by their nature are intended to continue beyond the termination or expiration of this Service Agreement shall survive such termination or expiration.

### **ARTICLE 4**

#### **SERVICE REVIEW**

4.1 On an annual basis, the Company and Client shall meet to assess the quality of the Services being provided pursuant to this Service Agreement and to determine the continued need therefor and shall, subject to Section 1.1, above, amend the scope of services, delete services entirely from this Service Agreement, and/or decline services as they determine to be necessary or desirable.

4.2 NiSource maintains an Internal Audit Department that will conduct periodic audits of the Company administration and accounting processes ("Audits"). The Audits will include examinations of Service Agreements, accounting systems, source documents, methods of allocation of costs and billings to ensure all Services are properly accounted for and billed to the appropriate Client. In addition, the Company's policies, operating procedures and controls will be evaluated annually. Copies of the reports generated by the Company as part of the Audits will be provided to Client upon request.

## ARTICLE 5

### MISCELLANEOUS

5.1 All accounts and records of the Company shall be kept in accordance with the General Rules and Regulations promulgated by the SEC pursuant to the Act, in particular, the Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies in effect from and after the date hereof.

5.2 New direct or indirect subsidiaries of NiSource Inc., which may come into existence after the effective date of this Service Agreement, may become additional Clients of the Company and subject to a service agreement with the Company. The parties hereto shall make such changes in the scope and character of the services to be rendered and the method of allocating costs of such services as specified in Appendix A, subject to the requirements of Section 2.2, as may become necessary to achieve a fair and equitable allocation of the Company's costs among all Clients including any new subsidiaries. The parties shall make similar changes if any Client ceases to be associated with the Company.

5.3 The Company shall permit Client reasonable access to its accounts and records including the basis and computation of allocations.

5.4 The Company and Client shall comply with the terms and conditions of all applicable contracts managed by the Company for the Client, individually, or for one or more Clients, collectively, including without limitation terms and conditions preserving the confidentiality and security of proprietary information of vendors.



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

NISOURCE CORPORATE SERVICES  
COMPANY

By: \_\_\_\_\_  
Name:  
Its:

COLUMBIA GAS OF KENTUCKY, INC.

By: \_\_\_\_\_  
Name:  
Its:

## APPENDIX A

### NISOURCE CORPORATE SERVICES COMPANY

#### Services Available to Clients Methods of Charging Therefor and Miscellaneous Terms and Conditions of Service Agreement

### ARTICLE 1

#### DEFINITIONS

- 1 The term "Company" shall mean NiSource Corporate Services Company and its successors.
- 2 The term "Service Agreement" shall mean an agreement, of which this Appendix A constitutes a part, for the rendition of services by the Company.
- 3 The term "Client" shall mean any corporation to which services may be rendered by the Company under a Service Agreement.

### ARTICLE 2

#### DESCRIPTION OF SERVICES

Descriptions of the expected services to be provided by the Company are detailed below. The descriptions are deemed to include services associated with, or related or similar to, the services contained in such descriptions. The details listed under each heading are intended to be illustrative rather than inclusive and are subject to modification from time to time in accordance with the state of the art and the needs of the Clients.

1 *Accounting and Statistical Services.* The Company will advise and assist the Clients in all aspects of accounting, including financial accounting, plant accounting, regulatory accounting, tax accounting, maintenance of books and records, safeguarding of assets, accounts payable, accounts receivable, reconciliations, accounting research, reporting, operations and maintenance analysis, and related accounting functions. The Company will also provide services related to developing, analyzing and interpreting financial statements, directors' reports, regulatory reports, operating statistics and other financial reports. The Company will ensure compliance with generally accepted accounting principles and provide guidance on exposure drafts, financial accounting standards, and interpretations issued by the Financial Accounting Standards Board. The Company will advise and assist the Clients in the formulation of accounting practices and policies and will conduct special studies as may be requested by the Clients.

2 *Auditing Services.* The Company will conduct periodic audits of the general records of the Clients, will supervise the auditing of local and field office records of the Client, and will coordinate the audit programs of the Clients with those of the independent accountants in the annual examination of their accounts.

3 *Budget Services.* The Company will advise and assist the Clients in matters involving the preparation and development of budgets and budgetary controls.

4 *Business Promotion Services.* The Company will advise and assist the Clients in the preparation and use of advertising, in the development of residential, commercial and industrial business, and in the rendering of aid to local appliance distributors and dealers in the advertising and promotion of appliance sales.

5 *Corporate Services.* The Company will advise and assist the Clients in connection with corporate matters and with proceedings involving regulatory bodies.

6 *Depreciation Services.* The Company will advise and assist the Clients in matters pertaining to depreciation practices, including (1) the making of studies to determine the estimated service life of various types of plant, annual depreciation accrual rates, salvage experience, and trends in depreciation reserves indicated by such studies; (2) assistance in the organization and training of the depreciation departments of the Clients; and (3) dissemination to the Clients of information concerning current developments in depreciation practices.

7 *Economic Services.* The Company will advise and assist the Clients in matters involving economic research and planning and in the development of specific economic studies.

8 *Electronic Communications Services.* The Company will advise and assist the Clients in connection with the planning, installation and operation of radio networks, remote control and telemetering devices, microwave relay systems and all other applications of electronics to the fields of communication and control.

9 *Employee Services.* The Company will advise and assist the Clients in connection with employee relations matters, including recruitment, employee placement, training, compensation, safety, labor relations and health, welfare and employee benefits. The Company will also advise and assist the Clients in connection with temporary labor matters, including assessment, selection, contract negotiation, administration, service provider relationships, compliance, review and reporting.

10 *Engineering and Research Services.* The Company will advise and assist the Clients in connection with the engineering phases of all construction and operating matters, including estimates of costs of construction, preparation of plans and designs, engineering and supervision of the fabrication of natural gas facilities, standardization of engineering procedures, and supervision and inspection of construction. The Company will also conduct both basic and specific research in fields related to the operations of the Clients.

11 *Gas Dispatching Services.* The Company will advise and assist the Clients in the dispatching of the gas supplies available to the Clients, and in determining and effecting the most efficient routing and distribution of such supplies in the light of the respective needs therefor and the applicable laws and regulations of governmental bodies. If requested by the Clients, the Company will provide a central dispatcher or dispatchers to handle the routing and dispatching of gas.

12 *Information Technology Services.* The Company will advise and assist Clients in matters involving information technology, including management, operations, control, monitoring, testing, evaluation, data access security, disaster recovery planning, technical research, and support services. The Company will also provide and assist the Client with application development, maintenance, modifications, upgrades and ongoing production support for a portfolio of systems and software that are used by the Clients. In addition, the Company will identify and resolve problems, ensure efficient use of software and hardware, and ensure that timely upgrades are made to meet the demands of the Clients. The Company will also maintain information concerning the disposition and location of Information Technology assets.

13 *Information Services.* The Company will advise and assist the Clients in matters involving the furnishing of information to customers, employees, investors and other interested groups, and to the public generally, including the preparation of booklets, photographs, motion pictures and other means of presentation, and assistance to Clients in their advertising programs.

14 *Insurance Services.* The Company will advise and assist the Clients in general insurance matters, in obtaining policies, making inspections and settling claims.

15 *Legal Services.* The Company will provide Clients with legal services (including legal services, as necessary or advisable, in connection with or in support of any of the other services provided hereunder), including, but not limited to, general corporate matters and internal corporate maintenance, contract drafting and negotiation, litigation, liability and risk assessment, financing, securities offerings, state and federal regulatory compliance, state and federal regulatory support and rule interpretation and advice (relating to the all aspects of SEC compliance, PUHCA, FERC, FPA, PURPA), bankruptcy and collection matters, employment and labor relations investigations, union contracting, EEOC issues, and all other matters for which Clients require such legal services.

16 *Office Space.* As may from time to time be available, the Company will provide suitable space in its offices for the use of the Clients and their officers and employees.

17 *Officers.* Any Client may, with the consent of the Company, elect to any office of the Client any officer or employee of the Company whose compensation is paid, in whole or in part, by the Company. Services rendered to the Client by such person as an officer shall be billed by the Company to the Client and paid for as provided in Articles 3 and 4, and the Client shall not be required to pay any compensation directly to any such person.

18 *Operations Support and Planning Services.* The Company will advise and assist the Clients in connection with operations support and planning, including logistics and scheduling; workforce planning; corrosion and leakage programs; estimates of gas requirements and gas availability; gas transmission, measurement, storage and distribution; construction requirements; construction management; operating standards and practices; regulatory compliance; training; management of transportation and sales programs; negotiation of gas purchase and sale contracts; energy marketing and trading; security services; measurement, regulation and conditioning equipment; meter testing, calibration and repair; hydraulic gas network modeling, facility mapping and GIS technologies; and other operating matters.

19 *Purchasing, Storage and Disposition Services.* The Company will render advice and assistance to the Clients in connection with supply chain activities, including the standardization, purchase, lease, license and acquisition of equipment, materials, supplies, services, software, intellectual property and other assets, as well as shipping, storage and disposition of same. The Company will also render advice and assistance to the Client in connection with the negotiation of the purchase, sale, acquisition or disposition of assets and services and the placing of purchase orders for the account of the Client.

20 *Rate Services.* The Company will advise and assist the Clients in all rate matters, including the design and preparation of schedules and tariffs, the analysis of rate filings of producers and pipeline suppliers, and the preparation and presentation of testimony and exhibits to regulatory authorities.

21 *Tax Services.* The Company will advise and assist the Clients in tax matters, in the preparation of tax returns and in connection with proceedings relating to taxes.

22 *Transportation Services.* The Company will advise and assist the Clients in connection with the purchase, lease, operation and maintenance of motor vehicles and the operation of aircraft owned or leased by the Company or the Clients.

23 *Treasury Services.* The Company provides services such as cash management, long and short term financing for NiSource and all Clients, investment of temporarily available cash, retirement of long term debt, investment management oversight of all benefits plans, special economic studies as requested, and support for various regulatory proceedings, as requested.

24 *Land/Surveying Services.* The Company will provide land asset management, land contract management, and surveying services in connection with Clients' acquisition, leasing, maintenance, and disposal of interests in real property, including the maintenance of land records and the recording of instruments relating to such interests in real property, where necessary.

25 *Customer Billing, Collection, and Contact Services.* The Company will render calculating, bill exception processing, back office processing, posting, printing, inserting, mailing and related services to Client associated with the preparation and issuance of customer bills, notices, inserts and similar mailings. The Company will provide cash processing, revenue recovery, account reconciliations and adjustments, and related services to Client associated with the collection of revenue and management of accounts receivable. The Company will provide customer contact and related services to Client, including customer contact center management, operation and administration; management of key customer relationships; communications associated with the commencement, transfer, maintenance and disconnection of service; sales of optional products and services; the receipt and processing of emergency calls; the handling of customer complaints; and responses to customer billing, credit, collection, order take and inquiry, outage, meter reading, retail choice and other inquiries.

26 *Miscellaneous Services.* The Company will render to any Client such other services, not hereinabove described, as may properly be rendered by the Company to such Client

within the meaning and intent of the Public Utility Holding Company Act of 1935 and any other applicable statutes and the orders, rules and regulations of the Securities and Exchange Commission and any other governmental bodies having jurisdiction, as from time to time the Company may be equipped to render and such Client may desire to have performed.

### ARTICLE 3

#### ALLOCATION METHODS

1 *Specific Direct Salary Charges to Clients.* To the extent that time spent by the officers and employees of the Company rendering services hereunder is related to services rendered to a specific Client, a direct salary charge, computed as provided in Article 4, shall be made to such Client.

2 *Apportioned Direct Salary Charges to Clients.* To the extent that the time spent by such officers and employees is related to services rendered to the Clients generally, or to any specified group of the Clients, a direct salary charge, computed as provided in Article 4, shall be made to the Clients generally, or to such specified group of the Clients, and allocated to each such Client using an allocation method approved by the Securities and Exchange Commission as set forth on Exhibit A hereto.

3 *Direct Salary Charges for Services to the Company.* To the extent that time spent by any officer or employee of the Company is related to services rendered to the Company, a direct salary charge computed as provided in Article 4 shall be allocated among the Clients in the same proportions which the direct salary charges to such Clients made pursuant to Sections 1 and 2 of this Article III, for services of officers and employees, bear to the aggregate of such direct salary charges.

4 *Apportionment of Employee Benefits.* The employee benefit expenses which are related to direct salary charges made pursuant to sub-paragraphs (1), (2) and (3) of Article 3 shall be apportioned among the Clients, as applicable, in the proportions which the respective direct salary charges made pursuant to the rendering of such services to each such Client bear to the aggregate of such direct salary charges.

5 *Other Expenses.* All expenses, other than salaries and employee benefit expenses incurred by the Company in connection with services rendered to a specific Client shall be charged directly to such Client. All such expenses incurred by the Company in connection with services rendered to the Clients generally or to any specified group of Clients shall be apportioned in the manner set forth in Section 2 of this Article 3 for the apportionment of salary charges. All such expenses incurred by the Company in connection with services rendered to the Company shall be apportioned in the manner set forth in Section 3 of this Article 3 for the apportionment of salary charges.

## ARTICLE 4

### COMPUTATION OF SALARY CHARGES

*Direct Salary Charges* The direct salary charge per hour which shall be made for the time of any officer or employee for services rendered in any calendar month shall be computed by dividing his total compensation for such month by the aggregate of (1) the number of scheduled working hours for which he was compensated, including hours paid for but not worked, and (2) hours worked in excess of his regular work schedule, whether or not compensated for.

*Exhibit A*

**BASES OF ALLOCATION**

The SEC approved Bases of Allocation shown below will be used by the Corporate Services Accounting Department for apportioning Job Order charges to affiliates. Any change in an allocation method that causes either a \$50,000 or 5% change in the cost that would be charged to a company must be brought to the SEC for approval under the 60-Day Letter process.

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**BASIS 1**

**GROSS FIXED ASSETS AND TOTAL OPERATING EXPENSES**

- Fifty percent of the total job order charges will be allocated on the basis of the relation of the affiliate's gross fixed assets to the total gross fixed assets of all benefited affiliates; the remaining 50% will be allocated on the basis of the relation of the affiliate's total operating expenses to the total operating expenses of all benefited affiliates. All companies may be included in this allocation.

**BASIS 2**

**GROSS FIXED ASSETS**

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its total gross fixed assets to the sum of the total gross fixed assets of all benefited affiliates. All companies may be included in this allocation.

**BASIS 7**

**GROSS DEPRECIABLE PROPERTY AND TOTAL OPERATING EXPENSE**

- Fifty percent of the total job order charges will be allocated on the basis of the relation of the affiliate's total operating expenses to the total of all the benefited affiliates' total operating expense; the remaining 50% will be allocated on the basis of the relation of the affiliate's gross depreciable property to the gross depreciable property of all benefited affiliates. All companies may be included in this allocation.

**BASIS 8**

**GROSS DEPRECIABLE PROPERTY**



- Job order charges will be allocated to each benefited affiliate on the basis of the relationship of its total depreciable property to the sum of the total depreciable property of all benefited affiliates. All companies may be included in this allocation.

## **BASIS 9**

### AUTOMOBILE UNITS

- Job order charges will be allocated to each benefited affiliate on the basis of its number of automobile units to the total number of all automobile units of the benefited affiliates. All companies may be included in this allocation.

## **BASIS 10**

### NUMBER OF RETAIL CUSTOMERS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its number of retail customers to the total number of all retail customers of the benefited affiliates. All companies may be included in this allocation.

## **BASIS 11**

### NUMBER OF REGULAR EMPLOYEES

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its number of regular employees to the total number of all regular employees of the benefited affiliates. All companies may be included in this allocation.

## **BASIS 13**

### FIXED ALLOCATION

- Job order charges will be allocated to each benefitted affiliate on the basis of fixed percentages on an individual project basis. All companies may be included in this allocation.

## **BASIS 14**

### NUMBER OF TRANSPORTATION CUSTOMERS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Transportation Customers to the total of all Transportation Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania and Columbia Gas of Maryland.

## **BASIS 15**

### **NUMBER OF COMMERCIAL CUSTOMERS**

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Commercial Customers to the total of all Commercial Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania and Columbia Gas of Maryland.

## **BASIS 16**

### **NUMBER OF RESIDENTIAL CUSTOMERS**

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Residential Customers to the total of all Residential Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania and Columbia Gas of Maryland.

## **BASIS 17**

### **NUMBER OF HIGH PRESSURE CUSTOMERS**

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its High Pressure Customers to the total of all High Pressure Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania and Columbia Gas of Maryland.

## **BASIS 20**

### **DIRECT COSTS**

- Job order charges will be allocated to each benefitted affiliate on the basis of the relation of its direct costs billed by Service Corporation to the total of all direct costs billed by Service Corporation. All companies may be included in this allocation.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 060:

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

**Response:**

The revisions and the respective revenue requirement impact include the following:

- 1) Schedule M-2.2 Revenue at Current Rates, Page 21 of 38, Line 6, Energy Assistance Program rate should be \$.0525/Mcf instead of \$.0549/Mcf. The same change is required for Schedule M-2.3 Revenue at Proposed Rates, Page 21 of 38, Line 6. There is no impact on the Company's filed revenue requirement because the decrease in EAP revenue is offset by the decrease in EAP expense.
- 2) On Schedule B-3.2, Sheet 1 of 3, Lines 1 and 4, the company unintentionally omitted the test year amortization expense associated with plant accounts 303.00 and 303.30. The schedule will be corrected to reflect per books amortization expense of \$2,478 and \$257,713, respectively, for these accounts. The total impact on the Company's filed revenue requirement is an increase of \$268,410.
- 3) On Schedule D-2.1 Sheet 5 of 6, Line 6 the amount of \$1,371,336 was the result of subtracting EAP recovery of \$538,664 included in Account 904 from DIS Billing System Uncollectible accounts of \$1,910,000 as a basis of determining the uncollectible accounts adjustment on Line 7 of \$39,460. In the process of responding to AG Data Request Set 1-035 Columbia discovered that EAP recovery in Account 904 is not included in the DIS Billing System Uncollectible accounts amount on the Company's books and therefore should not have been subtracted from it in determining the adjustment.

The corrected amount on Schedule D-2.1 Sheet 5 of 6, Line 6 is \$1,910,000. The corrected amount on Line 7 then becomes (\$499,204) and the impact on the Company's filed revenue requirement is a decrease of \$564,639.

- 4) When calculating the wage increase of Columbia's labor on workpaper WPD-2.2, Sheet 8, the percent increase in union wages was shown as 3% in column 3 line 5.

In fact the union contract states that it is to be a 3.5% increase (see response to Staff data request Set 2-022).

Changing the percentage to the correct 3.5% on workpaper WPD-2.2 increases the labor adjustment shown on Schedule D-2.2 from \$544,186 to \$562,352 and the impact on the Company's filed revenue requirement is an increase of \$19,041.

- 5) Depreciation expense of \$146 shown in Schedule B-3.2 Sheet 2 Line 7 Column F was calculated for Account 392.21 however the account has already been fully depreciated. The correct amount should be \$0.

Amortization expense of \$33,983 shown in Schedule B-3.2 Sheet 2 Line 6 Column F was calculated for Account 392.21 however the account has \$8,724 yet to be amortized in the account. The correct amount should be \$8,724

The total impact of both changes on the Company's filed revenue requirement is a decrease of \$26,208.

- 6) Pension expense of \$1,430,305.50 should have been excluded from the total NCSC Benefits expense of \$2,621,834 on Schedule D-2.8 Sheet 3, Line 7. Removal of pension expense results in \$1,191,528 in Total NCSC Benefits Expense and \$33,124 for the Company on Line 7. This correction reduces the net test year adjustment on Line 14 from \$93,071 to \$78,750. The net impact on the Company's revenue requirement is a reduction of \$14,114.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 061:

Please identify the expense portion of the NCSC-allocated costs of \$9,148,390 that is related to (a) external affairs and/or (b) government affairs. Also, please provide the following additional information for the allocated external affairs and/or government affairs expenses included in NCSC-allocated costs:

- a. Provide a detailed breakout of these external affairs expenses and/or government affairs expenses and detailed description of the nature and purpose of such expenses.
- b. Provide job descriptions of the service company's external affairs and/or government affairs employees.
- c. Explain whether any of the external affairs and/or government affairs employees spend part of their time on legislative and regulatory advocacy and any other lobbying related activities. If so, quantify the percentage of time devoted to these activities.

**Response:**

- a. NCSC billed Columbia Gas of Kentucky \$15,720 during the test year for Governmental Affairs expenses. Please see Table AG DR 1-061 below detailing the Governmental Affairs test year expenses.

Table AG DR 1-061

<b>Description</b>	<b>Amount</b>
Salaries & Wage Expense*	\$13,198
Office Space Lease	\$ 2,361
Miscellaneous Expense	\$ 161
<b>Total</b>	<b>\$15,720</b>

\*Salaries and Wage Expense includes associated benefits and overheads.

- b. Job descriptions for the three government affairs employees are included as AG Set 1 No. 61 Attachments A through C for the positions of Manager of

Government Relations, Federal and Regulatory Affairs Coordinator, and VP of Government Affairs, respectively.

- c. The government affairs employees included in AG Set 1 No. 61 spend approximately 75% of their time on legislative matters. The government affairs employees included in Attachments A and C spend approximately 30% of their time on lobbying related activities. The Federal and Regulatory Affairs Coordinator position, included as AG Set 1 No. 61 Attachment B, does not perform any lobbying activities, but does perform some regulatory activities. However, the regulatory activities performed by the Coordinator position are specific to Columbia Gas Transmission Company and thus are direct billed 100% to Columbia Gas Transmission Company.



## **Job Description**

### **Manager, Government Relations**

#### **Job Description:**

The NiSource Manager, Government Relations, assists in advancing a company-wide federal legislative agenda. As a key member of the Federal Government Relations team, s/he will aid in representing NiSource in Congress and the executive branch.

Under the direction of the Vice President, Federal Government Affairs, the Manager, Government Relations, will advocate, coordinate and report upon public policy matters of importance to NiSource and the industry at the federal level. This position requires strong communications and advocacy skills, four years experience, preferably as a Congressional or executive branch staff member, and track record of success.

This position is located in Washington, D.C. and reports to the Vice President, Federal Government Affairs.

#### **Responsibilities:**

- Participate in company lobby efforts directed to Members of Congress and their staffs, Congressional committees, and administrative agencies as required.
- Maintain relationships and liaison with key industry associations and coalition partners.
- Attend and report upon Congressional and executive branch hearings as assigned; review testimony submitted at relevant federal proceedings.
- Analyze legislative proposals for relevance to company interests and identify priorities.
- Draft position papers, fact sheets, articles, advocacy letters and related background materials regarding public policy matters of importance to the company.
- Recommend options and strategies to the Vice President for achieving NiSource company-wide public policy objectives.
- Aid the Vice President in developing and maintaining effective communications and liaison relationships with NiSource companies and corporate departments.

- Provide support and assistance as directed for NiSource Political Action Committee (NIPAC) activities, including development of PAC contributor correspondence.
- Conduct legislative research.
- Assist the Vice President with preparation of annual federal government affairs budget.
- Prepare and maintain correspondence and related files.

**Qualifications:**

- Completion of a Bachelor's degree in a public policy related discipline and four years experience in a legislative and/or regulatory capacity at the federal level; or an equivalent combination of training and experience related to the duties of the position.
- Strong written and oral communications and advocacy skills required.
- Extensive experience in the research for, and preparation of, public policy positions (issue briefs, fact sheets, advocacy materials, etc.).
- Ability to analyze legislation and to apply analysis to justify, explain, and support company policies and positions.
- Capacity to perform without continuous supervision while contributing as an active and engaged member of an integrated corporate communications team.

Title: Federal and Regulatory Affairs Coordinator

Requirements:

- " Bachelors Degree or equivalent
- " Ability to work in demanding, priority driven office environment, often working simultaneously on multiple tasks
- " Ability to work with a high degree of independence within the scope of assigned responsibilities
- " Ability to exercise individual judgment
- " Excellent interpersonal, written and verbal communication skills
- " Ability to speak before internal and external audiences
- " Ability to draft and edit employee communications
- " Proficiency in MS Word, Excel, Powerpoint, Lotus Notes
- " Internet knowledge/research proficiency
- " Exceptional organizational skills
- " Knowledge of Capitol Hill and federal government agencies
- " Understanding of political action committee work
- " High degree of flexibility in work schedule and in project prioritization and execution

Overall Function:

- " Conduct research on federal and regulatory policy initiatives and track developments
- " Prepare legislative/regulatory updates
- " Draft political communications for NIPAC members
- " Develop and present before employee groups NIPAC financial status and planning reports
- " Maintain working knowledge of NIPAC database in order to track contribution requests and respond to PAC data inquiries
- " Submit filings and facilitate processing of various Columbia applications filed with the Federal Energy Regulatory Commission (FERC)
- " Monitor FERC and industry information and trends including proposals before FERC, testimony, speeches, FERC decisions and reports.
- " Identify and communicate information of interest and concern to various Company personnel

- " Assist in coverage of FERC meetings and developments including the distribution of agendas prior to meetings, providing follow-up reports on commission actions and items of interest
- " Respond to internal and external document and information requests in a timely manner
- " Direct timely compliance on required reports related to lobby and gift disclosure
- " Coordinate the departments' budgets and expenses, and manage budget planning functions
- " Proactively perform a wide range of advanced operational and administrative duties for the Federal Government Affairs and Regulatory Affairs Departments, often with minimum supervision or instruction
- " Organize all travel and associated logistical requirements
- " Anticipate, plan and coordinate all aspects of office meetings, special events and site visits

## **Vice President, Federal Government Affairs**

### **Purpose**

Manage the NiSource Federal Government Affairs office in Washington, D.C.

Lead NiSource federal government relations activities and recommend courses of action on politically related matters.

Develop and implement federal government relations strategies designed to achieve corporate and business unit objectives related to public policy issues.

Expand and maintain robust presence and vigorous advocacy network with lawmakers.

Maintain a healthy and compliant corporate political action committee.

### **Duties**

Set budget, goals and operating plan of NiSource Federal Government Affairs office. Provide vision, direction and structure to the organization.

Identify emerging legislative issues and monitor congressional activities surrounding such issues.

Advise NiSource management of legislative proposals that affect NiSource and solicit assessments and impact statements from company management. Analyze the political environment surrounding such proposals.

Develop options and strategies for achieving NiSource's goals in legislative proposals. Prepare company position and draft accompanying position papers/letters to Congress.

Implement a lobbying plan and lead NiSource's federal advocacy activities.

Serve as NiSource representative to industry associations and coalitions; attain leadership position in selected groups

Develop positive relationships with Members of Congress and staff who represent NiSource service territory and who serve on congressional committees which have jurisdiction over NiSource issues.

Communicate NiSource's positions on public policy issues to Members of Congress and their staffs. Provide information and supply answers to their questions concerning NiSource operations.

Manage the NiSource Political Action Committee (NIPAC), including compliance with state and federal election law. Develop PAC communications, including solicitation materials and newsletters.

Develop and maintain effective communications and liaison relationships with NiSource companies and corporate departments.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 062:

The Company is claiming total pro forma adjusted NCSC-allocated expenses of \$9,148,390 in this case. To the extent that this annual expense amount includes the following expense items, please provide a detailed listing, quantification and description of the components making up each of these expense items:

- a. Promotional and institutional advertising expenses. In addition, explain which portion of these expenses have been removed on Schedule D-2.8, Sheet 2.
- b. Charitable contribution expenses. In addition, explain which portion of these expenses have been removed on Schedule D-2.8, Sheet 2.
- c. Lobbying and governmental affairs expenses.
- d. Public relations and community relations/civic affairs expenses. In addition, explain which portion of these expenses have been removed on Schedule D-2.8, Sheet 2.
- e. Expenses for employee awards, parties, outings and gifts.
- f. Fines and penalties.
- g. AGA dues.
- h. Membership dues for country clubs and social and service clubs.
- i. Incentive compensation expenses (in total and broken out by incentive compensation program).

**Response:**

- a. All promotional and institutional advertising expenses were removed from the test year on Line 6 of Schedule D-2.8, Sheet 2 totaling \$1,264.
- b. All charitable contribution expenses were removed from the test year on Line 6 of Schedule D-2.8, Sheet 2 totaling \$962.
- c. Please refer to detail on lobbying and governmental affairs expenses included in the test year in Columbia's response to AG Set 1-061.
- d. In amount of \$20.05 was removed from the test year on Line 6 of Schedule D-2.8, Sheet 2, related to public relations or community relations/civic affairs expenses.



An amount of \$2,133 to Commerce Lexington was included in the test year as it relates to RP11-62 public awareness advertising in a Commerce Lexington publication and should be included in rate recovery.

- e. NCSC rewards its employees for service milestones and longevity by giving service awards. During the test year, NCSC billed Columbia Gas of Kentucky \$2,755.10 relating to payments made to Lester Lampert for service awards. These expenses were removed from the Test Year as part of the Non-recoverable items Line 6 on Schedule D-2.8, Sheet 2. Please see Columbia's response to AG Set 1 No. 78 for an explanation of identifying expenses related to parties, outings and gifts.
- f. NCSC billed \$376 in penalties to CGK during the test year. This penalty amount primarily related to disputes with the State of New York regarding prior years' taxes.
- g. Please refer to the response for AG-1-83 for detail on AGA dues.
- h. All membership dues for country clubs and social service clubs were removed from the test year on Line 6 of Schedule D-2.8, Sheet 2.
- i. Please see AG Set 1 No. 62 Attachment A showing test year incentive compensation expenses by incentive compensation program. The amounts in the Attachment tie to the Incentive Compensation Test Year Adjustment on Line 7 on Schedule D-2.8, Sheet 6.

**Test Year Adjustment by Incentive Compensation Program**

<b>Incentive Compensation Program (Schedule D-2.8, Sheet 6, Line 3)</b>	<b>Amount</b>
Incentive Compensation	10,674,778
Energy Supply Services - Incentive Compensation	533,580
NiSource Retail Services - Incentive Compensation	358,078
Profit Sharing NCSC	<u>356,688</u>
Total Incentive Compensation NCSC	11,923,124
CKY % of NCSC Labor	2.78%
Total Incentive Compensation & Profit Sharing	331,463
<b>Incentive Compensation Program (Schedule D-2.8, Sheet 6, Line 6)</b>	<b>Amount</b>
Incentive Compensation	6,461,591
Energy Supply Services - Incentive Compensation	193,767
NiSource Retail Services - Incentive Compensation	145,076
Sales Incentive Plan - Incentive Compensation	63,493
Profit Sharing NCSC	<u>398,479</u>
Total Incentive Compensation NCSC	7,262,406
CKY % of NCSC Labor	2.78%
Total Incentive Compensation & Profit Sharing	201,895
<b>Net Test Year Adjustment (Schedule D-2.8, Sheet 6, Line 7)</b>	<b>(129,568)</b>



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 063:

With regard to the NCSC adjustments shown on D-2.8, Sheet 2, please provide the following information:

- a. More detailed description of the nature and purpose of each of the items to be removed for ratemaking purposes.
- b. Account numbers in which these expenses are recorded.

**Response:**

- a. The following is a detailed description of adjustments shown on D-2.8, Sheet 2:

Line 1 - The first line item, Misc. Non-Recurring Vendors/Job Orders include items such as consulting costs related to transformation projects for the Accounts Payable/Procurement systems, and consulting costs related to financial strategic initiatives that are deemed to be one-time in nature.

Line 2 - The second line item, IBM Transition to NiSource, includes non-recurring costs incurred by the Company to transition certain functions from IBM back to NiSource including Meter to Cash, Human Resources, Sales Center, Finance and Accounting (except for Accounts Payable) and Supply Chain Management.

Line 3 - The third line item, Work Management System ("WMS"), includes costs related to implementing the WMS/Geographical Information System ("GIS") which were deemed to be one-time in nature and excluded from test year costs.

Line 4 - The fourth line item, Marble Cliff building, relates to an impairment loss recorded for a market value adjustment of Marble Cliff, Ohio facility which is currently in process of being sold. The Marble Cliff facility is owned by NCSC and was primarily occupied by the Information Technology department which benefitted all NiSource affiliates.

Line 5 - The fifth item, Miscellaneous Severance Costs, relates to various severances paid out during the test year deemed to be one-time in nature.

The sixth item, Non-recoverable items, includes items such as promotional advertising, charitable contributions, country club dues and membership, employee awards, etc. that are not appropriate for recovery in rates.

- b. Provided in AG Set 1 No. 63 Attachment A are the FERC accounts that these expenses were originally charged to on Columbia Gas of Kentucky's books.

**Line 1 - Schedule D-2.8, Sheet 2**

**Misc. Non-Recurring Vendors/Job Orders**

<b>FERC Account</b>	<b>Amount</b>
107	(475)
923	(14,990)
<b>Total</b>	<b>(15,466)</b>

**Line 2 - Schedule D-2.8, Sheet 2**

**IBM Transition to NiSource**

<b>FERC Account</b>	<b>Amount</b>
910	(3,098)
923	(214,347)
<b>Total</b>	<b>(217,445)</b>

**Line 3 - Schedule D-2.8, Sheet 2**

**WMS**

<b>FERC Account</b>	<b>Amount</b>
923	83,392
<b>Total</b>	<b>83,392</b>

**Line 4 - Schedule D-2.8, Sheet 2**

**Building - Marble Cliff**

<b>FERC Account</b>	<b>Amount</b>
923	(126,880)
<b>Total</b>	<b>(126,880)</b>

**Line 5 - Schedule D-2.8, Sheet 2**

**Misc. - Severance Costs**

<b>FERC Account</b>	<b>Amount</b>
107	(143)
870	(8)
923	(19,008)
<b>Total</b>	<b>(19,159)</b>

**Line 6 - Schedule D-2.8, Sheet 2**

**Non-recoverable items**

<b>FERC Account</b>	<b>Amount</b>
107	(1,978)
807	(261)
870	(816)
908	(2)
910	(87)
912	(143)
913	(1,395)
923	(12,238)
<b>Total</b>	<b>(16,920)</b>



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 064:

With regard to the NCSC adjustments shown on Schedule D-2.8, Sheet 3, please provide the following information:

- a. Provide the actual CGK labor & benefits allocation factors (equivalent to the 2.78% used in this adjustment) for each of the years 2004 through 2008.
- b. Date of the “approved 2009 Merit increase” of 3% and the basis of this assumed 3% increase.
- c. What is the portion of the actual February 2009 Benefits expense of \$2,621,834 representing pension expenses? In addition, since a separate pension expense adjustment is already being requested on Schedule D-2.8, Sheet 4, isn’t there a pension expense increase double-count by also reflecting a pension expense increase as part of the labor benefit ratio of 39.27% on Schedule D-2.8, Sheet 3? If not, explain why not.

**Response:**

- a. CGK labor and benefits allocation factors for the years 2004 – 2008 can be found on table AG Set 1 No. 64 A.

**Table AG Set 1 No. 64 A**

Year	Allocation Factor
2004	3.12%
2005	3.03%
2006	3.13%
2007	3.25%
2008	2.78%

- b. The post-test-year adjustments for wage and salary adjustments have traditionally been included in prior cases as they have been considered to be known and measurable. The exempt front line leader salary increase was effective March 1, 2009. The non-exempt salary increase was effective March 1, 2009. The exempt employee salary increase for exempt employees other than front line leaders has been postponed from March 1, 2009 to



September 1, 2009. The union increase effective December 1, 2009 is based on the union contract.

As of early June, 2009, senior leadership's plan is to deliver merit increases on 9/1/09 to exempt employees who were not eligible on 3/1/09. The Information Technology group is programming the merit application tool to allow for a 9/1/09 merit effective date process which will roll out in late July or early August.

- c. \$1,430,305.50 of the \$2,621,834 in benefits expense is related to pension expense. The purpose of the adjustment on Schedule D-2.8, Sheet 3 is to reflect the merit increase and increase in benefits expense from the test year expense. In this regard, pension expense should not be included on the Actual February 2009 Benefits Expense line on Schedule D-2.8, Sheet 3. Removal of pension expense results in \$1,191,528 in Total NCSC Benefits Expense and \$33,124 for Columbia on Line 7, changes the Percentage on Lines 9 and 11 to 17.84% and results in a Net Benefits Increase of \$11,922 instead of \$26,243 as originally reported. Therefore, \$14,321 should be removed from the original adjustment of \$93,071 resulting in a revised adjustment of \$78,750.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 065:

With regard to Schedule D-2.8, Sheet 4, please provide the following information:

- a. Copy of the Controllars Letters issued by Consolidated Accounting Department.
- b. Basis of the pro forma pension expense amount of \$17,163,669 as determined by the Consolidated Accounting Department.
- c. Pension expense for NCSC (equivalent to the proposed annual level of \$17,163,669) as per the most recent available actuary report. In addition, indicate the date of the actuary report and when the next actuary report will become available.

**Response:**

- a. Please see AG Set 1 No. 65 Attachment A for 2008 Pension Expense and AG Set 1 No. 65 Attachment B for 2009 Pension Expense. Please refer to the row titled Company 12 showing the amounts equaling those provided on lines 1 and 2 of Schedule D-2.8, Sheet 4 respectively.
- b. Please see AG Set 1 No. 65 Attachment C showing the components making up the \$17,163,669 pension expense amount on Schedule D-2.8, Sheet 4.
- c. The year end disclosure for pension for which 2009 pension expense is based was provided to NiSource by NiSource actuaries in a report dated March 2009. The next actuary report is not anticipated to be available until 3<sup>rd</sup> Quarter 2009.



Delivering life's essential resources

February 4, 2008

No. 2008-8

From: J. Grossman

To: R. Kriner                      M. Hershberger      L. Miller                      S. Taylor                      G. Bane  
K. Townsend

CC: K. Blissmer                      L. Ford                      M. Holland                      J. O'Brien                      A. Romero  
C. Delany                              K. Fritts                      K. Johnson                      L. Olson                              J. Shikany  
T. Dillinger                              L. Francisco                      L. Koh                              T. Pemberton                      J. Siegle  
B. Douce                                  J. Gambone                      P. LaCroix                      R. Plantz                              B. Vangen  
D. Djokic                                  J. Gore                              D. Loudermilk                      E. Postma                              J. Wood  
B. Elliot                                      R. Grzywana                      T. Napiwocki                      K. Richardson  
G. Fisher                                  T. Harmon                              P. Newman                              S. Rippy

**Re: Pension and Postretirement Benefits Expense for 2008.**

The accompanying Excel worksheet reflects the annual expense to be recorded by entity for the year 2008 for pensions and postretirement benefits. The expense/(income) amounts are based on information provided by Hewitt, NiSource's actuary. These entries have two parts: The first part will have a debit (or credit) to expense with the offset going to the liability (or asset). The second part will have a debit (or credit) to expense with the offset going to AOCI (or the OCI related regulatory asset or liability), which reflects the portion of unrecognized cost that are being amortized in our annual pension and OPEB expense. The attached expense is the annual amount; one-twelfth of the annual amount should be recorded each month for 2008. Hyperion account numbers are included in the attached.

If you have any questions regarding the required entries, please contact Kevin Blissmer at (219) 647-5690 or Vicky Flesher at (219) 647-4113.

NiSource Inc.  
Annual 2008 Expense With 12/31/2007 Measurement Date

	DR (CR) PENSION EXPENSE (1)		DR (CR) PENSION EXPENSE (1)		Pension Total
	Pension Expense acct #:	606000000 *	Pension Expense acct #:	606000000 *	
	OFFSET - PENSION LIABILITY OR ASSET (2)	361816233	OFFSET - ACCUM OCI OR OCI REG ASSET (3)	970210000	
	Pension Liability - Qualified acct #:	36181253	Accumulated OCI - Pension acct #:	131016182	
	Pension Liability - Nonqualified acct #:	13310186	FAS 158 Pension OCI Regulatory Asset acct #:	361706234	
	Pension Asset acct #:		FAS 158 Pension OCI Regulatory Liability acct #:		
	Qualified Pension	Nonqualified Pension	Qualified Pension	Nonqualified Pension	
Company 12	(404,053)	2,220,524	(353,756)	2,877,587	4,340,302
NIPSCO Salaried	(8,067,244)	427	1,340,226	200	(6,726,391)
NIPSCO Union	(15,569)	0	(1,242)	0	(16,811)
Primary Energy	152,235	0	3,450	0	155,685
TPC/Energy USA	(30,442)	0	(1,771)	0	(32,213)
Energy Technology	(10,966,543)	0	2,167,984	0	(8,798,559)
Columbia Gas Transmission	(2,614,728)	27,202	(885,793)	0	(3,400,594)
Columbia Gas of Kentucky	(316,501)	3,824	(144,035)	12,725	(455,137)
Columbia Gas of Ohio	(79,710)	386	(72,993)	181	(152,136)
Columbia Gas of Maryland	(2,870,103)	17,897	(735,315)	7,570	(3,579,951)
Columbia Gas of Pennsylvania	(23,774)	0	(21,347)	0	(45,121)
Columbia Gas of Virginia	(515,630)	0	(277,780)	0	(793,410)
Divested (CEG Parent)	(1,246)	1,755	(98,118)	821	(96,768)
Columbia Energy Service Corp.	(1,542,345)	6,556	(158,875)	3,067	(1,691,597)
Bay State (Massachusetts) - Union	(98,877)	1,748	(10,138)	818	(106,449)
Bay State (Massachusetts) - Nonunion	1,011,942	0	1,433,679	0	2,445,621
Northern Utilities - Union	(275,014)	181,326	95,896	39,631	41,839
Northern Utilities - Nonunion	99,288	0	160,916	0	260,204
Granite - Union	(58,275)	0	21,283	0	(36,992)
Granite - Nonunion	6,531	0	11,614	0	18,145
NIFL	(14,974)	0	2,680	0	(12,294)
Crossroads	8,399	0	99	0	8,498
Kokomo Nonunion	121,492	0	6,756	0	128,248
Kokomo Union	(265,813)	0	5	0	(265,808)
Total	96,578	0	27,538	0	124,116
	(26,664,376)	2,461,645	(2,510,963)	2,944,175	(18,747,593)

\* Some companies may be able to collect these charges and therefore will charge the expense to a regulatory asset account.

(1) If the below amount is positive it will be a debit to expense, if the below amount is negative it will be a credit to expense

(2) If the entity's balance sheet contains a pension liability balance use the pension liability account for the offset, if the entity's balance sheet contains a pension asset balance use the pension asset account for the offset.

An entity may have a qualified pension asset and also a nonqualified pension liability balance on its balance sheet. The pension asset account would be used for the qualified plan and the pension liability would be used for the nonqualified plan.

(3) If the entity's has an AOCI balance on its balance sheet due to the SFAS 158 entries, use the Accum. OCI - Pension account for the offset, if the entity has a OCI regulatory asset/liability on its balance sheet due to the SFAS 158 entries, use the FAS 158 Pension OCI Regulatory Asset/Liability account for the offset.

(4) If the entity's balance sheet contains an OPEB liability balance use the OPEB liability account for the offset, if the entity's balance sheet contains an OPEB asset balance use the OPEB asset account for the offset.

(5) If the entity's has an AOCI balance on its balance sheet due to the SFAS 158 entries, use the Accum. OCI - OPEB account for the offset, if the entity has a OCI regulatory asset/liability on its balance sheet due to the SFAS 158 entries, use the FAS 158 OPEB OCI Regulatory Asset/Liability account for the offset.



February 26, 2009  
No. 2009-10

From: J. Grossman

To: R. Kriner                      M. Hershberger      W. Telzerow      S. Taylor      G. Bane

CC: K. Blissmer              L. Ford              M. Holland              J. O'Brien              J. Shikany  
C. Delany              K. Fritts              K. Johnson              L. Olson              J. Siegle  
T. Dillinger              L. Francisco              L. Koh              T. Pemberton              M. Tapp  
B. Douce              J. Gambone              P. LaCroix              R. Plantz              K. Townsend  
D. Djokic              J. Gore              D. Loudermilk              E. Postma              B. Vangen  
B. Elliot              R. Grzywana              T. Napiwocki              S. Rippy              J. Wood  
G. Fisher              T. Harmon              P. Newman              A. Romero              A. Zientara

Re: Pension and Postretirement Benefits Expense for 2009.

The accompanying Excel worksheet reflects the annual cost to be recorded by entity for the year 2009 for pensions and postretirement benefits (most entities will record this cost to expense for 2009 except for certain entities that have a regulatory basis for recording these amounts as regulatory assets or liabilities rather than to expense). The expense/(income) amounts are based on information provided by Hewitt, NiSource's actuary. These entries have two parts: The first part will have a debit (or credit) to expense with the offset going to the liability (or asset). The second part will have a debit (or credit) to expense with the offset going to AOCI (or the OCI related regulatory asset or liability), which reflects the portion of unrecognized cost that are being amortized in our annual pension and OPEB expense. The attached expense is the annual amount; one-twelfth of the annual amount should be recorded each month for 2009. Hyperion account numbers are included in the attached. Since January's entry was an estimate, the difference between the estimate and actual expense for January should be corrected in February's business. There are no non-cash adjustments related to this accounting for cash-flow reporting purposes.

If you have any questions regarding the required entries, please contact Kevin Blissmer at (219) 647-5690 or Vicky Flesher at (219) 647-4113.

NISource Inc.  
Annual 2009 Expense With 12/31/2008 Measurement Date

17,163,669

	DR (CR) PENSION EXPENSE (1)		DR (CR) PENSION EXPENSE (1)		Pension Total
	Pension Expense acct #:	606000000 *	Pension Expense acct #:	606000000 *	
	OFFSET - PENSION LIABILITY OR ASSET (2)	361816253	OFFSET - ACCUM OCI OR OCI REG ASSET (3)	970210000	
	Pension Liability - Qualified acct #:	36181253	Accumulated OCI - Pension acct #:	131016182	
	Pension Liability - Nonqualified acct #:	133110186	FAS 158 Pension OCI Regulatory Asset acct #:	361706254	
	Pension Asset acct #:		FAS 158 Pension OCI Regulatory Liability acct #:		
	Qualified Pension	Nonqualified Pension	Qualified Pension	Nonqualified Pension	
Company 12	6,905,099	2,180,537	5,137,720	2,940,313	17,163,669
NIPSCO Salaried	7,129,744	2,290	15,294,250	198	22,426,482
NIPSCO Union	13,280,533	0	25,163,694	0	38,444,227
Primary Energy	46,434	0	54,701	0	101,135
TFC/Energy USA	235,555	0	105,595	0	341,150
Energy Technology:	52,504	0	76,220	0	128,724
Columbia Gas Transmission	8,765,835	39,201	5,883,660	14,118	14,702,814
NISource Gas Trans & Storage Co	1,565,996	33,095	955,210	1,437	2,555,738
Columbia Gas of Kentucky	840,944	361	472,329	179	1,313,813
Columbia Gas of Ohio	6,462,612	15,088	4,836,394	7,486	11,321,580
Columbia Gas of Maryland	240,217	0	134,984	0	375,201
Columbia Gas of Pennsylvania	3,110,806	0	1,869,907	0	4,980,713
Columbia Gas of Virginia	1,214,522	4,438	654,744	892	1,874,596
CNS Microwave	21,018	0	8,398	0	29,416
Crossroads	11,164	0	3,860	0	15,024
Columbia Energy Service Corp.	36,414	1,484	81,200	737	119,835
CEG Parent: Divested	498,256	5,788	1,078,588	2,871	1,585,503
Bay State (Massachusetts) - Union	2,870,214	0	2,829,271	0	5,699,485
Bay State (Massachusetts) - Nonunion	947,038	177,922	1,294,061	27,466	2,446,487
NUR: Northern Utilities - Union	44,109	0	73,678	0	117,787
NUR: Northern Utilities - Nonunion	102,365	0	265,141	0	367,506
NSI: Granite - Union	3,555	0	7,653	0	11,188
NSI: Granite - Nonunion	6,720	0	32,378	0	39,098
NIFL	205,768	0	209,104	0	414,872
Kokomo Nonunion	50,791	0	111,903	0	162,694
Kokomo Union	186,146	0	68,417	0	254,563
Total	54,834,339	2,460,204	66,703,060	2,995,697	126,993,300

\* Some companies may be able to collect these charges and therefore will charge the expense to a regulatory asset account.

(1) If the below amount is positive it will be a debit to expense, if the below amount is negative it will be a credit to expense

(2) If the entity's balance sheet contains a pension liability balance use the pension liability account for the offset, if the entity's balance sheet contains a pension asset balance use the pension asset account for the offset.

An entity may have a qualified pension asset and also a nonqualified pension liability balance on its balance sheet. The pension asset account would be used for the qualified plan and (3) If the entity's has an AOCI balance on its balance sheet due to the SFAS 158 entries, use the Accum. OCI - Pension account for the offset, if the entity has a OCI regulatory asset/liability on its balance sheet due to the SFAS 158 entries, use the FAS 158 Pension OCI Regulatory Asset/Liability account for the offset.

(4) If the entity's balance sheet contains an OPEB liability balance use the OPEB liability account for the offset, if the entity's balance sheet contains an OPEB asset balance use the OPEB asset account for the offset.

(5) If the entity's has an AOCI balance on its balance sheet due to the SFAS 158 entries, use the Accum. OCI - OPEB account for the offset, if the entity has a OCI regulatory asset/liability on its balance sheet due to the SFAS 158 entries, use the FAS 158 OPEB OCI Regulatory Asset/Liability account for the offset.

**Basis of Pro Forma Pension Expense**

	<b>Total</b>
<b>Service Cost</b>	5,431,333.00
<b>Interest Cost</b>	14,346,582.00
<b>Expected Return on Plan Assets</b>	(10,692,279.00)
<b>Amort. Of Prior Service Cost</b>	2,279,474.00
<b>Recognized Actuarial (gain)/loss</b>	<u>5,798,559.00</u>
	17,163,669.00





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 066:

With regard to the NCSC adjustment on Schedule D-2.8, Sheet 5, please provide the following information:

- a. Worksheet showing the derivation of the projected IBM cost amount of \$105,422,738, including the separate impacts of Amendment 9 of the IBM Settlement Agreement and projected 2009 ECA of 2.5%. In addition, provide a copy of Amendment 9.
- b. Actual ECA increase percentages for each year from 2004 through 2008 and as budgeted for 2009 and 2010.
- c. Actual CGK allocation rates (equivalent to the rate of 2.64% used in the adjustment) for each year from 2004 through 2008.

**Response:**

- a. The projected IBM cost amount of \$105,422,738 was derived by summing the Annual Service Fees included in Amendment 9 of the IBM Agreement, tab titled "IT Tower", for the calendar year 2009 which equals \$102,851,452, and then multiplying that amount by the projected ECA adjustment of 2.5% as noted below in Table AG-1-066a ( $102,851,452 \times 1.025\% = \$105,422,738$ ). A copy of Amendment 9 is included hereto as AG Set 1 No. 66 Attachment A. This attachment is **CONFIDENTIAL**.
- b. The IBM Agreement was not in effect in 2004 and therefore the ECA was not applicable. In addition, the ECA increase was not applicable in the first year of the Contract beginning July 2005. The actual ECA percentages began in July 2006 and are included hereto as Table AG-1-066a. Projected ECA percentage increases are included for 2008 and 2009.

**Table AG-1-066a**

<b>Year</b>	<b>ECA %</b>
2006	3.735%
2007	2.418%
2008	4.06%
2009	2.50%
2010	2.50%

- c. Actual Columbia of Kentucky allocation rates for IT IBM billings for the years 2005-2008 is shown in Table AG-1-066b. Please note the IBM Agreement was not in effect in 2004 and therefore 2004 cannot be computed. Further, 2005 represents half year as the IBM contract commenced on 7/1/05.

**Table AG-1-066b**

<b>Year</b>	<b>CKY IT Billings</b>	<b>Total NiSource IT Billings</b>	<b>CKY Allocation %</b>
2005	1,284,057	43,914,760	2.92%
2006	2,325,657	78,208,833	2.97%
2007	2,725,612	96,188,896	2.83%
2008	2,867,381	108,543,433	2.64%



## **SERVICE PROVIDER PRICING FORMS**

### **Restated and Amended pursuant to Amendment #9**

This document contains confidential and proprietary information of NiSource and its affiliates and may not be duplicated, used or disclosed in whole or in part without the prior written consent of NiSource.

**REMAINDER REDACTED**



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 067:

With regard to the NCSC adjustment on Schedule D-2.8, Sheet 6, please provide the following information:

- a. Actual Incentive Compensation and actual Profit Sharing Plan expenses booked by NCSC in each of the years 2004 through 2008.
- b. Copies of actual source documentation in support of the pro forma expenses shown on lines 4 and 5.

**Response:**

- a. Please see AG Set 1 No. 67 Attachment A detailing the Actual Incentive Compensation and Profit Sharing Plan expenses booked by NCSC and the amounts assigned to CGK in the years 2004-2008.
- b. Please see AG Set 1 No. 67 Attachment B for the email from the Human Resources Department supporting Line 4 on Schedule D-2.8, Sheet 6 and AG Set 1 No. 67 Attachment C for the Controllers Letter supporting Line 5 on Schedule D-2.8, Sheet 6.

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total Incentive Compensation NCSC	10,830,073	(149,906)	3,159,585	7,941,447	11,566,436
CKY % of NCSC Labor	3.12%	3.03%	3.13%	3.25%	2.78%
<b>CKY Portion of Incentive Compensation</b>	<b>337,898</b>	<b>(4,542)</b>	<b>98,895</b>	<b>258,097</b>	<b>321,547</b>
Total Profit Sharing NCSC	506,486.01	-	(72.40)	430,781.00	356,688.00
CKY % of NCSC Labor	3.12%	3.03%	3.13%	3.25%	2.78%
<b>CKY Portion of Profit Sharing</b>	<b>15,802</b>	<b>-</b>	<b>(2)</b>	<b>14,000</b>	<b>9,916</b>
<b>Total Incentive Compensation &amp; Profit Sharing</b>	<b>353,701</b>	<b>(4,542)</b>	<b>98,893</b>	<b>272,097</b>	<b>331,463</b>

~~REDACTED~~ Kimberly  
Cartella/NCS/Enterprise  
02/23/2009 04:40 PM

To: Kevin Johnson/NCS/Enterprise@NiSource  
cc: Joël Hoelzer/COH/Enterprise@NiSource  
bcc:  
Subject: Re: Fw: NCS Incentive Comp.

Here is the information you requested for the 2009 payouts. This assumes SAL, ESS, and ESS plans remain as is. This calculation includes all plans at trigger as you requested.

Co. 12 = \$6,461,591  
SAL (co. 12) = \$63,493  
ESS (co. 12) = \$193,767  
NRS (co. 12) = \$145,076

Kimberly Cartella  
Human Resources-Compensation  
NiSource Corporate Services  
Phone: 219-204-0038  
Fax: 330-650-3791





January 27, 2009  
No. 2009-05

From: J. Grossman

To: R. Kriner                      M. Hershberger      W. Telzerow      S. Taylor      G. Bane

CC: K. Blissmer              L. Ford              M. Holland              J. O'Brien              J. Shikany  
C. Delany                  K. Fritts              K. Johnson              L. Olson                  J. Siegle  
T. Dillinger              L. Francisco              L. Koh                  T. Pemberton              M. Tapp  
B. Douce                  J. Gambone              P. LaCroix              R. Plantz                  K. Townsend  
D. Djokic                  J. Gore                  D. Loudermilk              E. Postma                  B. Vangen  
B. Elliot                  R. Grzywana              T. Napiwocki              S. Rippy                  J. Wood  
G. Fisher                  T. Harmon              P. Newman              A. Romero                  A. Zientara

**Re: 2009 NISOURCE PROFIT SHARING ACCRUAL**

Attached is a schedule that shows the 2009 profit sharing expense by company. Please note that these balances represent only NiSource profit sharing and exclude any other incentive programs.

The 2009 profit sharing schedule provides the amount to be expensed monthly. If the expense for your company is \$10,000 or less, please record the full expense in January.

Your journal entry should map to the Hyperion account numbers listed below:

DR                      Profit Sharing Expense – acct#-602015000  
CR                                      Profit Sharing Liability –acct#-304227242

If you have any questions regarding this letter or the required entries, please contact Greg Fisher at (219) 647-5670.

2009 Profit Sharing Accrual

Company	Tag	Company Name	2009 Annual Profit Sharing Accrual	2009 Monthly Profit Sharing Accrual
12	NCS	NiSource Corporate Services	398,479	33,207



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 068:

Please provide the Consumer Price Index (“CPI”) and the Consumer Price Index – Urban (“CPI-U”) for each of the calendar years 1999 through 2008 (measured as of December).

**Response:**

Based on the U.S. Bureau of Labor Statistics (BLS) web site, there is no distinction between CPI and CPI-U in consumer price index statistics. The BLS provides the following overview of what consumer price index data sets are available.

Indexes are available for two population groups: a CPI for All Urban Consumers (CPI-U) which covers approximately 87 percent of the total population and a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 32 percent of the population.

BLS provides the following December values (1982-84=100) for CPI-U, the consumer price index for all urban consumers, U.S. city average, all items (Table 24):

1999 168.3  
2000 174.0  
2001 176.7  
2002 180.9  
2003 184.3  
2004 190.3  
2005 196.8  
2006 201.8  
2007 210.0  
2008 210.2



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 069:

Please provide the actual Injury and Damages expenses booked by the Company for each of the years 1999 through 2008.

**Response:**

Listed below is the actual injury and damages expense charged to account 925 for the years 1999 through 2008.

<u>Year</u>	<u>Amount</u> \$
1999	110,735
2000	658,496
2001	215,967
2002	(220,563)
2003	269,256
2004	(14,060)
2005	(41,574)
2006	202,990
2007	167,729
2008	118,999



PSC Case No. 2009-00141  
AG DR Set 1-070  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 070:

Please reconcile the test year property insurance and I&D expense amounts (totaling \$686,584) shown on Schedule D-2.9, Sheet 1 of 1 to the test year property insurance and I&D expense amounts (totaling \$686,584) on WPD 2.9, Sheet 1 of 2. In addition, reconcile the total test year expense of \$686,584 to the test year Account 924 (property insurance) expense of \$116,906 and the Account 925 (I&D) expense of \$688,690.

**Response:**

Please see 2009-00141 AG Set 1-070 Attachment 1 for the reconciliation of test year property and liability insurance. This attachment also reconciles the test year property and liability expense on Schedule D-2.9 to Account 924 Property Insurance Premiums and Account 925 Injuries and Damages.



COLUMBIA GAS OF KENTUCKY, INC  
CASE NO. 2009-00141  
UTILITY JURISDICTIONAL ADJUSTMENT  
ANNUALIZATION OF PROPERTY & LIABILITY INSURANCE EXPENSE  
TWELVE MONTHS ENDED DECEMBER 31, 2008

Data:  Historic Period  Forecasted Period  
Type of Filing:  Original  Updated  
Workpaper Reference No(s). WPD-2.9

SCHEDULE D-2.9  
SHEET 1 OF 1  
WITNESS: J. F. RACHER

LINE NO.	PURPOSE AND DESCRIPTION	AMOUNT		
	PURPOSE AND DESCRIPTION: To reflect the annualization of property & liability insurance expense at levels in effect at the end of the test year.			
		Annualized Expense (1) \$	Test Year Expense (2) \$	Adjustment (3 - 1 - 2) \$
1	Property Insurance Account 924:			
2	Non-Affiliate	68,640	75,397 (A)	(6,757)
3	Affiliate	28,452	41,448 (B)	(12,996)
4	Workers Compensation Account 925:			
5	Non-Affiliate	30,792	31,802 (C)	(1,010)
6	Affiliate	104,100	102,076 (D)	2,024
7	Capitalization Adjustment	(49,991)	(49,640) (E)	(351)
8	Other Premiums	477,562	485,501 (F)	(7,939)
9	Total Premiums	659,555	686,584	(27,029)
10	Jurisdictional Allocation Percentage			100.00%
11	Jurisdictional Amount		To Schedule D Summary	(27,029)

Reconciliation of Schedule D-2.9, Sheet 1 of 1 to WPD 2.9 Sheet 1 of 2

(A)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column a, Line 13	Account 924	75,397
(B)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column e, Line 13	Account 924	41,448
(C)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column b, Line 26	Account 925	31,802
(D)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column f, Line 26	Account 925	102,076
(E)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column g, Line 13	Account 925	(49,640)
(F)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column c, Line 13	Account 925	9,452
(F)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column d, Line 13	Account 924	62
(F)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column a, Line 26	Account 925	363,461
(F)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column d, Line 26	Account 925	77,726
(F)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column e, Line 26	Account 925	34,800
	Total Other Premiums		485,501
	Total Test Year Premiums - Per Books		686,584

Reconciliation Test Year Expense on Schedule D-2.9, Sheet 1 of 1 to Account 924 Property Insurance Premiums and Account 925 I&D Accrual

(A)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column a, Line 13	Account 924	75,397
(B)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column e, Line 13	Account 924	41,448
(F)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column d, Line 13	Account 924	62
	Total Account 924 Property Insurance Premiums		116,907
(C)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column b, Line 26	Account 925	31,802
(D)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column f, Line 26	Account 925	102,076
(E)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column g, Line 13	Account 925	(49,640)
(F)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column c, Line 13	Account 925	9,452
(F)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column a, Line 26	Account 925	363,461
(F)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column d, Line 26	Account 925	77,726
(F)	See AG Set 1-070 Attachment 1, Page 2 of 3 Column e, Line 26	Account 925	34,800
	Injuries and Damages Accrual	Account 925	118,999 1/
	Rounding	Account 925	14
	Total Account 925 Injuries and Damages		688,690

1/ The Injuries and Damages Accrual of \$118,999 is not included in the Property & Liability Expense Claim on Schedule D-2.9.

COLUMBIA GAS OF KENTUCKY, INC.  
CASE NO. 2009-00141  
UTILITY JURISDICTIONAL ADJUSTMENT  
ANNUALIZATION OF PROPERTY & LIABILITY INSURANCE EXPENSE  
TWELVE MONTHS ENDED DECEMBER 31, 2008

Line No. Year	Property Insurance Premiums Amortization Account 924 (a)	Misc Corporate Insurance Premiums Amortization Account 925 (b)	Other Account 925 (c)	Other Account 924 (d)	NICL Property Insurance Premiums Amortization Account 924 (e)	NICL Misc Corporate Insurance Premiums Amortization Account 925 (f)	Workers Comp Transfers Account 925 (g)	Expense Total (h)	CE 45 Per Books (i)	Difference (j)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1 January	6,847	33,105	1,398	0	4,537	16,138	(3,899)	58,126	58,127	1
2 February	6,847	34,150	976	0	4,537	16,138	(3,685)	58,963	58,964	1
3 March	6,847	33,629	0	0	4,537	16,138	(3,821)	57,330	57,331	1
4 April	6,847	33,629	(143)	0	4,537	16,138	(3,600)	57,408	57,410	2
5 May	6,847	33,629	(1,831)	0	4,537	16,138	(3,981)	55,339	55,340	1
6 June	6,847	33,629	2,235	0	4,537	16,138	(4,443)	58,943	58,943	0
7 July	5,883	30,083	(105)	0	2,371	19,629	(3,994)	53,867	53,868	1
8 August	5,552	36,046	0	(478)	2,371	19,629	(4,797)	58,323	58,324	1
9 September	5,720	33,066	2,749	0	2,371	19,629	(4,404)	59,131	59,132	1
10 October	5,720	33,066	750	(45)	2,371	19,629	(5,187)	56,304	56,305	1
11 November	5,720	30,615	3,423	585	2,371	19,629	(3,879)	58,464	58,466	2
12 December	5,720	30,616	0	0	2,371	19,629	(3,950)	54,386	54,387	1
13 Total	75,397 (A)	395,263	9,452 (F)	62 (F)	41,448 (B)	214,602	(49,640) (E)	686,584	686,597	13

Line No.	Misc Corporate Insurance Premiums Amortization Account 925 Other Misc. (a)	Misc Corporate Insurance Premiums Amortization Account 925 Workers Comp. (b)	Misc Corporate Insurance Premiums Amortization Account 925 Total (c = a + b)	NICL Misc Corporate Insurance Premiums Amortization Account 925 Liability (d)	NICL Misc Corporate Insurance Premiums Amortization Account 925 Casualty (e)	NICL Misc Corporate Insurance Premiums Amortization Account 925 Workers Comp. (f)	NICL Misc Corporate Insurance Premiums Amortization Account 925 Total (g = d + e + f)
	\$	\$	\$	\$	\$	\$	\$
14 January	30,370	2,735	33,105	2,000	5,800	8,338	16,138
15 February	31,415	2,735	34,150	2,000	5,800	8,338	16,138
16 March	30,894	2,735	33,629	2,000	5,800	8,338	16,138
17 April	30,894	2,735	33,629	2,000	5,800	8,338	16,138
18 May	30,894	2,735	33,629	2,000	5,800	8,338	16,138
19 June	30,894	2,735	33,629	2,000	5,800	8,338	16,138
20 July	27,521	2,562	30,083	10,956	0	8,673	19,629
21 August	33,480	2,566	36,046	10,954	0	8,675	19,629
22 September	30,500	2,566	33,066	10,954	0	8,675	19,629
23 October	30,500	2,566	33,066	10,954	0	8,675	19,629
24 November	28,049	2,566	30,615	10,954	0	8,675	19,629
25 December	28,050	2,566	30,616	10,954	0	8,675	19,629
26 Total	363,461 (F)	31,802 (C)	395,263	77,726 (F)	34,800 (F)	102,076 (D)	214,602

COLUMBIA GAS OF KENTUCKY, INC.  
CASE NO. 2009-00141  
UTILITY JURISDICTIONAL ADJUSTMENT  
ANNUALIZATION OF PROPERTY & LIABILITY INSURANCE EXPENSE  
TWELVE MONTHS ENDED DECEMBER 31, 2008

Development of capitalization % for workers compensation based on actual amounts.

Total Test Year Premiums - Per Books					
Line No.	Workers Comp Non-Affiliated	Workers Comp Affiliated	Total	Transfers to Balance Sheet	% Capitalized
27 January	2,735	8,338	11,073	(3,899)	(0.3521)
28 February	2,735	8,338	11,073	(3,685)	(0.3328)
29 March	2,735	8,338	11,073	(3,821)	(0.3451)
30 April	2,735	8,338	11,073	(3,600)	(0.3251)
31 May	2,735	8,338	11,073	(3,981)	(0.3595)
32 June	2,735	8,338	11,073	(4,443)	(0.4012)
33 July	2,562	8,673	11,235	(3,994)	(0.3555)
34 August	2,566	8,675	11,241	(4,797)	(0.4267)
35 September	2,566	8,675	11,241	(4,404)	(0.3918)
36 October	2,566	8,675	11,241	(5,187)	(0.4614)
37 November	2,566	8,675	11,241	(3,879)	(0.3451)
38 December	2,566	8,675	11,241	(3,950)	(0.3514)
39	31,802	102,076		(49,640)	(0.3706)



PSC Case No. 2009-00141  
AG DR Set 1-071  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 071:

With regard to Schedule D-2.12, please indicate in which account the test year non-recurring expense of \$39,392 was included.

**Response:**

This amount was booked to account 923 during the test year.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 072:

With regard to Schedule D-2.13, please provide the following information:

- a. Detailed breakout and description of all items making up the total expenses listed for account 907, 912, 913 and 921 in the Adjusted Per Books column.
- b. Detailed breakout and description of all items making up the total expense adjustments listed for account 907, 912, 913, 920, 921 and 923 in the Total Company Adjustment column.

**Response:**

- a. Please see AG Set 1 No. 072 Attachment A for the breakout and description of accounts 907, 912, 913, and 921 which tie to the Adjusted Per Books column in Schedule D-2.13.
- b. Please see AG Set 1 No. 072 Attachment B.

<u>Account</u>	<u>Activity</u>	<u>Activity Description</u>	<u>Cost Element</u>	<u>Cost Element Description</u>	<u>Amount</u>
907	00042	Supervision / Engineering	1010	Labor	5,188
907	00043	Community Rels/ Pers/ Health Safety	1010	Labor	5,195
907	09530	Economic Development	5015	Travel and Expenses	155
907	09530	Economic Development	5016	Meeting/Seminar Registration Fees	164
907	00043	Community Rels/ Pers/ Health Safety	5025	Meals, Meetings & Entertainment	81
907	09530	Economic Development	5025	Meals, Meetings & Entertainment	45
907	09530	Economic Development	5510	Industry Associations	915
907	09530	Economic Development	8990	Other Expenses General	<u>16,584</u>
				<b>Adjusted Per Books Account 907</b>	<b>28,326</b>
912	07810	Marketing	1010	Labor	9,264
912	07810	Marketing	5015	Travel and Expenses	433
912	07810	Marketing	5025	Meals, Meetings & Entertainment	430
912	08190	Miscellaneous General	8010	Management Services	25,494
912	08187	Service Corp Billing Estimate	8011	Accrue Management Services	<u>2,294</u>
				<b>Adjusted Per Books Account 912</b>	<b>37,915</b>
913	08190	Miscellaneous General	8010	Management Services	3,277
913	08187	Service Corp. Billing Estimate	8011	Accrue Management Services	<u>1,998</u>
				<b>Adjusted Per Books Account 913</b>	<b>5,274</b>
921	00144	Customer Accounting	6010	Natural Gas/Propane	512
921	00145	Marketing, Gas Utilization	6010	Natural Gas/Propane	7,044
921	00441	Telephone (Include PBX)	6040	Telephone	254
921	06900	Telecommunications	4091	Dedicated Telephone Lines - Monthly	136,498
921	06900	Telecommunications	6040	Telephone	(60)
921	06901	Telephone	6040	Telephone	26,958
921	06950	EMC Unassigned	6040	Telephone	169
921	07131	General Accounting	8990	Other Expenses - General	(64)
921	07185	Shoes, Uniforms, Glasses	5015	Travel and Expenses	135
921	07220	Regulatory Policy & Planning/Gov't Affairs	2020	Materials & Supplies - General	1,041
921	07220	Regulatory Policy & Planning/Gov't Affairs	2070	Office Supplies	252
921	07220	Regulatory Policy & Planning/Gov't Affairs	5015	Travel and Expenses	9,266
921	07220	Regulatory Policy & Planning/Gov't Affairs	5016	Meeting/Seminar Registration Fees	2,925
921	07220	Regulatory Policy & Planning/Gov't Affairs	5019	Company Use of Personal Vehicle	3,212
921	07220	Regulatory Policy & Planning/Gov't Affairs	5025	Meals, Meetings and Entertainment	3,884
921	07323	C/R Specific Budget	2070	Office Supplies	6,795
921	07400	Governmental Affairs	2020	Materials & Supplies - General	3,080
921	07400	Governmental Affairs	2070	Office Supplies	1,261
921	07400	Governmental Affairs	2075	Computer and Printer Supplies	321
921	07400	Governmental Affairs	5015	Travel and Expenses	24,022
921	07400	Governmental Affairs	5016	Meeting/Seminar Registration Fees	4,128
921	07400	Governmental Affairs	5019	Company Use of Personal Vehicle	3,518
921	07400	Governmental Affairs	5025	Meals, Meetings and Entertainment	6,020
921	07400	Governmental Affairs	5050	Dues, Professional & Civic Organizatio	955
921	07400	Governmental Affairs	5510	Industry Associations	13,317
921	07400	Governmental Affairs	5511	Civic Associations	465
921	07600	Communications	2020	Materials & Supplies - General	345
921	07600	Communications	2070	Office Supplies	(113)
921	07600	Communications	3F01	Printing	141
921	07600	Communications	3F02	Graphic Design	36
921	07600	Communications	3F07	News Monitoring	924
921	07600	Communications	5015	Travel and Expenses	4,137
921	07600	Communications	5016	Meeting/Seminar Registration Fees	1,140
921	07600	Communications	5019	Company Use of Personal Vehicle	265
921	07600	Communications	5025	Meals, Meetings and Entertainment	1,052
921	07600	Communications	5050	Dues, Professional & Civic Organizatio	275
921	07600	Communications	6040	Telephone	9,459
921	07600	Communications	9315	Safety Advertising	1,581
921	07600	Communications	9351	Advertising	150
921	07700	Human Resources	2031	Materials & Supplies - Sales Tax (CK)	1
921	08190	Miscellaneous General Expenses	5510	Industry Associations	833
921	08198	Incentive and Special Payouts	5028	Taxable Employee Cash Awards	<u>4,750</u>
				<b>Adjusted Per Books Account 921</b>	<b>280,886</b>



<u>Account</u>	<u>Activity</u>	<u>Activity Description</u>	<u>Cost Element</u>	<u>Cost Element Description</u>	<u>Amount</u>
907	09530	Economic Development	8990	Other Expenses - General	1,000
907	09530	Economic Development	8990	Other Expenses - General	500
907	09530	Economic Development	8990	Other Expenses - General	500
912	07810	Marketing	5025	Meals, Meetings and Entertainment	5,000
912	07810	Marketing	5025	Meals, Meetings and Entertainment	500
913	07810	Marketing	9351	Advertising	250
920	07600	Communications	9351	Advertising	1,431
921	07600	Communications	2020	Materials & Supplies - General	3,144
921	07400	Governmental Affairs	2070	Office Supplies	152
921	07400	Governmental Affairs	5015	Travel and Expenses	5,686
921	07600	Communications	5015	Travel and Expenses	980
921	07400	Governmental Affairs	5016	Meeting/Seminar Registration Fees	500
921	07400	Governmental Affairs	5025	Meals, Meetings and Entertainment	4,369
921	07220	Regulatory Policy & Plannin	8990	Other Expenses - General	500
921	07400	Governmental Affairs	8990	Other Expenses - General	1,375
921	07600	Communications	8990	Other Expenses - General	500
921	07600	Communications	9320	Community Support	9,500
921	07600	Communications	9351	Advertising	3,788
921	07600	Communications	9365	Research	7,200
923	07400	Governmental Affairs	3C10	Consultant Expenses	8,750

Total Adjustment D-2.13

55,625



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 073:

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

- a. In the same format and detail as per filing requirement Schedule F-5, provide a breakout of the professional services expenses (e.g., legal, engineering, accounting, other) included in the pro forma adjusted test year results. [Note: while the Company claims that this filing requirement information is not a requirement of an historic test period filing, the AG is seeking this same information through this request for information].
- b. Equivalent actual professional service expenses (by the categories identified in part a above) booked in each of the years 2004 through 2008.
- c. For each of the expense category expenses from 2004 through the pro forma test year to be provided in response to parts (a) and (b) above, provide the portions charged to O&M expense.

**Response:**

Please refer to 2009-00141 AG Set 1 No. 073 Attachment A for the requested information. Columbia Gas of Kentucky receives professional services in two primary ways – through direct engagement and charging (via Columbia Gas of Kentucky) and through NiSource Corporate Services Company. The professional services identified in this response are those engaged by and charged directly to Columbia Gas of Kentucky.

**Columbia Gas of Kentucky, Inc.**  
**Professional Service Expenses**  
**Booked in the Years 2004 - 2008 and Pro-forma 2008 Test Year**

**Total Actual O&M Professional Service Expenses Pro-forma Test Year**

Item a.	O&M Expenses 2008 \$	Consultant Expenses Sch.D-2.13 2008 \$	Rate Case Exp. Sch.D-2.7 Legal/Consultants 2008 \$	Pro-Forma Expense 2008 \$
<b>Accounting</b>	691,452	0	0	691,452
<b>Engineering</b>	1,832,904	0	0	1,832,904
<b>Legal</b>	(25)	0	0	(25)
<b>Other</b>	1,464,308	(8,750)	94,000	1,549,558
<b>Total</b>	3,988,638	(8,750)	94,000	4,073,888

**Total Actual Professional Service Expenses**

Item b.	2004 \$	2005 \$	2006 \$	2007 \$	2008 \$
<b>Accounting</b>	590,391	406,642	677,409	722,791	708,228
<b>Engineering</b>	4,623,731	5,722,291	8,131,532	6,958,120	9,543,215
<b>Legal</b>	0	0	2,000	21,552	3,675
<b>Other</b>	1,397,542	1,390,986	1,300,085	1,648,910	1,493,825
<b>Total</b>	6,611,665	7,519,919	10,111,026	9,351,373	11,748,944

**Total Actual Professional Service Expenses Charged to O&M**

Item c.	2004 \$	2005 \$	2006 \$	2007 \$	2008 \$
<b>Accounting</b>	523,077	346,890	626,148	655,187	691,452
<b>Engineering</b>	1,579,897	1,667,800	1,357,808	1,480,520	1,832,904
<b>Legal</b>	0	0	0	(192)	(25)
<b>Other</b>	1,360,182	1,372,761	1,280,198	1,615,065	1,464,308
<b>Total</b>	3,463,156	3,387,451	3,264,154	3,750,581	3,988,638



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 074:

In the same format as per the response to AG-1-58 Supplement in Case No. 2007-00008, please provide a dollar breakout, listing and description of each of the following expense accounts:

- a. Account 905 – Miscellaneous Customer Account expenses
- b. Account 908 – Customer Assistance expenses
- c. Account 910 – Miscellaneous Customer Account expenses
- d. Account 921 – Office Supplies and Expenses
- e. Account 930 – Miscellaneous General expenses.

**Response:**

Please refer to 2009-00141 AG Set 1 No. 074 Attachment A for the requested information. Attachment A contains a detailed breakout and description of costs included in the identified accounts for the test year. The expense levels are the “per book” amounts and tie to Schedules C-2-1 and C-2-2. The information is summarized by activity, by cost element.

Columbia Gas of Kentucky, Inc  
Case No. 2009-00141  
Test Year December 31, 2008

<u>Gen</u>	<u>Activity</u>	<u>Activity Description</u>	<u>Cost Element</u>	<u>Cost Element Description</u>	<u>Amount</u> \$
<b>Account 905 - Miscellaneous Customer Account Expenses</b>					
905	00042	District, Supervision/Engineering	8941	Symbolic Atonement	615
905	00441	Telephone (include PBX)	6040	Telephone	836
905	00447	Telephone - Leased Lines	6040	Telephone	456
Total Account 905					1,908
<b>Account 908 - Customer Assistance Expenses</b>					
908	OP100	Kentucky Administration	3K32	Office Machines Maintenance Agreements	95
908	OR200	CKY Builder/Developer Multi Family	3A20	Courier Service (UPS, FedEx, etc.)	85
908	05000	Sales & Service	5045	Relocation Expenses	63,465
908	07810	Marketing	1010	Labor	14,265
908	07810	Marketing	5015	Travel and Expenses	163
908	07810	Marketing	5025	Meals, Meetings and Entertainment	554
908	07810	Marketing	9541	Auto Costs Cleared	380
908	08187	Service Corp. Mgmt Billing Estimate	8011	Accrue Management Services	30,423
908	08190	Miscellaneous General Expenses	8010	Management Services	39,134
Total Account 908					148,563
<b>Account 910 - Miscellaneous Customer Account Expense</b>					
910	00441	Telephone (include PBX)	6040	Telephone	18
910	07810	Marketing	1010	Labor	149,415
910	07810	Marketing	2070	Office Supplies	341
910	07810	Marketing	2075	Computer and Printer Supplies	439
910	07810	Marketing	3A20	Courier Service (UPS, FedEx, etc.)	16
910	07810	Marketing	5015	Travel and Expenses	7,382
910	07810	Marketing	5016	Meeting/Seminar Registration Fees	545
910	07810	Marketing	5025	Meals, Meetings and Entertainment	2,862
910	07810	Marketing	5050	Dues, Professional & Civic Organizations	600
910	07810	Marketing	9542	Truck Costs Cleared	3,369
910	08187	Service Corp. Mgmt Billing Estimate	8011	Accrue Management Services	42,510
910	08190	Miscellaneous General Expenses	8010	Management Services	294,794
Total Account 910					502,291

Columbia Gas of Kentucky, Inc  
Case No. 2009-00141  
Test Year December 31, 2008

<u>Gen</u>	<u>Activity</u>	<u>Activity Description</u>	<u>Cost Element</u>	<u>Cost Element Description</u>	<u>Amount</u> \$
<b>Account 921 - Office Supplies and Expenses</b>					
921	00144	Customer Accounting	6010	Natural Gas/Propane	512
921	00145	Marketing, Gas Utilization	6010	Natural Gas/Propane	7,044
921	00441	Telephone (Include PBX)	6040	Telephone	254
921	06900	Telecommunications	4091	Dedicated Telephone Lines - Monthly	136,498
921	06900	Telecommunications	6040	Telephone	(60)
921	06901	Telephone	6040	Telephone	26,958
921	06950	EMC Unassigned	6040	Telephone	169
921	07131	General Accounting	8990	Other Expenses - General	(64)
921	07185	Shoes, Uniforms, Glasses	5015	Travel and Expenses	135
921	07220	Regulatory Policy & Planning/Gov't Affairs	2020	Materials & Supplies - General	1,041
921	07220	Regulatory Policy & Planning/Gov't Affairs	2070	Office Supplies	252
921	07220	Regulatory Policy & Planning/Gov't Affairs	5015	Travel and Expenses	9,266
921	07220	Regulatory Policy & Planning/Gov't Affairs	5016	Meeting/Seminar Registration Fees	2,925
921	07220	Regulatory Policy & Planning/Gov't Affairs	5019	Company Use of Personal Vehicle	3,212
921	07220	Regulatory Policy & Planning/Gov't Affairs	5025	Meals, Meetings and Entertainment	3,884
921	07220	Regulatory Policy & Planning/Gov't Affairs	8990	Other Expenses - General	500
921	07323	C/R Specific Budget	2070	Office Supplies	6,795
921	07400	Governmental Affairs	2020	Materials & Supplies - General	3,080
921	07400	Governmental Affairs	2070	Office Supplies	1,412
921	07400	Governmental Affairs	2075	Computer and Printer Supplies	321
921	07400	Governmental Affairs	5015	Travel and Expenses	29,708
921	07400	Governmental Affairs	5016	Meeting/Seminar Registration Fees	4,628
921	07400	Governmental Affairs	5019	Company Use of Personal Vehicle	3,518
921	07400	Governmental Affairs	5025	Meals, Meetings and Entertainment	10,389
921	07400	Governmental Affairs	5050	Dues, Professional & Civic Organizations	955
921	07400	Governmental Affairs	5510	Industry Associations	13,317
921	07400	Governmental Affairs	5511	Civic Associations	465
921	07400	Governmental Affairs	8990	Other Expenses - General	1,375
921	07600	Communications	2020	Materials & Supplies - General	3,490
921	07600	Communications	2070	Office Supplies	(113)
921	07600	Communications	3F01	Printing	141
921	07600	Communications	3F02	Graphic Design	36
921	07600	Communications	3F07	News Monitoring	924
921	07600	Communications	5015	Travel and Expenses	5,116
921	07600	Communications	5016	Meeting/Seminar Registration Fees	1,140
921	07600	Communications	5019	Company Use of Personal Vehicle	265
921	07600	Communications	5025	Meals, Meetings and Entertainment	1,052
921	07600	Communications	5050	Dues, Professional & Civic Organizations	275
921	07600	Communications	6040	Telephone	9,459
921	07600	Communications	8990	Other Expenses - General	500
921	07600	Communications	9315	Safety Advertising	1,581
921	07600	Communications	9320	Community Support	9,500
921	07600	Communications	9351	Advertising	3,938
921	07600	Communications	9365	Research	7,200
921	07700	Human Resources	2031	Materials & Supplies - Sales Tax (CK)	1
921	08190	Miscellaneous General Expenses	5510	Industry Associations	833
921	08198	Incentive and Special Payouts	5028	Taxable Employee Cash Awards	4,750
Total Account 921					318,579

**Account 930 Miscellaneous General Expense**

930	07745	Human Resources Recruiting/Staffing	3E41	Employment Advertising	4,290
930	08190	Miscellaneous General Expenses	8990	Other Expenses - General	48,955
Total Account 930					53,245





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 075:

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

**Response:**

See Table AG Set 1 075 below for amounts billed directly to Columbia Gas of Kentucky.

**Table AG Set 1 075**

<b><u>Vendor</u></b>	<b><u>Amount</u></b>
	\$
Midwest Energy Association Membership Dues	3,661
Commerce Lexington, Inc. Membership Dues	3,127
Kentucky Gas Association Membership Dues	2,710
Kentucky Association of Manufactures Membership Dues	915
Better Business Bureau Membership Dues	685
NACE International Membership Dues	540
Invoices Under \$500.00 (10)	<u>2,035</u>
Total Social and Service Club Dues and Country Club Dues Booked Directly to Columbia Gas of Kentucky	13,673

A detailed listing, description and dollar breakout of all social and service club dues and country club dues included in NCSC pro forma adjusted test year expenses is included in response to AG Set 1-062(h).



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 076:

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

**Response:**

It is Columbia Gas of Kentucky's policy to book charitable expenses below the line in account 426. During the test year \$108,170 was booked to that account.

A detailed listing, description and dollar breakout of all charitable expenses included in NCSC pro forma adjusted test year expenses is included in response to data request AG Set 1-062(b).



PSC Case No. 2009-00141  
AG DR Set 1-077  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 077:

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

**Response:**

There were no expenses for service awards booked directly to Columbia Gas of Kentucky during the test year.

A detailed listing, description and dollar breakout of all NCSC expenses associated with employee awards, gifts and prizes in the pro forma adjusted test year is included in the response to data request AG Set 1-062(e).



PSC Case No. 2009-00141  
AG DR Set 1-078  
Respondent(s): James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 078:

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

**Response:**

Items such as company picnics, Christmas parties, employee outings, and other similar employee related expenses, if any, are not captured separately in the chart of account classifications, and thus this information is not available.





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 079:

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

**Response:**

See Table AG Set 1 079 below for advertising amounts billed directly to Columbia Gas of Kentucky. These promotional advertising expenses were eliminated from the cost of service on Schedule D-2.13.

**Table AG Set 1 – 079**

<u>Description</u>	<u>Amount</u>
	\$
Research Telephone Survey in Central and Eastern Kentucky	7,200
Sponsor 2008 Fifth Third Bank Tennis Championship	1,000
Sponsor Fayette County Public Schools - Retirement Celebration	150
Sponsor Lexington PAL Inc.	500
Sponsor God's Pantry Food Bank	1,050
Sponsor Bluegrass Chapter of the American Red Cross	250
Sponsor Bluegrass Tomorrow InnoVision2018	500
Sponsor 2008 Lexington's Back to School Rallies	500
Sponsor Washington Fly-In	1,500
Sponsor Lexmark Teacher Institute Graduation Event	1,500
Sponsor Unbridling the Spirit of Leadership	1,500
Sponsor Fall Haul for Hazardous Waste Campaign	500
Sponsor Jenny Wiley Theatre's for the Performing Arts	550
Sponsor Kentucky Bourbon Festival	250
Sponsor Bluegrass Green Living Direct	1,675
Sponsor Fayette County Schools Program	396
Sponsor Lexington Children's Theatre	1,280
Sponsor 2008 Poverty Forum Program	100
Sponsor Lexington Children's Theatre	138
Sponsor Blue is the New Green Logo	125
Sponsor Call Before You Dig Logo	150
Sponsor Just Fund Kentucky Ad	75
Newspaper Ads in Local Newspapers	1,431
Business Directory Listing in Campus Map & Visitors Guide	150
Total Advertising Expenses	<u>22,469</u>

A detailed listing, description and dollar breakout of all NCSC advertising expenses included in the pro forma adjusted test year is included in the response to data request AG Set 1-062(a).



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 080:

Please indicate whether CGK has a Governmental Affairs employee or employees whose principal function is lobbying on the local, state, or national level? If so, please provide the following additional information:

- a. Name and title of employee(s), as well as the annualized salary of this employee as included in the pro forma adjusted test year in this case. In addition, provide the annualized benefits (incentive compensation, pension, OPEB, medical, life insurance, payroll taxes, etc.) included in the pro forma adjusted test year in this case.
- b. Copy of the official job description of this Government Affairs employee.
- c. If there are any other employees in the Company's Government Affairs department, please list the titles of these employees; their annual compensation, employee benefit and payroll tax expenses; and, if available, an official copy of their job descriptions.

**Response:**

Columbia Gas of Kentucky does not have an employee whose principal function is lobbying on the local, state, or national level.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 081:

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

**Response:**

See Table AG Set 1 081 below for the amounts billed directly to Columbia Gas of Kentucky.

**Table AG Set 1 081**

<b><u>Vendor</u></b>	<b><u>Amount</u></b>
	\$
Ashland Alliance Chamber of Commerce Dues	3,500
Georgetown/Scott County Chamber of Commerce Dues	500
Frankfort Area Chamber of Commerce Dues	365
Paris/Bourbon County Chamber of Commerce Dues	495
Cynthiana-Harrison County Chamber of Commerce Dues	350
Winchester-Clark County Chamber of Commerce Dues	250
Woodford County Chamber of Commerce Dues	1,100
Kentucky Chamber of Commerce Membership Dues	<u>3,630</u>
Total Public Relations and Community Relations/Civic Affairs Expenses Booked Directly to Columbia Gas of Kentucky	10,190

A detailed listing, description and dollar breakout of all NCSC public relations and community relations/civic affairs expenses included in the pro forma adjusted test year in included in the response to data request AG Set 1-062(d).





PSC Case No. 2009-00141  
AG DR Set 1-082  
Respondent(s): Susan Taylor  
& James Racher

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 082:

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

**Response:**

Expenses associated with fines and penalties included in the NCSC pro forma adjusted test year are included in the response to data request AG Set 1-062(f).

Expenses associated with fines and penalties that are billed directly to Columbia Gas of Kentucky are booked to account 426 below-the-line.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 083:

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

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

**Response:**

- a. Total AGA dues included in the test year for Columbia of Kentucky was \$9,673.93. The entire amount is booked to FERC Account 930 which is above-the-line.
- b. The AGA annual report of expenditures is no longer available, thus a breakdown of activities performed by the American Gas Association cannot be provided.
- c. The AGA annual report of expenditures is no longer available, thus detailed descriptions of the nature and purpose of each of the functional areas cannot be provided.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 084:

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

- a. Spousal expenses.
- b. Non-Deductible Meals and Entertainment expenses. In addition, explain why these expenses are non-deductible.
- c. Employee welfare expenses. Provide detailed listing as per the response to AG-2-22 in Case No. 2007-00008.
- d. Employee moving expenses. In addition, provide the actual employee moving expenses booked by CGK in each of the years 2004 through 2008.

**Response:**

- a. There are no spousal expenses included in test year O&M either directly by Columbia or billed by NCSC.
- b. CGK recorded \$30,465.50 in Non-Deductible Meals and Entertainment expenses during the test year. There were no Non-Deductible Meals and Entertainment expenses billed to Columbia from NCSC during the test year.

The following description comes from the IRS code for *Meals and entertainment*:  
“Generally, the corporation can deduct only 50% of the amount otherwise allowable for meals and entertainment expenses paid or incurred in its trade or business.”

- c. Please see Table AG-1-084(a) detailing the monthly amounts of the EAP expenses billed to Columbia Gas of Kentucky from NCSC during the test year.

**Table AG-1-084(a)**

<b>Month</b>	<b>Amount</b>
January 2008	\$219.21
February 2008	\$371.43
March 2008	\$57.32
April 2008	\$173.35

May 2008	\$181.94
June 2008	\$551.22
July 2008	\$58.70
August 2008	\$59.41
September 2008	\$110.52
October 2008	\$133.18
November 2008	\$330.32
December 2008	\$182.42
<b>Total</b>	<b>\$2,429.01</b>

- d. Table AG-1-084(b) details the actual moving expenses for Columbia Gas of Kentucky and amounts NCSC billed Columbia Gas of Kentucky in the calendar years 2004 through 2008.

**Table AG-1-084(b)**

<b>Year</b>	<b>CKY Direct</b>	<b>NCSC Billed to CGK</b>
2004	\$0	\$41,420.38
2005	\$0	\$20,079.63
2006	\$24,971.99	\$73,106.30
2007	\$71,081.84	\$16,709.59
2008	\$63,464.90	\$14,255.64



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 085:

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

**Response:**

See Table AG Set 1 085 below for the amounts billed directly to Columbia Gas of Kentucky.

**Table AG Set 1 085**

<b><u>Vendor</u></b>	<b><u>Amount</u></b>
<b><u>Social and Service Club Dues</u></b>	\$
Midwest Energy Association Membership Dues	3,661
Commerce Lexington, Inc. Membership Dues	3,127
Kentucky Gas Association Membership Dues	2,710
Kentucky Association of Manufactures Membership Dues	915
Better Business Bureau Membership Dues	685
NACE International Membership Dues	540
Invoices Under \$500.00 (10)	<u>2,035</u>
Total Social and Service Club Dues	13,673
<b><u>Chamber of Commerce Dues</u></b>	
Ashland Alliance Chamber of Commerce Dues	3,500
Georgetown/Scott County Chamber of Commerce Dues	500
Frankfort Area Chamber of Commerce Dues	365
Paris/Bourbon County Chamber of Commerce Dues	495
Cynthiana-Harrison County Chamber of Commerce Dues	350
Winchester-Clark County Chamber of Commerce Dues	250
Woodford County Chamber of Commerce Dues	1,100
Kentucky Chamber of Commerce Membership Dues	<u>3,630</u>
Total Chamber of Commerce Dues	10,190
<b><u>Miscellaneous Dues</u></b>	
American Gas Association Dues	38,696
NARUC Conference Sponsorship	833
Advantica Membership Dues	<u>6,426</u>
Total Miscellaneous Dues	45,955
Total Company Dues Booked Directly to Columbia Gas of Kentucky	69,818





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 086:

With regard to Account 887 – Maintenance of Mains expenses, please provide the following information:

- a. Does this account include labor expenses?
- b. Does this account include employee benefit expenses?
- c. For the year 2008, provide the actual Account 887 expenses, as well as the portion of these actual annual expenses representing labor and employee benefit expenses.

**Response:**

- |    |                                 |             |
|----|---------------------------------|-------------|
| A. | Yes                             |             |
| B. | No                              |             |
| C. | Total 2008 Account 887 expense: | \$1,458,638 |
|    | Total Labor expense:            | \$482,759   |





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 088:

With regard to Duke Energy of Kentucky's current AMRP rate mechanism, please describe what process the Commission has established in terms of :

- a. Period of time for the review process (e.g., 90 days, 180 days, etc.);
- b. Participants allowed in the review process;
- c. How many rounds of discovery are allowed and over what time period;
- d. Filing Requirements. Please provide a detailed listing and description of the Filing Requirements.
- e. Testimonies and/or affidavits.
- f. Hearings

**Response:**

The review process of Duke's AMRP process has been inconsistent due to the appeal of the Commission's original approval of Duke's AMRP in Case No. 2001-00092 and the subsequent appeal to the Kentucky Court of Appeals. Columbia's understanding of the current review process is taken from the Commission's Order of December 22, 2005 in Case No. 2005-00042 where it states, "(t)he Commission will endeavor to complete its review of the annual AMRP Rider filing within 60 days. Because a hearing will be necessary and the review may be extensive, however, the Commission may extend the length of the review period." The Order provides that copies of the annual AMRP Rider filings should be provided to the Attorney General simultaneously with the filing to the Commission. The Order specifies that the AMRP Rider revenue requirement should include:

- a. The AMRP net rate base is AMRP-related plant in service minus AMRP-related accumulated depreciation minus ADIT associated with AMRP-related plant in service;
- b. All components of the AMRP net rate base reflect adjustments to exclude retirements or removals of plant related to the AMRP construction;
- c. The rate of return on the AMRP net rate base is the overall rate of return on capital authorized in this case, grossed up for federal and state income taxes;

- d. Operating expenses included in the revenue requirement are depreciation expense and Account No. 887 – Maintenance of Mains; and
- e. Reductions in Account No. 887 expenses will be reflected in the determination of the revenue requirement.

These requirements are incorporated in Columbia's proposed AMRP filing formats (please see response to Staff Set 2 No. 014 Attachment 1). There were no other filing requirements for the annual AMRP Rider specified in the Order, except that Duke was required to make its first filing under its renewed AMRP Rider by March 31, 2008.



**COLUMBIA GAS OF KENTUCKY, INC.  
 RESPONSE TO REQUESTS FOR INFORMATION OF THE  
 ATTORNEY GENERAL**

Data Request 089:

Please reconcile the 2008 uncollectible provision of \$1,912,425 shown in Attachment A to the response to PSC-1-32 to the corresponding 2008 Account 904 uncollectible expense of \$2,451,089.

In addition, provide the same reconciliation for the uncollectible provision amounts shown for the years 2005 – 2007 in Attachment A to the response to PSC-1-32 to the corresponding 2005 – 2007 Account 904 uncollectible expenses.

**Response:**

	Account	Cost	
		Element	Amount
<b>2008 Reconciliation</b>			
Uncollectible Accounts via DIS Billing System	904	8510	\$1,910,000
Uncollectible accounts via GMB Billing System	904	8530	<u>2,423</u>
Total			\$1,912,423
Uncollectible Provision – PSC-1-32	144		<u>1,912,425</u>
Difference (Financial Statement Rounding)			\$2

Uncollectible Provision – PSC-1-32	144		\$1,912,425
Energy Assistance Plan Expense	904	8520	<u>538,664</u>
Uncollectible accounts Expense	904		\$2,451,189

	Account	Cost	
		Element	Amount
<b>2007 Reconciliation</b>			
Uncollectible Accounts via DIS Billing System	904	8510	\$470,001
Uncollectible accounts via GMB Billing System	904	8530	<u>194,561</u>
Total			\$664,562
Uncollectible Provision – PSC-1-32	144		<u>671,438</u>
Difference - Adjustment			\$6,876

Uncollectible Provision – PSC-1-32	144		\$664,566
Energy Assistance Plan Expense	904	8520	<u>516,480</u>
Uncollectible accounts Expense	904		\$1,181,046



<b>2006 Reconciliation</b>		<b>Cost</b>	
	<b>Account</b>	<b>Element</b>	<b>Amount</b>
Uncollectible Accounts via DIS Billing System	904	8510	\$1,131,001
Uncollectible accounts via GMB Billing System	904	8530	<u>31,448</u>
Total			\$1,162,449
Uncollectible Provision – PSC-1-32	144		<u>1,162,448</u>
Difference (Financial Statement Rounding)			\$1

Uncollectible Provision – PSC-1-32	144		\$1,162,448
Energy Assistance Plan Expense	904	8520	<u>431,835</u>
Uncollectible accounts Expense	904		\$1,594,283

<b>2005 Reconciliation</b>		<b>Cost</b>	
	<b>Account</b>	<b>Element</b>	<b>Amount</b>
Uncollectible Accounts via DIS Billing System	904	8510	\$985,000
Uncollectible accounts via GMB Billing System	904	8530	<u>(1,505)</u>
Total			\$983,495
Uncollectible Provision – PSC-1-32	144		<u>983,494</u>
Difference (Financial Statement Rounding)			\$1

Uncollectible Provision – PSC-1-32	144		\$983,494
Energy Assistance Plan Expense	904	8520	<u>515,800</u>
Uncollectible accounts Expense	904		\$1,499,294



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 090:

With regard to the Account 930 breakout in Format 27b included in the response to the PSC's first data request, please provide a detailed breakout of the Miscellaneous charges of \$10,889 and the Dues and Subscriptions of \$3,661.

**Response:**

Account 930 Miscellaneous Charges

<u>Account</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Description</u>
930	3E41	\$2,349	NAS Employee Recruitment Communications
930	3E41	\$1,941	NAS Employee Recruitment Communications
930	5510	\$172	Common Ground Alliance
930	5510	\$6,063	Advantica - Software
930	5510	<u>\$364</u>	Advantica - Software
		\$10,889	

Account 930 Dues and Subscriptions

<u>Account</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Description</u>
930	5510	\$3,661	Midwest Energy Association



PSC Case No. 2009-00141  
AG DR Set 1-091  
Respondent(s): John Spanos

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 091:

Please provide copies of all workpapers underlying the depreciation study prepared by John Spanos of Gannett Fleming and submitted in response to Filing Requirement #6-n. Provide in hard copy and, when applicable, in electronic format (Excel) with all formulae intact.

**Response:**

Attachments A through H contain the workpapers underlying the depreciation study prepared by John Spanos of Gannett Fleming, Inc. In addition to these, all workpapers are also included in their hard copy format.



PSC Case No. 2009-00141  
AG DR Set 1-092  
Respondent(s):J. Spanos

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 092:

Please provide all information obtained by Mr. Spanos and/or Gannett Fleming from Company operating personnel, and separately, financial management personnel relative to current operations and future expectations in the preparation of the depreciation study. All information should be provided in the same format it was provided to Mr. Spanos. Also, please provide all notes taken during any meetings with Company personnel regarding this study. Please identify by name and title, all Columbia Gas ("Columbia") personnel who provided the information, and explain the extent of their participation and the information they provided.

**Response:**

See the response to AG DR Set 1-091.





**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 093:

Please identify all plant tours taken during the preparation of the depreciation study.

- a. Provide the date(s) of which each plant tour occurred.
- b. Provide a description of all locations visited and the activities and equipment viewed.
- c. Identify those in attendance and their titles and job descriptions.
- d. Provide all conversation notes taken during the tour.
- e. Provide all photographs and images taken during the tour.

**Response:**

a) Field tours were taken on October 28, 2008.

b,d&e) The attached pages set forth notes and photographs, including location and equipment, taken during the site visits.

c) The following table sets forth those in attendance and their titles, during the various field tours taken for the depreciation study.

<u>Name</u>	<u>Title</u>
John Spanos	Vice President
Fred Johnston	Analyst
Kevin Sollie	Fixed Asset and Depreciation Specialist
Mathew Ruth	Analyst, Fixed Asset and Depreciation
Gary Sullivan	Operations Supervisor

ITINERARY FOR  
JOHN SPANOS & FRED JOHNSTON

October 27-28, 2008

Tuesday, Oct. 27

Leave	Harrisburg	Continental Flt. 8672	1:30 p.m.
Arrive	Newark	(Seats 8D, 9C)	2:45 p.m.
Leave	Newark	Continental Flt. 2166	4:00 p.m.
Arrive	Lexington	(Seats 5A, 7A)	6:07 p.m.

PICK UP CAR @ *ENTERPRISE* (IN TERMINAL) Confirmation No.: RBSYL5

HOTEL: Courtyard Marriott North (Confirmation Nos.: (J) 88756442  
775 Newtown Court (F) 88780645  
Lexington, KY 40511-1214  
Ph: 859-253-4646  
FAX: 859-253-9118

PURPOSE: Field review and Management meeting with  
Columbia Gas of Kentucky  
2001 Mercer Road  
Lexington, KY 40512

Contact: Mike Webb: 859-288-0283 (Work)  
859-421-8323 (Cell)

Wednesday, Oct. 28

Leave	Lexington	Northwest Flt. 5884	3:00 p.m.
Arrive	Detroit	(Seats 3A, 4A)	4:22 p.m.
Leave	Detroit	Northwest Flt. 3435	5:19 p.m.
Arrive	Harrisburg	(Seats 7A, 6D)	6:41 p.m.

**Spanos, John J.**

**From:** ksollie@nisource.com  
**It:** Monday, October 27, 2008 8:35 AM  
**To:** Spanos, John J.  
**Subject:** Re: Columbia of Kentucky

The meeting has been scheduled for 8:30 in the 1st floor conference room. See you then, thanks.

Kevin Sollie  
Nisource - Energy Distribution Group - East  
Fixed Asset & Depreciation Specialist  
(614) 460-5913

"Spanos, John J." <jspanos@GFNET.com>

To <ksollie@nisource.com>  
cc  
Subject Columbia of Kentucky

10/27/2008 07:40 AM

in:

Here is the Average service life calculation for your review during the trip. What time do you want to meet at the office on Wednesday?

John[attachment "CGK07asl.XLS" deleted by Kevin Sollie/NCS/Enterprise]

10/27/2008

**Spanos, John J.**

**From:** McCormick, Krista R.  
**Date:** Friday, October 17, 2008 4:19 PM  
**To:** Spanos, John J.  
**Subject:** FW: Ticketed itinerary for JOHN J SPANOS on 10/28/08 to Lexington  
**Attachments:** ItineraryN9LLZS\_17OCT.pdf

Revised itinerary with your Delta FF number on it.

**From:** Travel Time Online Reservation [mailto:travel@trvltime.com]  
**Sent:** Friday, October 17, 2008 4:15 PM  
**To:** McCormick, Krista R.; HEIDI@TRVLTIME.COM  
**Subject:** Ticketed itinerary for JOHN J SPANOS on 10/28/08 to Lexington



**TRAVEL TIME TRAVEL AGENCY INC.**  
*"The Corporate Travel Specialists"*

Travel Time Travel Agency Inc  
1044 New Holland Avenue  
Lancaster, PA 17601  
Phone: (717) 299-6600  
Toll Free: (800) 343-9594

Travel Time Travel Agency, Inc. is a certified SDB

Friday, 17OCT 2008 04:15 PM EDT

**Passengers:** JOHN.J SPANOS (KRISTA MCCORMICK)  
Reservation Made By: KRISTA MCCORMICK  
Agency Reference Number: N9LLZS

[Click here](#) to view itinerary online and download to your calendar.  
Be sure to visit our website for additional travel information.

**URGENT:** Please review your itinerary immediately for accuracy. In order to avoid airline imposed change fees, please inform us of any changes within 24 hours.

Continental Airlines allows one checked bag with a maximum weight of 50 lbs for no charge. Charges apply for additional bags.  
Northwest Airlines allows one checked bag with a maximum weight of 50 lbs for no charge. Charges apply for additional bags.

ORG CODE-100350  
PROJECT 050330  
PHASE 000  
TASK

**AIR** Tuesday, 28OCT 2008

Continental Airlines	Flight Number: 8672	Class: H-Coach
From: Harrisburg Intl PA, USA	Depart: 01:30 PM	
To: Newark NJ, USA	Arrive: 02:45 PM	
Stops: 0	Duration: 1 hour(s) 15 minute(s)	
Seats: 08D	Status: CONFIRMED	Miles: 153
Equipment: DeHavilland Dash8 Turboprop		
ARRIVES EWR C		
OPERATED BY COMMUTAIR DBA CONTINENTAL CONNECTION		
Frequent Flyer number: CO2094545130 - JOHN.J SPANOS		
Confirmation number for this flight is CVKKYD		

10/27/2008

**AIR Tuesday, 28OCT 2008**

Continental Airlines	Flight Number: 2166	Class: H-Coach
From: Newark NJ, USA	Depart: 04:00 PM	
To: Lexington KY, USA	Arrive: 06:07 PM	
Stops: 0	Duration: 2 hour(s) 7 minute(s)	
Seats: 05A	Status: CONFIRMED	Miles: 598
Equipment: Embraer Jet		

DEPARTS EWR A  
 OPERATED BY EXPRESSJET AIRLINES INC DBA CO EXPRESS  
 Frequent Flyer number: CO2094545130 - JOHN.J SPANOS  
 Confirmation number for this flight is CVKKYD

**HOTEL Tuesday, 28OCT 2008**

COURTYARD MARRIOTT NORTH (COURTYARD BY MARRIOTT)  
 775 NEWTOWN COURT LEXINGTON KY US 405111214

Number of Rooms: 1	Confirmation Number: 88756442
Phone: 8592534646	Fax: 8592539118
Rate: USD 149	Room GUARANTEED TO VISA

Check out: Wednesday, 29OCT 2008  
 Hotel membership: 375928090

Cancel Policy: CANCEL PERMITTED UP TO 6PM DAY OF ARRIVAL HOTEL TIME. 168.37 CANCEL FEE PER ROOM. VALID CREDIT CARD IN THE NAME OF THE GUEST IS REQUIRED

**AIR Wednesday, 29OCT 2008**

Northwest Airlines	Flight Number: 5884	Class: B-Coach
From: Lexington KY, USA	Depart: 03:00 PM	
To: Detroit Metro MI, USA	Arrive: 04:22 PM	
Stops: 0	Duration: 1 hour(s) 22 minute(s)	
Seats: 03A	Status: CONFIRMED	Miles: 306
Equipment: CRJ-Canadair Regional Jet		

ARRIVES DTW EM  
 OPERATED BY PINNACLE AIRLINES/NWA AIRLINK  
 Confirmation number for this flight is N9LLZS

**AIR Wednesday, 29OCT 2008**

Northwest Airlines	Flight Number: 3435	Class: B-Coach
From: Detroit Metro MI, USA	Depart: 05:19 PM	
To: Harrisburg Intl PA, USA	Arrive: 06:41 PM	
Stops: 0	Duration: 1 hour(s) 22 minute(s)	
Seats: 07A	Status: CONFIRMED	Miles: 364
Equipment: Canadair Regional Jet		

DEPARTS DTW EM  
 OPERATED BY MESABA AVIATION/NWA AIRLINK  
 Confirmation number for this flight is N9LLZS

Ticket Information:

Agent: JOHN.J SPANOS  
 Date Issued: 10/17/2008 Invoice nbr: 428132  
 Ticket Nbr: 0057550745193 Electronic: Yes Amount: 1251.00  
 Form of Payment: AX\*\*\*\*\*1016

10/27/2008

Professional Fee: JOHN.J SPANOS

Date issued: 10/17/2008 Invoice Nbr: 428132

Document Nbr: 8908125777554

Amount: 12.00

Method of Payment: AX\*\*\*\*\*1016

Air Fare: 1251.00

Professional Fee: 12.00

Total Invoiced: 1263.00

Click here to get advance boarding passes on these carriers:

[Continental Airlines](#)

[Northwest Airlines](#)

CHECK WWW.TSA.GOV FOR CARRY ON RESTRICTIONS

10/27/2008

**Spanos, John J.**

**From:** 'Courtyard By Marriott Reservation' [reservations@courtyard.com]

**Date:** Thursday, October 23, 2008 3:25 AM

**To:** Spanos, John J.

**Subject:** Reminder: Your stay at Courtyard Lexington North begins Tuesday, October 28, 2008



Courtyard Lexington North

775 Newtown Court,  
Lexington, Kentucky 40511 USA  
Phone: 1-859-253-4646 Fax: 1-859-253-9118



Marriott Rewards® member

### Reservation for JOHNJ SPANOS

**Confirmation Number: 88756442**

**Check-in:** Tuesday, October 28, 2008 (03:00 PM)

**Check-out:** Wednesday, October 29, 2008 (12:00 PM)

[View hotel website >>](#)

[Modify or Cancel reservation >>](#)

[Driving Directions >>](#)

[Maps & Transportation >>](#)

# Reservation Reminder

Dear JOHNJ SPANOS,

Your reservation #88756442 at the Courtyard Lexington North begins soon. We're excited you'll be visiting and are preparing for your stay.

Courtyard Lexington North

## About Your Hotel

### Services & Amenities

- Business center
- Fitness center on-site
- Indoor pool

For a complete list of services and amenities, download the hotel fact sheet >>

Find a flight: uncover the best fares >>

Choose a car: choose from multiple car companies >>

Hertz great special rates >>

# About Your Destination

## Weather

[View a 10-day forecast >>](#)

## What's happening in Lexington?

You know what you like. We know where you can find it in Lexington. Use the links below, proudly provided by wCities, to find things to do and see in Lexington.

[City Insider >>](#)  
[Dining >>](#)  
[Bars & Nightlife >>](#)  
[Things to do >>](#)

[Business Essentials >>](#)  
[Shopping >>](#)  
[Practical Information >>](#)



## Reservation Details

**Confirmation Number:** 88756442

**Your hotel:** Courtyard Lexington North

**Check-in:** Tuesday, October 28, 2008 (03:00 PM)

**Check-out:** Wednesday, October 29, 2008 (12:00 PM)

**Room type:** Guest room, 1 King, Sofabed

**Number of rooms:** 1

**Guests per room:** 1

**Guest name:** JOHNJ SPANOS

**Reservation confirmed:** Friday, October 17, 2008 (15:11:00 GMT)

**Guarantee method:** Credit card guarantee, Visa

### Special request(s):

- Non-Smoking Room: Guaranteed

Summary of Room Charges	Cost per night per room (USD)
Tuesday, October 28, 2008 - Wednesday, October 29, 2008 ( 1 night )	149.00
Regular Rate * King Room (1 King Bed) * Free High Speed Internet Access Included in all Guest Rooms	
Estimated government taxes and fees	19.37
<b>Total for stay for (all rooms)</b>	<b>168.37</b>
• Complimentary on-site parking	

You may modify or cancel your reservation online (see details below), or call 1-800-321-2211 in the US and Canada. Elsewhere, call our **worldwide telephone numbers**.

Contact us if you have questions about your reservation.

### Canceling Your Reservation

- You may cancel your reservation for no charge until 06:00 PM hotel time on Tuesday, October 28, 2008.
- Please note that we will assess a fee of 168.37 USD if you must cancel after this deadline.

If you have made a prepayment, we will retain all or part of your prepayment. If not, we will charge your credit card.

### Modifying Your Reservation

- Please note that the length of the stay in the length of the reservation may vary from the original reservation.
- The following rates are subject to change without notice.

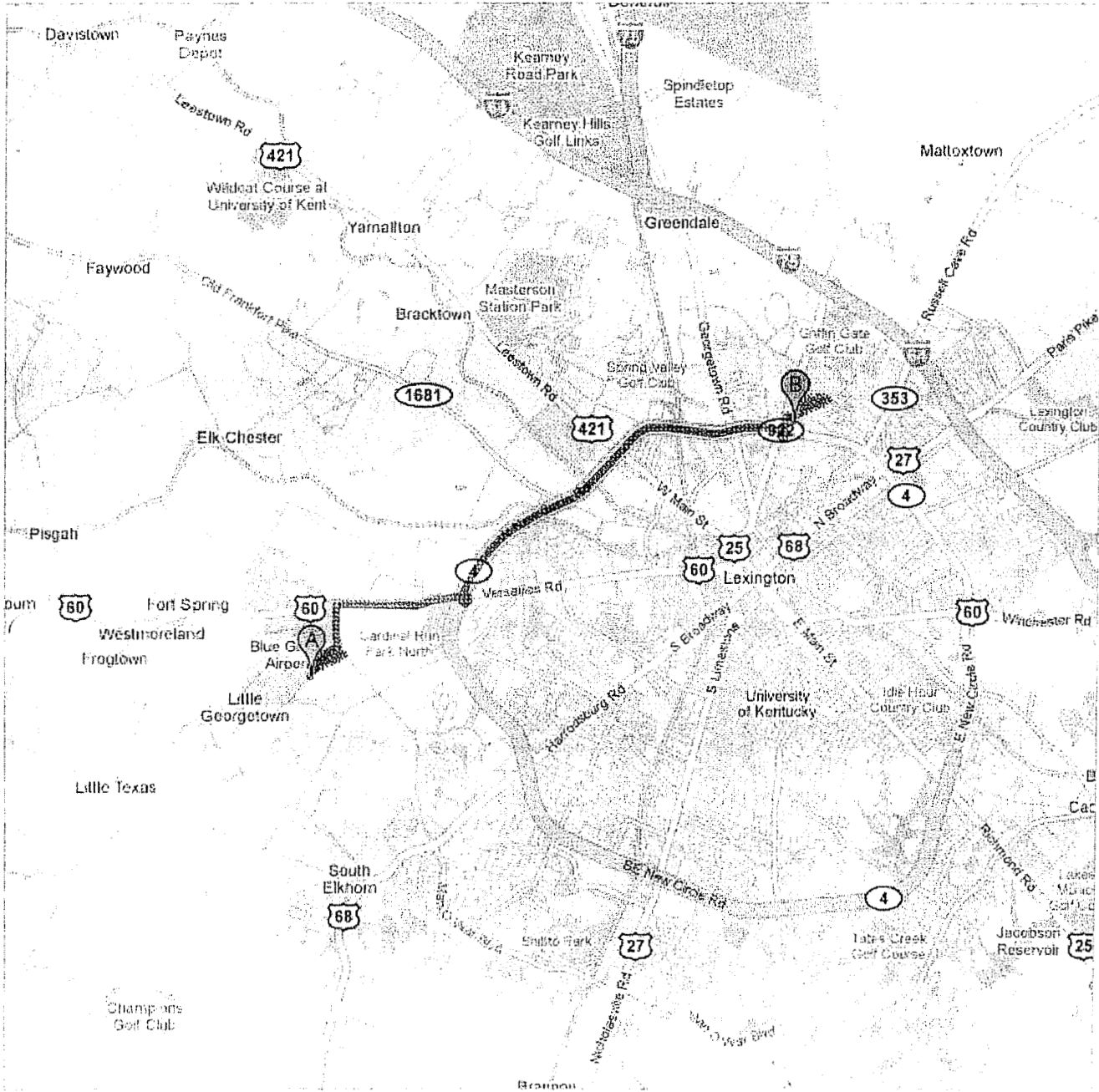









Directions to 775 Newtown Ct, Lexington-Fayette, KY 40511  
8.1 mi – about 13 mins

Save trees. Go green!

Download Google Maps on your phone at [google.com/gmm](http://google.com/gmm)



 **Airport Rd**  
**Lexington-Fayette, KY 40510**

1. Head **northeast** on **Airport Rd/Man O War** toward **Air Freight Dr**  
Continue to follow Airport Rd  
About 1 min go 0.5 mi  
total 0.5 mi
-  2. Turn **left** at **Man O War Blvd**  
About 1 min go 0.5 mi  
total 1.0 mi
-  3. Turn **right** at **US-60/Versailles Rd**  
About 4 mins go 1.5 mi  
total 2.5 mi
-  4. Take the ramp onto **KY-4 N/W New Circle Rd**  
About 6 mins go 5.0 mi  
total 7.5 mi
5. Take the **State Hwy 922 N/Newtown Park** ramp to **I-75/I-64**  
go 0.2 mi  
total 7.8 mi
-  6. Merge onto **KY-922/Newtown Pike**  
go 0.2 mi  
total 8.0 mi
-  7. Turn **right** at **Newtown Ct**  
Destination will be on the left go 0.1 mi  
total 8.1 mi

 **775 Newtown Ct**  
**Lexington-Fayette, KY 40511**

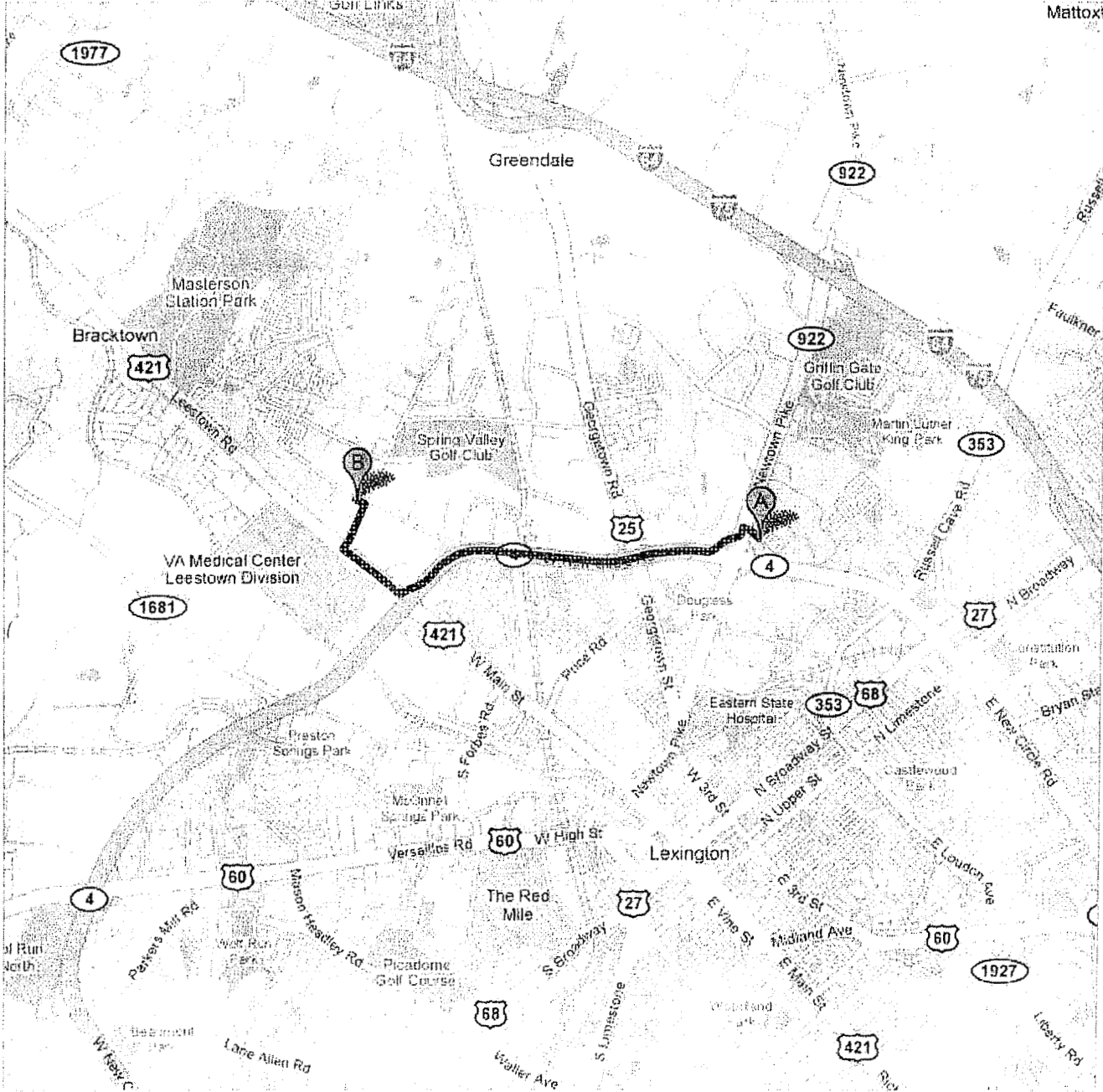
These directions are for planning purposes only. You may find that construction projects, traffic, weather, or other events may cause conditions to differ from the map results, and you should plan your route accordingly. You must obey all signs or notices regarding your route.

Map data ©2008 Tele Atlas









Directions to 2001 Mercer Rd, Lexington, KY 40511  
3.1 mi - about 6 mins

Save trees. Go green!  
Download Google Maps on your phone at [google.com/gmm](http://google.com/gmm)



 **775 Newtown Ct**  
**Lexington-Fayette, KY 40511**

1. Head **northwest** on **Newtown Ct** toward **KY-922/Newtown Pike** go 0.1 mi  
total 0.1 mi
-  2. Turn **left** at **KY-922/Newtown Pike**  
About 1 min go 249 ft  
total 0.2 mi
-  3. Take the ramp onto **KY-4/W New Circle Rd**  
About 2 mins go 2.0 mi  
total 2.1 mi
4. Take exit **7** for **US-421/LEESTOWN Rd** toward **Frankfort** go 0.2 mi  
total 2.4 mi
-  5. Turn **right** at **Leestown Rd/W Main St/US-421** go 0.4 mi  
total 2.8 mi
-  6. Turn **right** at **Greendale Rd**  
About 1 min go 0.3 mi  
total 3.1 mi
-  7. Turn **left** at **Mercer Rd**  
Destination will be on the right go 331 ft  
total 3.1 mi

 **2001 Mercer Rd**  
**Lexington, KY 40511**

These directions are for planning purposes only. You may find that construction projects, traffic, weather, or other events may cause conditions to differ from the map results, and you should plan your route accordingly. You must obey all signs or notices regarding your route.

Map data ©2008 Tele Atlas

## MANAGEMENT MEETING GARY SULLIVAN

ATTEMPTING TO DEVELOP CONSISTENCY BETWEEN COLUMBIA SYSTEM

### SERVICE CENTERS

FRANKFURT (LEASED) - COMMUNICATION TOWER IS OWNED

WILMINGTON

MAYHEW (LEASED)

ASHLAND (LEASED)

EASTPOINT (LEASED)

PARIS OFFICE IS SOLD BUT VINE ST. STILL IN SERVICE

NO LONGER OWN PROPR. FACILITIES

### MAINS

2007 RETIRED CI + BARE STEEL

ACROSSING IN 2007 + 2008

110,000' / YR TO BE RETIRED

20 MILLS OF CI TO BE REPLACED

500 MILLS OF BARE STEEL

MOSTLY 1 FOOT ALL BEFORE 1960

DEPTH OF MAIN THE SAME BY TYPE

SERVICES REPLACED WITH BARE STEEL + CI MAIN REPLACED

ISB CHY TOOK OWNERSHIP OF SERVICES

DAMAGE DUE TO DIGS CAUSE PLASTIC PITS

DO NOT ANTICIPATE UPGRADES DUE TO BUDGET CONSTRAINTS

LITTLE GROWTH IN SYSTEM

PIPE INTEGRITY WILL CAUSE UPGRADES

PIPE REPLACEMENTS DUE TO TARGET IMPROVEMENTS

TO VR AVERAGE FOR MAINS IS REASONABLE

RB

SOME CONTAMINATED PIPE IN SYSTEM

MOST PIPE IS ABANDONED IN PLACE, UNLESS REQUESTED TO BE REMOVED

COST TO REMOVE STILL EXIST

LABOR ESTIMATED FOR REMOVAL AND INSTALLATION

MANY HOURS ARE CHARGED TO INSTALLATION, SO REMOVAL MAY BE UNDERSTATED

## SERVICES

STEEL + PLASTIC

WILL DO INSERTING OF NEW PLASTIC INTO EXISTING STEEL

WHICH MAY BE REPLACED - SERVICES WILL BE REPLACED

ALL SERVICES ON CE + BARE STEEL TO BE REPLACED

DUE TO CONNECTION ISSUES WITH STEEL SERVICES ARE REPLACED

HP LINE REQUIRES STEEL SERVICE - ALL OTHER PLASTIC

1988 + PRIOR SERVICES - TYPE UNSURE BUT WILL NEED REPLACEMENT

ANTICIPATE MORE THAN 50% PLASTIC

40 YR LIFE MAY BE A LITTLE LONG FOR CURRENT ASSETS

ABOUT 50% OF CE + BARE STEEL CUSTOMERS WILL BE REPLACED

REPRESENTS ABOUT 20% OF ALL CUSTOMERS

## M + R STATIONS

PLAN CURRENTLY TO INSTALL WITH FORCE, NOT GDS

SOME STATIONS IS GDS

MIF BETWEEN BARR, BLOCK ← PAVE FOR STEEL

ABOUT 500 STATIONS IN SYSTEM

NEW STANDARD IS A DUAL RUN - STARTED IN 2008 - PRIOR ONLY 1 RUN AND 2 REMAINING

BYPASS AND 2 RUNS W/ 4 LEGS

NEW AMRP WILL ELIMINATE SOME MAJ STATIONS

LOW PRESSURE TO BE REMOVED

SOME INSTALLATION IMPROVEMENTS BUT DURATION LIFE IS THE SAME

OCCASIONALLY HAVE REPLACEMENT

## CITY GATES

NOT A LARGE NUMBER OF STATIONS

MORE CONTINUOUS - SO SHORTER AVERAGE LIFE

METERS + ODOLOGERS CHANGED OUT SHORTER

25-30 YR LIFE REASONABLE

## METERS

NO PLANS TO RETRAIT OR CHANGEOUT METERS FOR AIR/AME

LARGE INDUSTRIES HAVE AIR ONLY

1. GO TO HAVE 10 + THEN 14 YR PROGRAM (CHANGEOUT)

NEW SAMPLING PROGRAM WHICH SHOULD PRODUCE MORE PETS - 2001

VERY FEW METERS ARE REPLACED DUE TO ECONOMICS

SOME METERS BEING FOUND FURT INSIDE HAVE TO OUTSIDE

## House Replacements

AMRI WILL INDICATE # OF HOUSE REPLACEMENTS

FAILURE AND MOVING TO ELECTRIC MAID FORCES OF REPLACEMENTS

## IND AIR

- CUSTOMER CHANGES MODES CAUSED PETS OR REPLACEMENTS

- BUSINESS GOING OUT OF BUSINESS - NO REPLACEMENT

- LACK OF GROWTH IN ACCT DUE TO FEW CUSTOMERS

- FEWER CHANGE METER SETS - NOW INSTALLING FIXED FACTOR METER SETS

MANAGED - CUSTOMER IN 2005 CAUSED HIGH ADDITION

OTHER EQUIPMENT

MAINLY TELEPHONE + RADIO

SHOULD HAVE A LIFE WORK 10-15 YRS

DEPRECIATION ASSETS J/A SIMILAR TO SHORT LIVED ASSETS IN 378 + 379

VEHICLES + POWER OF EQUIP

- SOME STANDARDIZATION PROGRAMS AS IN PAST

CNSG FACILITIES

- ALL HAVE GOOD RECORD

- ASHLAND MAY STILL BE ON BOOKS BUT SOON TO BE REMOVED



LITTLETON OPERATIONS CENTER 10:30

1999 CONSTRUCTION

OFFICES, TRAINING ROOMS

WATERWAYS ATTACHED TO BLDG

CALL CONTROL PERSONNEL REMOVED

① VEHICLES

② H & R STATION AT OPERATIONS CENTER

SMALL STORAGE BLDG IN YARD

③ BACKHOE / TRACTOR

④ LOADING AREA

DISPATCH AREA MOVED TO COLUMBUS

ASSEMBLY ROOM

FITNESS ROOM

1 PARTNER OFFICE

⑤ BLDG

PROPANE FROM DIST. RE. STATION 11:00

160 lbs → 30 lbs

WENT TO CITY GATE STATION

⑥ H & R STATION

⑦ COMMUNICATION BLDG & TOWER

⑧ CONVERTED COMMUNICATION BLDG TO SMOG

CITY GATE STATION 11:00

⑨ INTER BATH HOURS

⑩ WENT TO LINE - CONTING TROOP KA 1

⑪ REGULATING BLDG - 900 lbs → 160 lbs

⑫ REGULATING BLDG

DARWOOD DRIVE REG STATION 11:40 #1100

3) M+R EQUIPMENT

H2O PRESS  $\Rightarrow$  INTERMEDIATE PRESSURE 30 lbs  $\rightarrow$  8 lbs

14) BUDG

Few STATIONS ARE U/G WITHIN DOWNTOWN

TRYING TO ELIMINATE U/G STATIONS

SPINDLE TOP / UNIV. HUNT RESERCH REG STATION 11:50

2 RUNS

2008 INSTALLATION

INTERMEDIATE  $\Rightarrow$  MEDIUM PRESSURE

(1) M+R STATION

SEWER STATION 12:15 #1572

300 lbs  $\rightarrow$  150 lbs HI  $\rightarrow$  MP

2001 CONSTRUCTION

SENDING PRESSURE LINE INTO GOODLETOWN FROM FRANKFORT

16) Relief VALVE + M+R EQUIPMENT

WOOD FENCE

SHOWALTER REG STATION 12:25

17) SCADA EQUIPMENT

18) M+R EQUIPMENT

175 lbs  $\rightarrow$  30 lbs

LINE COMES FROM SEWER STATION

19) BUDG

# Columbia Gas of KY

10/29/08

8:30 A.M. → Mot Mtg

- Effort for consistency w/ All Columbia M+R Design
- Main Office is Owned
- Service Ctrs

FRANFORD (L) → Comm. Tower here is owned

ASHLAND (L)

EAST PT. (L)

INEZ (O)

MAYSVILLE (L)

(L) = Leased

(O) = Owned

- PARIS → Office Sold, But Another Bldg.
- Propane Plant Decommissioned in 2000
- MAINS

a) C.I. + BARE STEEL REPL. PLAN (20 YEARS) ≈ 2027-2028

b) C.I. + B.S. = 116,000/yr in REPL PROGRAM

↓  
22 Miles      450 Miles

> 1/2 Prior to 1960

c.) Same Depth as Plastic + Coated St. (36")

d.) Reasons for Retirement (PL + Coated St.)

1.) SERVICES

a.) Too Shallow

b.) To Match Main

c.) DAMAGE

d.) RELOCATIONS

- Currently Have Negative Growth in Residential Mkt.

e.) Staff agrees w/ ≈ 70 yr. Life of Mains

f.) PCB Contaminated Pipe Created Discarded Meters

↳ Effort to Prove There is No Need to Discard Meter

### g.) REPLACEMENT

- 1.) ABANDON IN PLACE IF POSSIBLE
- 2.) RETIRES ARE ESTIMATED AS LABOR ONLY (IN MOST CASES)

### - SERVICES

- a.) PLASTIC + STEEL
- b.) NEW SERVICE NORMALLY ACCOMPANIES NEW MAIN
- c.) REPLACE C.I. OR BARE STEEL
- d.) STEEL SERVICES INSTALLED FOR HIGH PRESSURE ( $> 99 \#s$ )
- e.) PLASTIC  $> 50\%$
- f.)  $\cong 40$  YRS (STAFF HAD NO STRONG REASON TO DEVIATE FROM THIS ESTIMATE)
- g.) 20% OF CUSTOMERS w/ C.I. + BARE STEEL WILL BE REPLACED

### - M+R STATIONS

- a.) NEW STANDARD  $\rightarrow$  FENCE ONLY (WHEN POSSIBLE)
- b.) PRIOR PRACTICE  $\rightarrow$  SOME IN BUDG. / SOME FENCED  
 $\downarrow$   
PRE-FAB METAL  
BLOCK (MOST EXISTING)
- c.)  $\cong$  # OF STATIONS = 500
- d.) NEW STANDARD  $\rightarrow$  DUAL RUN = 4 REUS INSTEAD OF 2  
 $\rightarrow$  REDUNDANCY (D.R.)  
 $\rightarrow$  NO BYPASS
- e.) AMRP  $\rightarrow$  WILL LESSEN THE NEED FOR M+R STATIONS
- f.)  $\cong$  @ 30-35 YRS. (REUS)
- g.) USING EPOXY RATHER THAN PAINT AS COATING TO LENGTHEN LIFE
- h.) NOT TOO MANY RELOCATIONS OF M+R STNS.

- DAVE MENULAK (VEHICLES + POE)  
a) ANY ?'S

- 394.11 CNG FACILITIES  
a.) ALL GONE OR TO BE GONE  
b.) 1 STATION MAY REMAIN

TALK TO KEVIN SOLLIE ABOUT RATE  
375.71 → TO NON-DEP SECTION  
AMEND PARTS STRUCTURE NAME

10:20 AM - MERCER RD. MAIN OFFICE (LEXINGTON OPS. CTR.)

- 1<sup>ST</sup> FLOOR OFFICES
- TRAINING ROOMS
- WH FACILITIES


CALL CTR. DEBRANDED ≈ 2 YRS AGO

- YARD (STORAGE) w/ STORAGE SHED
- M+R STATION
  - 2 REGS
- EQUIPMENT LOT
- DISPATCH CTR - EMPTY - NOW DONE FROM COLUMBIAS
- LARGE TRAINING / MEETING ROOM
- EXERCISE / GYM ROOM
- 2<sup>ND</sup> OFFICES

\*\*  
\*\*  
\*\*

\*

11:00 A.M. PROPANE PLANT

- RADIO TOWER w/ SMALL COMM BLDG.
-  SMALL BLDG.
- M+R STN (160# → 130#)
- 1) 2 REGS

- CITY GATE STN

- 1) WATER PUMP HEATER
- 2) 900# → 160#
- 3) 2 LINES w/ BYPASS
- 4) RECEIVED FROM TEXO
- 5) 2 REGS. (FISHER)
- 6) VINTAGE? (PRIOR TO 1971)

11:40 A.M. OAKWOOD DR M+R (REV STN 1100)

- SMALL BRICK BLDG. (BLOCK + WOOD INTERIOR)
- 2 REGS.
- MOTT PRESS IN (35#) → INTERMEDIATE PRESSURE (8#)

11:55 A.M. SPINDLETOP M+R STATION

- NEW DUAL RUN DESIGN
- INTERMEDIATE PRESS → MEDIUM PRESSURE
- 4 REGS

12:10 P.M. SEWELL STATION #1572

- WOODEN FENCE
- 300# → 150#
- 2 REGS
- 2 TEST LINES (UPRIGHT)
- VINTAGE ≈ 2001
- FROM TRANS TO HIGH PRESSURE FEEDING GEORGETOWN

12:25 P.M. STONWALTER MTR STATION

---

- Small BRICK / BLOCK BLDG.

- Comm. Room

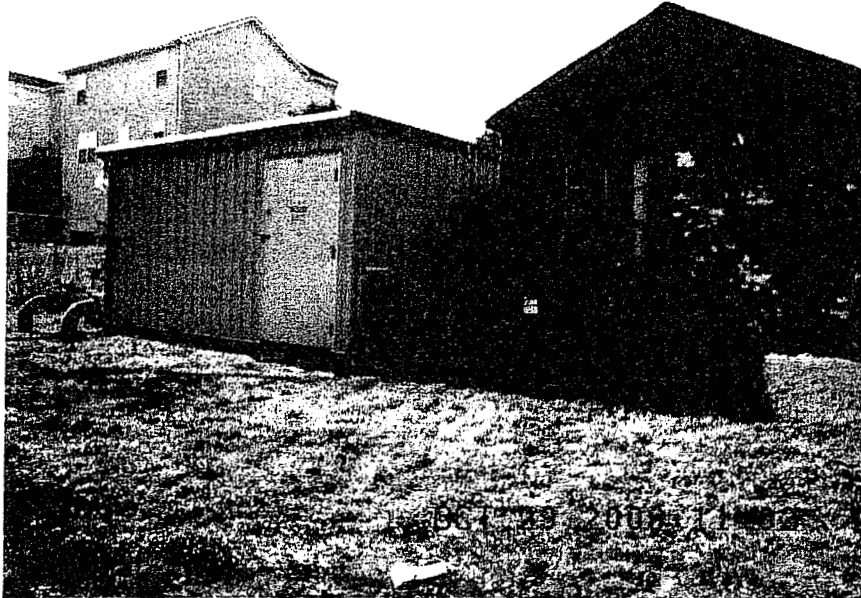
- 2 Elevs

- 175# → MED PRESSURE (79#)

COLUMBIA GAS OF KENTUCKY

Account 375.34, Structures & Improvements – General

October 29, 2008



Regulating Building at City Gate Station



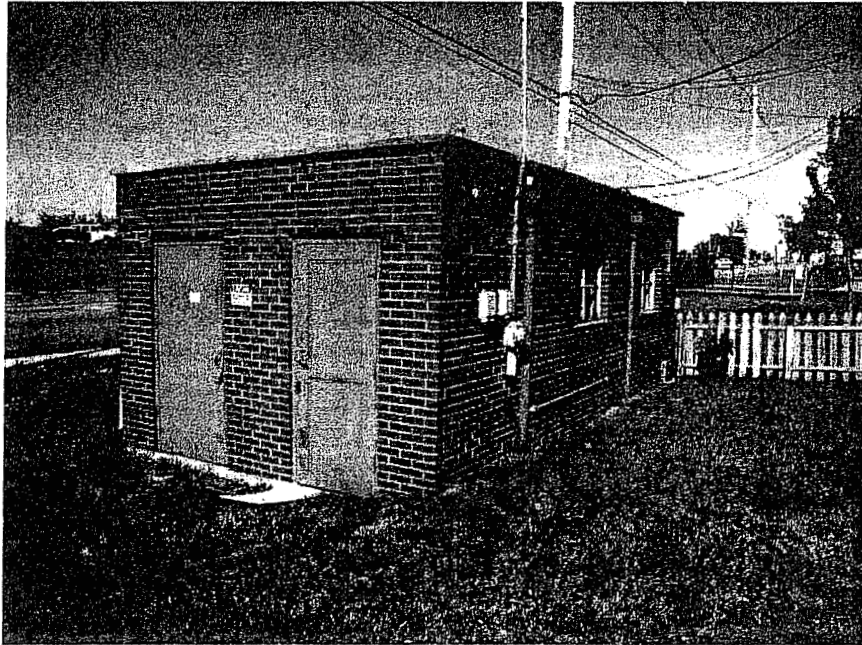
Oakland Drive Regulating Station



COLUMBIA GAS OF KENTUCKY

Account 375.34, Structures & Improvements – General

October 29, 2008



Showalter Regulating Station

COLUMBIA GAS OF KENTUCKY

Account 375.70, Structures & Improvements

October 29, 2008



Loading Area at Lexington Headquarters



Lexington Headquarters

COLUMBIA GAS OF KENTUCKY

Account 375.70, Structures & Improvements

October 29, 2008

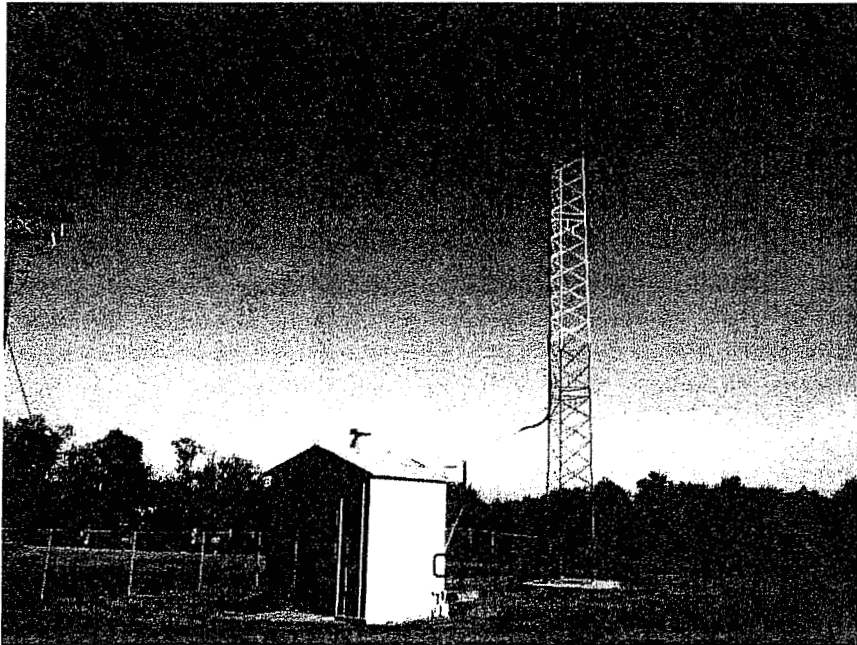


Converted Shed at Old Propane Plant Site

COLUMBIA GAS OF KENTUCKY

Account 375.80, Structures & Improvements - Communication

October 29, 2008



Communication Building and Tower at Old Propane Plant Site

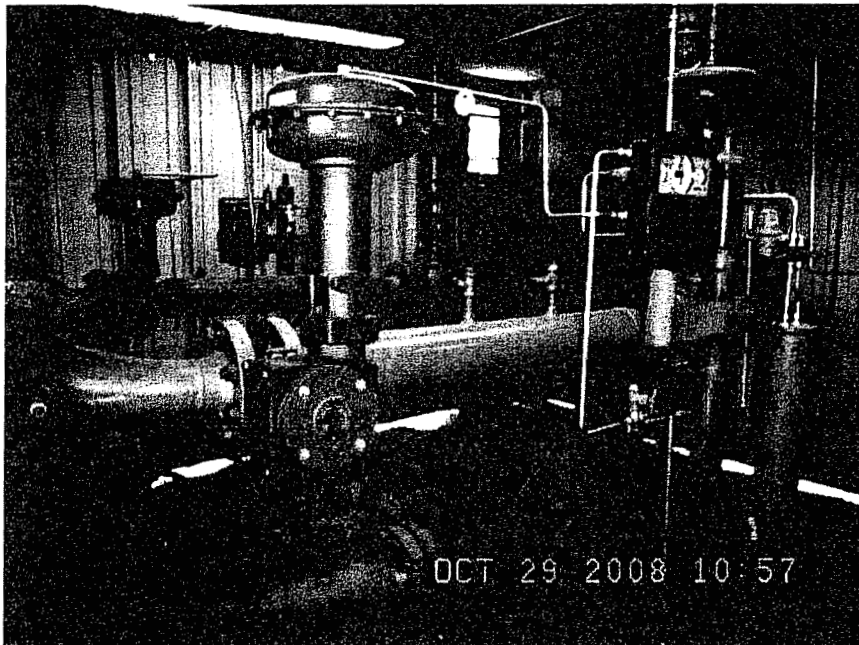
COLUMBIA GAS OF KENTUCKY

Account 378, Meas. and Reg. Station Equipment

October 29, 2008



Valve for Incoming Line at City Gate Station

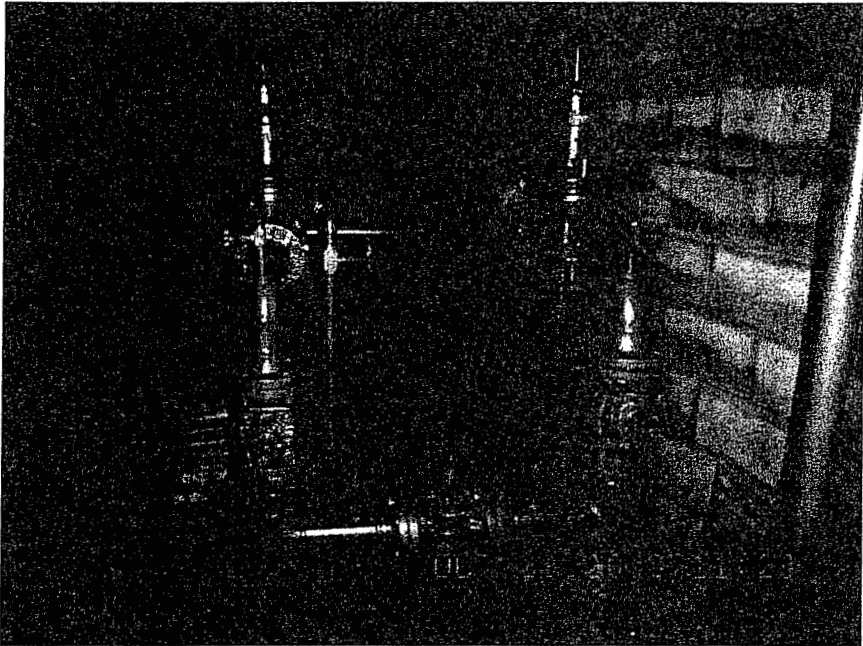


Regulating Equipment at City Gate Station

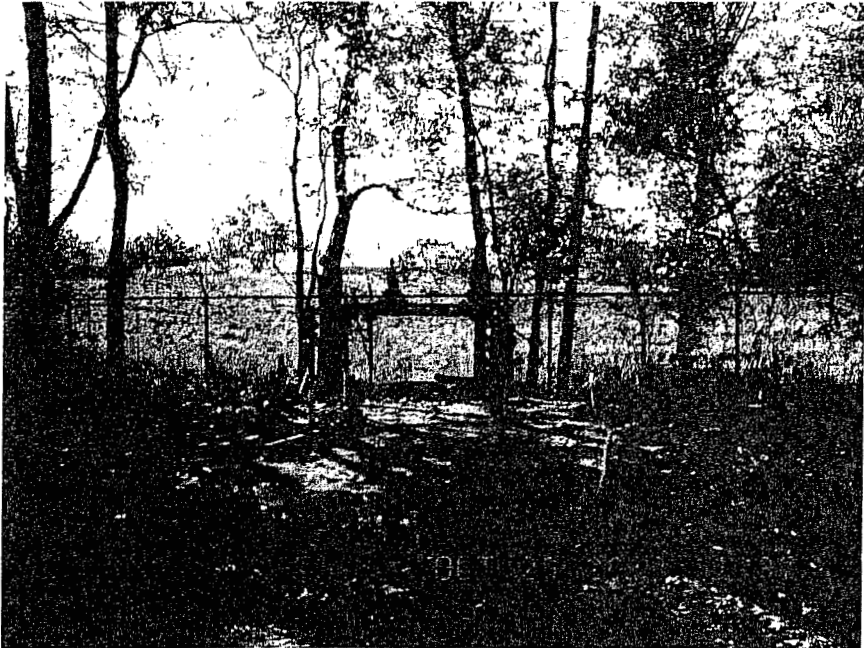
COLUMBIA GAS OF KENTUCKY

Account 378, Meas. and Reg. Station Equipment

October 29, 2008



Regulating at Oakwood Drive Regulating Station



Spindle Top/Univ. of Kentucky Research Regulating Station

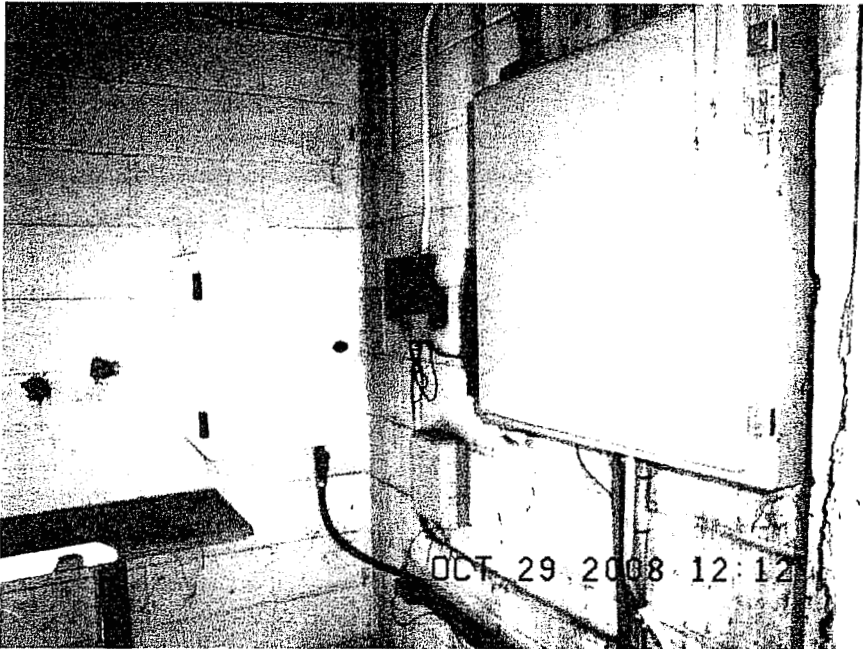
COLUMBIA GAS OF KENTUCKY

Account 378, Meas. and Reg. Station Equipment

October 29, 2008



Relief Valve and Regulating Station

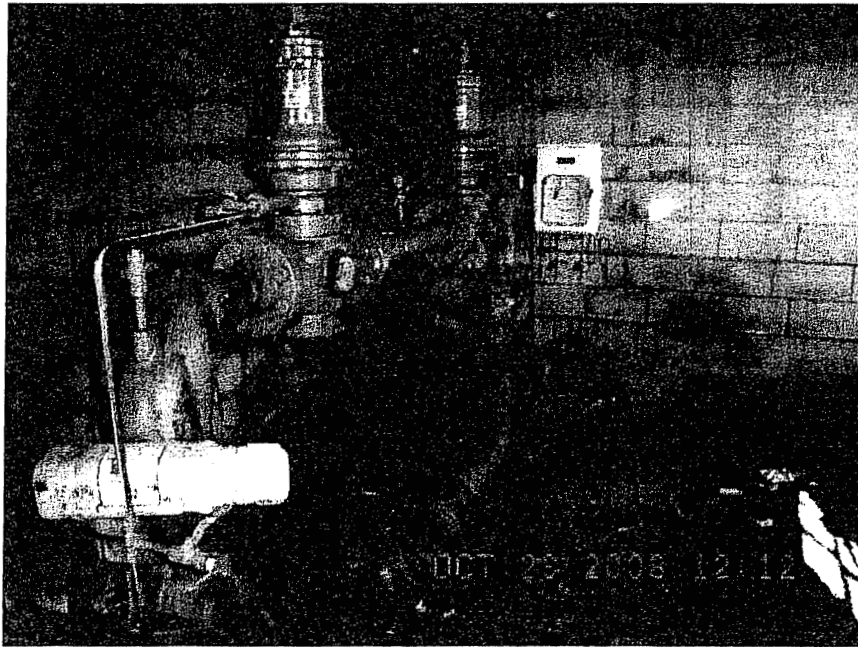


SCADA Equipment at Showalter Regulating Station

COLUMBIA GAS OF KENTUCKY

Account 378, Meas. and Reg. Station Equipment

October 29, 2008



Regulating Equipment at Showalter Regulating Station



COLUMBIA GAS OF KENTUCKY

Account 379, Meas. and Reg. Station Equipment – City Gate

October 29, 2008



Water Bath Heater at City Gate Station

COLUMBIA GAS OF KENTUCKY

Account 392, Transportation Equipment

October 29, 2008



Vehicles at Lexington Headquarters

COLUMBIA GAS OF KENTUCKY

Account 396, Power Operated Equipment

October 29, 2008



Truck and Trencher at Lexington Headquarters



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 094:

Provide all internal and external audit reports, management letters, consultants' reports etc. from 2005-2009, inclusive, which address in any way, the Company's property accounting and/or depreciation practices.

**Response:**

The attached Management Letters (AG DR Set 1-094 Attachment A) reflect the results of internal reviews covering the periods in question. Although the reviews performed were not specific to property accounting and/or depreciation practices, there are references to Company processes performed within the property accounting group.

AG DR SET 1-094  
Attachment A  
5 PAGES



**TO:** Mark D. Wyckoff, General Manager COH/CKY  
Shawn L. Patterson, General Manager CPA/CMD  
Peggy Landini, General Manager CGV

**FROM:** Larry J. Francisco, Vice President Audit  
David L. Cutri, Director Audit *David L. Cutri*

**DATE:** May 18, 2005

**SUBJECT:** Construction Service Contracts Review (Columbia Distribution (CDC))

We have completed a review of construction service contracts for the Columbia Distribution Companies (CDC) as of April 30, 2005. The review focused on the adequacy and effectiveness of internal controls associated with vendor and CDC procedures that are in place to manage the risks associated with construction services.

### Background

The CDC General Managers and the Technical Operations department are responsible for managing construction service contracts. This includes approving capital projects, procuring project materials, recording expenditures, performing capital budget analyses, ensuring contractor compliance with contractual provisions, and restricting access to key applications such as the Work Management System (WMS).

The primary business risks associated with this process are that expenditures are not properly classified; capital expenditures incurred are not properly accrued; capital budget analyses are not performed in a timely manner; costs are incurred on unapproved capital projects.

### Conclusion

Internal controls associated with the following areas need improvement in order to bring the control environment to an effective level in mitigating the risks specific to the achievement of business objectives:

- Reducing the number of employees that can approve job orders in WMS;
- Accurately recording overhead expenses;
- Accruing capital expenditures in the appropriate accounting period.

We have reviewed the results with area management and management action plans have been developed to address the issues identified during the review.

## Summary of Business Objectives, Scope and Results

- **Business Objective 1: Contractors are accurately paid for work completed.**

**Scope:** Review that contractor payments are accurately calculated, properly supported, and approved. Determine whether controls are in place to identify erroneous or fraudulent contractor invoices.

**Results:** Our testing indicates that contractor payments are appropriately supported and approved. Controls are in place at the field, supervisory, and Accounts Payable levels to identify erroneous or fraudulent contractor invoices.

**Recommendations:** None.

- **Business Objective 2: Capital expenditures are properly classified and reported.**

**Scope:** Determine whether capital project costs are incurred only after project approval. Determine whether reclassifications of Operations and Maintenance (O&M) expenditures are properly supported and valid. Verify that WMS is reconciled with the fixed asset (Power Plant) and general ledger systems. Review that capital budget analyses are performed in a timely manner. Ensure that allowances for funds used during construction and overhead are properly recorded. Ensure that capital expenditures incurred are properly accrued in the appropriate accounting period.

**Results:** The results of our testing indicate that Operations management is approving capital projects before charges are incurred. Reclassifications of O&M expenditures are appropriately supported. WMS is reconciled with the Power Plant and the general ledger system. Capital budget reviews are performed on a timely basis. The allowance for funds used during construction is properly recorded.

The allowance for 2005 overhead expenses is based on an overhead rate calculated for 2004 activity. An overhead rate for 2005 activity has not been determined.

The average number of days to process a completed construction progress report in the WMS and accounts payable systems is approximately 28 days. As such, the risk exists that capital expenditures may not be properly accrued in the correct accounting period.

**Recommendations:** Accounting should update the 2005 overhead rate based on current activity and make any necessary adjustments. Procedures should be developed and implemented for processing completed construction progress reports in a timely manner.

**Management Response:** Accounting will update the 2005 overhead rate and make any necessary adjustments by the end of May of 2005. It should be noted that the overhead rates do not change significantly from year to year.

In addition, an evaluation of the various processes for processing the completed construction progress reports is underway. In reviewing the options for decreasing the average process time, Technical Operations and Field Operations will assure that the accuracy of contractor payments is maintained, and additional costs and resources are minimized. Best practices utilized by the construction managers will be identified in May and June of 2005, and an agreed-upon solution will be implemented shortly afterwards.

- **Business Objective 3: Appropriate levels of security and maintenance for WMS are maintained.**

**Scope:** Verify that program change control procedures are sufficient to ensure that only authorized and tested changes are implemented. Determine whether authorized users have access to WMS. Ensure that the ability to approve job orders in WMS is granted only to those employees whose work duties require such access.

**Results:** Program change control procedures are effective in that only approved program changes are implemented.

Only authorized users possess WMS access; however, we noted instances where WMS access levels exceeded what is required for Operations employees to perform their job duties. For example, approximately 1,200 employees currently possess the ability to approve job orders.

**Recommendations:** Operations management should again review the list of employees that have the ability to approve a job order in WMS and revoke the access of those whose job duties do not specifically require it.

**Management Response:** The Applications Support group will coordinate a review of existing WMS access levels with assistance of the CDC General Managers. This will focus on minimizing job order approvals access. All revocations will be made by the end of June 2005. This will include making any necessary changes to security profiles for job order approvals and other WMS functionality.

We appreciate the cooperation and assistance that your staff provided to the audit team during this review. Should you have any questions or require additional information, please do not hesitate to contact Larry at (219) 647-5760 or David at (614) 460-5483.

Enclosures

cc: G. L. Neale  
R. C. Skaggs  
P. V. Fazio  
M. W. O'Donnell  
J. W. Grossman (attachments)

W. H. Marple (attachments)  
R. G. Kriner (attachments)  
D. A. Monte (attachments)  
B. D. Roy (attachments)  
Deloitte and Touche (attachments)



**TO:** Mark D. Wyckoff, General Manager COH/CKY  
Shawn L. Patterson, General Manager, CPA/CMD  
Peggy Landini, General Manager, CGV

**FROM:** Larry D. Francisco, Vice President Audit  
David L. Cutri, Director Audit *David L. Cutri*

**DATE:** August 12, 2005

**SUBJECT:** Field Reviews (Columbia Distribution (CDC))

We have completed a review of field operations of the Columbia Distribution Companies (CDC) as of June 30, 2005. The review focused on the adequacy and effectiveness of internal controls associated with Operations and Maintenance (O&M) and capital expenditure activities performed in the field.

### **Background**

CDC serves approximately 2.2 million customers and distributes 530 billion cubic feet of natural gas annually. The CDC affiliates include Columbia Gas of Ohio (COH), Columbia Gas of Pennsylvania (CPA), Columbia Gas of Maryland (CMD), Columbia Gas of Virginia (CGV), and Columbia Gas of Kentucky (CKY). While separate organizational entities are maintained, the CDC affiliates (as well as NIPSCO, BSG, and NU) operate as one distribution business that is vertically integrated with transmission/storage in the major gas markets.

The primary business risks associated with the various field operations processes are: CDC field compliance requirements are being adequately communicated to field personnel; management methods are sufficient to direct and document related task performance; and management systems adequately monitor the level of field compliance and exception follow-up. A summary of the areas reviewed and results are outlined below in this report.

### **Conclusion**

Internal controls need improvement in the following areas in order to bring the control environment to an effective level in mitigating the risks specific to the achievement of business objectives:

- Billing reimbursable job orders in a timely manner
- Reconciling rates between the Power Plant (fixed asset) system and the applicable depreciation studies
- Implementing business continuity plans at the field level
- Streamlining the contract bidding process
- Ensuring compliance with CDC procedures pertaining to meter testing

We have reviewed the results with area management and management action plans have been developed to address the issues identified during the review.

## Summary of Business Objectives, Scope and Results

- • **Business Objective 1: Maintain continuing property records of assets in an accurate and timely manner.** ←

**Scope:** Verify that reconciliation between Power Plant and general ledger application records are accurately completed and approved in a timely manner. Ensure that controls involving charges to previously closed job orders are adequate. Determine whether completed job orders are promptly mapped to official company map records. Reviewed the "Reimbursable Work Orders In-service Three Months with No Final Billing" report and controls involving follow-up on this backlog report. Compare depreciation and depletion amounts on the CDC financial statements to the Power Plant reports and a sample of the associated depreciation rates to the depreciation studies.

→ **Results:** Reconciliation between Power Plant and the general ledger is accurately completed and approved in a timely manner. Controls involving charges to previously closed job orders are adequate. Completed job orders are promptly mapped to official company map records. ←

Reports of unbilled reimbursable work orders are being generated monthly and distributed to appropriate management. However, opportunities for improvement remain since the dollar value of CDC unbilled reimbursable work orders is currently \$3.4 million, which is an increase of 7% from our 2004 internal audit of Field Operations Support.

→ The depreciation amounts on the CDC financial statements agreed with Power Plant records. However, minor differences were noted between the depreciation rates in Power Plant and the depreciation study rates for CPA. ←

**Recommendations:** Additional resources should be dedicated to reducing the number of unbilled reimbursable work orders to an acceptable level.

A procedure should be implemented whereby Accounting management verifies that depreciation rates utilized in the Power Plant and general ledger accounting records are accurate and match approved rates from the applicable depreciation study.

**Management Response:** Senior Engineers are responsible for reviewing the Operations Engineers comments on this monthly report to assure appropriateness and that additional follow-up action is being taken as required. The importance of this report has been reinforced with all engineering staff. In addition, improvements to the CDC reimbursable work order billing process (progress billings, etc.) will be considered and implemented as appropriate.

The CDC Segment Controller and Fixed Asset Accounting manager will implement a plan to ensure depreciation rates are validated in Power Plant the month after any changes are entered.

PSC Case No. 2009-00141  
AG DR Set 1-095  
Respondent(s): Gary Pottorff, Robert Kriner

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO REQUESTS FOR INFORMATION OF THE  
ATTORNEY GENERAL**

Data Request 095:

Please provide copies of all Board of Director's minutes and internal management meeting minutes from 2005-2009, inclusive, in which the subject of the Company's depreciation rates or retirement unit costs were discussed.

**Response:**

The Company's depreciation rates or retirement unit costs were not discussed at any Columbia Gas of Kentucky Board meetings or internal management meetings for which minutes were kept.