

**Columbia Gas of Kentucky, Inc.
Report on Remittance of Funds**

Columbia Gas of Kentucky, Inc., ("Columbia") hereby submits the following statement on the manner in which remitted funds have been invested in research and development.

The funds collected pursuant to Sheet No. 51c are remitted annually to Operations Technology Development of the Gas Technology Institute whose research is exclusively to address issues of natural gas distribution companies for the benefit of the utilities and customers. Columbia's monies are combined with other available monies to collectively fund numerous projects. The projects that Columbia participates in funding are selected individually, and annually, although some are longer than one year in duration. Technical representatives of Columbia choose the projects that address relevant concerns and will provide the most benefit to Columbia's operational integrity, cost-effectiveness, pipeline safety and customers.