

October 3, 2010

Hon. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Blvd.
Frankfort, KY
40602-0615

RECEIVED

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PUBLIC SERVICE
COMMISSION

RE: Case No. 2000-129

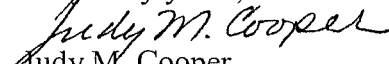
Dear Sir,

As part of the Order issued by the Commission in the above referenced case, Columbia Gas of Kentucky was required to notify the Commission after paying any dividend or transferring more than five percent of the retained earnings of Columbia Gas of Kentucky to Columbia Energy or NiSource. Pursuant to the Commission's Order, Columbia Gas of Kentucky offers the following report.

On September 28, 2010, Columbia Gas of Kentucky issued a dividend to Columbia Energy Group in the amount of \$3,000,000. Columbia Energy Group then paid a dividend to NiSource Inc. for the same amount. A resolution declaring the dividend from the Board of Directors is attached.

In addition to the dividend reported herein, Columbia Gas of Kentucky reports herewith two prior dividend payments on November 3, 2009 and March 10, 2010, for which it is unable locate internal evidence of previously reporting to the Commission. Although Columbia reasonably believes that it filed such reports it is unable to locate copies of the reporting letters. If the Commission records do not reflect the filings, we apologize to the Commission for this administrative oversight and we have adopted internal controls to make sure this oversight is not repeated.

Please let me know if you need additional information regarding this matter.

Very truly yours,

Judy M. Cooper
Director, Regulatory Policy

**UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS OF
COLUMBIA GAS OF KENTUCKY, INC.**

The undersigned, being all of the directors of Columbia Gas of Kentucky, Inc., a Kentucky corporation (the "Corporation"), do hereby consent and agree to the adoption of the following resolutions pursuant to the authority of Section 271B.8-210 of the Kentucky Business Corporation Act, in lieu of holding a special meeting of the directors of the Corporation:

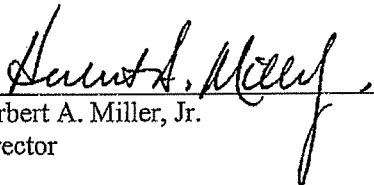
RESOLUTION DECLARING A DIVIDEND

WHEREAS, the directors of the Corporation believe it to be in the best interests of the Corporation to declare a dividend.

NOW, THEREFORE, BE IT RESOLVED, that a dividend of \$15,000,000 is declared out of the surplus earnings of the Corporation, payable November 30, 2009 to stockholders of record of the Corporation's common shares on November 25, 2009.

FURTHER RESOLVED, that the proper officers of the Corporation are authorized to take any and all other actions as such officers deem necessary or appropriate to carry into effect fully the intent and purposes of these recitals and resolutions.

Dated as of November 25th, 2009



Herbert A. Miller, Jr.
Director

David A. Monte
Director

Jimmy D. Staton
Director

Being all of the directors of the Corporation

**UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS OF
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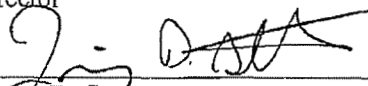
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FURTHER RESOLVED, that the proper officers of the Corporation are authorized to take any and all other actions as such officers deem necessary or appropriate to carry into effect fully the intent and purposes of these recitals and resolutions.

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Herbert A. Miller, Jr.
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David A. Monte
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Jimmy D. Staton
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Being all of the directors of the Corporation

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IN LIEU OF A SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF
COLUMBIA GAS OF KENTUCKY, INC.**

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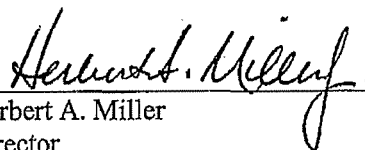
Dividend on Common Stock

WHEREAS, the directors of the Corporation believe it to be in the best interests of the Corporation to declare a dividend.

NOW, THEREFORE, BE IT RESOLVED, that a dividend of \$2,000,000 is hereby declared, payable March 19, 2010 to shareholders of record as of March 10, 2010.

FURTHER RESOLVED, that the officers of the Corporation are hereby authorized and empowered to execute and deliver any and all documents, instruments, and agreements, and to perform all further acts, as such officers shall deem necessary or appropriate to effect the purpose and intent of the foregoing recital and resolutions.

Dated this 6th day of March, 2010.



Herbert A. Miller
Director

David A. Monte
Director

Jimmy D. Staton
Director

Being all of the directors of the Corporation

**UNANIMOUS WRITTEN CONSENT
IN LIEU OF A SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF
COLUMBIA GAS OF KENTUCKY, INC.**

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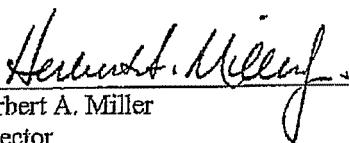
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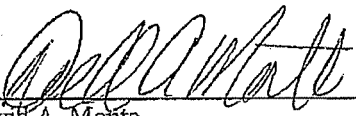
NOW, THEREFORE, BE IT RESOLVED, that a dividend of \$2,000,000 is hereby declared, payable March 19, 2010 to shareholders of record as of March 10, 2010.

FURTHER RESOLVED, that the officers of the Corporation are hereby authorized and empowered to execute and deliver any and all documents, instruments, and agreements, and to perform all further acts, as such officers shall deem necessary or appropriate to effect the purpose and intent of the foregoing recital and resolutions.

Dated this 6th day of March, 2010.



Herbert A. Miller
Director



David A. Monte
Director

Jimmy D. Staton
Director

Being all of the directors of the Corporation

**UNANIMOUS WRITTEN CONSENT
IN LIEU OF A SPECIAL MEETING OF THE
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FURTHER RESOLVED, that the officers of the Corporation are hereby authorized and empowered to execute and deliver any and all documents, instruments, and agreements, and to perform all further acts, as such officers shall deem necessary or appropriate to effect the purpose and intent of the foregoing recital and resolutions.

Dated this 8th day of March, 2010.

Herbert A. Miller
Director

David A. Monte
Director



Jimmy D. Staton
Director

Being all of the directors of the Corporation

UNANIMOUS WRITTEN CONSENT
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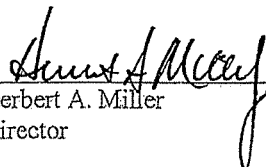
Dividend on Common Stock

WHEREAS, the directors of the Corporation believe it to be in the best interests of the Corporation to declare a dividend.

NOW, THEREFORE, BE IT RESOLVED, that a dividend of \$3,000,000 is hereby declared, payable September 28, 2010 to shareholders of record as of September 24, 2010.

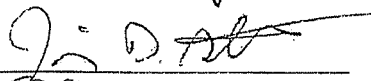
FURTHER RESOLVED, that the officers of the Corporation are hereby authorized and empowered to execute and deliver any and all documents, instruments, and agreements, and to perform all further acts, as such officers shall deem necessary or appropriate to effect the purpose and intent of the foregoing recital and resolutions.

Dated this 28th day of September, 2010.



Herbert A. Miller
Director

David A. Monte
Director



Jimmy D. Staton
Director

Being all of the directors of the Corporation