Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-25:

Please provide a description of the Company's merit and cost of living wage rate increase policies.

Response:

The Company's wage rate increases for exempt and non-exempt non-union employees are not tied to cost of living but are, rather, merit based. Merit (performance adjustment) increases are provided on an annual basis to exempt and non-exempt non-union employees. The increases are normally to base pay.

The performance adjustment percentage for 2017 was 3.0% for all exempt employees and 3.0% for non-exempt, non-union, non-manual employees. Leaders are provided a specific pool of dollars for this adjustment. If the leader increases the performance adjustment of one employee, they must decrease the performance adjustment for another or others so that the total increase recommended does not exceed the allotted pool of dollars.

Wage rate increases for union employees are governed by collective bargaining agreements.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-26:

Please provide the following monthly labor data for the year prior to the HTY, the HTY and the FTY through the most recent date available.

a. number of actual employees broken down between type (e.g., salaried, union, non-union, temporary, etc.);

b. regular payroll broken down between expensed, capitalized and other;

c. overtime payroll broken down between expensed, capitalized and other;

d. temporary payroll broken down between expensed, capitalized and other; and

e. other payroll (specify).

Response:

a, b, c and e. Please see GAS-RR-026 Attachment A for the requested data.

d. The Company has no temporary employees.

Description	Pre-HTY TME 11/30/2016	HTY TME 11/30/2017	Additional Headcount	FTY TME 11/30/2018	Additional Headcount	FPFTY TME 12/31/2019
a.						
Employees						
Total Clerical Labor	79	85	(3)	82	0	82
Total Exempt Labor	141	141	0	141	0	141
Total Manual - Non-Union	14	15	0	15	0	15
Total Manual - Union	419	423	21	444	0	444
Total Employees	653	664	18	682	0	682

Description	Pre-HTY TME 11/30/2016	HTY TME 11/30/2017 Per Books	Annualization Adjustment	HTY TME 11/30/2017 Normalized	Additional Headcount	Time Spent on Training	Merit @ 3%	Productivity Savings	Annualization Adjustment	FTY TME 11/30/2018 Normalized	Additional Headcount	Time Spent on Training	Merit @ 3%	Productivity Savings	Annualization Adjustment	FPFTY TME 12/31/2019 Normalized
b.,c.,d., and e	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)=(4)thru(9)	(11)	(12)	(13)	(14)	(15)	(16)=(10)thru(15)
Payroll Expense																
Regular Payroll	26,155,242	26,994,643	596,032	27,590,675	281,033	0	413,860	0	497,312	28,782,880	0	0	431,743	0	446,256	29,660,879
Overtime Payroll	2,632,527	3,071,228	67,812	3,139,040	28,707	0	42,276	(17,271)	0	3,192,752	0	0	43,109	(41,165)	0	3,194,697
Premium Payroll	139,437	87,096	1,923	89,019	904	0	0	0	0	89,923	0	0	0	0	0	89,923
Net Affiliate Labor Transferred	(29,646)	(27,633)	(610)	(28,243)	0	0	0	0	0	(28,243)	0	0	0	0	0	(28,243)
Total Expense	28,897,559	30,125,334	665,156	30,790,491	310,644	0	456,136	(17,271)	497,312	32,037,312	0	0	474,853	(41,165)	446,256	32,917,255
Capital Payroll																
Regular Payroll	18,866,736	20,705,518	470,092	21,175,610	249,218	0	317,634	0	393,522	22,135,983	0	0	332,040	0	353,120	22,821,143
Overtime Payroll	1,939,320	2,430,255	55,176	2,485,431	26,179	0	33,365	(7,632)	0	2,537,343	0	0	34,146	(18,228)	0	2,553,260
Premium Payroll	102,720	68,919	1,565	70,484	0	0	0	0	0	70,484	0	0	0	0	0	70,484
Net Affiliate Labor Transferred	(21,840)	(21,866)	(496)	(22,362)	0	0	0	0	0	(22,362)	0	0	0	0	0	(22,362)
Total Capitalization	20,886,936	23,182,825	526,337	23,709,162	275,396	0	350,999	(7,632)	393,522	24,721,448	0	0	366,186	(18,228)	353,120	25,422,526
Total Payroll	**49,784,495**	**53,308,159**	**1,191,493**	**54,499,653**	**586,040**	**0**	**807,135**	**(24,903)**	**890,834**	**56,758,760**	**0**	**0**	**841,038**	**(59,393)**	**799,376**	**58,339,781**
Incentive Comp																
Expense	1,786,646	2,682,071	(792,856)	1,889,215	0	0	0	0	225,785	2,115,000	0	0	0	0	99,000	2,214,000
Capital	1,244,101	2,005,318	(510,387)	1,494,931	0	0	0	0	178,663	1,673,594	0	0	0	0	78,338	1,751,932
Total Incentive Comp	**3,030,747**	**4,687,389**	**(1,303,243)**	**3,384,146**	**0**	**0**	**0**	**0**	**404,448**	**3,788,594**	**0**	**0**	**0**	**0**	**177,338**	**3,965,932**

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-27:

Please provide a copy of all incentive compensation and/or bonus plans and provide the level of related payments included in cost of service.

Response:

Attached to this response are copies of all incentive compensation plans as GAS-RR-027 Attachment A through GAS-RR-027 Attachment F.

The amount included in the cost of service can be found on Exhibit No. 4, Schedule No. 1, Page 2, Line 2 and Exhibit No. 104, Schedule No. 1, Page 2, Line 2.

NISOURCE INC.

2010 OMNIBUS INCENTIVE PLAN

NISOURCE INC.
2010 OMNIBUS INCENTIVE PLAN

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NISOURCE INC.
2010 Omnibus Incentive Plan

Article I
Establishment, Purpose, Duration

Section 1.1 Establishment of the Plan. NiSource Inc. (formerly NIPSCO Industries, Inc.) (the "Company") adopted the NIPSCO Industries, Inc. 1994 Long-Term Incentive Plan effective April 13, 1994, which was later amended and restated effective April 14, 1999, and renamed the NiSource Inc. 1994 Long-Term Incentive Plan (the "LTIP"). The LTIP has been amended from time to time, with the most recent amendment and restatement effective January 14, 2009.

In addition, the Company adopted the NiSource Inc. Nonemployee Director Stock Incentive Plan (formerly the NIPSCO Industries, Inc. Nonemployee Director Stock Incentive Plan), effective February 1, 1992, as amended effective December 16, 1997 and February 1, 1998 (the "Director Stock Plan"). The Company also adopted the NiSource Inc. Nonemployee Director Restricted Stock Unit Plan (formerly the NIPSCO Industries, Inc. Nonemployee Director Restricted Stock Unit Plan) effective January 1, 1999 (the "Director Stock Unit Plan"). The Company merged the Director Stock Plan and the Director Stock Unit Plan into a single document, effective July 1, 2002 (the "Director Incentive Plan"). The Director Incentive Plan has been amended from time to time, with the most recent amendment and restatement effective May 13, 2008.

Finally, the Company adopted the NiSource Inc. Corporate Incentive Plan (the "Corporate Incentive Plan") to provide annual cash awards to employees of the Company.

The Company replaced the Prior Plans with one incentive plan document called the NiSource Inc. 2010 Omnibus Incentive Plan upon stockholder approval at the 2010 annual meeting. On October 21, 2013, the Committee amended the Plan to provide authority to grant Awards that contain either single-trigger or double-trigger vesting in the event of a Change in Control, as the Committee deems appropriate, instead of requiring only single trigger vesting. Each of the Prior Plans will continue to remain effective with respect to awards granted under each Prior Plan. Since stockholder approval of this Plan, no new awards have been granted under the Prior Plans, and no new awards will be granted under the Prior Plan. New Awards will continue to be granted under this Plan.

Section 1.2 Purpose. The Plan is designed to promote the achievement of both short-term and long-term objectives of the Company by (a) aligning compensation of Participants with the interests of Company stockholders, (b) enhancing the interest of Participants in the growth and success of the Company, and (c) attracting and retaining Participants of outstanding competence.

Section 1.3 Effective Date and Duration. This Plan, if reapproved by a majority of the votes cast by Company stockholders at the May 2015 annual meeting shall be renewed effective at such date and shall remain in effect, subject to the right of the Board or the Committee to amend and terminate the Plan at any time as provided in this Plan, until all Shares subject to it shall have been purchased or acquired according to the Plan's provisions. In no event, however, may an Award be granted under the Plan more than ten years after the date the Plan was approved by the stockholders.

Article II
Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized:

Section 2.1 162(m) Award. "162(m) Award" means an Award that is intended to be deductible as "performance-based compensation" under Code Section 162(m).

Section 2.2 1934 Act. "1934 Act" means the Securities Exchange Act of 1934, as amended.

Section 2.3 Affiliate. "Affiliate" means any entity that is a Subsidiary or a parent corporation, as defined in Code Section 424(e), of the Company, or any other entity designated by the Committee as covered by the Plan in which the Company has, directly or indirectly, at least a 20% voting interest.

Section 2.4 Award. "Award" means any Option, SAR, Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Cash-Based Award, or other Article XII stock-based award granted to a Participant under the Plan.

Section 2.5 Award Agreement. "Award Agreement" means a written or electronic statement or agreement prepared by the Company that sets forth the terms, conditions and restrictions applicable to Awards granted under the Plan.

Section 2.6 Board or Board of Directors. "Board" or "Board of Directors" means the Board of Directors of the Company.

Section 2.7 Cash-Based Award. "Cash-Based Award" means an Award granted to a Participant, as described in Article XI herein.

Section 2.8 Cause. "Cause," unless such term or an equivalent term is otherwise defined with respect to an Award by the Participant's Award Agreement, shall be as defined in any employment agreement between the Company and a Participant; provided however, that if there is no such employment agreement, "Cause" shall mean any of the following: (a) the Participant's conviction of any criminal violation involving dishonesty, fraud or breach of trust; (b) the Participant's willful engagement in any misconduct in the performance of his or her duty that materially injures the Company; (c) the Participant's performance of any act which would materially and adversely impact the business of the Company; or (d) the Participant's willful and substantial nonperformance of assigned duties. Notwithstanding the foregoing, the Committee shall have sole discretion with respect to the application of the provisions of subsections (a)-(d) above, and such exercise of discretion shall be conclusive and binding upon the Participant and all other persons.

Section 2.9 CEO. "CEO" means the Chief Executive Officer of the Company.

Section 2.10 CEO's Pool. "CEO's Pool" means the portion of Shares available for Awards under this Plan that the Committee reserves for the CEO in accordance with Article IV of the Plan.

Section 2.11 Change in Control. "Change in Control" means the occurrence of either a "Change in Ownership," "Change in Effective Control" or a "Change of Ownership of a Substantial Portion of Assets," as defined below:

(a) Change in Ownership. A Change in Ownership of the Company occurs on the date that any one person, or more than one Person Acting as a Group (as defined below), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company. However, if any one person or more than one Person Acting as a Group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a Change in Ownership of the Company (or to cause a Change in Effective Control of the Company). An increase in the percentage of stock owned by any one person, or Persons Acting as a Group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock. This subsection (a) applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and stock in the Company remains outstanding after the transaction.

(b) Change in Effective Control. A Change in Effective Control of the Company occurs on the date that either

(i) any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company; or

(ii) candidates are elected to the Board who were not recommended for election by the current Board, if such candidates constitute a majority of those elected in that particular election (for this purpose, recommended directors will not include any candidate who becomes a member of the Board as a result of an actual or threatened election contest or proxy or consent solicitation on behalf of anyone other than the Board or as a result of any appointment, nomination, or other agreement intended to avoid or settle a contest or solicitation).

In the absence of an event described in paragraph (i) or (ii), a Change in Effective Control of the Company shall not have occurred.

(c) Acquisition of additional control. If any one person, or more than one Person Acting as a Group, is considered to effectively control the Company, the acquisition of additional control of the Company by the same person or persons is not considered to cause a Change in Effective Control of the Company (or to cause a Change in Ownership of the Company).

(d) Change of Ownership of a Substantial Portion of Assets. A Change of Ownership of a Substantial Portion of Assets occurs on the date that any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

(e) Transfers to a related person. There is no Change in Control when there is a transfer to an entity that is controlled by the stockholders of the Company immediately after the transfer. A transfer of assets by the Company is not treated as a Change of Ownership of a Substantial Portion of Assets if the assets are transferred to —

(i) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(ii) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(iii) a person, or more than one Person Acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or

(iv) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (iii) next above.

A person's status is determined immediately after the transfer of assets. For example, a transfer to a corporation in which the Company has no ownership interest before the transaction, but which is a majority-owned subsidiary of the Company after the transaction is not treated as a Change of Ownership of a Substantial Portion of Assets of the Company.

(f) Persons Acting as a Group. Persons shall not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such stockholder is considered to be acting as a group with other stockholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

Section 2.12 Code. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

Section 2.13 Committee. "Committee" means the Officer Nomination and Compensation Committee of the Board of Directors, or such other committee as the Board shall appoint from time to time, which shall consist of two or more directors all of whom are intended to satisfy the requirements for an "outside director" under Code Section 162(m), a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act, and an "independent director" under the rules of the New York Stock Exchange (or any other national securities exchange which is the principal exchange on which the Shares may then be traded); provided, however, that as to any Award intended to be a 162(m) Award, if any member of the Officer Nomination and Compensation Committee shall not satisfy such "outside director" requirements, "Committee" means a subcommittee (of two or more persons) of the Officer Nomination and Compensation Committee consisting of all members thereof who satisfy such "outside director" requirement; and further provided that any action taken by the Committee shall be valid and effective whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership specified above.

Section 2.14 Company. "Company" means NiSource Inc., a Delaware corporation, or any successor thereto.

Section 2.15 Corporate Incentive Plan. "Corporate Incentive Plan" means the NiSource Inc. Corporate Incentive Plan, as described in Article I.

Section 2.16 Covered Officer. "Covered Officer" means a Participant who, in the sole judgment of the Committee, may be treated as a "covered employee" under Code Section 162(m) at the time income is recognized by such Participant in connection with an Award that is intended to qualify as a 162(m) Award.

Section 2.17 Director Incentive Plan. "Director Incentive Plan" means the single plan document resulting from the merger of the Director Stock Plan and the Director Stock Unit Plan, effective July 1, 2002, as described in Article I.

Section 2.18 Director Stock Plan. "Director Stock Plan" means NiSource Inc. Nonemployee Director Stock Incentive Plan, as described in Article I.

Section 2.19 Director Stock Unit Plan. "Director Stock Unit Plan" means the NiSource Inc. Nonemployee Director Restricted Stock Unit Plan, as described in Article I.

Section 2.20 Disability or Disabled. "Disability" or "Disabled" means a condition that (a) causes the Participant to be unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (b) causes the Participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, to receive income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or its Affiliates or (c) causes the Participant to be eligible to receive Social Security disability payments. The Committee, in its sole discretion, shall determine the date of any Disability.

Section 2.21 Employee. "Employee" means any person who is an employee of the Company or any Affiliate; provided, however, that with respect to ISOs, "Employee" means any person who is considered an employee of the Company or any Affiliate for purposes of Treasury Regulation Section 1.421-1(h).

Section 2.22 Fair Market Value. "Fair Market Value" means, on any given date and as may be specified in an Award Agreement, (a) the closing sales price per share (or, if otherwise specified by the Committee, a price that is based on the opening, actual, high, low, or average sales prices per Share) of the Company's common stock as reported on the New York Stock Exchange or such other established securities market on which the Shares are traded, or, if there were no reported sales of Shares on such date, then, unless otherwise required under the Code, the business day immediately preceding such date; or (b) if (a) does not apply, the price that the Committee in good faith determines through any reasonable valuation method that a Share might change hands between a willing buyer and a willing seller, neither being under compulsion to buy or to sell and both having reasonable knowledge of the relevant facts. Notwithstanding the above, for purposes of broker-facilitated cashless exercises of Awards involving Shares under the Plan, "Fair Market Value" shall mean the real-time selling price of such Shares as reported by the broker facilitating such exercises.

Section 2.23 Grant Price. "Grant Price" means the price established at the time of grant of an SAR pursuant to Article VII (Stock Appreciation Rights), used to determine whether there is any payment due upon exercise of the SAR, which shall not be less than 100% of the Fair Market Value of the Shares at the time the SAR was granted.

Section 2.24 Incentive Stock Option or ISO. "Incentive Stock Option" or "ISO" means an Option that is an "incentive stock option" within the meaning of Code Section 422.

Section 2.25 LTIP. "LTIP" means the NiSource Inc. 1994 Long-Term Incentive Plan, as described in Article I.

Section 2.26 Nonemployee Director. "Nonemployee Director" means a member of the Board who is not an Employee.

Section 2.27 Nonqualified Stock Option or NQSO. "Nonqualified Stock Option" or "NQSO" means an option to purchase Shares that does not constitute an Incentive Stock Option under Code Section 422 (or any successor Code Section).

Section 2.28 Option. "Option" means a right to purchase Shares in accordance with the terms and conditions of the Plan.

Section 2.29 Option Exercise Price. "Option Exercise Price" means the price at which a Share may be purchased by a Participant pursuant to an Option.

Section 2.30 Participant. "Participant" means an Employee or Non-Employee Director who is selected to receive an Award or who has outstanding an outstanding Award granted under the Plan.

Section 2.31 Performance Measure. "Performance Measure" means one or more business criteria to be used by the Committee in establishing Performance Targets for 162(m) Awards under the Plan.

Section 2.32 Performance Shares. "Performance Shares" means an Award designated as Performance Shares and granted to a Participant in accordance with Article IX of the Plan.

Section 2.33 Performance Target. "Performance Target" means the specific, objective goal or goals that are timely set forth in writing by the Committee for grants of 162(m) Awards under the Plan with respect to any one or more Performance Measures.

Section 2.34 Performance Unit. "Performance Unit" means an Award designated as a Performance Unit and granted to a Participant in accordance with Article X of this Plan.

Section 2.35 Period of Restriction. "Period of Restriction" means the period during which the transfer of Shares underlying an Award is limited in some way, or the Shares are subject to a substantial risk of forfeiture.

Section 2.36 Plan. "Plan" means the NiSource Inc. 2010 Omnibus Incentive Plan, as may be amended from time to time.

Section 2.37 Prior Plans. "Prior Plans" means the LTIP, Director Incentive Plan, and the Corporate Incentive Plan.

Section 2.38 Restricted Stock. "Restricted Stock" means an Award that is a grant of Shares delivered to a Participant, subject to restrictions described in Article VIII of this Plan.

Section 2.39 Restricted Stock Unit or RSU. "Restricted Stock Unit" or "RSU" means an Award that is subject to the restrictions described in Article VIII of this Plan and is a promise of the Company to deliver at the end of a Period of Restrictions (a) one Share for each RSU, (b) cash in an amount equal to the Fair Market Value of one Share for each RSU, or (c) a combination of (a) and (b), as determined by the Committee.

Section 2.40 Retirement. "Retirement" means, with respect to Employees, retirement as defined in the Company's tax-qualified pension plan, unless defined otherwise in an Award Agreement.

Section 2.41 Service. "Service" means a Participant's work for the Company or an Affiliate, either as an Employee or Non-Employee Director.

Section 2.42 Shares. "Shares" means the shares of common stock of the Company, $0.01 par value per share.

Section 2.43 Stock Appreciation Right or SAR. "Stock Appreciation Right" or "SAR" means an Award designated as an SAR in accordance with the terms of Article VII of the Plan.

Section 2.44 Subsidiary. "Subsidiary" means any corporation, partnership, joint venture, or other entity in which the Company has a majority voting interest; provided, however, that with respect to ISOs, the term "Subsidiary" shall include only an entity that qualifies under Code Section 424(f) as a "subsidiary corporation" with respect to the Company.

Section 2.45 Tandem SAR. "Tandem SAR" means a SAR that is granted in connection with a related Option, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (with a similar cancellation of the Tandem SAR when a Share is purchased under the Option). Except for the medium of payment, the terms of a Tandem SAR shall be identical in all material respects to the terms of the related Option.

Article III
Administration

Section 3.1 Administration by the Committee. The Plan shall be administered by the Committee. All questions of interpretation of the Plan, of any Award Agreement or of any other form of agreement or other document employed by the Company in the administration of the Plan or of any Award shall be determined by

the Committee, and such determinations shall be final, binding and conclusive upon all persons having an interest in the Plan or such Award, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Committee in the exercise of its discretion pursuant to the Plan or Award Agreement or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest therein. Notwithstanding the foregoing, the Board shall perform the functions of the Committee for purposes of granting Awards under the Plan to Nonemployee Directors.

Section 3.2 Powers of the Committee. In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Committee shall have the full and final power and authority, in its discretion:

(a) to determine the persons to whom, and the time or times at which, Awards shall be granted and the number of Shares to be subject to each Award;

(b) to determine the type of Award granted;

(c) to determine the Fair Market Value of Shares or other property where applicable;

(d) to determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any Shares acquired pursuant thereto, including, without limitation, (i) the exercise or purchase price of Shares pursuant to any Award, (ii) the method of payment for Shares purchased pursuant to any Award, (iii) the method for satisfaction of any tax withholding obligation arising in connection with Award, including by the withholding or delivery of Shares, (iv) the timing, terms and conditions of the exercisability or vesting of any Award or any Shares acquired pursuant thereto, (v) the time of the expiration of any Award, (vi) the effect of the Participants termination of Service on any of the foregoing, and (vii) all other terms, conditions and restrictions applicable to any Award or Shares acquired pursuant thereto not inconsistent with the terms of the Plan;

(e) to determine how an Award will be settled, as provided under an Award Agreement;

(f) to approve one or more forms of Award Agreement;

(g) to amend, modify, extend, cancel or renew any Award or to waive any restrictions or conditions applicable to any Award or any Shares acquired upon the exercise thereof;

(h) to accelerate, continue, extend or defer the exercisability of any Award or the vesting of any Shares acquired upon the exercise thereof, including with respect to the period following a Participants termination of Service;

(i) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt sub-plans or supplements to, or alternative versions of, the Plan, including, without limitation, as the Committee deems necessary or desirable to comply with the laws or regulations of or to accommodate the tax policy, accounting principles or custom of, foreign jurisdictions whose citizens may be granted Awards; and

(j) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement and to make all other determinations and take such other actions with respect to the Plan or any Award as the Committee may deem advisable to the extent not inconsistent with the provisions of the Plan or applicable law.

Section 3.3 Action by the Committee. A majority of the members of the Committee shall constitute a quorum for any meeting of the Committee, and the act of a majority of the members present at any meeting at which a quorum is present or the act approved in writing by a majority of all the members of the Committee shall be the act of the Committee. In the performance of their duties under this Plan, the Committee members shall be entitled to rely upon information and advice furnished by the Company's officers, employees, accountants or counsel, or any executive compensation consultant or other professional retained by the Company or the Committee to assist in the administration of this Plan.

Section 3.4 Indemnification. No member of the Board or of the Committee shall be liable for any action taken, or determination made, hereunder in good faith. Service on the Committee shall constitute service as a Nonemployee Director of the company so that members of the Committee shall be entitled to indemnification and reimbursement as Nonemployee Directors of the Company, pursuant to the Company's bylaws.

Article IV
Stock Subject to the Plan

Section 4.1 Aggregate Shares. Subject to adjustment as provided under the Plan, the total number of Shares that are available for Awards under the Plan shall not exceed in the aggregate 8,000,000 Shares, plus any Shares subject to outstanding awards granted under a Prior Plan and that expire or terminate for any reason shall be available under this Plan. Any of the authorized Shares may be used for any type of Award under the Plan, and any or all of 8,000,000 Shares may be allocated to Incentive Stock Options. Such Shares may be authorized and unissued Shares, treasury Shares, or Shares acquired on the open market.

Section 4.2 Individual Award Limitations. Subject to adjustments as provided in herein, the following rules shall apply to grants of Awards under the Plan to Participants:

(a) **Options**: The maximum aggregate face value (Fair Market Value of a Share of common stock on the date of grant times the number of Options granted) that may be covered by Awards of Options granted in any one fiscal year to any one Participant shall be $12,000,000 per year.

(b) **SARs**: The maximum aggregate face value (Fair Market Value of a Share of common stock on the date of grant times the number of SARs granted) that may be covered by Awards of SARs granted in any one fiscal year to any one Participant shall be $12,000,000 per year.

(c) **Restricted Stock and Restricted Stock Units**: The maximum aggregate face value (Fair Market Value of a Share of common stock on the date of grant times either the number of Shares of Restricted Stock granted or number of Shares underlying the RSUs granted) that may be covered by Restricted Stock or Restricted Stock Unit Awards granted to any one Participant shall be $7,000,000 per year.

(d) **Performance Shares**: The maximum aggregate face value (Fair Market Value of a Share of common stock on the date of grant times the maximum number of Shares that could be earned under the Award) that may be granted to any one Participant shall be $10,000,000 per year.

(e) **Performance Units**: The maximum aggregate payout (determined as of the end of the applicable performance period) with respect to Performance Units that may be granted to any one Participant shall be $10,000,000 per year.

(f) **Cash-Based Awards**: The maximum aggregate payout (determined as of the end of the applicable performance period) with respect to Cash-Based Awards to any one Participant shall be $10,000,000 per year.

(g) **Other Article XII Stock-Based Awards**: The maximum aggregate Fair Market Value (as determined on the date of grant) of Shares subject to the Article XII stock-based Awards that may be granted to any one Participant shall be $10,000,000 per year.

Section 4.3 Share Counting. The following Shares related to Awards will be available for issuance again under the Plan: (a) Shares related to Awards paid in cash and (b) Shares related to Awards that expire, are forfeited, are cancelled, or terminate for any other reason without the delivery of the Shares. Notwithstanding any provision to the contrary, the following Shares related to Awards will be available for issuance again under the Plan: (a) Shares equal in number to the Shares withheld, surrendered or tendered in payment of the exercise price of an Award, including an award granted under the LTIP or Director Incentive Plan, (b) Shares tendered or withheld in order to satisfy tax withholding obligations, (c) Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Awards, including awards granted under the LTIP or Director Incentive Plan.

Section 4.4 Adjustment to Number of Shares.

(a) Appropriate adjustments in the aggregate number of Shares issuable pursuant to the Plan, the number of Shares subject to each outstanding award granted under the Plan, the Option price with respect to Options and Tandem SARs, the specified price of SARs not connected to Options, and the value for Performance Units, shall be made to give effect to any increase or decrease in the number of issued Shares resulting from a subdivision or consolidation of Shares, whether through recapitalization, stock split, reverse stock split, spin-off, spin-out or other distribution of assets to stockholders, stock distributions or combinations of Shares, payment of stock dividends, other increase or decrease in the number of such Shares outstanding effected without receipt of consideration by the Company, or any other occurrence for which the Committee determines an adjustment is appropriate.

(b) In the event of any merger, consolidation or reorganization of the Company with any other corporation or corporations, or an acquisition by the Company of the stock or assets of any other corporation or corporations, there shall be substituted on an equitable basis, as determined by the Committee in its sole discretion, for each Share then subject to the Plan, and for each Share then subject to an Award granted under the Plan, the number and kind of Shares of stock, other securities, cash or other property to which the holders of Shares of the Company are entitled pursuant to such transaction.

(c) Without limiting the generality of the foregoing provisions of this paragraph, any such adjustment shall be deemed to have prevented any dilution or enlargement of a Participant's rights, if such Participant receives in any such adjustment, rights that are substantially similar (after taking into account the fact that the Participant has not paid the applicable option price) to the rights the Participant would have received had he exercised his outstanding Award and become a stockholder of the Company immediately prior to the event giving rise to such adjustment. Adjustments under this paragraph shall be made by the Committee, whose decision as to the amount and timing of any such adjustment shall be conclusive and binding on all persons.

Section 4.5 CEO's Pool of Shares. A portion of the Shares available for Awards under this Plan, to be determined by the Committee, may be reserved for the CEO to make certain Awards (the "CEO's Pool"). The CEO may grant any type of Award with shares from the CEO Pool; provided however, that the CEO may not grant any Award to any Covered Officers or other executive officers. Awards available for grant from the CEO Pool will be authorized in a Committee resolution. Unless otherwise determined by the Committee, any Shares not used for Awards under the CEO Pool in one year shall remain available under the CEO Pool in subsequent years.

Article V
Eligibility and Participation

Section 5.1 Eligibility to Receive Awards. Persons eligible to receive Awards under the Plan are Employees and Nonemployee Directors.

Section 5.2 Participation in the Plan. Subject to the other provisions of this Plan, the Committee has the full discretion to grant Awards to eligible persons described in Section 5.1. Eligible persons may be granted more than one Award. Eligibility in accordance with this Section, however, shall not entitle any person to be granted an Award, or, having been granted an Award, to be granted an additional Award.

Article VI
Options

Section 6.1 Grant of Options. Options shall be evidenced by Award Agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time. Award Agreements shall specify the Option Exercise Price, the duration of the Option, the number of Shares to which the Option pertains, provisions for vesting and exercisability, whether the Option is an ISO or NSO, and such other provisions as the Committee shall determine. Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with the following terms and conditions. Except in accordance with equitable adjustments as provided in Section 4.4 of this Plan, no Option granted under the Plan shall at any time be repriced or subject to cancellation and replacement without stockholder approval.

Section 6.2 Option Exercise Price. The Option Exercise Price shall not be less than 100% of the Fair Market Value of a Share on the day the Option is granted.

Section 6.3 Exercise of Options. Each Award Agreement shall state the period or periods of time within which the Option may be exercised by the optionee, in whole or in part, which shall be such period or periods of time as may be determined by the Committee, provided that the Option exercise period shall not end later than ten years after the date of the grant of the Option. The Committee shall have the power to permit in its discretion an acceleration of the previously determined exercise terms, within the terms of the Plan, under such circumstances and upon such terms and conditions as it deems appropriate.

Section 6.4 Payment of Option Exercise Price. Except as otherwise provided in the Plan, or in any Award Agreement, the optionee shall pay the Option Exercise Price upon the exercise of any Option (i) in cash,

(ii) by authorizing a third party with which the optionee has a brokerage or similar account to sell the Shares (or a sufficient portion of such Shares) acquired upon the exercise of the Option and remit to the Company a portion of the sale proceeds sufficient to pay the entire Option Exercise Price to the Company, (iii) by delivering Shares that have an aggregate Fair Market Value on the date of exercise equal to the Option Exercise Price; (iv) by authorizing the Company to withhold from the total number of Shares as to which the Option is being exercised the number of Shares having a Fair Market Value on the date of exercise equal to the aggregate Option Exercise Price for the total number of Shares as to which the Option is being exercised, (v) by such other means by which the Committee determines to be consistent with the purpose of the Plan and applicable law, or (vi) by any combination of (i), (ii), (iii), (iv), and (v). In the case of an election pursuant to (i) above, cash shall mean cash or check issued by a federally insured bank or savings and loan association and made payable to NiSource Inc. In the case of payment pursuant to (ii) or (iii) above, the optionee's authorization must be made on or prior to the date of exercise and shall be irrevocable. In lieu of a separate election governing each exercise of an Option, an optionee may file a blanket election with the Committee, which shall govern all future exercises of Options until revoked by the optionee.

Section 6.5 Transfer of Shares. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option as it may deem advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares.

Section 6.6 Additional Rules for Incentive Stock Options.

(a) Employees. Incentive Stock Options may be granted only to Employees of the Company or a Subsidiary and not to Employees of any Affiliate unless such entity is classified as a "disregarded entity" of the Company or the applicable Subsidiary under the Code. Incentive Stock Options may not be granted to Nonemployee Directors.

(b) Exercise Limitations. The Committee, in its sole discretion, may provide in each Award Agreement the period or periods of time within which the Option may be exercised by the optionee, in whole or in part, provided that the Option period shall not end later than ten years after the date of the grant of the Option. The aggregate Fair Market Value (determined with respect to each Incentive Stock Option at the time of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year (under all incentive stock option plans of the Company and its Subsidiaries) shall not exceed $100,000. If the aggregate Fair Market Value (determined at the time of grant) of the Shares subject to an Option, which first becomes exercisable in any calendar year, exceeds this limitation, so much of the Option that does not exceed the applicable dollar limit shall be an Incentive Stock Option and the remainder shall be a Nonqualified Stock Option; but in all other respects, the original Award Agreement shall remain in full force and effect. Notwithstanding anything herein to the contrary, if an Incentive Stock Option is granted to an individual who owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporations, within the meaning of Code Section 422(b)(6), (i) the purchase price of each Share subject to the Incentive Stock Option shall be not less than one hundred ten percent (110%) of the Fair Market Value of the Share on the date the Incentive Stock Option is granted, and (ii) the Incentive Stock Option shall expire, and all rights to purchase Shares thereunder shall cease, no later than the fifth anniversary of the date the Incentive Stock Option was granted.

(c) Rights Upon Termination of Service. The rules under Section 6.6 of this Plan generally shall apply when an optionee holding an ISO terminates Service. Notwithstanding the foregoing, in accordance with Code Section 422, if an Incentive Stock Option is exercised more than ninety days after termination of Service, that portion of the Option exercised after such date shall automatically be a Nonqualified Stock Option, but, in all other respects, the original Award Agreement shall remain in full force and effect.

Article VII
Stock Appreciation Rights

Section 7.1 Grant of SARs. Stock Appreciation Rights shall be evidenced by Award Agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time. Award Agreements

shall specify the Grant Price of the SAR, the duration of the SAR, the number of Shares to which the SAR pertains, provisions for vesting and exercisability, and such other provisions as the Committee shall determine. Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with the following terms and conditions.

Section 7.2 Awards. An SAR shall entitle the grantee to receive upon exercise the excess of (i) the Fair Market Value of a specified number of Shares at the time of exercise over (ii) the Grant Price, or, if connected with a previously issued Option, not less than 100% of the Fair Market Value of Shares at the time such Option was granted. An SAR may be a Tandem SAR or may not be granted in connection with an Option.

Section 7.3 Term of SAR. SARs shall be granted for a period of not more than ten years, and shall be exercisable in whole or in part, at such time or times and subject to such other terms and conditions, as shall be prescribed by the Committee at the time of grant, subject to the provisions of this Plan.

Section 7.4 Special Rules for Exercise of Tandem SARs. Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to Shares for which its related Option is then exercisable. Notwithstanding any other provision of this Plan to the contrary, with respect to a Tandem SAR granted in connection with an ISO: (i) the Tandem SAR will expire no later than the expiration of the underlying ISO; (ii) the value of the payout with respect to the Tandem SAR may be for no more than one hundred percent (100%) of the difference between the Option Price of the underlying ISO and the Fair Market Value of the Shares subject to the underlying ISO at the time the Tandem SAR is exercised; and (iii) the Tandem SAR may be exercised only when the Fair Market Value of the Shares subject to the ISO exceeds the Option Price of the ISO.

Section 7.5 Payment. Upon exercise of a Stock Appreciation Right, the Participant shall be entitled to receive payment from the Company in an amount determined by multiplying: (i) the difference between the Fair Market Value of a Share on the date of exercise over the Grant Price; by (ii) the number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, payment shall be made in cash, in the form of Shares at Fair Market Value, or in a combination thereof, as the Committee may determine.

Article VIII
Restricted Stock and Restricted Stock Units

Section 8.1 Grants. The Committee, at any time and from time to time, may grant Shares of Restricted Stock or grant Restricted Stock Units to Participants in such amounts as the Committee shall determine. Each Restricted Stock or Restricted Stock Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock or the number of Restricted Stock Units issued to the Participant, and such other provisions as the Committee shall determine. Such Award Agreements shall be consistent with the provisions of this Article VIII.

Section 8.2 Period of Restriction. The end of any Period of Restriction for Restricted Stock or Restricted Stock Units may be conditioned upon the satisfaction of such conditions as are satisfied by the Committee in its sole discretion and set forth in an applicable Award Agreement. Such conditions include, without limitation, restrictions based upon the continued Service of the Participant, the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals, and/or restrictions under applicable federal or state securities laws, prohibitions against transfer, and repurchase by the Company or right of first refusal. The Committee shall have the power to permit in its discretion, an acceleration of the expiration of the applicable Period of Restriction with respect to any part or all of the Shares or number of Restricted Stock Units awarded to a Participant.

Section 8.3 Certificates. If a certificate is issued in respect of Shares awarded to a Participant, each certificate shall be deposited with the Company, or its designee, and shall bear the following legend:

> "This certificate and the shares represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in the NiSource Inc. 2010 Omnibus Incentive Plan and an Award Agreement entered into by the registered owner. Release from such terms and conditions shall be obtained only in accordance with the provisions of the Plan and Award Agreement, a copy of each of which is on file in the office of the Secretary of said Company."

Section 8.4 Lapse of Restrictions. A Restricted Stock Award Agreement or Restricted Stock Unit Award Agreement shall specify the terms and conditions upon which any restrictions upon Shares awarded or RSUs awarded under the Plan shall lapse, as determined by the Committee. Upon the lapse of such restrictions, any Shares that have been awarded, free of the previously described restrictive legend, shall be issued to the Participant or his legal representative.

Section 8.5 Termination of Service. Each Restricted Stock Award Agreement and Restricted Stock Unit Award Agreement shall set forth the extent, if any, to which the Participant shall have the right to continued or accelerated vesting of Shares of Restricted Stock or Restricted Stock Units following termination of the Participant's Service. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Awards granted pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

Section 8.6 Code Section 83(b) Election. If a Participant makes an election pursuant to Code Section 83(b) with respect to a Restricted Stock Award, the Participant shall be required to promptly file a copy of such election with the Company.

Article IX
Performance Shares Awards

Section 9.1 Grants of Performance Shares. The Committee, at any time and from time to time, may grant Awards of Performance Shares to Participants in such amounts as the Committee shall determine. Each Performance Shares grant shall be evidenced by an Award Agreement that shall specify the applicable performance period, the number of Shares subject to a Performance Shares Award that are to be delivered to the Participant upon satisfaction of the performance targets by the expiration of the performance period, and such other provisions as the Committee shall determine. Such Award Agreements shall be consistent with the provisions of this Article IX.

Section 9.2 Performance Period and Performance Goals. At the time of award, the Committee, in its sole discretion shall establish a performance period and the performance goals to be achieved during the applicable performance period with respect to an Award of Performance Shares.

Section 9.3 Delivery of Shares. Following the conclusion of each performance period, the Committee shall determine the extent to which performance goals have been attained for such period as well as the other terms and conditions established by the Committee. The Committee shall determine the amount of Shares, if any, to be delivered to the Participant in satisfaction of the Award.

Section 9.4 Termination of Service. Each Performance Shares Award Agreement shall set forth the extent, if any, to which the Participant shall have the right to continued or accelerated vesting of Performance Shares following termination of the Participant's Service. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Performance Shares Awards granted pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

Section 9.5 Code Section 162(m). If any Performance Shares are intended to be 162(m) Awards, the Committee shall follow the procedures set forth in Section 13.1 with respect to such Performance Shares.

Article X
Performance Units

Section 10.1 Grant of Performance Units. Subject to the terms of the Plan, Performance Units may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee. Performance Units shall be evidenced by Award Agreements that are subject to the terms of this Article X.

Section 10.2 Performance Period and Performance Goals. Unless otherwise determined by the Committee, at the time of award, the Committee shall establish with respect to each Performance Unit a performance period of not less than two years. At the time of award, the Committee also shall establish, in its sole discretion, the performance goals to be achieved during the applicable performance period with respect to an Award of Performance Units.

Section 10.3 Value of Performance Units. At the time Performance Units are granted, the Committee shall establish with respect to each such Award a value for each Performance Unit, which may vary thereafter determinable from criteria specified by the Committee at the time of Award.

Section 10.4 Code Section 162(m). If any Performance Units are intended to be 162(m) Awards, the Committee shall follow the procedures set forth in Section 13.1 with respect to such Performance Units.

Section 10.5 Payment of Performance Units. Following the conclusion of each performance period, the Committee shall determine the extent to which performance targets have been attained for such period as well as the other terms and conditions established by the Committee. The Committee shall determine what, if any, payment is due on the Performance Units. Payment shall be made as soon as practicable after the end of the applicable performance period, but no later than the March 15th of the year after the year in which such performance period ends, in cash, in the form of Shares, or in a combination thereof, as the Committee may determine.

Section 10.6 Termination of Service. Each Performance Unit Award Agreement shall set forth the extent, if any, to which the Participant shall have the right to continued or accelerated vesting of Performance Units following termination of the Participant's Service. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Performance Units Awards granted pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

Section 10.7 Other Terms. The Award Agreements with respect to Performance Units shall contain such other terms and provisions and conditions not inconsistent with the Plan as shall be determined by the Committee.

Article XI
Cash-Based Awards

Section 11.1 Grant of Cash-Based Awards. Subject to the terms of the Plan, Cash-Based Awards may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee, subject to the terms of this Article XI.

Section 11.2 Performance Period and Performance Goals. Unless otherwise determined by the Committee, the performance period for any Cash-Based Award shall be one year. At the time of award, the Committee also shall establish, in its sole discretion, the performance goals to be achieved during the applicable performance period with respect to Cash-Based Awards.

Section 11.3 Value of Cash-Based Awards. At the time Cash-Based Awards are granted, the Committee shall establish the value of such Awards, which may vary thereafter determinable from criteria specified by the Committee at the time of Award.

Section 11.4 Code Section 162(m). If the grant of any Cash-Based Awards are intended to be 162(m) Awards, the Committee shall follow the procedures set forth in Section 13.1 with respect to such Cash-Based Awards.

Section 11.5 Payment of Cash-Based Awards. If payable, the Participant's Cash-Based Award 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 period as practicable, but no later than March 15th after the end of the performance period, in accordance with the Company's payroll practices.

Section 11.6 Termination of Service. With respect to Cash-Based Awards, the Committee shall set forth the extent, if any, to which the Participant shall have the right to continued or accelerated vesting of such Cash-Based Awards following termination of the Participant's Service. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Cash-Based Awards granted pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

Article XII
Other Stock-Based Awards

The Committee may from time to time grant Shares and other Awards under the Plan that are valued in whole or in part by reference to, or are otherwise based upon and/or payable in Shares. The Committee, in its sole discretion, shall determine the terms and conditions of such Awards, which shall be consistent with the terms and purposes of the Plan.

Article XIII
Awards Under the Plan; Code Section 162(m)

Section 13.1 Compliance with Code Section 162(m).

(a) General. The Committee may grant Awards that are designed to qualify as 162(m) Awards and Awards that are not 162(m) Awards. In the case of Awards granted to Covered Officers that are intended to be 162(m) Awards, the Committee shall make in writing all determinations necessary to establish the terms of such 162(m) Awards within 90 days of the beginning of the applicable performance period (or such other time period required under Code Section 162(m)), including, without limitation, the designation of the Covered Officers to whom such 162(m) Awards are made, the Performance Measures applicable to the Awards and the Performance Targets that relate to such Performance Measures, and the dollar amounts or number of Shares payable upon achieving the applicable Performance Targets. To the extent required by Code Section 162(m), the provisions of such 162(m) Awards must state, in terms of an objective formula or standard, the method of computing the amount of compensation payable to the Covered Officer. The specific Performance Targets established by the Committee shall be made while the achievement of such Performance Targets remains substantially uncertain in accordance with Code Section 162(m). Subject to the terms of this Plan, after each applicable performance period has ended, the Committee shall determine the extent to which the Performance Targets have been attained or a degree of achievement between minimum and maximum levels with respect to 162(m) Awards in order to establish the level of payment to be made, if any, with respect to such 162(m) Awards, and shall certify the results in writing prior to payment of such 162(m) Awards.

(b) Performance Targets and Performance Measures. With respect to 162(m) Awards, at the time of grant of a 162(m) Award, the Committee shall establish in writing maximum and minimum Performance Targets to be achieved with respect to each Award during the performance period. The Participant shall be entitled to payment of the entire amount awarded if the maximum Performance Target is achieved during the performance period, but shall be entitled to payment with respect to a portion of the Award according to the level of achievement of Performance Targets, as specified by the Committee, for performance during the performance period that meets or exceeds the minimum Performance Target but fails to meet the maximum Performance Target. With respect to Cash-Based Awards, the Committee may assign payout percentages based upon various potential Performance Targets, ranging from a minimum "Trigger" percentage to a maximum "Stretch" percentage, to be applied if the Performance Targets are met. The Committee has full discretion and authority to determine the "Target," "Trigger," and "Stretch" payouts for Cash-Based Award's performance period.

The Performance Targets established by the Committee may relate to corporate, division, department, or business unit performance and may be established in terms of any one or a combination of the following Performance Measures: (i) growth in gross revenue, (ii) earnings per share, (iii) operating earnings per share, (iv) business unit operating earnings, (v) specified revenue targets, (vi) expense control, (vii) productivity, (viii) ratio of earnings to stockholders' equity or to total assets, (ix) dividend payments, (x) total stockholders' return, (xi) operating income, (xii) return on capital or return on investment, (xiii) return on assets, (xiv) return on net assets, (xv) operating margins, (xvi) earnings before interest and taxes, (xvii) earnings before interest taxes depreciation, amortization and depletion, (xviii) funds from operations, (xix) total debt or change in total debt or the rating on our debt as determined by external rating agencies, (xx) cash from operations, (xxi) gross margins, (xxii) return on equity, (xxiii) net income, (xxiv) pre-tax income, (xxv) specified customer satisfaction targets, (xxvi) specified safety targets, and (xxvii) specified reliability targets. Multiple Performance Targets

may be used and may have the same or different weighting, and they may relate to absolute performance or relative performance as measured against other institutions or divisions or units thereof.

(c) Calculation and Adjustments. The Committee may provide in any such Award that any evaluation of performance may include or exclude any of the following events that occur during a performance period: (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) mergers, acquisitions or divestitures, (f) foreign exchange gains and losses, and (g) extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial condition and results of operations appearing in the Company's consolidated report to the investment community or investor letters. To the extent such inclusions or exclusions affect Awards to Covered Officers, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility except as otherwise determined by the Committee in its sole discretion. Awards that are intended to qualify as 162(m) Awards may not be adjusted upward from the amount otherwise payable to a Covered Officer under the pre-established Performance Target. The Committee shall retain the discretion to adjust such Awards downward, either on a formulaic or discretionary basis or a combination of the two, as the Committee determines. If applicable tax and securities laws change to permit Committee discretion to alter the governing Performance Measures or Performance Targets without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval.

Section 13.2 Non-Code Section 162(m) Awards. In the case of Awards that are not intended to be qualifying as "performance-based compensation" under Code Section 162(m), the Committee may designate performance targets from among the previously described Performance Measures in this Article or such other business criteria as it determines in its sole discretion. The Committee also may make adjustments to such Performance Measures or other business criteria in any manner it deems appropriate in its discretion.

Article XIV
Dividends and Dividend Equivalents

No dividends or dividend equivalents may be awarded with respect to any Options or SARs. An Award (other than Options or SARs) may, if so determined by the Committee, provide the Participant with the right to receive dividend payments, or, in the case of Awards that do not involve the issuance of Shares concurrently with the grant of the Award, dividend equivalent payments with respect to Shares subject to the Award (both before and after the Shares are earned, vested or acquired), which payments may be either made currently, credited to an account for the Participant, or deemed to have been reinvested in additional Shares which shall thereafter be deemed to be part of and subject to the underlying Award, including the same vesting and performance conditions. Notwithstanding the foregoing, with respect to Awards subject to performance conditions, any such dividend or dividend equivalent payments shall not be paid currently and instead shall either be credited to an account for the Participant or deemed to have been reinvested in additional Shares. Dividend or dividend equivalent amounts credited to an account for the Participant may be settled in cash or Shares or a combination of both, as determined by the Committee, and shall be subject to the same vesting and performance conditions as the underlying Award. Except as provided otherwise in an Award Agreement, any Participant entitled to receive a cash dividends or dividend equivalents pursuant to his applicable Award may, by written election filed with the Company, at least ten days before the date of payment of such dividend equivalent, elect to have such dividend equivalent credited to an account maintained for his benefit under a dividend reinvestment plan maintained by the Company.

Article XV
Beneficiary Designation

Each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by

the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

Article XVI
Change in Control

Section 16.1 Effect of Change in Control. Except as otherwise provided in the Plan or any Award Agreement granted hereunder, upon a Change in Control, all outstanding Awards shall become fully exercisable and all restrictions thereon shall terminate; provided, however, that the Committee may determine and provide through an Award Agreement or other means the extent of vesting and the treatment of partially completed performance periods (if any) for any Awards outstanding upon a Change in Control. Further, the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any Award, either at the time such Award is granted hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the cancellation of any such Award for an amount of cash equal to the difference between the exercise price and the then Fair Market Value of the Shares covered thereby had such Award been currently exercisable; (ii) make such adjustment to any such Award then outstanding as the Committee deems appropriate to reflect such Change in Control; or (iii) cause any such Award then outstanding to be assumed, by the acquiring or surviving corporation, after such Change in Control.

Section 16.2 Participant Elections to Minimize Code Section 4999 Excise Tax.

(a) Excess Parachute Payment. In the event that any acceleration of vesting pursuant to an Award and any other payment or benefit received or to be received by a Participant would subject the Participant to any excise tax pursuant to Code Section 4999 due to the characterization of such acceleration of vesting, payment or benefit as an excess parachute payment under Code Section 280G, the Participant may elect, in his or her sole discretion, to reduce the amount of any acceleration of vesting called for under the Award in order to avoid such characterization. Such an election, however, may not change the time and form of any payment in a manner that would cause the Participant to incur additional taxes or penalties under Code Section 409A.

(b) Determination by Independent Accountants. To aid the Participant in making any election called for under part (a) above, no later than the date of the occurrence of any event that might reasonably be anticipated to result in an excess parachute payment to the Participant as described in part (a) above, the Company shall request a determination in writing by independent public accountants selected by the Company (the "Accountants"). As soon as practicable thereafter, the Accountants shall determine and report to the Company and the Participant the amount of such acceleration of vesting, payments and benefits which would produce the greatest after-tax benefit to the Participant. For the purposes of such determination, the Accountants may rely on reasonable, good faith interpretations concerning the application of Code Sections 280G and 4999. The Company and the Participant shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make their required determination. The Company shall bear all fees and expenses the Accountants may reasonably charge in connection with their services contemplated by this subpart (b).

Article XVII
Deferrals

The Committee may permit (upon timely election by the Participant) or require a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the exercise of an Option or SAR, the lapse or waiver of restrictions with respect to Restricted Stock or Performance Shares, or the satisfaction of any requirements or goals with respect to Performance Units or Cash-Based Awards. If any such deferral election is required or permitted, the Committee may, in its sole discretion, establish rules and procedures for such payment deferrals in a manner consistent with Code Section 409A and the regulations thereunder.

Article XVIII
Withholding

Section 18.1 Tax Withholding. The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy Federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

Section 18.2 Share Withholding. With respect to withholding required upon the exercise of Options or SARs, upon the lapse of restrictions on Restricted Stock, or upon any other taxable event arising as a result of Awards granted hereunder, Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be imposed on the transaction. All such elections shall be irrevocable, made in writing before the date in which income is realized by the recipient in connection with the particular transaction, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate. The amount of required withholding shall be a specified rate not less than the statutory minimum federal, state and local (if any) withholding rate, and not greater than the maximum federal, state and local (if any) marginal tax rate applicable to the Participant and to the particular transaction.

Article XIX
Compliance with Code Section 409A

Section 19.1 Awards Subject to Code Section 409A. The provisions of this Section 19.1 shall apply to any Award or portion thereof that is or becomes subject to Code Section 409A, notwithstanding any provision to the contrary contained in the Plan or the Award Agreement applicable to such Award. Awards subject to Code Section 409A include, without limitation:

(a) Any Nonqualified Stock Option having an exercise price per share less than the Fair Market Value determined as of the date of grant of such Option or that permits the deferral of compensation other than the deferral of recognition of income until the exercise or transfer of the Option or the time the shares acquired pursuant to the exercise of the option first become substantially vested.

(b) Any Award that either provides by its terms, or under which the Participant makes an election, for settlement of all or any portion of the Award either (i) on one or more dates following the end of the Short-Term Deferral Period (as defined below) or (ii) upon or after the occurrence of any event that will or may occur later than the end of the Short-Term Deferral Period.

Subject to U.S. Treasury Regulations promulgated pursuant to Code Section 409A ("Section 409A Regulations") or other applicable guidance, the term "Short-Term Deferral Period" means the period ending on the later of (i) the 15th day of the third month following the end of the Company's fiscal year in which the applicable portion of the Award is no longer subject to a substantial risk of forfeiture or (ii) the 15th day of the third month following the end of the Participant's taxable year in which the applicable portion of the Award is no longer subject to a substantial risk of forfeiture. For this purpose, the term "substantial risk of forfeiture" shall have the meaning set forth in Section 409A Regulations or other applicable guidance.

Section 19.2 No Acceleration of Distributions. Notwithstanding anything to the contrary herein, this Plan does not permit the acceleration of the time or schedule of any distribution under this Plan pursuant to any Award subject to Code Section 409A, except as provided by Code Section 409A and Section 409A Regulations.

Section 19.3 Separation from Service. If any amount shall be payable with respect to any Award hereunder as a result of a Participant's termination of employment or other Service and such amount is subject to the provisions of Code Section 409A, then notwithstanding any other provision of this Plan, a termination of employment or other Service will be deemed to have occurred only at such time as the Participant has experienced a "separation from service" as such term is defined for purposes of Code Section 409A.

Section 19.4 Timing of Payment to a Specified Employee. If any amount shall be payable with respect to any Award hereunder as a result of a Participant's separation from Service at such time as the Participant is a "specified employee" and such amount is subject to the provisions of Code Section 409A, then notwithstanding

any other provision of this Plan, no payment shall be made, except as permitted under Code Section 409A, prior to the first day of the seventh (7th) calendar month beginning after the Participant's separation from Service (or the date of his or her earlier death). The Company may adopt a specified employee policy that will apply to identify the specified employees for all deferred compensation plans subject to Code Section 409A; otherwise, specified employees will be identified using the default standards contained in the regulations under Code Section 409A.

Article XX
Amendment and Termination

Section 20.1 Amendment, Modification, and Termination of the Plan. The Board or the Committee may at any time terminate, suspend or amend the Plan without the authorization of stockholders to the extent allowed by law, including without limitation any rules issued by the Securities and Exchange Commission under Section 16 of the 1934 Act, insofar as stockholder approval thereof is required in order for the Plan to continue to satisfy the requirements of Rule 16b-3 under the 1934 Act, or the rules of any applicable stock exchange. No termination, suspension or amendment of the Plan shall adversely affect any right acquired by any Participant under an Award granted before the date of such termination, suspension or amendment, unless such Participant shall consent; but it shall be conclusively presumed that any adjustment for changes in capitalization as provided for herein does not adversely affect any such right.

Section 20.2 Amendment of Awards. The Committee may unilaterally amend the terms of any Award Agreement previously granted, except that (i) no such amendment may materially impair the rights of any Participant under the applicable Award without the Participant's consent, unless such amendment is necessary to comply with applicable law, stock exchange rules or accounting rules; and (ii) in no event may an Option or SAR be amended or modified, other than as provided in Section 4.4, to decrease the Option or SAR exercise or base price thereof, or be cancelled in exchange for cash, a new Option or SAR with a lower exercise price or base price, or other Awards, or otherwise be subject to any action that would be treated for accounting purposes as a "repricing" of such Option or SAR, unless such action is approved by the Company's stockholders.

Article XXI
Miscellaneous

Section 21.1 Approval Restrictions. Each Award under the Plan shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the Shares subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, or (iii) an agreement by the recipient of an Award with respect to the disposition of Shares is necessary or desirable as a condition of, or in connection with, the granting of such award or the issue or purchase of Shares thereunder, such Award may not be consummated in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained, free of any conditions not acceptable to the Committee.

Section 21.2 Securities Law Compliance. With respect to Participants subject to Section 16 of the 1934 Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. If any provision of this Plan or of any Award Agreement would otherwise frustrate or conflict with the intent expressed in the preceding sentence, that provision to the extent possible shall be interpreted and deemed amended in the manner determined by the Committee so as to avoid the conflict. To the extent of any remaining irreconcilable conflict with this intent, the provision shall be deemed void as applicable to Participants who are then subject to Section 16 of the 1934 Act. In addition, no Shares will be issued or transferred pursuant to an Award unless and until all then applicable requirements imposed by federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any stock exchanges upon which the Shares may be listed, have been fully met. As a condition precedent to the issuance of Shares pursuant to the grant, exercise, vesting or settlement of an Award, the Company may require the Participant to take any reasonable action to meet such requirements. The Committee may impose such conditions on any Shares issuable under the Plan as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any stock exchange upon which such Shares of the same class are then listed, and under any blue sky or other securities laws applicable to such Shares.

Section 21.3 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular and the singular shall include the plural.

Section 21.4 Rights as a Stockholder. The recipient of any Award under the Plan, unless otherwise provided by the Plan, shall have no rights as a stockholder with respect thereto unless and until certificates for Shares are issued to the recipient.

Section 21.5 Forfeiture. The Committee may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, termination of Service for Cause or any act by a Participant, whether before or after termination of Service, that would constitute Cause for termination of Service.

Section 21.6 Rights as Employee or Nonemployee Director. No person, even though eligible pursuant to Article V, shall have a right to be selected as a Participant, or, having been so selected, to be selected again as a Participant. Nothing in the Plan or any Award granted under the Plan shall confer on any Participant a right to remain an Employee or Nonemployee Director or interfere with or limit in any way any right of the Company or Affiliate to terminate the Participant's Service at any time. To the extent that an Employee of an Affiliate receives an Award under the Plan, that Award shall in no event be understood or interpreted to mean that the Company is the Employee's employer or that the Employee has an employment relationship with the Company.

Section 21.7 Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise or settlement of any Award.

Section 21.8 Effect on Other Plans. Unless otherwise specifically provided, participation in the Plan shall not preclude a Participant's eligibility to participate in any other benefit or incentive plan. Any Awards made pursuant to the Plan shall not be considered as compensation in determining the benefits provided under any other plan.

Section 21.9 No Constraint on Corporate Action. Nothing in this Plan shall be construed to: (a) limit, impair, or otherwise affect the Company's or an Affiliate's right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets; or (b) limit the right or power of the Company or an Affiliate to take any action which such entity deems to be necessary or appropriate.

Section 21.10 Over/Under Payments. If any Participant or beneficiary receives an underpayment of Shares or cash payable under the terms of any Award, payment of any such shortfall shall be made as soon as administratively practicable. If any Participant or beneficiary receives an overpayment of Shares or cash payable under the terms of any Award for any reason, the Committee or its delegate shall have the right, in its sole discretion, to take whatever action it deems appropriate, including but not limited to the right to require repayment of such amount or to reduce future payments under this Plan, to recover any such overpayment. Notwithstanding the foregoing, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, and if the Participant knowingly or through gross negligence engaged in the misconduct, or knowingly or through gross negligence failed to prevent the misconduct, or if the Participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, the Participant shall reimburse the Company the amount of any payment in settlement of an Award earned or accrued during the twelve- (12-) month period following the first public issuance or filing with the United States Securities and Exchange Commission of the financial document embodying such financial reporting requirement.

Section 21.11 Unfunded Obligation. Participants shall have the status of general unsecured creditors of the Company. Any amounts payable to Participants pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974. No Affiliate shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment

obligations hereunder. Any investments or the creation or maintenance of any trust or any Participant account shall not create or constitute a trust or fiduciary relationship between the Committee or any Affiliate and a Participant, or otherwise create any vested or beneficial interest in any Participant or the Participant's creditors in any assets of any Affiliate. The Participants shall have no claim against any Affiliate for any changes in the value of any assets which may be invested or reinvested by the Company with respect to the Plan.

Section 21.12 No Liability With Respect to Adverse Tax Treatment. Notwithstanding any provision of this Plan to the contrary, in no event shall the Company or any Affiliate be liable to a Participant on account of an Award's failure to (i) qualify for favorable U.S., foreign, state, local, or other tax treatment or (ii) avoid adverse tax treatment under U.S., foreign, state, local, or other law, including, without limitation, Code Section 409A.

Section 21.13 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

Section 21.14 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 21.15 Governing Law. To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the state of Indiana.

Section 21.16 Successors. All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company.

Section 21.17 Provisions Regarding Transferability of Awards.

(a) General. Except as otherwise provided below, Awards may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder. Except as otherwise provided in the Plan, all rights with respect to an Award granted to a Participant shall be available during his or her lifetime only to such Participant.

(b) Nonqualified Stock Options and Stock Appreciation Rights. No NSO or SAR granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder. Notwithstanding the foregoing or anything in part (a) above, a Participant, at any time prior to his death, may assign all or any portion of the NSO or SAR to (i) his spouse or lineal descendant, (ii) the trustee of a trust for the primary benefit of his spouse or lineal descendant, or (iii) a tax-exempt organization as described in Code Section 501(c)(3). In such event the spouse, lineal descendant, trustee or tax-exempt organization shall be entitled to all of the rights of the Participant with respect to the assigned portion of such NSO or SAR, and such portion of the NSO or SAR shall continue to be subject to all of the terms, conditions and restrictions applicable to the NSO or SAR as set forth herein, and in the related Award Agreement, immediately prior to the effective date of the assignment. Any such assignment shall be permitted only if (i) the Participant does not receive any consideration therefore, and (ii) the assignment is expressly approved by the Committee or its delegate. Any such assignment shall be evidenced by an appropriate written document executed by the Participant, and a copy thereof shall be delivered to the Committee or its delegate on or prior to the effective date of the assignment.

(c) Incentive Stock Options. Notwithstanding anything in part (a) and (b) above, no ISO may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or the laws of descent or distribution.

(d) Nonemployee Directors. Notwithstanding anything in parts (a), (b), or (c) to the contrary, a Nonemployee Director at any time prior to his or her death, may assign all or any portion of an Award granted to him or her under the Plan to (i) his or her spouse or lineal descendant, (ii) the trustee of a trust for the primary benefit of his or her spouse or lineal descendant or (iii) a tax-exempt organization as described in Code Section 501(c)(3). In such event, the spouse, lineal descendant, trustee, or tax-exempt

organization shall be entitled to all of the rights of the Participant with respect to the assigned portion of such Award, and such portion of the Award shall continue to be subject to all of the terms, conditions and restrictions applicable to the Award as set forth herein, and in the related Award Agreement, immediately prior to the effective date of the assignment. Any such assignment shall be permitted only if (i) the Participant does not receive any consideration therefore, and (ii) the assignment is expressly approved by the Committee or its delegate. Any such assignment shall be evidenced by an appropriate written document executed by the Participant, and a copy thereof shall be delivered to the Committee or its delegate on or prior to the effective date of the assignment.

FIRST AMENDMENT TO THE NISOURCE INC. 2010 OMNIBUS INCENTIVE PLAN

BACKGROUND

A. NiSource Inc. (the "Company") maintains the NiSource Inc. 2010 Omnibus Incentive Plan (the "Plan").

B. The Company desires to amend the Plan to provide the Officer Nomination and Compensation Committee (the "Committee") the authority to grant equity awards authorized under the Plan that contain either single-trigger or double-trigger vesting in the event of a change in control event, as the Committee deems appropriate.

C. Section 20.1 of the Plan gives the Officer Nomination and Compensation Committee (the "ONCC") of the Company's Board of Directors the ability to amend the Plan.

D. The ONCC approved amendment of the Plan at its meeting held October 21, 1013.

PLAN AMENDMENT

1. Effective October 21, 2013, the first sentence of Section 16.1 of the Plan is deleted in its entirety and replaced with the following:

   Except as otherwise provided in the Plan or any Award Agreement granted hereunder, upon a Change in Control, all outstanding Awards shall become fully exercisable and all restrictions thereon shall terminate; provided, however, that the Committee may determine and provide through an Award Agreement or other means the extent of vesting and the treatment of partially completed performance periods (if any) for any Awards outstanding upon a Change in Control.

2. The remainder of the Plan shall remain unchanged.

SECOND AMENDMENT TO THE NISOURCE INC. 2010 OMNIBUS INCENTIVE PLAN

BACKGROUND

A. NiSource Inc. (the "Company") maintains the NiSource Inc. 2010 Omnibus Incentive Plan (the "Plan").

B. The Compensation Committee of the Board of Directors of NiSource Inc. (the "Committee") desires to amend the Plan, as previously amended on October 21, 2013, with respect to (i) minimum vesting terms for Awards and (ii) vesting upon a Change in Control.

C. Section 20.1 of the Plan gives the Company the ability to amend the Plan.

PLAN AMENDMENT

Effective October 20, 2015, the Plan is amended in the manner described below.

1. The following is added after the second sentence in Section 6.1:

   Notwithstanding the foregoing, Options shall be subject to a Period of Restriction that lapses no earlier than the first anniversary of the date of grant of the Option, except that an Award Agreement may provide that a pro rata portion of such Options shall vest upon termination of Service due to death, disability, or Retirement. Except as otherwise provided in an Award Agreement, such pro rata portion of the Options that vest shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the date of grant of the Options and the date the Participant terminates Service, and the denominator shall be the number of full or partial calendar months between the date of grant of the Options and the date the Period of Restriction otherwise would have lapsed.

2. The following is added after the second sentence in Section 7.1:

   Notwithstanding the foregoing, SARs shall be subject to a Period of Restriction that lapses no earlier than the first anniversary of the date of grant of the SAR, except that an Award Agreement may provide that a pro rata portion of such SARs shall vest upon termination of Service due to death, disability, or Retirement. Except as otherwise provided in an Award Agreement, such pro rata portion of the SARs that vest shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the date of grant of the SARs and the date the Participant terminates Service, and the denominator shall be the number of full or partial calendar months between the date of grant of the SARs and the date the Period of Restriction otherwise would have lapsed.

3. The following is added after the last sentence in Section 8.2:

Notwithstanding the foregoing, each Restricted Stock and Restricted Stock Unit grant shall be subject to a Period of Restriction that lapses no earlier than the first anniversary of the date of grant of such Award, except that an Award Agreement may provide that a pro rata portion of such Restricted Stock or Restricted Stock Units shall vest upon termination of Service due to death, disability, or Retirement. Except as otherwise provided in an Award Agreement, such pro rata portion of the Restricted Stock and Restricted Stock Units that vest shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the date of grant of the Restricted Stock or Restricted Stock Units and the date the Participant terminates Service, and the denominator shall be the number of full or partial calendar months between the date of grant of the Restricted Stock or Restricted Stock Units and the date the Period of Restriction otherwise would have lapsed.

4. The following is added after the last sentence in Section 9.2:

Notwithstanding the foregoing, each grant of Performance Shares shall be subject to a Period of Restriction that lapses no earlier than the first anniversary of the date of grant of such Award, except that an Award Agreement may provide that a pro rata portion of such Performance Shares payable based on achievement of the performance criteria shall vest upon termination of Service due to death, disability, or Retirement. Except as otherwise provided in an Award Agreement, such pro rata portion of the Performance Shares that vest shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the date of grant of the Performance Shares and the date the Participant terminates Service, and the denominator shall be the number of full or partial calendar months between the date of grant of the Performance Shares and the date the Period of Restriction otherwise would have lapsed. Subject to the terms of an applicable Award Agreement or any other agreement between a Participant and the Company, such pro rata portion of the Performance Shares shall vest only to the extent that the performance-based vesting conditions in the Award Agreement have been satisfied, except that in the event that the Participant has terminated Service due to death with more than 12 months remaining in the performance period, such pro rata portion of the Performance Shares shall be deemed to have achieved target level performance.

5. The following is added after the last sentence in Section 10.2:

Notwithstanding the foregoing, each grant of Performance Units shall be subject to a Period of Restriction that lapses no earlier than the first anniversary of the date of grant of such Award, except that an Award Agreement may provide that a pro rata portion of such Performance Units payable based on achievement of the performance criteria shall vest upon termination of Service due to death, disability, or Retirement. Except as otherwise provided in an Award Agreement, such pro rata portion of the Performance Units that vest shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the date of grant of the Performance Units and the date the Participant terminates Service, and the denominator shall be the number of full or partial calendar months between the date of grant of the Performance Units and the date the Period of Restriction otherwise would have lapsed. Subject to the terms of an applicable Award Agreement or any other agreement between a Participant and the

Company, such pro rata portion of the Performance Units shall vest only to the extent that the performance-based vesting conditions in the Award Agreement have been satisfied, except that in the event that the Participant has terminated Service due to death with more than 12 months remaining in the performance period, such pro rata portion of the Performance Units shall be deemed to have achieved target level performance.

6. Sections 16.1 is deleted in its entirety and replaced with the following:

Section 16.1 Effect of a Change in Control.

(a) Upon a Change in Control, no cancellation, termination, acceleration of exercisability or vesting, lapse of any Period of Restriction or settlement or other payment shall occur with respect to any outstanding Award, if the Committee (as constituted immediately prior to the consummation of the transaction constituting the Change in Control) reasonably determines, in good faith, prior to the Change in Control that such outstanding Awards shall be honored or assumed, or new rights substituted (such honored, assumed or substituted Award being hereinafter referred to as an "Alternative Award") by the new Employer, provided that any Alternative Award must:

(i) be based on shares of common stock that are traded on a registered U.S. securities exchange;

(ii) provide the Participant (or each Participant in a class of Participants) with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment;

(iii) have substantially equivalent economic value to such Award (determined at the time of the Change in Control); and

(iv) have terms and conditions which provide that in the event that the Participant suffers an involuntary termination of Service by the Company other than for Cause or a voluntary termination for Good Reason within two years following the Change in Control, any conditions on the Participant's rights under, or any restrictions on transfer or exercisability applicable to, each such Award held by such Participant shall be waived or shall lapse, as the case may be, and any performance-based restrictions shall be deemed to have been achieved at target level performance. For purposes of Article 16 of this Plan, "Good Reason" shall be interpreted in a manner consistent with the guidance under Code Section 409A and shall be deemed to exist if, and only if:

(A) there is a significant diminution in the nature or the scope of the Participant's authorities or duties;

(B) there is a significant reduction in the Participant's monthly rate of base salary, benefits, and the Participant's opportunity to earn a bonus under an incentive bonus compensation plan maintained by Company;

(C) the Company changes by 50 miles or more the principal location at which the Participant is required to perform services as of the date of a Change in Control; or

(D) the Company or any successor materially breaches any Award Agreement or Alternative Award with the Participant granted in accordance with this Plan.

Notwithstanding the foregoing, in the event a Participant terminates Service for Good Reason hereunder, the Participant shall give the Company at least 30 days prior written notice specifying in detail the Good Reason conditions. If the Company cures such conditions, any subsequent termination of employment by the Participant will not be considered to be made for Good Reason.

(b) All outstanding Awards for which Alternative Awards are not granted in accordance with this section shall become fully exercisable; all restrictions thereon shall terminate; any performance-based restrictions shall be deemed to have been achieved at target level performance; and such Awards shall be immediately payable, except to the extent that later payment is necessary to comply with Code Section 409A.

(c) If the Company has terminated the Service of a Participant other than for Cause, or if the Participant has terminated Service for Good Reason, during the year before the consummation of a Change in Control but after a third party and/or the Company had taken steps reasonably calculated to effect such Change in Control, and the Participant reasonably demonstrates that such termination of Service was in connection with or in anticipation of the Change in Control, then: all of the Participant's outstanding Awards shall become fully exercisable; all restrictions thereon shall terminate; any performance-based restrictions shall be deemed to have been achieved at target level performance; and such Awards shall be payable within 60 days after the later of the Participant's termination of Service or the Change in Control, except to the extent that later payment is necessary to comply with Code Section 409A.

7. The remainder of the Plan shall remain unchanged.

Exhibit A

2016 CASH-BASED AWARDS
TERMS AND CONDITIONS FOR COVERED OFFICERS

NiSource Inc.
2010 Omnibus Incentive Plan

1. Background

Article XI of the Plan provides that the Committee may grant Cash-Based Awards to Participants under such terms described by the Committee, subject to the terms of the Plan. This document sets forth the terms and conditions of how Cash-Based Awards will be paid for the applicable Performance Period that begins January 1, 2016 and ends December 31, 2016, to the designated covered officers of the Corporation including the individuals listed below and any additional executive officer of the Corporation who holds the position held by one of the individuals listed below in Section 4 who is a "Named Executive Officer" within the meaning of the proxy disclosure rules of the Securities and Exchange Commission for the year-ended 2015 ("Covered Officers"). Any capitalized term that is not defined in this document shall have the meaning assigned to it in the Plan.

2. Performance Measure and Performance Target

The Performance Measure for determining Cash-Based Awards is the Corporation's Operating Income. The Performance Target is Operating Income that is greater than $0.00. If this Performance Target is not achieved, no Cash-Based Awards shall be paid.

3. Value of Awards and Creation of Incentive Pool

The total value of Cash-Based Awards paid to Covered Officers may not exceed an amount equal to one percent of the Corporation's Operating Income during the Performance Period. This amount shall represent the Incentive Pool from which Cash-Based Awards may be paid to Covered Officers.

4. Allocation of Incentive Pool

The value of Cash-Based Awards payable to each Covered Officer from the Incentive Pool shall be determined as follows:

Covered Officer	Percent of Incentive Pool
Hamrock	30% of Pool
Brown	15% of Pool
Stanley	15% of Pool
Hightman	10% of Pool
Sistovaris	10% of Pool
Campbell	10% of Pool
Levander	10% of Pool

The Cash-Based Award payable to any Covered Officer who is a Covered Officer because he or she holds the position held by one of the individuals listed above in this Section 4 shall succeed to such individual's percentage of the pool specified above. The Committee shall have no discretion to increase the value of Cash-Based Awards to an amount greater than those percentages specified in the table above.

5. Maximum Awards Payable to Covered Officers

Notwithstanding any provision to the contrary, in no event may the amount of any individual Cash-Based Award, when aggregated with other Cash-Based Awards during a Performance Period, exceed $10 million.

6. Extraordinary Events

For purposes of calculating the amount of Cash-Based Awards payable to a Covered Officer, the Committee shall adjust the Cash-Based Awards to reflect the following extraordinary and other similar items to the extent that they impact Operating Income by more than $50 million individually:

A. Asset write-downs;
B. Litigation or claim judgments or settlements;
C. The effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;
D. Any spin-off or other corporate reorganization or restructuring programs;
E. Mergers, acquisitions or divestitures;
F. Foreign exchange gains and losses; and
G. Extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial conditions and results of operations appearing in the Company's consolidated report to the investment community or investor letters.

7. Discretion to Reduce Amounts Payable

Notwithstanding any provision to the contrary, the Committee shall have the discretion to reduce the amount of Cash-Based Awards payable to Covered Officers. For purposes of exercising such negative discretion, the Committee may be guided by the performance measures (including extraordinary events) as defined and set forth in Exhibit B attached to the resolutions related to the adoption of 2016 Cash-Based Award Performance Targets under the NiSource Inc. 2010 Omnibus Incentive Plan as well as an additional performance measure related to safety as approved by the Committee. The Committee may consider the following weightings for Corporate Covered Officers: 80% NOEPS, 10% Customer Care and 10% Corporate-wide safety. The Committee may also consider any other factors in its sole discretion in determining the actual Cash-Based Awards payable to Covered Officers.

Exhibit B

2016 CASH-BASED AWARDS TERMS AND CONDITIONS FOR PARTICIPANTS WHO ARE NOT COVERED OFFICERS

NiSource Inc.
2010 Omnibus Incentive Plan

1. Background

Article XI of the NiSource Inc. 2010 Omnibus Incentive Plan (the "Plan") provides that the Compensation Committee (the "Committee") may grant Cash-Based Awards to Participants under such terms described by the Committee, subject to the terms of the Plan. This document sets forth the terms and conditions of how Cash-Based Awards will be paid for the applicable Performance Period that begins January 1, 2016, and ends December 31, 2016, to the Participants who have not been designated as "Covered Officers" of the Corporation. Any capitalized term that is not defined in this document shall have the meaning assigned to it in the Plan.

2. Eligibility for Participation

All exempt and non-exempt employees of the Corporation and its affiliates who are active as of 12/31/2016, are eligible to participate in the Cash-Based Awards Program (the "Program") under the Plan, other than:

(i) Covered Officers,
(ii) employees who have received a last chance letter, final notice letter or equivalent during the Plan year,
(iii) certain exempt employees who participate in other specialized functional incentive plans, and
(iv) interns;

provided, however, that the Committee may add additional employees and remove employees in its discretion ("Eligible Employees"). The Committee or the Corporation's Chief Executive Officer may determine which Eligible Employees or groups of Eligible Employees shall actually participate in the Program. The Committee and the Chief Executive Officer generally shall make this determination each calendar year (a "Performance Year"). Such officers and other Eligible Employees chosen to participate in the Program are "Participants." Designation by the Committee or Chief Executive Officer as a Participant in one Performance Year shall not confer on such Participant the right to be a Participant in another Performance Year.

A Participant who terminates his or her employment with the Corporation 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 Program. 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 Program. 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. For purposes of this Plan, "retirement" means the employee's attainment of age 55 and 10 years of service, as "years of service" (as defined in the Employer's qualified retirement plan) and "disability" means the employee's disability as defined in the Employer's long-term disability plan subject to the exclusions listed in 2(i)-(iv), above.

Notwithstanding the previous paragraphs, 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 his or her individual incentive opportunity reduced by at least 50%. Any Participant not covered under the preceding sentences is a "Full Participant."

3. Performance Targets and Cash-Based Award Payouts

A. Corporation's Financial Trigger

The Corporation's financial trigger is the Corporation's achievement of net operating earnings per share, after accounting for the cost of payments under the Program ("NOEPS"), of $1.01 for the Performance Year. The Corporation 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 NOEPS to reflect unusual or non-recurring events. If the Corporation's NOEPS for the Performance Year is less than $1.01, no amount shall be payable under the Program for NOEPS.

B Financial and Customer Care Triggers

The performance criterion will be NOEPS and Customer Care. The Customer Care criteria is measured by the Corporation's relative score derived from the aggregate operating company scores included in and measured by the 2016 JD Power Gas and Electric Utility Residential Customer Satisfaction Studies. Part (C) identifies the tiers of NOEPS and Customer Care score and the corresponding payout percentage of Eligible Earnings that will be used to calculate the amount of the Incentive Pool. Ninety percent (90%) of a Participant's incentive opportunity will be based upon NOEPS and ten percent (10%) will be based upon Customer Care.

C. Goals and Payout Percentages

NOEPS Goals

NOEPS	Individual Payout Percentage
$1.11	Stretch %
$1.06	Target %
$1.01	Trigger %

Customer Care Goals (percentile)

Customer Care	Individual Payout Percentage
78%	Stretch %
66%	Target %
54%	Trigger %

D. Incentive Pool Creation

The individual incentive opportunity for a Participant shall equal:

(Participant's Eligible Earnings X NOEPS individual payout percentage X 90%)

PLUS

(Participant's Eligible Earnings X Customer Care individual payout percentage X 10%)

Eligible Earnings consist of the Participant's base earnings for the calendar year. Additionally, Eligible Earnings for Participants who are non-exempt employees also include 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.

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

E. Calculation of Bonus

In general, Participants who are non-exempt employees will receive 100% of their individual incentive amount, as calculated under this Program. The amount of the individual incentive opportunity for Participants who are exempt employees generally will be the amount calculated under this Program, divided into two categories:

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

Notwithstanding the foregoing, the Committee retains the power, authority and discretion to reduce, eliminate, or otherwise modify the amount calculated as payable.

F. Extraordinary Events

For purposes of calculating the amount of Cash-Based Awards, the Committee may adjust the Cash-Based Awards to reflect the following extraordinary and other similar items:

1. Equity issuances;
2. Debt issuances;
3. Discontinued operations;
4. Mergers, acquisitions, and divestitures;
5. Capital expenditures;
6. Asset write-downs;
7. Litigation or claim judgments or settlements;
8. The effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;
9. Any reorganization or restructuring programs;
10. Foreign exchange gains and losses;
11. Extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial conditions and results of operations appearing in the Company's consolidated report to the investment community or investor letters;
12. Significant movements in gas prices; and
13. Significant changes in the law.

4. General Timing of Payment

If payable, the Participant's incentive 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 Corporation's payroll practices.

5. Notices.

Any notice required or permitted to be given by the Corporation 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 Corporation or subsequently provided in writing to the Corporation.

6. Miscellaneous Provisions.

1. 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.

2. 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.

Exhibit A

2017 CASH-BASED AWARDS PROGRAM
TERMS AND CONDITIONS FOR COVERED OFFICERS

NiSource Inc.
2010 Omnibus Incentive Plan

1. Background

Article XI of the NiSource Inc. 2010 Omnibus Incentive Plan (the "Plan") provides that the Compensation Committee of the Corporation's Board of Directors (the "Committee") may grant Cash-Based Awards to Participants under such terms described by the Committee, subject to the terms of the Plan. This document sets forth the terms and conditions of how Cash-Based Awards will be paid for the applicable Performance Period that begins January 1, 2017, and ends December 31, 2017, to the designated Covered Officers of the Corporation, including the individuals listed below and any additional executive officer of the Corporation who holds the position held by one of the individuals listed below in Section 4 who is a "Named Executive Officer" within the meaning of the proxy disclosure rules of the Securities and Exchange Commission for the year-ended 2017 ("Covered Officers"). Covered Officers are not eligible to participate in any other 2017 Cash-Based Award program. Any capitalized term that is not defined in this document shall have the meaning assigned to it in the Plan.

2. Performance Measure and Performance Target

The Performance Measure for determining Cash-Based Awards is the Corporation's Operating Income. The Performance Target is Operating Income that is greater than $0.00. If this Performance Target is not achieved, no Cash-Based Awards shall be paid.

3. Value of Awards and Creation of Incentive Pool

The total value of Cash-Based Awards paid to Covered Officers may not exceed an amount equal to one percent (1%) of the Corporation's Operating Income during the Performance Period. This amount shall represent the Incentive Pool from which Cash-Based Awards may be paid to Covered Officers.

4. Allocation of Incentive Pool

The value of Cash-Based Awards payable to each Covered Officer from the Incentive Pool shall be determined as follows:

Covered Officer	Percent of Incentive Pool
Hamrock	30% of Pool
Brown	15% of Pool
Stanley	15% of Pool
Hightman	10% of Pool
Sistovaris	10% of Pool
Levander	10% of Pool
Vegas	10% of Pool

The Cash-Based Award payable to any Covered Officer who is a Covered Officer because he or she holds the position held by one of the individuals listed above in this Section 4 shall succeed to such individual's percentage of the pool specified above. The Committee shall have no discretion to increase the value of Cash-Based Awards to an amount greater than those percentages specified in the table above.

5. Maximum Awards Payable to Covered Officers

Notwithstanding any provision to the contrary, in no event may the amount of any individual Cash-Based Award, when aggregated with other Cash-Based Awards during a Performance Period, exceed $10 million.

6. Extraordinary Events

For purposes of calculating the amount of Cash-Based Award payable to a Covered Officer, the Committee shall adjust the Cash-Based Award to reflect the following extraordinary and other similar items to the extent that they impact Operating Income by more than $50 million individually:

1. Asset write-downs;
2. Litigation or claim judgments or settlements;
3. The effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;
4. Any spin-off or other corporate reorganization or restructuring programs;
5. Mergers, acquisitions or divestitures;
6. Foreign exchange gains and losses; and
7. Extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial conditions and results of operations appearing in the Company's consolidated report to the investment community or investor letters.

7. Discretion to Reduce Amounts Payable

Notwithstanding any provision to the contrary, the Committee shall have the discretion to reduce the amount of Cash-Based Awards payable to Covered Officers. For purposes of exercising such negative discretion, the Committee may be guided by the performance measures (including extraordinary events) as defined and set forth in Exhibit B attached to the resolutions related to the adoption of 2017 Cash-Based Award Performance Targets under the Plan. The Committee may consider the following weightings for Corporate Covered Officers: Seventy-Five percent (75%) NOEPS, fifteen percent (15%) Customer Care (10% 2017 JD Power and 5% Customer Satisfaction ("CSAT")) and ten percent (10%) Safety (5% DART and 5% National Safety Council Barometer Survey). The Committee may also consider any other factors in its sole discretion in determining the actual Cash-Based Awards payable to Covered Officers.

2017 CASH-BASED AWARDS PROGRAM
TERMS AND CONDITIONS FOR OFFICER PARTICIPANTS

NiSource Inc.
2010 Omnibus Incentive Plan

1. Background

Article XI of the NiSource Inc. 2010 Omnibus Incentive Plan (the "Plan") provides that the Compensation Committee of the Corporation's Board of Directors (the "Committee") may grant Cash-Based Awards to Participants under such terms described by the Committee, subject to the terms of the Plan. This document sets forth the terms and conditions of how Cash-Based Awards will be paid for the applicable Performance Period that begins January 1, 2017, and ends December 31, 2017, to Participants who are Officers of the Corporation (as defined below) who have not been designated as "Covered Officers." Officers are not eligible to participate in any other 2017 Cash-Based Award program. Any capitalized term that is not defined in this document shall have the meaning assigned to it in the Plan.

2. Eligibility for Participation

All Participants who hold the title of Vice President, Senior Vice President, President, CIO or equivalent position as determined in the sole discretion of the Committee or its delegate and who are Officers on December 31, 2017, ("Officers"), are eligible to participate in the Cash-Based Awards Program (the "Program") under the Plan and subject to the terms and conditions set forth herein; provided, however, that the Committee or its delegate may add additional Officers and remove Officers in its discretion.

An Officer who terminates his or her employment with the Corporation after the end of the Performance Period but before the distribution of the incentive payment will be entitled to receive any payment due under this Program. However, any Officer that is terminated "for cause" before the distribution of the incentive payment will not be entitled to receive any payment due under this Program. Notwithstanding the foregoing, any Officer 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 to participate 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. Designation by the Committee or its delegate as a Participant in one Performance Period shall not confer on such Participant the right to be a Participant in another Performance Period. For purposes of this Plan, "retirement" means the employee's attainment of age 55 and 10 years of service, as the term "years of service" is defined in the Employer's qualified retirement plan and "disability" means the employee's disability as defined in the Employer's long-term disability plan.

3. Performance Targets and Cash-Based Award Payouts

A. Financial, Customer Care and Safety Measures

The performance measures will be NOEPS (75%), Customer Care (15%) and Safety (10%).

i. NOEPS Financial Measure

The NOEPS measure is based on the Corporation's achievement of net operating earnings per share, after accounting for the cost of payments under the Program ("NOEPS"). The Corporation shall have full discretion and authority to determine whether this measure has been achieved and whether any adjustments need to be made in the calculation of NOEPS to reflect unusual or non-recurring events.

ii. Customer Care Measure

The Customer Care measure is based on two measures: (1) the Corporation's overall score as measured by the 2017 JD Power Gas and Electric Utility Residential Customer Satisfaction Studies (10%); and (2) the overall post-transactional customer satisfaction ("CSAT") survey results (5%).

iii. Safety Measure

The Safety measure is based on two measures: (1) the Corporation's overall number of days away from work, restricted or the number of days an employee was transferred, known as the DART metric (5%); and (2) the Corporation's overall percentile score on the National Safety Council's Barometer Survey (5%), an employee perception survey that measures the Company's safety culture in the areas of management, supervisor and employee participation in safety, safety support activities and climate, and overall organizational climate.

Part (B) identifies the tiers of NOEPS, Customer Care and Safety measures and the corresponding payout percentage of Eligible Earnings that will be used to calculate the amount of the Incentive Pool. Seventy-Five percent (75%) of an Officer's incentive opportunity will be based upon NOEPS, fifteen percent (15%) will be based upon Customer Care (10% 2017 JD Power and 5% CSAT) and ten percent (10%) will be based on Safety (5% DART and 5% National Safety Council Barometer Survey).

B. Goals and Payout Percentages

i. NOEPS Goal

NOEPS	Individual Payout Percentage
$1.18	Stretch %
$1.15	Target %
$1.12	Trigger %

ii. Customer Care Goals

JD Power Gas and Electric Utility Residential Customer Satisfaction Studies

JD Power Score	Individual Payout Percentage
715	Stretch %
705	Target %
695	Trigger %

Customer Satisfaction (CSAT)

CSAT	Individual Payout Percentage
89%	Stretch %
87%	Target %
85%	Trigger %

iii. Safety Goals

DART

DART	Individual Payout Percentage
0.22	Stretch %
0.44	Target %
0.66	Trigger %

National Safety Council Barometer Survey

Overall Percentile	Individual Payout Percentage
80%	Stretch %
78%	Target %
75%	Trigger %

C. Incentive Opportunity

The individual incentive opportunity for an Officer is calculated as follows

(Officer's Eligible Earnings X NOEPS individual payout percentage X 75%)

PLUS

(Officer's Eligible Earnings X 2017 JD Power Gas and Electric Utility Residential Customer Satisfaction Studies individual payout percentage X 10%)

PLUS

(Officer's Eligible Earnings X CSAT individual payout percentage X 5%)

PLUS

(Officer's Eligible Earnings X DART individual payout percentage X 5%)

PLUS

(Officer's Eligible Earnings X National Safety Council Barometer Survey individual payout percentage X 5%)

Eligible Earnings consist of the Officer's base earnings for the Performance Period. 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.

The individual incentive opportunity for each Officer will be added together, and the sum will equal the Incentive Opportunity. The amount of individual incentive opportunity is 100% discretionary. The Committee retains the power, authority and discretion to reduce, eliminate, or otherwise modify the amount calculated as payable.

D. Extraordinary Events

For purposes of calculating the amount of Cash-Based Awards, the Committee may adjust the Cash-Based Awards to reflect the following extraordinary and other similar items:

1. Equity issuances;
2. Debt issuances;
3. Discontinued operations;
4. Mergers, acquisitions, and divestitures;
5. Capital expenditures;
6. Asset write-downs;
7. Litigation or claim judgments or settlements;
8. The effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;
9. Any reorganization or restructuring programs;
10. Foreign exchange gains and losses;
11. Extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial conditions and results of operations appearing in the Company's consolidated report to the investment community or investor letters;
12. Significant movements in gas prices; and
13. Significant changes in the law.

4. General Timing of Payment

If payable, the Officer's incentive will be distributed to the Officer, or the Officer's estate in the event of the Officer's death before payment, in cash in a single sum as soon after the end of the applicable Performance Period as practicable, but no later than March 15 after the end of the Performance Period, in accordance with the Corporation's payroll practices.

5. Notices

Any notice required or permitted to be given by the Corporation 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 Officer, his or her beneficiary, executors, administrators, successors, assigns or transferees, at the last address shown for the Officer on the records of the Corporation or subsequently provided in writing to the Corporation.

6. Miscellaneous Provisions

A. Nothing contained herein will confer upon any Officer 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 Officer without regard to the existence of the Plan.

B. 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.

2017 CASH-BASED AWARDS PROGRAM
TERMS AND CONDITIONS FOR PARTICIPANTS

NiSource Inc.
2010 Omnibus Incentive Plan

1. Background

Article XI of the NiSource Inc. 2010 Omnibus Incentive Plan (the "Plan") provides that the Compensation Committee of the Corporation's Board of Directors (the "Committee") may grant Cash-Based Awards to Participants under such terms described by the Committee, subject to the terms of the Plan. This document sets forth the terms and conditions of how Cash-Based Awards will be paid for the applicable Performance Period that begins January 1, 2017, and ends December 31, 2017, to the Participants. Any capitalized term that is not defined in this document shall have the meaning assigned to it in the Plan.

2. Eligibility for Participation

All exempt and non-exempt employees of the Corporation and its affiliates who are active on December 31, 2017, are eligible to participate in the Cash-Based Awards Program (the "Program") under the Plan, other than:

A. Participants who are eligible under any other 2017 Cash-Based Award program;

B. Employees who have received a last chance letter, final notice letter or equivalent during the Plan year;

C. Certain exempt employees who participate in other specialized functional incentive plans; and

D. Interns.

provided, however, that the Committee may add additional employees and remove employees in its discretion ("Eligible Employees"). The Committee or the Corporation's Chief Executive Officer may determine which Eligible Employees or groups of Eligible Employees shall actually participate in the Program. The Committee and the Chief Executive Officer generally shall make this determination each calendar year (a "Performance Period"). Eligible Employees chosen to participate in the Program are "Participants." Designation by the Committee or Chief Executive Officer as a Participant in one Performance Period shall not confer on such Participant the right to be a Participant in another Performance Period.

A Participant who terminates his or her employment with the Corporation after the end of the Performance Period, but before the distribution of the incentive payment, will be entitled to receive any payment due under this Program. 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 Program. 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. For purposes of this Plan, "retirement" means the employee's attainment of age 55 and 10 years of service, as the term "years of service" is defined in the Employer's qualified retirement plan and "disability" means the employee's disability as defined in the Employer's long-term disability plan subject to the exclusions listed in 2 A-D, above.

Notwithstanding the previous paragraphs, 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 his or her individual incentive opportunity reduced by at least fifty percent (50%). Any Participant not covered under the preceding sentences is a "Full Participant."

3. Performance Targets and Cash-Based Award Payouts

A. Financial and Customer Care Measures

The performance measures will be NOEPS (85%) and Customer Care (15%).

i. NOEPS Financial Measure

The NOEPS measure is based on the Corporation's achievement of net operating earnings per share, after accounting for the cost of payments under the Program ("NOEPS"). The Corporation shall have full discretion and authority to determine whether this measure has been achieved and whether any adjustments need to be made in the calculation of NOEPS to reflect unusual or non-recurring events.

ii. Customer Care Measure

The Customer Care measure is based on two measures: (1) the Corporation's overall score as measured by the 2017 JD Power Gas and Electric Utility Residential Customer Satisfaction Studies (10%): and (2) the overall post-transactional customer satisfaction ("CSAT") survey results (5%).

Part (B) identifies the tiers of NOEPS and Customer Care measures and the corresponding payout percentage of Eligible Earnings that will be used to calculate the amount of the Incentive Pool. Eighty-Five percent (85%) of a Participant's incentive opportunity will be based upon NOEPS, and fifteen percent (15%) will be based upon Customer Care.

B. Goals and Payout Percentages

i. NOEPS Goal

NOEPS	Individual Payout Percentage
$1.18	Stretch %
$1.15	Target %
$1.12	Trigger %

ii. Customer Care Goals

JD Power Gas and Electric Utility Residential Customer Satisfaction Studies

JD Power Score	Individual Payout Percentage
715	Stretch %
705	Target %
695	Trigger %

Customer Satisfaction (CSAT)

CSAT	Individual Payout Percentage
89%	Stretch %
87%	Target %
85%	Trigger %

C. Incentive Pool Creation

The individual incentive opportunity for a Participant shall equal:

(Participant's Eligible Earnings X NOEPS individual payout percentage X 85%)

PLUS

(Participant's Eligible Earnings X 2017 JD Power Gas and Electric Utility Residential Customer Satisfaction Studies individual payout percentage X 10%)

PLUS

(Participant's Eligible Earnings X CSAT individual payout percentage X 5%)

Eligible Earnings consist of the Participant's base earnings for the Performance Period. Additionally, Eligible Earnings for Participants who are non-exempt employees also include all shift premiums and overtime pay for the Performance Period. 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.

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

D. Calculation of Bonus

i. Non-Exempt Employees

In general, Participants who are non-exempt employees will receive one hundred percent (100%) of their individual incentive amount, as calculated under this Program.

ii. Exempt Employees

The amount of the individual incentive opportunity for Participants who are exempt employees generally will be the amount calculated under this Program, divided into two categories:

- Discretionary: Sixty-seven percent (67%) of the Participant's individual incentive calculation will be discretionary. The Corporation may increase or decrease this amount based on the Corporation's assessment of the Participant's performance.

- Non-discretionary: Thirty-three percent (33%) of the Participant's individual incentive calculation will be fixed.

Notwithstanding the foregoing, the Committee retains the power, authority and discretion to reduce, eliminate, or otherwise modify the amount calculated as payable.

E. Extraordinary Events

For purposes of calculating the amount of Cash-Based Awards, the Committee may adjust the Cash-Based Awards to reflect the following extraordinary and other similar items:

1. Equity issuances;
2. Debt issuances;
3. Discontinued operations;
4. Mergers, acquisitions, and divestitures;
5. Capital expenditures;
6. Asset write-downs;
7. Litigation or claim judgments or settlements;
8. The effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;
9. Any reorganization or restructuring programs;
10. Foreign exchange gains and losses;
11. Extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial conditions and results of operations appearing in the Company's consolidated report to the investment community or investor letters;
12. Significant movements in gas prices; and
13. Significant changes in the law.

4. General Timing of Payment

If payable, the Participant's incentive 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 Period as practicable, but no later than March 15 after the end of the Performance Period in accordance with the Corporation's payroll practices.

5. Notices

Any notice required or permitted to be given by the Corporation 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 Corporation or subsequently provided in writing to the Corporation.

6. Miscellaneous Provisions

A. 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.

B. 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.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-28:

Please provide the percentage wage rate increases granted by the Company by date and employee category for the three most recent calendar years and the current year to date.

Response:

	2014	2015	2016	2017
	1-Jun	1-Jun	1-Jun	1-Jun
Exempt	3.00%	3.00%	3.00%	3.00%
Non-Union, Non-Exempt	1-Jun	1-Jun	1-Jun	1-Jun
	3.00%	2.50%	3.00%	3.00%
United Steelworkers of America	15-Sep	15-Sep	15-Aug	15-Aug
Local 7139-03	2.00%	2.00%	3.00%	2.00%
United Steelworkers of America	15-Sep	15-Sep	4-Sep	3-Sep
Local 13836-14	2.00%	2.00%	3.00%	2.00%
Utility Workers Union of America	30-Sep	30-Sep	27-Sep	30-Sep
Local 475	2.00%	2.00%	3.00%	2.00%
Utility Workers Union of America	1-Nov	1-Nov	31-Oct	1-Nov
Local 479	2.00%	2.00%	3.00%	2.00%
United Steelworkers of America	1-Apr	1-Apr	1-Apr	15-Mar
Local 1852-17	3.00%	2.00%	2.00%	3.00%

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-029:

Please provide an analysis (description, dates and amounts) of any gains or losses on utility property sold for the lesser of the last three years or since the Company's last rate case or anticipated during the FTY. Explain how such amounts have been treated for ratemaking purposes.

Response:

CPA did not have any other utility property sold during 2016 or 2017 and does not anticipate any sales of utility property during the FTY.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-30:

Please provide the level of each of the following which is included in the Company's cost of service by separate type and/or payee, which are incurred directly by the Company or are allocated or billed to the Company by affiliates or its parent company.

a. fines and penalties

b. contributions and donations

c. membership dues

d. lobbying expense

e. employee activity costs (e.g., picnics, parties, awards)

f. investor relations expenses

Response:

a. All fines and penalties are booked below the line in account 426-3000.

b. The Company has eliminated $3,844 of charitable contributions that were included in accounts 921 and 870 Operating Expenses. There is $403,795 in various charitable organizations booked below the line in account 426. See Exhibit No. 4, Schedule 15, for a listing of the various payees.

c. See GAS-RR-030 Attachment A.

d. There is $174,014 in lobbying expenses included in operating costs for the fully projected future test year (twelve months ended December 31, 2019). This was removed from the cost of service by a ratemaking adjustment on Exhibit No. 104, Schedule No. 1, Page 2 of 6, Line 25.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

e. Columbia Gas of Pennsylvania has discontinued its sponsorship of all athletic associations and employee social clubs. There was $17,088 spent on employee activities and recognition awards during the historic test year.

f. NiSource Corporate Services Company (NCSC) billed Columbia Gas of Pennsylvania $123,263 during the historic test year for Investor Relations expenses.

Columbia Gas of Pennsylvania, Inc.
Memberships Dues
Booked to Various O&M Accounts
Twelve Months Ended November 30, 2017

Line No.	Description	Amount $
	INDUSTRIAL ASSOCIATIONS	
1	African American Chamber of Commerce - 2017 Membership Fee	3,000
2	Allegheny Conference on Community Development - 2017 Board Contribution	57,800
3	Allegheny League of Municipalities - Annual Legislative Reception	1,500
4	American Gas Association - 1st Quarter Dues 2017	57,280
5	American Gas Association - 2nd Quarter Dues 2017	57,280
6	American Gas Association - 3rd Quarter Dues 2017	57,280
7	American Gas Association - 4th Quarter Dues 2017 - Booked in December 2017	57,280
8	Beaver County Chamber of Commerce - 2017 Membership Fee	440
9	Beaver County Corporation for Economic Development - 2017 Membership Fee	200
10	Bradford Area Chamber of Commerce - 2017 Membership Fee	158
11	Chamber of Business and Industry of Centre County - Membership Fee	512
12	Common Ground Alliance - 2017 Bronze Sponsorship	2,027
13	Energy Association of Pennsylvania - 2017 Membership Fee	80,815
14	Grainger - Red Pass Plus - 2017 Membership Dues	129
15	Greater Pittsburgh Chamber of Commerce - Legislative Sponsor	2,200
16	Lawrence County Chamber of Commerce - 2017 Membership Dues	1,040
17	Northeast Gas Association - 2017 Membership Dues	26,254
18	Pennsylvania Association for Government Relation - 2017 Membership Fee	350
19	Pennsylvania Chamber of Business & Industry - 2017 Membership Fee	45,210
20	Pennsylvania Legislative Services - Membership Fee	18,850
21	Rochester Chamber of Commerce - 2017 Membership Fee	100
22	Southpointe CEO Association - 2017 Membership Fee	2,000
23	Southern Gas Association - Membership Dues	4,525
24	The Chamber Pittsburgh Airport Area - 2017 Membership Dues	658
25	The Pennsylvania Society - 2017 Membership Fee	500
26	Utility State Government Organization - 2017 Membership	500
27	Washington County Chamber of Commerce - 2017 Membership Fee	510
28	York County Hispanic Coalition - 2017 Membership Dues	45
29	York County Economic Alliance - 2017 Membership Fee	1,129
30	Other	786
31	Total Industrial Organizations	480,358
32	Total Adjusted Memberships Dues	480,358

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-031:

Please provide a description and the purpose for membership for each organization listed in the previous response.

Response:

These business and service associations comprise a widely varied group that all contribute either toward helping Columbia personnel perform their jobs more efficiently or to improving the service territories where Columbia facilities are located.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-032:

Please provide the level of payments made to industry organizations included in cost of service along with a description of each payee organization or project.

Response:

Please see GAS-RR-032 Attachment A.

Columbia Gas of Pennsylvania, Inc.
Company Memberships - Industrial and Civic Associations
Twelve Months Ended November 30, 2017

Line No.	Description	Reference	Amount $	Amount $
1	INDUSTRIAL ASSOCIATIONS			
2	African American Chamber of Commerce - 2017 Membership Fee		3,000	
3	Allegheny Conference on Community Development - 2017 Board Contribution		57,800	
4	Allegheny League of Municipalities - Annual Legislative Reception		1,500	
5	American Gas Association - 1st Quarter Dues 2017		57,280	
6	American Gas Association - 2nd Quarter Dues 2017		57,280	
7	American Gas Association - 3rd Quarter Dues 2017		57,280	
8	American Gas Association - 4th Quarter Dues 2017 - Booked in December 2017		57,280	
9	Beaver County Chamber of Commerce - 2017 Membership Fee		440	
10	Beaver County Corporation for Economic Development - 2017 Membership Fee		200	
11	Bradford Area Chamber of Commerce - 2017 Membership Fee		158	
12	Chamber of Business and Industry of Centre County - Membership Fee		512	
13	Common Ground Alliance - 2017 Bronze Sponsorship		2,027	
14	Energy Association of Pennsylvania - 2017 Membership Fee		80,815	
15	Grainger - Red Pass Plus - 2017 Membership Dues		129	
16	Greater Pittsburgh Chamber of Commerce - Legislative Sponsor		2,200	
17	Lawrence County Chamber of Commerce - 2017 Membership Dues		1,040	
18	Northeast Gas Association - 2017 Membership Dues		26,254	
19	Pennsylvania Association for Government Relation - 2017 Membership Fee		350	
20	Pennsylvania Chamber of Business & Industry - 2017 Membership Fee		45,210	
21	Pennsylvania Legislative Services - Membership Fee		18,850	
22	Rochester Chamber of Commerce - 2017 Membership Fee		100	
23	Southpointe CEO Association - 2017 Membership Fee		2,000	
24	Southern Gas Association - Membership Dues		4,525	
25	The Chamber Pittsburgh Airport Area - 2017 Membership Dues		658	
26	The Pennsylvania Society - 2017 Membership Fee		500	
27	Utility State Government Organization - 2017 Membership		500	
28	Washington County Chamber of Commerce - 2017 Membership Fee		510	
29	York County Hispanic Coalition - 2017 Membership Dues		45	
30	York County Economic Alliance - 2017 Membership Fee		1,129	
31	Other		786	
32	Total Company Memberships Per Normalized HTY	Ex. 4, Sch. 1, Pg. 2, Ln. 13		480,358

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-033:

Please provide the following information related to the Company's membership in AGA:

a. Cost included in requested cost of service

b. Cost excluded from requested cost of service

c. Copy of the most recent audit report of AGA expenditures prepared by NARUC.

d. Most recent correspondence received from AGA which addresses the percentage of dues related to lobbying or other separate activities.

e. Policy statement, objective, purpose, etc. of AGA.

Response:

a. Net AGA costs included in the FPFTY cost of service are $224,926.

b. Columbia excluded $14,395 of AGA costs related to lobbying from the total budgeted annual $224,926 AGA dues. This exclusion represents 6.4% of the total dues.

c. Columbia is not aware of any recent AGA audits by NARUC related to expenditures.

d. Please see GAS-RR-033 Attachment A for the AGA 2017 Budget and the definitions of functional cost centers for the year ended December 31, 2017.

e. Please see GAS-RR-033 Attachment B for the AGA Vision and Mission Statement approved October 13, 2015. AGA's Vision and Mission Statements can also be viewed under the "About AGA" section of the American Gas Association web site at www.aga.org.

AMERICAN GAS ASSOCIATION
2017 BUDGET

	$ 2017 ALLOCATION	% 2017 ALLOCATION
Programs Funded by Dues		
Communications	$3,138,000	8.46%
Corporate Affairs	$4,712,000	12.70%
Energy Analysis & Standards	$3,391,000	9.14%
General & Administrative	$7,698,000	20.75%
General Counsel & Regulatory Affairs	$3,389,000	9.14%
Government Relations: Federal	$2,675,000	7.21%
Government Relations: State	$1,754,000	4.73%
Industry Finance & Administrative Programs	$1,175,000	3.17%
Operations & Engineering	$7,294,000	19.66%
Policy	$1,870,000	5.04%
Expense Budget Funded by Dues	$37,096,000	100.00%

Notes
(1) AGA estimates that lobbying related expenses, as defined under IRC Section 162, will account for 6.4% of member dues in 2017.

Communications develops informational material for member companies and consumers and coordinates media activity. Educates the public on the safety and benefits of natural gas.

Corporate Affairs provides opportunities for interaction between member companies and the financial community. The focus is to promote interest in the investment opportunities in the industry.

Energy Analysis & Standards identifies the need for and conducts energy analyses and modeling efforts in the areas of gas supply and demand, economics, and the environment. It supports the development of building energy codes and standards that help enhance natural gas safety.

General and Administrative includes:

1. Office of the President provides senior management guidance for all AGA activities.
2. Human Resources develops and administers employee programs and provides office and personnel services.
3. Finance and Administration develops and administers financial accounting and treasury services and maintains computer services capability.

General Counsel & Federal Regulatory Affairs includes:

1. General Counsel provides legal counsel to the Association.
2. Federal Regulatory Affairs provides members with information on FERC and state regulatory developments; prepares testimony, comments, and filings regarding regulatory activities.

Government Relations provides members with information on legislative developments; prepares testimony, comments, and filings regarding legislative activities, lobbies on behalf of the industry and its customers.

Industry Finance and Administration develops and implements programs in such areas as accounting, human resources, and risk management for member companies.

Operations and Engineering develops and implements programs and practices to meet the operational, safety, and engineering needs of the industry.

Policy leads AGA's policy strategy development, engages key stakeholders and policy makers and develops studies and joint initiatives that support advancing the industry's advocacy priorities. It supports the growth objectives of members by advancing sustainable growth opportunities for the direct and distributed use of natural gas in the residential, commercial and industrial markets.

American Gas Association

VISION STATEMENT

Committed to leveraging and utilizing America's abundant, domestic, affordable and clean natural gas to help meet the nation's energy and environmental needs.

MISSION STATEMENT

The American Gas Association (AGA) represents companies delivering natural gas safely, reliably, and in an environmentally responsible way to help improve the quality of life for their customers every day. AGA's mission is to provide clear value to its membership and serve as the indispensable, leading voice and facilitator on its behalf in promoting the safe, reliable, and efficient delivery of natural gas to homes and businesses across the nation.

CORE STRENGTHS

1. Conducts programs and develops standards to help enhance the safe delivery of natural gas to consumers;
2. Advocates for natural gas industry issues, regulatory constructs and business models that are priorities for the industry;
3. Promotes growth in the efficient use of natural gas by emphasizing before a variety of stakeholders the benefits of clean, abundant natural gas as part of the solution to the nation's energy and environmental goals;
4. Facilitates the exchange of information and improvement of performance metrics to help members achieve operational excellence;
5. Helps members manage and respond to the energy needs of customers, regulatory trends, natural gas or capital market issues and emerging technologies;
6. Collects, analyzes and disseminates information to opinion leaders, policy makers and consumers about the benefits provided by energy utilities and the natural gas industry;
7. Encourages the development, commercialization, and regulatory acceptance of natural gas end-use technologies; and
8. Delivers measurable value to AGA members.

Approved: October 13, 2015

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-034:

Please provide a copy of the most recent FERC audit findings, the Company's response and final disposition of audit exceptions.

Response:

NiSource Inc. (NiSource), including its service company, underwent a FERC audit, Docket No. FA11-5-000, which covered the period January 1, 2009 through December 31, 2010. Please refer to GAS-RR-034 Attachment A dated October 24, 2012 for the Final Audit Report issued by the FERC audit staff along with the Company's response. As indicated in the Final Report, the Audit Staff reviewed and tested the supporting details for NiSource Corporate Service Company's (NCSC) cost allocation methods. They then sampled and selected supporting documents to ensure that NCSC's billings and accounting comply with the USOA (Uniform System of Accounts). FERC identified several instances in which amounts were recorded in incorrect accounts and several instances where reports were not correctly submitted to FERC. FERC did not issue any adverse comments to NCSC related to its allocation methods.

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

In Reply Refer To:
Office of Enforcement
Docket No. FA11-5-000
October 24, 2012

NiSource Inc.
Attention: Stephen P. Smith
Executive Vice President and Chief Financial Officer
801 East 86th Ave.
Merrillville, IN 46410

Dear Mr. Smith:

1. The Division of Audits within the Office of Enforcement (OE) has completed the audit of NiSource Inc. (NiSource or Company) and its associated companies from January 1, 2009 through December 31, 2010. The enclosed audit report explains our audit findings and recommendations.

2. On August 21, 2012, you notified us that NiSource agrees with our findings and recommendations. A copy of your verbatim response is included as an appendix to this report. I hereby approve the audit findings and recommended corrective actions. Within 30 days of this letter order, NiSource should submit a plan to comply with the corrective actions. NiSource should make quarterly filings describing how and when it plans to comply with the corrective actions, including dates it has completed each corrective action. The submissions should be made no later than 30 days after the end of each calendar quarter, beginning with the first quarter after this audit report is issued, and continuing until all the corrective actions are completed.

3. The Commission delegated the authority to act on this matter to the Director of OE under 18 C.F.R. § 375.311 (2011). This letter order constitutes final agency action. Your Company may file a request for rehearing with the Commission within 30 days of the date of this order under 18 C.F.R. § 385.713 (2011).

4. This letter order is without prejudice to the Commission's right to require hereafter any adjustments it may consider proper from additional information that may come to its attention. In addition, any instance of noncompliance not addressed herein or that may occur in the future may also be subject to investigation and appropriate remedies.

5. I appreciate the courtesies extended to the auditors. If you have any questions, please contact Mr. Bryan K. Craig, Director and Chief Accountant, Division of Audits at (202) 502-8741.

Sincerely,

Norman C. Bay
Director
Office of Enforcement

Enclosure

Federal Energy Regulatory Commission

Audit of NiSource Inc. Affiliate Transactions, including its Compliance with:

- Cross-Subsidization Restrictions on Affiliate Transactions;
- Regulations Under the Public Utility Holding Company Act of 2005; and
- Uniform System of Accounts for Public Utilities and Natural Gas Companies' Accounting for Service Company Transactions

Docket No. FA11-5-000
October 24, 2012

Office of Enforcement
Division of Audits

TABLE OF CONTENTS

I. Executive Summary

A. Overview

The Division of Audits within the Office of Enforcement has completed an audit of NiSource Inc. (NiSource or the Company) including its service companies, and associated companies (collectively Companies). The audit was initiated to evaluate the Companies' compliance with the Federal Energy Regulatory Commission's (FERC or the Commission's): (1) cross-subsidization restrictions on affiliate transactions under 18 C.F.R. Part 35 (2010); (2) accounting, recordkeeping, and reporting requirements under 18 C.F.R. Part 366 (2010); (3) Uniform System of Accounts (USofA) for centralized service companies under 18 C.F.R. Part 367 (2010); (4) preservation of records requirements for holding companies and service companies under 18 C.F.R. Part 368 (2010); and (5) FERC Form No. 60 Annual Report requirements under 18 C.F.R. Part 369 (2010).

The audit also evaluated the associated public utility and natural gas companies' compliance with the Commission's accounting requirements for transactions with associated companies under 18 C.F.R. Parts 101 and 201 (2010), and the applicable reporting requirements in the FERC Form Nos. 1 and 2. The audit period covered January 1, 2009 through December 31, 2010.

B. NiSource Inc.

NiSource, headquartered in Merrillville, IN, is an energy holding company whose subsidiaries provide natural gas, electricity, and other products and services to approximately 3.8 million customers in a corridor that runs from the Gulf Coast through the Midwest to New England.

NiSource is organized into three primary business segments. The Gas Transmission and Storage Operations business segment operates interstate natural gas pipelines and storage facilities. NiSource's natural gas transmission subsidiaries include Columbia Gulf Transmission Company (CGT), Columbia Gas Transmission Company (TCO), Granite State, and others. NiSource's electric operation segment generates, transmits, and distributes electricity through its domestic public utility subsidiary, Northern Indiana Public Service Company (NIPSCO), to approximately 458,000 customers in 20 counties in northern Indiana. NiSource's natural gas distribution operations segment serves more than 3.3 million customers in seven states and operates approximately 59,000 miles of pipeline.

NiSource affiliates are served by two traditional centralized service companies, NiSource Corporate Services Company (NCSC) and NiSource Gas Transmission & Storage Company (NGTSC). Both service companies generally provide human capital services that include accounting, human resources, legal, and information technology support. NCSC provides human capital services to all of NiSource's subsidiaries, whereas NGTSC provides human capital services to only Columbia Gulf Transmission Company, one of NiSource's interstate gas transmission pipeline and storage companies.

C. Summary of Compliance Findings

Audit staff's compliance findings are summarized below. Details are in section IV of this report. Audit staff found eight areas of noncompliance:

- *Electric Public Utility's Accounting for Billings from the Service Company:* NIPSCO did not record some of the costs it received from NCSC in the appropriate accounts as required by the Commission's accounting regulations.

- *Prepayment for the use of Finance and Accounting Transformation Servers:* NCSC improperly accounted for a prepayment for the use of accounting servers in Account 186, Miscellaneous Deferred Debits, when it should have accounted for this prepayment in Account 165, Prepayments.

- *Accounting for Over-Funding of a Single-Employer, Defined Post-Retirement Benefit Plan:* NCSC inappropriately recorded the overfunding of a single-employer, defined post-retirement life insurance benefit plan in Account 186, Miscellaneous Deferred Debits, for 2009 and 2010. The Company should have recorded the overfunded status in Account 128, Other Special Funds.

- *Improperly Recorded Transferred Employee Benefits:* NCSC improperly recorded transferred employee benefits in Account 186, Miscellaneous Deferred Debits, for 2009 and 2010. The Company should have recorded these benefits in Account 146, Accounts Receivable from Associated Companies, until they were paid.

- *FERC-61Reporting:* NiSource did not submit FERC-61, Narrative Description of Service Company Functions, filings for three special-purpose companies between 2006 and 2010, as the Commission regulations require.

- *Untimely Filing for Cash Management Agreement:* NiSource did not file changes to its cash management agreement within 10 days of the change in one occurrence during the audit period, as Commission regulations require.

- *Reporting of Transactions with Associated (Affiliated) Companies:* NiSource's public utility affiliate, NIPSCO, did not report the required information on page 429, Transactions with Associated (Affiliated) Companies, in the FERC Form No. 1s filed in 2009 and 2010. NiSource's natural gas pipeline and storage affiliates, TCO and CGT, did not report the required information on page 358, Transactions with Associated (Affiliated) Companies, in the FERC Form No. 2s filed in 2009 and 2010. Specifically, each entity did not report the accounts charged or credited for certain non-power goods and services provided for or by affiliates.

- *Miscellaneous Accounting Classification Errors:* NCSC improperly classified certain expenses in the wrong FERC accounts. NCSC should have classified these transactions in the proper accounts as the USofA for centralized service companies prescribed under 18 C.F.R. Part 367.

D. Summary of Recommendations

Audit staff's recommendations to remedy these findings are summarized below. Details are discussed in section IV of this report. To address each area of non-compliance, audit staff recommends that NiSource:

- Develop and implement policies and procedures to ensure that NCSC and NIPSCO comply with the Commission's accounting regulations for billings from NCSC.

- Conduct a study from the beginning of the audit period to present to determine the accuracy of the accounts that NIPSCO used to reallocate and record service company billings, and submit the results of this study to audit staff. NiSource should complete this study and submit it to the DA no later than 180 days after the date this audit report is issued.

- Make correcting entries to NIPSCO's accounting records to properly classify all charges the service company billed from the beginning of the audit period to present, and submit these journal entries to audit staff.

- Require NCSC to reclassify the remaining noncurrent prepayment portion of the finance and accounting transformation servers to Account 165.

- Reclassify the overfunded portion of its postretirement life insurance benefit from Account 186 to Account 128 for compliance with Docket No. IA07-1-000.

- Develop policies to ensure that long-term disability insurance for transferred employees is properly accounted for in Account 146.

- Develop and implement a process that periodically reviews all corporate entities that require a FERC-61 filing.

- Develop and/or strengthen policies and procedures for submitting its cash management agreements and subsequent changes or modifications to ensure compliance with Commission filing requirements.

- Strengthen its policies and procedures for submitting data on its FERC Form Nos. 1 and 2 to ensure accurate and complete reporting.

- Implement accounting policies, processes, and procedures to ensure the types of transactions indentified above are recorded according to Commission regulations.

- Post correcting entries to NCSC's accounting records to properly classify all lobbying and political activity charges from the beginning of the audit period to present.

E. Compliance and Implementation of Recommendations

Audit staff further recommends that NiSource:

- Submit its plans for implementing audit staff's recommendations for audit staff's review. NiSource should provide its plan to audit staff within 30 days of the issuance of the final audit report in this docket.

- Submit all correcting entries to the Division of Audits within 30 days of the issuance of the final audit report in this docket, including all correcting entries affecting the books of the service company and associated franchised public utility (FPU).

- Submit quarterly reports to the Division of Audits describing the Companies' progress in completing each corrective action recommended in the final audit report in this docket. NiSource should make its quarterly filings no later than 30 days after the end of each calendar quarter, beginning with the first quarter after the final audit report in this docket is issued, and continuing until NiSource completes all recommended corrective actions.

- Submit copies of any written policies and procedures developed in response to the recommendations in the final audit report. These policies and procedures should be submitted for audit staff's review in the first quarterly filing after the Companies complete these items.

II. Background

A. Service Agreements, Cost Allocations, and Corporate Accounting System

The provisions of the General Service Agreement (GSA) between NCSC and NiSource's affiliates serve as the source of accounting policy and practice for billings of non-power goods and services. A regulated or nonregulated affiliate may select any or all of the services under the GSA. NCSC and its NiSource affiliates review their service agreements annually and agree on what NCSC services will be provided through budgeting. Such goods and services between affiliates are priced at fully allocated cost and to the extent possible, directly charged to the client or clients benefiting from a service. Any remaining charges that cannot be directly charged to an affiliate are allocated between the companies receiving the benefit of the service.

NCSC uses a central accounting system, also known as a work order system, to accumulate costs. This system is used to create and maintain all NCSC work orders, which receive all NCSC costs to bill the proper NiSource affiliate for work performed. The system also assigns a 10-digit alphanumeric code to the project or projects that details how expenses will be charged. The Company said much "front-end" work occurs in meetings between a department head working with an affiliate and NCSC personnel. These meetings help management build a consensus on how a new project's costs will be allocated to NiSource affiliates. Attendees at these meetings discuss the work that will take place to accurately determine which costs should be included in the work order system, the cost allocation base that should be used for the project, which companies benefit from the costs, and the portion of the cost each affiliate should receive and record in its accounting records.

Once NiSource management agrees to the basics of the newly created work order system project, costs are assigned using one of the base allocations[1] the Security and Exchange Commission (SEC) previously approved, or a direct company billing code. The work order system is designed so base allocations never change, but the companies that receive the costs can and do change. NCSC reviews and updates the amounts allocated to its affiliates every six months or

[1] The SEC approved all of NiSource's base allocations, and no other base allocations have been created since the Energy Policy Act of 2005 went into effect.

before, if an affiliated company is sold or no longer receives NCSC services.[2] Both the Company's external and internal auditors analyze the cost allocators yearly, and state public utility commissions also review the Company's cost allocations as they pertain to filed rate cases. The Company said NiSource has never had a cost allocation refused by a regulatory authority.

NCSC's total billings to associated companies for 2009 were $377,469,976. Of that, $276,719,054 was direct-charged (73.3 percent); $99,430,359 (26.3 percent) was indirectly charged; and $1,320,563 (0.3 percent) was compensation for the use of capital. Compensation for the use of capital represents interest expense paid on long-term intercompany notes.

NCSC's total billings to associated companies for 2010 were $409,702,831. Of that, $302,753,123 was direct-charged (73.9 percent); $105,629,146 (25.8 percent) was indirectly charged; and $1,320,562 (0.3 percent) was compensation for the use of capital.

B. Internal Audit Role and Reporting

NiSource's Internal Audit department (Internal Audit) is responsible for reviewing accounting systems, source documents, allocation bases, and billing procedures NCSC used to allocate costs to NiSource's parent holding company and all of its subsidiaries.

Annually, Internal Audit reviews cost allocation bases and billing procedures NCSC uses and recommends improvements to allocation and billing processes. For 2010, the primary business risks associated with these activities were that:

- Allocation factors may not be updated regularly to reflect current statistical data to ensure that NCSC charges are billed relative to current operations;
- Contract and convenience billings may not be properly billed to affiliates;
- Holding company costs may not be properly segregated and paid by the holding company;

[2] If an affiliate that receives allocated costs is sold, the cost allocations it participates in are updated. When an update occurs, the entire allocation system is updated.

- Executive time allocation may not accurately reflect the companies benefiting from their services;

- Not all indirect costs may be appropriately allocated to affiliates monthly; and

- Intercompany payables and receivables may not be billed and settled accurately and on time.

The Internal Audit department performed the annual audit and concluded that the methods and procedures used to allocate costs/expenses and bill subsidiary Companies, including the holding company, were reasonable.

C. Formula Rates

NiSource has one electric FPU jurisdictional to FERC with formula rates, and that company is NIPSCO. NIPSCO is a combination electric and natural gas public utility company that is a transmission-owning member of the Midwest Independent Transmission Service Operator, Inc. (MISO), whose transmission rates are set under formula rate in Attachment O of the MISO Open Access Transmission Energy and Operating Reserve Energy Markets Tariff. Attachment O uses data from the FERC Form No. 1 as inputs to calculate certain transmission rates for service.

To provide rate stability and certainty, rates are updated May 1 of each year, and are not updated out of cycle or recalculated retroactively due to late submissions of information. When MISO is informed of an error in a rate calculation, it reviews and corrects the error prospectively. At the request of the transmission owner, MISO will retroactively recalculate rates, and make refunds and/or charges for the current billing year.

III. Introduction

A. Objectives

The audit's objectives were to evaluate whether the Companies complied with Commission: (1) cross-subsidization restrictions on affiliate transactions under 18 C.F.R. Part 35 (2010); (2) accounting, recordkeeping, and reporting requirements under 18 C.F.R. Part 366 (2010); (3) Uniform System of Accounts (USofA) for centralized service companies under 18 C.F.R. Part 367 (2010); (4) preservation of records requirements for holding companies and service companies under 18 C.F.R. Part 368 (2010); and (5) FERC Form No. 60 Annual Report requirements under 18 C.F.R. Part 369 (2010).

The audit also evaluated associated public utility and natural gas companies' compliance with Commission accounting requirements for transactions with associated companies under 18 C.F.R. Parts 101 and 201 (2010), respectively; and, the applicable reporting requirements in FERC Form Nos. 1 and 2, respectively. The audit covered January 1, 2009 through December 31, 2010.

B. Scope and Methodology

To address audit objectives, audit staff:

- Reviewed NCSC's FERC Form No. 60 Annual Reports and NiSource's notification of holding company status FERC-65 filing. Audit staff reviewed these reports and filings to ensure that the information was reliable, accurate, and complete.

- Reviewed publicly available materials to understand NiSource operations, including select filings to the SEC (10-K and 10-Q), FERC Form Nos. 1, 2, and 2-A filings, prior audits, and other filings with the Commission.

- Identified the standards and criteria for evaluating Company compliance with each of the objectives of the audit scope. These standards and criteria include FERC rules, regulations, letter orders, and other requirements for holding and service companies, and FERC accounting regulations related to public utilities and natural gas companies.

- Conducted one site visit to NiSource offices in Columbus, OH. The site visit helped staff to understand NiSource's structure, activities, functions, systems, and processes used in its operations. While on site, audit staff reviewed and tested the supporting details for NCSC's cost allocation

methods; sampled and selected supporting documents to ensure that NCSC's billings and the FPU's accounting comply with the USofA; sampled and selected supporting documents to ensure that NCSC's accounting complies with the USofA; and ensured that NiSource and NCSC comply with preservation of records requirements.

- Held numerous discussions with Company employees to clarify and supplement Company responses to data requests and provide additional information on other areas of concern.

- Reviewed relevant audit reports and working papers of NiSource's Internal Audit department and external audit firm, Deloitte and Touche. Audit staff also reviewed several prior SEC audit reports.

- Conferred with officials from the Indiana Utility Regulatory Commission who have jurisdiction over NCSC's associated FPU.

- Conferred with other Commission staff on various compliance issues to ensure that audit findings would be wholly consistent with Commission precedent and policy. For example, audit staff conferred with staff from other divisions within the Office of Enforcement, and with technical and legal staff from other Commission offices, including the Office of Energy Market Regulation and Office of General Counsel.

Besides these actions, audit staff reviewed NiSource's regulatory compliance program. Audit staff assessed the compliance program for the audit scope areas consistent with prior Commission orders and policy statements. Specifically, audit staff:

- Reviewed NiSource's regulatory compliance program structure, including its authority and responsibilities for overseeing corporate compliance and the delegation of compliance responsibilities at the department level.

- Reviewed NiSource's Internal Audit department structure, including chain-of-command and access to the Board of Directors through the Audit Committee to assess the effectiveness and independence of the audit process.

- Interviewed executives, managers, and operational employees to evaluate their knowledge and application of NiSource's compliance program.

Audit staff performed several specific actions to evaluate the Companies' compliance with all relevant requirements of audit objectives. A summary of these actions include:

Cross-subsidization Restrictions

To evaluate compliance with Commission's cross-subsidization restrictions on affiliate transactions, audit staff:

- Reviewed policies, procedures, and practices as to the sale of non-power goods and services;
- Interviewed NiSource employees, particularly those who work in accounting and supply chain management on transfers of non-power goods and services;
- Reviewed and tested pricing methods for transferring non-power goods and services between the FPU, market-regulated power sales affiliates, and non-utility affiliates; and
- Sampled charges and payments to determine accurate pricing for the sale of goods and services to verify compliance with Commission pricing rules.

Accounting, Recordkeeping, and Financial Reporting

To evaluate compliance with the FERC's books, records, and filing requirements, audit staff reviewed NCSC's FERC Form No. 60 Annual Reports, NiSource's Notification of Holding Company Status – FERC-65 filing, and the FERC Form Nos. 1, 2, and 2-A reports of the associated FPU and natural gas companies. Select, electronically filed information in the FERC Form No. 60 was verified with supporting documentation to ensure that required information was reported accurately and consistently. Select information in the FERC Form No. 1 was also compared to the FERC Form No. 60 to ensure it was reported accurately.

To facilitate our review of NCSC's compliance with the USofA, audit staff reviewed, sampled, analyzed, and tested electronic data of NCSC's books to ensure that centralized service company accounting follows the USofA. When necessary, audit staff followed up with additional data requests and interviews.

With respect to the jurisdictional FPU's compliance with the Commission's USofA, audit staff selected and reviewed associated FPU accounts for NCSC's billed costs. Audit staff reviewed the charges billed and identified the accounts the FPU used to ensure that the jurisdictional FPU was properly accounting for service company costs.

We also reviewed NCSC's associated FPU accounting with the FERC Form No. 1 to ensure that NCSC billings for non-power goods and services were properly recorded and reported.

Preservation of Records

To evaluate compliance with preservation of records requirements for NiSource, audit staff interviewed the Company's Corporate Management Records officials responsible for complying with Commission requirements. Audit staff created a sample test for records to ensure that the Company's policies and procedures were being followed.

Cost Allocation and Billings

To facilitate our review of NCSC's cost allocation methods and costs NCSC billed to the associated FPU, audit staff identified all SEC-approved cost allocation methods by NCSC. Audit staff also inquired about any new allocation methods created after the Energy Policy Act of 2005 was implemented. Audit staff reviewed and tested supporting details of select cost allocation methods by reviewing select service company billings and corresponding jurisdictional utilities' accounting entries to determine compliance with the USofA.

IV. Findings and Recommendations

1. Electric Public Utility's Accounting for Billings from the Service Company

Northern Indiana Public Service Company (NIPSCO) did not record some of the costs it received from NCSC in the appropriate accounts as required by the Commission's accounting regulations.

Pertinent Guidance

18 C.F.R. Part 101 Account 163, Stores expense undistributed, states:

> A. This account shall include the cost of supervision, labor and expenses incurred in the operation of general storerooms, including purchasing, storage, handling and distribution of materials and supplies.

18 C.F.R. Parts 101 Account 182.3, Other regulatory assets, states in part:

> A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies. (*See* Definition No. 30.)

18 C.F.R. Parts 201 Account 182.3, Other regulatory assets, states in part:

> A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies. (*See* Definition No. 31.)

18 C.F.R. Parts 101 and 201 Account 923, Outside services employed, state in part:

> A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered as an employee of the utility.

18 C.F.R. Part 201, Account 870, Operation supervision and engineering, states:

> This account shall include the cost of labor and expenses incurred in the general supervision and direction of distribution system operations. Direct supervision of specific activities such as load dispatching, main operation, removing and resetting meters, etc., shall be charged to the appropriate account.

18 C.F.R. § 367.4261 Account 426.1, Donations, states:

> This account must include all payments or donations for charitable, social or community welfare purposes.

Order No. 684 Paragraph 124 states in part:

> Therefore, we will require centralized service companies to record the expenses it incurs for conducting operation and maintenance activities related to generation, transmission, distribution and customer services in the same expense accounts public utilities are required to use to record these costs. Using the 500 and 800 series of accounts also provides better assurance that costs are properly assigned because like items will be identified and measured in the same way regardless of the entity performing the work.

Order No. 684 Paragraph 125 states:

> In responding to NARUC's concern, we will not prohibit the recording of charges in Account 923, Outside services. Prohibiting the use of this account would be overly prescriptive. It is possible that some service company costs would be accurately reported in Account 923. However, we believe that it is appropriate for utilities that receive bills from service companies to classify those costs in the appropriate accounts. Utilities would not be in compliance with Part 101, General Instruction 14, if they do otherwise. Specifically, General Instruction 14 requires that transactions with associated companies be recorded in the appropriate accounts for transactions of the same nature. We will require that centralized service companies performing services such as operation and maintenance services related to generation, distribution, transmission, and customer service on behalf of service companies to use the appropriate accounts for those services performed.

Order No. 684 Paragraph 126 states in part:

> As discussed above, the use of the 500 and 800 accounts provides clarity about the types of services performed by centralized service companies and the costs of providing those services. Proper classification of service company costs facilitates proper classification of the costs at the utility. Therefore, we will require centralized service companies to use the 500 and 800 series of accounts as proposed.

Background

During the course of the audit, audit staff tested NIPSCO's accounting for billings received from NCSC, NiSource's primary service company. Audit staff sampled NCSC's transactions and costs billed to NIPSCO to determine how each company accounted for the billed costs. Audit staff discovered inconsistencies between how NCSC and NIPSCO recorded these costs. These inconsistencies occurred because NIPSCO reclassified these billed costs into accounts that differed from how NCSC accounted for these costs.

For example, NCSC billed certain costs to NIPSCO that it accounted for in Account 923, but NIPSCO reclassified some of these costs to Accounts 163, 870, and 182.3. Audit staff is concerned with NIPSCO's reclassifying these costs because the accounting used did reflect the appropriate accounting based on the description of the costs incurred. The costs reflected in the billings from the NCSC are of the nature of outside services that should be properly classified in Account 923. This would be consistent in how NCSC originally accounted for these costs.

Also, audit staff discovered the same inconsistency in NCSC's billings of amounts included in Account 426.1 to NIPSCO. NCSC billed NIPSCO for donations in Account 426.1, which is a below-the-line account,[3] but NIPSCO reclassified these billings to FERC operational Accounts 923 and 163. These transactions not only concern audit staff because the reclassification of service company billings did not result in the appropriate accounting for such costs, but in this instance NIPSCO reclassified these costs from a below-the-line to above-the-line accounts. Since NIPSCO recovers it costs under the MISO formula rate

[3] The "line" is the net utility operating income on the income statement. Above-the-line accounts refer to costs that are recovered by the ratepayer and are accounted for as part of net utility operating income. Below-the-line accounts record costs that are the responsibility of the shareholder and are accounted for on the income statement below net utility operating income.

recovery mechanism, this reclassification was improperly recovered from wholesale customers.

NiSource believes it has complied with Order No. 684 because it allows service companies to use the 500 and 800 accounts to record charges related to generation, transmission, distribution operations, and customer service in the same expense accounts public utilities are required to use to record these costs. Audit staff agrees that Order No. 684 allows service companies to use the 500 and 800 accounts, but it does not circumvent General Instruction 14. Instead, Order No. 684 reaffirms General Instruction 14. Specifically, the instruction requires that transactions with associated companies be recorded in the appropriate accounts for transactions of the same nature. Audit staff determined that NiSource should have accounted for costs billed by NCSC in the appropriate accounts based on the Commission's accounting regulations, which means that it should have accounted for the outside services in Account 923 and donations in Account 426.1. The misclassifications resulted in a *de minimus* increase on NIPSCO's formula rate revenue requirement and did not result in refunds.

Recommendations

We recommend NiSource:

1. Develop and implement policies and procedures to ensure that NCSC and NIPSCO comply with the Commission's accounting regulations for billings from NCSC.

2. Conduct a study from the beginning of the audit period to present to determine the accuracy of the accounts that NIPSCO used to reallocate and record service company billings, and submit the results of this study to audit staff. NiSource should complete this study and submit it to the Division of Audits no later than 180 days after the date this audit report is issued.

3. Make correcting entries to NIPSCO's accounting records to properly classify all charges the service company billed from the beginning of the audit period to present, and submit these journal entries to audit staff.

2. Prepayment for the Use of Finance and Accounting Transformation Servers

NCSC improperly accounted for a prepayment for the use of accounting servers in Account 186, Miscellaneous Deferred Debits, when it should have accounted for this prepayment in Account 165, Prepayments.

Pertinent Guidance

18 C.F.R. § 367.1860 (a) Account 186, Miscellaneous deferred debits, states:

> (a) This account must include all debits not provided for elsewhere, such as miscellaneous work in progress, and unusual or extraordinary expenses, not included in other accounts, that are in the process of amortization and items the proper final disposition of which is uncertain.

18 C.F.R. § 367.1650 Account 165, Prepayments, states:

> This account must include amounts representing prepayments of insurance, rents, taxes, interest and miscellaneous items, and must be kept or supported in a manner so as to disclose the amount of each class of prepayment.

Background

As part of the audit, audit staff tested select accounts that had large increases or decreases during the audit period, or warranted further review due to unusual explanations or circumstances discussed in the notes for the FERC Form No. 60. During this process, audit staff learned that in 2005 NiSource wanted to outsource specific services in finance and accounting, IT, metering cash, human resources, supply chain, and storage services, and asked for bids from several companies that NiSource believed could adequately perform these services. IBM won the contract. These services were known as "towers," and these six towers made up the services IBM provided to NiSource. The 10-year term of the contract expires in June 2015.

From June 2005 to the fall of 2007, NiSource and IBM executed 22 amendments to this agreement. Due to the number of amendments to the 2005 agreement and other issues, NiSource and IBM agreed to negotiate to restructure the nature and manner of services being provided under the original agreement. NiSource and IBM agreed to execute the First Amended and Restated Agreement in December 2007.

In the First Amended and Restated Agreement, NiSource moved back in-house several functions originally outsourced to IBM in June 2005. They included, but were not limited to, finance and accounting, human resources, and supply chain. The cost of the original agreement was adjusted down to reflect the services provided by the newly scaled-back agreement. The term of the new agreement was for the original 10 years and will expire in June 2015.

When this transition occurred, both NiSource and IBM agreed to a financial settlement that included: (1) termination fees of $9.8 million paid to IBM and expensed immediately by NiSource in December 2007; (2) "wind-down" fees (IBM's fee to move work back to NiSource) of approximately $1 million that were immediately expensed on NiSource's books in December 2007 and another $1.2 million expensed over the time it took for the specific functions to be moved back to NiSource; (3) purchases of $2.4 million for meter-to-cash equipment, and $17.5 million for finance and accounting transformation software that NiSource capitalized; and (4) a $12 million prepayment for the future use and support of finance and accounting transformation servers in which the current monthly amortized portion was recorded in Account 165, Prepayments, and the noncurrent portion was accounted for in Account 186, Miscellaneous Deferred Debits. This prepayment is expensed monthly over the remaining term of the IBM contract (91 months) starting back in December 2007, or $131,868 per month ($12,000,000/91 months = $131,868).

Audit staff concluded that the Company should record the current portion of the prepayment in Account 165, but the remaining noncurrent portion should not be accounted for in Account 186. The remaining noncurrent portion of the prepayment should also be accounted for in Account 165.

Recommendations

We recommend NiSource:

4. Require NCSC to reclassify the remaining noncurrent prepayment portion of the finance and accounting transformation servers to Account 165; and

5. Develop policies and procedures to ensure that prepayments are accounted for in Account 165.

3. Accounting for Overfunding of a Single-Employer, Defined Postretirement Benefit Plan

NCSC inappropriately recorded the overfunding of a single employer, defined postretirement life insurance benefit plan in Account 186, Miscellaneous Deferred Debits, for 2009 and 2010. The Company should have recorded the overfunded status in Account 128, Other Special Funds.

Pertinent Guidance

18 C.F.R. § 367.1860 (a) Account 186, Miscellaneous deferred debits, states:

> (a) This account must include all debits not provided for elsewhere, such as miscellaneous work in progress, and unusual or extraordinary expenses, not included in other accounts, that are in the process of amortization and items the proper final disposition of which is uncertain.

18 C.F.R. § 367.1280 (a) Account 128, Other special funds, states:

> (a) This account must include the amount of cash and book cost of investments that have been segregated in special funds for insurance, employee pensions, savings, relief, hospital, and other purposes not provided for elsewhere. This account must also include unrealized holding gains and losses on trading and available-for-sale types of security investments. A separate account with appropriate title, must be kept for each fund.

Docket No. AI07-1-000; To All Jurisdictional Public Utilities and Licensees, Natural Gas Companies, Oil Pipeline and Companies and Centralized Service Companies, states in No. 2:

> 2. Accounts for Recording the Overfunded or Underfunded Status of Postretirement Defined Benefits Plans states in part:
>
> **Question 2A:** What FERC accounts should jurisdictional entities use to record an asset for the overfunded status of one or more employee postretirement benefit plans?
>
> **Response:** Public utilities and licensees, natural gas companies, oil pipeline companies and centralized service companies should use the accounts shown below to record assets for the overfunded status of

their employees postretirement benefit plans. Separate subaccounts should be maintained for each postretirement benefit plan and overfunded plans should not be netted against underfunded plans, consistent with paragraph number 4 of SFAS No. 158.

Jurisdictional Entity	FERC Accounts
Public utilities and licensees (Major)	Account 129, Special funds
Public utilities and licensees (Nonmajor)	Account 128, Other special funds, or Account 129, Special funds
Natural gas companies	Account 128, Other special funds
Oil pipeline companies	Account 22, Sinking and other funds
Centralized service companies	
▪ Periods prior to January 1, 2008	Account 124, Other investments, or Account 128, Other special funds
▪ January 1, 2008 and subsequent periods	Account 128, Other special funds

Background

During the testing and verification of service company accounts, audit staff learned that NCSC provided a retiree life insurance benefit for its employees through Prudential Insurance Company (Prudential). An employee's premium is paid by NiSource to Prudential, which provides the benefit. This benefit is available to any active NiSource employee who is 55 years of age and has 10 years of service at retirement. The benefit amount is determined by employee classification (e.g., exempt, nonexempt, nonunion, and by each separate union). A retiree's beneficiary receives life insurance proceeds directly from Prudential.

Aon Hewitt, NiSource's actuary, provides actuarial services at least once annually for NiSource, as ASC 715 (formally SFAS 106) requires, to determine the funded status of NiSource's Postretirement Welfare Plans, for which health care and life insurance benefits are determined separately. Aon Hewitt receives from NiSource the fair value of trust assets on December 31 and determines the obligation associated with the retiree life insurance benefit. The net overfunded status is recorded as a net asset on a respective subsidiary's books, or conversely, the unfunded amount would be recorded as a net liability. NCSC accounted for this overfunding of contributions in Account 186.

Audit staff concluded that the overfunded status of retiree life insurance benefits should not be posted in Account 186. The Company should follow the instructions in Docket No. IA07-1-000 for the overfunded status of one or more employee postretirement benefit plans and use Account 128, Other Special Funds.

Recommendations

We recommend NiSource:

6. Reclassify the overfunded portion of its postretirement life insurance benefit from Account 186 to Account 128 for compliance with Docket No. IA07-1-000; and

7. Properly account for future over- and under-funding of its postretirement life insurance benefit under the requirements in Docket No. IA07-1-000.

4. Improperly Recorded Transferred Employee Benefits

NCSC improperly recorded transferred employee benefits in Account 186, Miscellaneous Deferred Debits, for employees who transferred from Columbia Energy Group (CEG) to NCSC in both 2009 and 2010. The Company should have recorded these benefits in Account 146, Accounts Receivable from Associated Companies, until they were paid.

Pertinent Guidance

18 C.F.R. § 367.1860 (a) Account 186, Miscellaneous deferred debits, states:

> (a) This account must include all debits not provided for elsewhere, such as miscellaneous work in progress, and unusual or extraordinary expenses, not included in other accounts, that are in the process of amortization and items the proper final disposition of which is uncertain.

18 C.F.R. § 367.1460 (a) Account 146, Accounts receivable from associate companies, state:

> (a) This account must include notes and drafts upon which associate companies are liable, and that mature and are expected to be paid in full not later than one year from the date of issue, together with any related interest thereon, and debit balances subject to current settlement in open accounts with associate companies. Items that do not bear a specified due date but that have been carried for more than twelve months and items that are not paid within twelve months from due date must be transferred to account 123, Investment in associate companies (§367.1230).

Background

During review and testing of several select service company accounts, audit staff learned that all NiSource employees are eligible on the date of hire to receive long-term disability (LTD) benefits. Each year, NiSource calculates the LTD estimate based on future medical, dental, and life insurance costs for the next 15 years. Each LTD employee's birthdate is used to determine how much money to accrue per LTD employee per company because employees are eligible to receive these benefits only until age 65. Aon Hewitt, NiSource's actuary, provides the actuarial services for this annual true-up calculation.

NiSource pays an employee's premium for LTD insurance to Prudential. If the employee becomes disabled, Prudential provides LTD coverage and pays benefits directly to the employee.

If an employee transfers to a different affiliate within the NiSource holding company system, the LTD liability balance associated with that employee is also transferred and accounted for in Account 186, Miscellaneous Deferred Debits. In this instance, employees transferred from CEG to NCSC.

Audit staff concluded that the Company's use of Account 186 as an associate company's accounts receivable account was inappropriate. The Company should use Account 146, Accounts Receivable from Associate Companies, for this type of transaction.

Recommendations

We recommend NiSource:

8. Develop policies and procedures to ensure that LTD insurance for transferred employees is properly accounted for in Account 146; and

9. Transfer any remaining LTD amounts for transferred employees to the appropriate account.

Corrective Action

During the audit, NCSC calculated the total deferred debit related to employee transfers and transferred these amounts to Account 146, Accounts Receivable from Associated Companies. NCSC also provided audit staff with journal entries and computer screen images of the completed transactions.

5. FERC-61 Reporting

NiSource did not submit FERC-61, Narrative Description of Service Company Functions, filings for three special-purpose companies between 2006 and 2010, as required under the Commission's regulations.

Pertinent Guidance

18 C.F.R. Part 366.23 (a)(2), FERC Form No. 60, Annual reports of centralized service companies, and FERC-61, Narrative description of service company functions, states:

> (a)(2) FERC–61. Unless otherwise exempted or granted a waiver by Commission rule or order pursuant to §§366.3 and 366.4, every service company in a holding company system, including a special-purpose company (e.g., a fuel supply company or a construction company), that does not file a FERC Form No. 60 shall instead file with the Commission by May 1, 2007 and by May 1 each year thereafter, a narrative description, FERC–61, of the service company's functions during the prior calendar year. In complying with this section, a holding company may make a single filing on behalf of all such service company subsidiaries.

18 C.F.R. Part 366.1, Definitions, codifies the definitions of "goods" and "service" under PUHCA 2005:

> *Goods.* The term "goods" means any goods, equipment (including machinery), materials, supplies, appliances, or similar property (including coal, oil, or steam, but not including electric energy, natural or manufactured gas, or utility assets) which is sold, leased, or furnished, for a charge.
>
> *Service.* The term "service" means any managerial, financial, legal, engineering, purchasing, marketing, auditing, statistical, advertising, publicity, tax, research, or any other service (including supervision or negotiation of construction or of sales), information or data, which is sold or furnished for a charge.

18 C.F.R. Part 367.1, Definitions, codifies the definitions of "centralized service company" and "service company":

> (a)(7) *Centralized service company* means a service company that provides services such as administrative, managerial, financial, accounting, recordkeeping, legal or engineering services, which are sold, furnished, or otherwise provided (typically for a charge) to other companies in the same holding company system. Centralized service companies are different from other service companies that only provide a discrete good or service.
>
> (a)(45) *Service company* means any associate company within a holding company system organized specifically for the purpose of providing non-power goods or services or the sale of goods or construction work to any public utility or any natural gas company, or both, in the same holding company system.

In Order No. 667, the Commission further clarified the distinction between centralized service companies and special-purpose companies:

> "Our adoption of different policies for traditional, centralized service companies compared to special-purpose companies could make the distinction between the two more important than it has been previously. We view the former as performing generally corporate administration functions and the latter as providing generally a single input to utility operations, such as fuel supply, construction, or real estate."[4]

Background

Audit staff reviewed all the entities in NiSource's corporate structure to identify any special-purpose companies. Audit staff discovered that NiSource did not submit a FERC-61 describing non-power goods or services provided by CNS Microwave, Inc., NiSource Insurance Corporation, Inc. (insurance company), and NIPSCO Accounts Receivable Corporation (financing subsidiary) for 2009 or 2010.

CNS Microwave, Inc. leases space on communication towers for its customers, including two of NiSource's interstate pipelines, to install antennas. Also, the company leases ground space in the tower compound for customers to place shelters or cabinets with ground equipment. NiSource Insurance Corporation, Inc. (NICI) is a wholly owned insurance subsidiary of NiSource, Inc. NICI was set up for the purpose of decreasing the reliance on commercial insurance markets to reduce price and coverage volatility, provide stable insurance costs and programs, and reduce the long-term cost of risk for NiSource as a whole.

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[4] Order No. 667 at n. 178.

NICI participates as a reinsurer within the NiSource insurance program for NiSource companies, including their interstate pipelines and jurisdictional electric company, on these lines of coverage: Property, Workers' Compensation, General Liability, Auto Liability, Long-Term Disability, and Group Life Insurance. NIPSCO Accounts Receivable Corporation is a wholly owned financing subsidiary that buys trade receivables from NIPSCO and sells them to the Royal Bank of Scotland PLC.

After discussions with NiSource's staff, audit staff concluded that these entities should have made FERC-61 filings to the Commission since they provided goods or services to its public utilities or natural gas companies, or both, within NiSource's corporate structure.

NiSource stated that it inadvertently failed to submit FERC-61 filings for their special-purpose companies due to a lack of formal processes and procedures for identifying them.

Recommendations

We recommend NiSource:

10. Submit FERC-61 filings to the Commission for these special-purpose companies in 2009 and 2010;

11. Develop and implement a process that periodically reviews all corporate entities that require a FERC-61 filing; and

12. Submit copies of any written policies and procedures developed in response to this recommendation to the Commission, within 30 days of the issuance of the final report in this docket.

Corrective Actions

On June 10, 2011, NiSource submitted FERC-61 filings to the Commission for its three special-purpose companies for the calendar years 2006 through 2010 under Docket Nos. HC07-7-000, HC08-7-000, HC09-7-000, HC10-7-000, and HC11-7-000.

6. Untimely Filing for Cash Management Agreement

NiSource did not file changes to its cash management agreement within 10 days of the change in one occurrence during the audit period, as Commission regulations required.

Pertinent Guidance

18 C.F.R. § 141.500 Cash management programs states:

> Public utilities and licensees subject to the provisions of the Commission's Uniform System of Accounts prescribed in part 101 and § 141.1 or § 141.2 of this title that participate in cash management programs must file these agreements with the Commission. The documentation establishing the cash management program and entry into the program must be filed within 10 days of the effective date of the rule or entry into the program. Subsequent changes to the cash management agreement must be filed with the Commission within 10 days of the change.

Background

NiSource operates a cash management program known as "the money pool" to facilitate short-term loans to its affiliates. NiSource's cash management agreement provides the terms and conditions that govern money pool contributions and loans. The cash management agreement contains borrowing and lending terms and conditions, and a listing of companies authorized to participate in the money pool, as well as the handling of excess money pool funds and deficiencies.

NiSource files its cash management agreements with the Commission under Docket No. RM02-14. During the audit, audit staff identified five cash management agreements that NiSource filed. However, when audit staff compared the effective dates of the agreements to the filing dates, it was determined that NiSource filed one cash management agreement 14 days after the effective date and not within the 10 days the Commission requires. NiSource stated that the reason for the late filing was due to an oversight on the part of the company.

Recommendation

13. We recommend NiSource develop and/or strengthen policies and procedures for submitting its cash management agreements and subsequent changes or modifications to ensure compliance with Commission filing requirements.

7. Reporting of Transactions with Associated (Affiliated) Companies

NiSource's electric affiliate, NIPSCO, did not report the required information on page 429, Transactions with Associated (Affiliated) Companies, in the FERC Form No. 1s filed in 2009 and 2010. Similarly, NiSource's gas affiliates, Columbia Gas Transmission Company (TCO) and Columbia Gulf Transmission Company (CGT), did not report the required information on page 358, Transactions with Associated (Affiliated) Companies, in the FERC Form No. 2s filed in 2009 and 2010. Specifically, they did not report the accounts charged or credited for certain non-power goods and services provided for or by affiliates.

Pertinent Guidance

In Order No. 715,[5] the Commission added a new schedule on page 429 of the 2008 FERC Form No. 1 to provide further transparency and improve the detection of cross-subsidization. The new schedule, "Transactions with Associated (Affiliated) Companies," provides information concerning affiliate transactions which includes:

> (1) a description of the good or service charged or credited; (2) the name of the associated (affiliated) company; (3) the USofA account charged or credited; and (4) the amount charged or credited.

In Order No. 710,[6] the Commission added a new schedule on page 358 of the 2008 FERC Form No. 2 to provide further transparency and improve the detection of cross subsidization. The new schedule, "Transactions with Associated (Affiliated) Companies," provides information concerning affiliate transactions which includes:

> (1) a description of the good or service transacted; (2) the name of the associated (affiliated) company; (3) the FERC account charged or credited; and (4) the amount charged or credited.

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[5] Revisions to Forms, Statements and Reporting Requirements for Electric Utilities and Licensees, Order No. 715, FERC Stats. & Regs. ¶ 31,277 (2008).

[6] Revisions to Forms, Statements, and Reporting Requirements for Natural Gas Pipelines, Order No. 710, FERC Stats. & Regs. ¶ 31,267 (2008).

Background

NiSource's holding company includes one regulated electric utility and two regulated gas pipelines. As part of the audit scope relating to affiliate transactions, audit staff reviewed page 429 of NIPSCO's FERC Form No. 1 and page 358 of TCO and CGT's FERC Form No. 2s.

FERC Form No. 1, page 429, requires electric utilities to disclose the non-power goods and services provided by or for affiliates during the calendar year, including a description of services, an affiliate's name, the accounts used to record the services, and the dollar amount of the services. Specifically, column C requires the company to list the accounts used to record services and prohibits it from using general terms such as "various." For 2009 and 2010, NIPSCO reported the accounts in column C as "various" for multiple charges for both non-power goods provided by and for affiliates. NIPSCO should have either listed the accounts used or footnoted them in the notes following page 429.

FERC Form No. 2, page 358, requires jurisdictional gas pipelines to disclose the non-power goods and services provided by or for affiliates during a calendar year, including a description of services, an affiliate's name, the accounts used to record the services, and the dollar amount of the services. As in the FERC Form No. 1, column C of FERC Form No. 2 requires gas pipelines to list the accounts used to record services and prohibits the company from using general terms such as "various." For both 2009 and 2010, TCO and CGT reported the accounts in column C as "various" for multiple charges for both non-power goods provided by and for affiliates. TCO and CGT should have either listed the accounts used or footnoted the accounts in the notes following page 358.

Recommendations

We recommend NiSource:

14. Strengthen its policies and procedures for submitting data on its FERC Form Nos. 1 and 2 to ensure accurate and complete reporting.

15. Resubmit its 2011 FERC Form Nos. 1 and 2 to correct pages 429 and 358, respectively.

8. Miscellaneous Accounting Classification Errors

NCSC improperly classified certain expenses in the wrong FERC accounts. NCSC should have classified these transactions in the proper accounts as the USofA for centralized service companies prescribed under 18 C.F.R. Part 367.

Pertinent Guidance

18 C.F.R. § 367.2 (a) Companies for which this system of accounts is prescribed, states in part:

(a) Unless otherwise exempted or granted a waiver by Commission rule or order pursuant to §§366.3 and 366.4 of this chapter, this Uniform System of Accounts applies to any centralized service company operating, or organized specifically to operate, within a holding company system for the purpose of providing non-power services to any public utility or any natural gas company, or both, in the same holding company system.

Background

As part of the audit, audit staff tested a sample of transactions to determine if the service company's accounting system was accurately charging the proper amounts to the appropriate FERC accounts. Audit staff identified various income statement items in several accounts. In particular, the errors related to:

Description	Account Used	Proper Account
Charitable Contributions	807.2	426.1
	870	426.1
	921	426.1
	930.2	426.1
Lobbying	930.1, then reclassified to 930.2	426.4
Employee Dues and Memberships	408	921
	923	921
	930.2	921

Description	Account Used	Proper Account
Meals and Entertainment	923	921
	930.2	921
	932	921
Company Dues and Memberships	870	930.2
	885	930.2
	903	930.2
	921	930.2
	923	930.2
	932	930.2

NiSource should have classified these transactions mentioned above in the proper account as prescribed by the USofA for centralized service companies under 18 C.F.R. Part 367. Audit staff has determined that such misclassifications are immaterial and have no effect on transmission formula rate billings.

Recommendations

We recommend NiSource:

16. Implement accounting policies, processes, and procedures to ensure the types of transactions indentified above are recorded according to Commission regulations; and

17. Post correcting entries to NCSC's accounting records to properly classify all lobbying and political activity charges from the beginning of the audit period to present.

Appendix

200 Civic Center Drive
Columbus, OH 43215

August 21, 2012

Bryan K. Craig
Director and Chief Accountant
Division of Audits
Office of Enforcement
Federal Energy Regulatory Commission
888 First Street, NE, RM 5K-13
Washington, DC 20426

RE: Audit of NiSource Inc.
Docket No. FA11-5-000

Dear Mr. Craig:

Thank you for the opportunity to review and comment on the August 6, 2012 Draft Audit Report covering the period January 1, 2009 through December 31, 2010, issued to NiSource Inc. ("NiSource") in the above-referenced docket. NiSource has carefully reviewed audit staff's report addressing NiSource's compliance with the Commission's: 1) cross subsidization restrictions on affiliate transactions; (2) accounting, recordkeeping, and reporting requirements; (3) Uniform System of Accounts (USofA) for centralized service companies; (4) preservation of records requirements for holding companies and service companies; (5) FERC Form No. 60 Annual Report requirements, and the associated public utility and natural gas companies' compliance with the Commission's accounting requirements for transactions with associated companies and the applicable reporting requirements in the FERC Form Nos. 1 and 2. NiSource generally agrees with the findings and recommendations included in the Draft Report. As noted in the detail below, NiSource has already implemented many of the corrective actions recommended therein.

With respect to the specific findings and recommendations, NiSource offers the following response and comment, as requested.

1. **Electric Public Utility's Accounting for Billings from the Service Company:** NiSource agrees with this finding and recommendation. NiSource will develop and implement procedures to ensure that NiSource Corporate Services Company ("NCSC") and Northern Indiana Public Service Company ("NIPSCO") comply with the Commission's accounting regulations for billings from NCSC. NiSource will provide these procedures to the Division of Audits within 30 days of the issuance of the final audit report in this docket. NiSource has conducted a study from the beginning of the audit period to the present to determine the accuracy of the accounts that NIPSCO used to reallocate and record service company billings specifically for Accounts 163, 870, and 182.3 that NCSC accounted for in Account 923. Based on the study conducted by NiSource and per discussion with FERC audit staff, these items were all charged to the income statement and rolled to retained earnings in a prior calendar period. Thus, FERC correcting entries to NIPSCO's retained earnings for prior year amounts is not deemed necessary based on the materiality of the amounts charged to these accounts in 2009, 2010, and 2011. Going forward, NIPSCO will record the items previously recorded to Accounts 163, 870, and

182.3 to Account 923. NIPSCO calculated the amount that would be refunded under the MISO formula rate recovery mechanism for the billings of amounts for Account 426.1 which was included by NIPSCO above the line. The amount calculated is immaterial (less than $1800 for all three years 2009, 2010 and 2011) and would not materially impact rates. NiSource has provided copies of the refund calculation herein as "Finding 1_Att A_MISO calc 2009.pdf," "Finding 1_Att B_MISO calc 2010.pdf," and "Finding 1_Att C_MISO calc 2011.pdf." In subsequent reporting periods, NIPSCO will record the items previously recorded to Account 923 for donations to 426.1 as recorded by NCSC.

2. **Prepayment for the Use of Finance and Accounting Transformation Servers:** NiSource generally agrees with this finding and recommendation. NCSC recorded a long-term prepaid balance in Account 186, Miscellaneous Deferred Debits, as it interpreted the USofA Part 367, Subpart F-Balance Sheet Chart of Accounts, 18 C.F.R. § 367.1650, Account 165 Prepayments, to be designated only for "Current and Accrued Assets" as noted under Subpart F. For regulatory accounting, NCSC did reclassify the entire non-current prepayment balance for the use of Finance and Accounting transformation servers at 12/31/11 from Account 186 to Account 165 as noted in the 2011 FERC Form No. 60, page 110, Line No. 4 footnote. The reclassification entry completed at December 31, 2011 is provided herein as "Finding 2_Att. A_165 Transformation.pdf." The prepayment for the use of Finance and Accounting transformation servers will be fully amortized as of June 30, 2015.

3. **Accounting for Overfunding of a Single-Employer, Defined Postretirement Benefit Plan:** NiSource generally agrees with this finding and recommendation. NCSC had recorded its overfunding of its defined postretirement benefit in Account 186, Miscellaneous Deferred Debits, which is a noncurrent asset account in compliance with ASC 715-20, *Compensation-Retirement Benefits, Defined Benefit Plans*. Further, per 18 C.F.R. § 367.1280(b), "amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employee benefits must not be included in Account 128." Therefore, based on the Section 367.128(b), NCSC felt it was in compliance with Title 18 C.F.R. Part 367 – Uniform System of Accounts for Centralized Service Companies as NCSC funds its postretirement benefits through an irrevocable trust agreement. The Commission's Chief Accountant issued a guidance letter in Docket No. AI07-1-1000 in March 2007, which states that centralized service companies should use Account 128 to record assets for the overfunded status of their employee postretirement benefit plans. Based on audit staff's explanation that the guidance letter issued in Docket No. AI07-1-1000 supersedes 18 C.F.R. § 367.1280(b), NCSC made a regulatory accounting reclassification of the overfunding amount in Account 186 to Account 128 to be in full compliance with the guidance issued in Docket No. AI07-1-000. The reclassification entry completed at December 31, 2011 is provided herein as "Finding 3_Att. A_128 Overfunding.pdf." Further, NCSC's 2011 FERC Form No. 60, page 110, Line 5, shows the 186 balance to be $0 at December 31, 2011. At December 31, 2011, and thereafter, NCSC is properly accounting for future over- and underfunding of its postretirement life insurance benefit under the guidance issued in Docket No. AI07-1-000.

4. **Improperly Recorded Transferred Employee Benefits:** NiSource agrees with this finding and recommendation. As noted in the Corrective Actions listed on page 23 of the Audit Report, NiSource has provided audit staff with journal entries and screen images of the

completed transactions. In addition, NiSource's 2011 FERC Form No. 60, page 110, Line 5, shows the 186 balance to be $0 at December 31, 2011. NCSC did develop a new policy and procedure in December of 2011 to ensure that LTD insurance for transferred employees is properly accounted for in Account 146. A copy of the written policies and procedures developed in response to this recommendation is provided herein as "Finding 4_Att. A_LTD Benefits Policy.doc."

5. **FERC-61 Reporting for Special Purpose Companies:** NiSource agrees with this finding and recommendation. As noted in the Corrective Actions listed on page 26 of the Audit Report, NiSource has submitted the FERC-61 filings required for the years 2006 – 2009 for its special-purpose service companies. NiSource has updated its policies and procedures to now include the filing of FERC-61 reports in its regulatory compliance program so that these documents are filed in a timely manner. Copies of the written policies and procedures developed in response to this recommendation are included herein as "Finding 5_Att. A_FERC Holding Co. Policy.pdf" and "Finding 5_Att. B_FERC Service Co. Policy.pdf".

6. **Untimely Filing of Cash Management Programs:** NiSource agrees with this finding and recommendation. NiSource submitted one cash management agreement within 10 business days (14 calendar days), and not within the 10 calendar days as required by the Commission's regulations (18 C.F.R. § 141.500). NiSource has discussed its process internally and commits to strengthen its policies and procedures to ensure that all employees involved in the preparation and filing of cash management agreements are aware of the filing requirements. There have been no other instances of late filings.

7. **Reporting of Transactions with Affiliated Companies:** NiSource agrees with this finding and recommendation. NiSource will resubmit its 2011 FERC Form No. 2 for Columbia Gas Transmission, LLC, and Columbia Gulf Transmission Company to correct page 358 by replacing the term "various" with a listing of accounts used to record the services. Filings will be resubmitted by the end of the third quarter 2012. NIPSCO strengthened its procedures during 2011 and filed the 2011 FERC Form No. 1, page 429, properly by providing a listing of accounts used to record services rather than "various" as done in its 2009 and 2010 filings. Included herein is attachment "Finding 7_Att A_Form 1.pdf" which is a copy of NIPSCO's 2011, Form 1, page 429. NiSource's interstate pipelines have completed their documentation of compliance procedures for each of their Form No. 2 pages. Included herein is attachment "Finding 7_Att B_Form 2 p. 358 procedures.pdf" which is a copy of the NiSource's compliance procedures specifically for p. 358 of Form No. 2. Upon request, NiSource will make copies of all compliance procedures for all pages of its Form No. 2 available to FERC.

8. **Miscellaneous FERC Account Classification Errors:** NiSource agrees with this finding and recommendation. Starting in the third quarter of 2011, NCSC strengthened its policies and procedures for ensuring that expenses were in the proper FERC accounts. A copy of the policy implemented by NCSC is included herein as "Finding 8_Att. A_FERC Classification Policy.docx." In compliance with its policy, NCSC is performing an analysis and making reclassification entries on a quarterly basis to ensure proper recording to FERC accounts. The quarterly reclassification entries made to properly record to FERC accounts are included herein as "Finding 8_Att. B_Q3 2011 FERC Reclass.pdf," "Finding 8_Att. C_Q4 2011 FERC

Reclass.pdf," "Finding 8_Att. D_Q1 2012 FERC Reclass.pdf," and "Finding 8_Att. E_Q2 2012 FERC Reclass.pdf." Amounts recorded for lobbying and political activities for the audit period were immaterial in nature ($748 in 2009 and $10,436 in 2010), have rolled to retained earnings in a prior calendar period, and thus NiSource deems prior period entries unnecessary.

Until all corrective actions have been implemented, NiSource will make the recommended quarterly progress reports no later than 30 days after the end of each calendar quarter.

NiSource appreciates the professionalism and transparency of audit staff assigned to this audit. NiSource takes its compliance obligations very seriously, and we continually strive to improve and enhance our regulatory compliance efforts. Should you have any questions regarding this response, please do not hesitate to contact Susanne M. Taylor, Controller of NiSource Corporate Services Company, at 614-460-4686. Thank you for your time and attention in this matter.

Sincerely,

Stephen P. Smith
Executive Vice President and Chief Financial Officer

cc: Gerald Williams

Attachments Enclosed on CD:
Finding 1 _Att A_MISO calc 2009.pdf
Finding 1_Att B_MISO calc 2010.pdf
Finding 1_Att C_MISO calc 2011.pdf
Finding 2_Att. A_165 Transformation.pdf
Finding 3_Att. A_128 Overfunding.pdf
Finding 4_Att. A_LTD Benefits Policy.doc
Finding 5_Att. A_FERC Holding Co. Policy.pdf
Finding 5_Att. B_FERC Service Co. Policy.pdf
Finding 7_Att A_Form 1.pdf
Finding 7_Att B_Form 2 p. 358 procedures.pdf
Finding 8_Att. A_FERC Classification Policy.docx
Finding 8_Att. B_Q3 2011 FERC Reclass.pdf
Finding 8_Att. C_Q4 2011 FERC Reclass.pdf
Finding 8_Att. D_Q1 2012 FERC Reclass.pdf
Finding 8_Att. E_Q2 2012 FERC Reclass.pdf

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-035:

Please provide the annual level of forfeited discounts or late payment charges for the preceding three calendar years. Identify the level of sales revenue with which these are associated.

Response:

Year	Forfeited Discounts $	Revenue $
2015	1,272,940	538,439,635
2016	991,124	475,249,130
2017	1,082,749	545,745,271

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-036:

If not reflected in the lead-lag study, please provide a listing of the various types of employee withholdings, garnishments and other employee funds held by the Company for remittance at a later date.

Response:

As noted in response to GAS-RR-018, Columbia is not making a claim for cash working capital and no lead lag study is included in the filing. The following is a list of miscellaneous employee withholdings and the amount held by the company as of November 30, 2017.

	Balance as of 11/30/2017 $
Charitable Donations primarily United Way	8,398
Union dues	29,055
Garnishments	20,673
NiSource Inc. Political Action Contribution	2,411
Total	60,537

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. GAS-RR-037:

Please provide all detailed work papers supporting the adjustments to rate base and operating income.

Response:

Supporting schedules to rate base have been provided in Exhibits No. 8 and No. 108 and supporting schedules to operating income have been provided in Exhibits No. 2 and No. 102. Work papers supporting these exhibits and schedules are detailed and voluminous. Therefore, the workpapers will be made available upon request.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-038:

Please provide a copy of the Company's most recent SFAS 106 plan actuarial study.

Response:

The actuarial study is included as Exhibit No. 4, Schedule 7.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-039:

Please reconcile the historical and future test year SFAS No. 106 expense levels with the amount identified in the actuarial report.

Response:

A. HTY

There is a $21,438 difference between the gross test year expense recorded on the books and the test year expense identified on the actuarial report (please refer to Attachment A for details) as noted below.

FAS 106 Historical Test Year Expense

Per Books	$(762,579)	
Per Actuarial Report	$(741,141)	*Attachment A*
Difference	$21,438	

This difference is attributable to:

(1) Med D Subsidy for Settled Retirees	$ 21,438
Total difference from Actuarial Report	**$ 21,438**

(1) The Company receives funds in the form of a Med D Subsidy from the federal government for retirees whose postretirement benefit obligation was transferred to a third-party insurance provider in a prior period, also referred to as settled retirees. The amount received is contributed to the trust to pay for future medical benefits for those individuals not included in this group of settled retirees as the calculation of the Company's OPEB liability does not take settled retirees into consideration.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

B. FTY / FPFTY

Please refer to the table below for future test year and fully projected future test year SFAS 106 expense identified on the actuarial report within Attachment B, please note that all numbers are rounded to the thousands of dollars.

(000's)	Future Test Year	*Reference*	Fully Projected Future Test Year	*Reference*
SFAS 106 Expense				
OPEB Medical Expense	(825)	*1 month of Col. A, Row 16 + 11 months of Col. B, Row 16*	(899)	*Column C, Row 16*
OPEB Life Expense	(63)	*1 month of Col. A, Row 20 + 11 months of Col. B, Row 20*	(83)	*Column C, Row 20*
Total Company OPEB Expense	**(888)**		**(982)**	

Per the settlement of the Company's rate case at Docket No. R-2012-2321748, there is no amortization of this non-cash negative expense for ratemaking purposes.

COLUMBIA GAS OF PENNSYLVANIA, INC.
Standard Data Request - Revenue Requirement
Gas SDR RR-39 Attachment A

Historic Test Year SFAS #106 Expenses

OPEB Medical Expense Accrual	$	(721,563)
OPEB Life Expense Accrual	$	(41,016)
Transitional Obligation Amortization	$	-
Total CPA Expense level	$	(762,579)

Historic Test Year Allocated Actuarial Expense

2016-2017 Actuarial report	Medical	Life	Total	
Service Cost	$ 413,871	$ 36,543	$ 450,414	∑A
Interest Cost on APBO	$ 769,948	$ 210,629	$ 980,577	∑B
Return on Assets	$ (2,019,790)	$ (370,094)	$ (2,389,884)	∑C
Transition Obligation	$ -	$ -	$ -	∑D
Prior Service Cost	$ 109,709	$ -	$ 109,709	∑E
Actuarial (Gain) Loss	$ 26,137	$ 81,905	$ 108,042	∑F
Rounding	$ -	$ -	$ -	
Total Actuarial Expense allocation	$ (700,125)	$ (41,016)	$ (741,141)	∑G

Historic Test Year Allocation Detail

CPA's allocated portion of Retiree Medical plans (reference pg 2 of 5)

2016 Actuarial report (1 mo)	Total Company	Test Year	CPA's Allocation		
Service Cost	$ 4,601,014	$ 383,418	8.62%	$ 33,039	A
Interest Cost on APBO	$ 18,691,543	$ 1,557,629	4.83%	$ 75,284	B
Return on Assets	$ (14,088,503)	$ (1,174,042)	15.95%	$ (187,283)	C
Transition Obligation	$ -	$ -	0.00%	$ -	D
Prior Service Cost	$ (4,299,839)	$ (358,320)	-0.38%	$ 1,361	E
Actuarial (Gain) Loss	$ 2,652,510	$ 221,043	-0.42%	$ (922)	F
Total	$ 7,556,725	$ 629,727		$ (78,521)	G

CPA's allocated portion of Retiree Medical plans (reference pg 3 of 5)

2017 Actuarial report (11 mos)	Total Company	Test Year	CPA's Allocation		
Service Cost	$ 4,389,456	$ 4,023,668	9.46%	$ 380,832	A
Interest Cost on APBO	$ 14,893,019	$ 13,651,934	5.09%	$ 694,664	B
Return on Assets	$ (13,004,866)	$ (11,921,127)	15.37%	$ (1,832,507)	C
Transition Obligation	$ -	$ -	0.00%	$ -	D
Prior Service Cost	$ (3,753,180)	$ (3,440,415)	-3.15%	$ 108,348	E
Actuarial (Gain) Loss	$ 2,370,084	$ 2,172,577	1.25%	$ 27,058	F
Total	$ 4,894,513	$ 4,486,637		$ (621,605)	G

CPA's allocated portion of Retiree Life Insurance plans (reference pg 4 of 5)

2016 Actuarial report (1 mo)	Total Company	Test Year	CPA's Allocation		
Service Cost	$ 417,609	$ 34,801	9.91%	$ 3,447	A
Interest Cost on APBO	$ 3,250,438	$ 270,870	7.43%	$ 20,131	B
Return on Assets	$ (2,646,558)	$ (220,547)	15.02%	$ (33,121)	C
Transition Obligation	$ -	$ -	0.00%	$ -	D
Prior Service Cost	$ 161,497	$ 13,458	0.00%	$ -	E
Actuarial (Gain) Loss	$ 372,914	$ 31,076	14.50%	$ 4,508	F
Total	$ 1,555,900	$ 129,658		$ (5,034)	G

CPA's allocated portion of Retiree Life Insurance plans (reference pg 5 of 5)

2017 Actuarial report (11 mos)	Total Company	Test Year	CPA's Allocation		
Service Cost	$ 373,626	$ 342,491	9.66%	$ 33,095	A
Interest Cost on APBO	$ 2,814,292	$ 2,579,768	7.38%	$ 190,498	B
Return on Assets	$ (2,430,747)	$ (2,228,185)	15.12%	$ (336,973)	C
Transition Obligation	$ -	$ -	0.00%	$ -	D
Prior Service Cost	$ 161,497	$ 148,039	0.00%	$ -	E
Actuarial (Gain) Loss	$ 627,019	$ 574,767	13.47%	$ 77,398	F
Total	$ 1,545,687	$ 1,416,880		$ (35,982)	G

NiSource, Inc.
2016 ASC 715-60 Expense by Company
Retiree Medical Plans

	Service Cost	Interest Cost	Expected Return on Plan Assets	Amort. Of Transitional Obligation	Amort. Of Prior Service Cost	Recognized Actuarial (gain) loss	Total
Columbia Gas of Pennsylvania	$ 396,471	$ 903,406	$ (2,247,400)	$ -	$ 16,334	$ (11,058)	$ (942,247)
Grand Total	$ 4,601,014	$ 18,691,543	$ (14,088,503)	$ -	$ (4,299,839)	$ 2,652,510	$ 7,556,725

NiSource, Inc.
2017 ASC 715-60 Expense by Company
Retiree Medical Plans

	Service Cost	Interest Cost	Expected Return on Plan Assets	Amort. Of Transitional Obligation	Amort. Of Prior Service Cost	Recognized Actuarial (Gain) Loss	Total
Columbia Gas of Pennsylvania	$ 415,453	$ 757,815	$ (1,999,098)	$ -	$ 118,198	$ 29,518	$ (678,114)
Grand Total	$ 4,389,456	$ 14,893,019	$ (13,004,866)	$ -	$ (3,753,180)	$ 2,370,084	$ 4,894,513

NiSource, Inc.
2016 ASC 715-60 Expense by Company
Retiree Life Plans

	Service Cost	Interest Cost	Expected Return on Plan Assets	Amort. Of Transitional Obligation	Amort. Of Prior Service Cost	Recognized Actuarial (gain) loss	Total
Columbia Gas of Pennsylvania	$ 41,369	$ 241,577	$ (397,447)	$ -	$ -	$ 54,091	$ (60,410)
Grand Total	$ 417,609	$ 3,250,438	$ (2,646,558)	$ -	$ 161,497	$ 372,914	$ 1,555,900

NiSource, Inc.
2017 ASC 715-60 Expense by Company
Retiree Life Plans

	Service Cost	Interest Cost	Expected Return on Plan Assets	Amort. Of Transitional Obligation	Amort. Of Prior Service Cost	Recognized Actuarial (gain) loss	Total
Columbia Gas of Pennsylvania	$ 36,104	$ 207,816	$ (367,607)	$ -	$ -	$ 84,434	$ (39,253)
Grand Total	$ 373,626	$ 2,814,292	$ (2,430,747)	$ 0	$ 161,497	$ 627,019	$ 1,545,687

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-040:

Please identify the actual or projected amounts contributed to SFAS No. 106 funds for the historic and future test years. Identify the actual or projected dates and amounts of the contributions.

Response:

Actual and projected SFAS No. 106 contributions to the VEBA trust fund are $0 for December 2016 – December 2019.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-041

Please explain the funding options or plans which are being used for SFAS No. 106 costs. Identify the portion of the costs which are eligible for tax preferred funding.

Response:

A §401(h) account and Union and Non-Union VEBAs were established in December 1992 for the express purpose of prefunding OPEB health benefits. The employment of these funding vehicles affords some of the most tax efficient means available for prefunding OPEB health benefits. The Company's retiree life insurance plan was funded through a Special Insurance Continuation Account beginning in 1974 and converted during 1992 to a VEBA, separate from the OPEB health VEBAs and §401(h) account.

In January 2014, the VEBAs were restructured to correspond to changes in the OPEB health plans. The pre-65 subaccounts from the medical VEBAs were added to the life insurance VEBAs, and the medical VEBAs became VEBAs only for post-65 assets. This resulted in four VEBAs: Union Life and Pre-65 Medical VEBA, Union Post-65 Medical VEBA, Nonunion Life and Pre-65 Medical VEBA, and Nonunion Post-65 Medical VEBA.

Like the NiSource Master Retirement Trust, the §401(h) account, the Union Life and Pre-65 Medical VEBA, and the Union Post-65 Medical VEBA are fully tax-advantaged funding vehicles. Tax advantages result from (1) expected future medical inflation or salary growth rates, as applicable, being permitted by the IRC in determining current contribution amounts, (2) employer contributions being tax deductible (subject to statutory limits), and (3) investment earnings permitted to grow tax-free. Contributions made to the §401(h) account are subordinate to those made to NiSource Master Retirement Trust and are generally limited to one-third of the annual contribution made to a master retirement trust. Thus, at times the §401(h) may not be able to accept contributions.

The Non-Union VEBAs are less tax efficient. Expected future medical inflation rates are not permitted in determining current contribution amounts and investment earnings are typically subject to tax. Still, it is one of the most tax

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

efficient funding vehicles available today after the §401(h) account and Union VEBA funding alternatives for OPEB health care benefits.

Columbia Gas of Pennsylvania made no deposits into its OPEB trusts for the 2017 tax year except for the redeposit of Part D reimbursements and key employee benefit payments.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-042:

Is the Company studying and/or anticipating any changes to its postretirement benefits offered to employees as a result of SFAS No. 106 or for other reasons? If yes, please provide such study and/or explain the anticipated change.

Response:

The Company is not anticipating any changes to postretirement benefits offered to employees at this time.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-043:

Please state whether the Company has included expenses related to SFAS No. 112 in its test year claim. If so, please provide complete details and include a copy of the actuarial study.

Response:

The company has included the following SFAS 112 expenses in its test year claim:

SFAS 112 Test Year Claim	
Current Accrual	$ (11,048)
Total Test Year Claim	$ (11,048)

Please see GAS RR-43 Attachment A for details (note that employee names have been redacted).

NiSource
Delivering life's essential resources

November 29, 2017
No. 2017-53

From: [redacted]

To: [redacted]

CC: [redacted]

Re: **ASC 712 (FAS-112) Post-Employment Benefits Accrual Adjustment**

The accompanying Excel worksheet reflects the ASC 712 (FAS-112) estimated liability, by entity, to be accrued as of December 31, 2017. Please make the necessary adjustments to the accrual in November business. This accrual is adjusted annually and represents the estimated cost of providing medical, dental and life insurance to those individuals on disability up until they are age 65.

In total, the 2017 adjustment resulted in a $0.6 million increase to the consolidated liability.

Please use the following accounts for the ASC 712 (FAS 112) liability:

Short-term FAS 112 Liability: PeopleSoft account # 24211263
Long-term FAS 112 Liability: PeopleSoft account # 22833000

The offset to the liability should be recorded to the FAS 112 expense account, unless you have specific regulatory treatment.

If you have any questions regarding the required entries, please contact [redacted].

NISOURCE INC
December 31, 2017
ADJUSTMENT TO ASC 712 LIABILITIES

CO #	COMP NAME	BALANCE AS OF 12-31-17			BALANCE AS OF 12-31-16			ADJUSTMENT		
		Current	Long-Term	Total	Current	Long-Term	Total	Current	Long-Term	Total
37	CPA	161,937	605,713	767,649	147,746	630,951	778,697	14,190	(25,239)	(11,048)
	TOTALS	1,248,425	5,520,774	6,769,199	1,137,994	5,034,694	6,172,688	110,431	486,080	596,510

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-044:

Please provide all documentation supporting the uncollectible accrual rate reflected in the Company's filing.

Response:

Columbia did not use an uncollectible accrual rate in this filing but instead used an actual uncollectible experienced rate. Data and documentation supporting the development of this 1.191% rate is provided on Exhibit No. 4, Schedule No. 2, Page 30. This reference provides the following:

Total 3 Year Billed Revenue (line 4)	$1,293,759,482
Total 3 Year Net Write-offs (line 9)	$15,402,661
Uncollectible Rate (line 9 / line 4)	1.191%

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. GAS-RR-045:

Please provide all work papers and documentation supporting the Company's claimed balance of gas stored underground - current. Include support for the monthly injections and withdrawals and the gas cost rate.

Response:

Please see Exhibit No. 108, Schedule No. 7, Page 1 for the monthly injections and withdrawals and the gas cost rate claimed by the Company.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-046:

Please provide a comparison between actual and budgeted O&M expenses by budget cost element for the historical test year and explain any budget variances of 10 percent or more.

Response:

See GAS-RR-046 Attachment A for budget variance analysis.

Columbia Gas of Pennsylvania Inc.
Operation and Maintenance Expenses
Actual v. Budget

		Twelve Months Ended November 30, 2017				
		Actual	**Budget**	**Variance**	**Variance %**	**Explanations >=10%**
1	Labor	30,125,334	31,300,000	(1,174,666)	-3.75%	
2	Incentive Compensation	2,682,071	1,751,000	931,071	53.17%	Payouts higher than target level budgeted
3	Pension	8,537,997	549,000	7,988,997	1455.19%	September 2017 Pension cash pre-payment net payout - $8.5M
4	OPEB	(426,740)	(519,000)	92,260	-17.78%	Due primarily to changes in OPEB-Medical assumptions - $139K
5	Other Employee Benefits	6,076,272	6,059,000	17,272	0.29%	
6	Outside Services	28,204,136	25,551,000	2,653,136	10.38%	Due primarily to increase in Riser Replacement program activity in Field Operations and balance of internal labor/external resources
7	Building Leases	2,945,145	3,444,000	(498,855)	-14.48%	Due primarily to one-time, non-recurring intercompany lease income/credits not planned for
9	Corporate Insurance	3,175,098	3,141,000	34,098	1.09%	
10	Injuries and Damages	362,891	563,000	(200,109)	-35.54%	Due primarily to favorable Workers' Compensation expenses
11	Employee Expenses	1,625,742	1,494,000	131,742	8.82%	
12	Company Memberships	447,976	484,000	(36,024)	-7.44%	
13	Utilities and Fuel Used in Company Operations	852,065	1,120,000	(267,935)	-23.92%	Budget based on normal weather while TME 11/30/17 was abnormally warm
14	Advertising	238,136	170,000	68,136	40.08%	To secure available marketing and/or media outlets
15	Fleet & Other Clearing	6,370,346	5,819,000	551,346	9.47%	
16	Materials & Supplies	6,135,851	5,426,000	709,851	13.08%	Driven primarily by increased Risers, hand tools, and other incremental work - $700K
17	Other O&M	1,574,612	1,551,000	23,612	1.52%	
18	PUC, OCA, OSBA Fees	2038437.29	2,446,000	(407,563)	-16.66%	Fees based on gross revenues, primary difference related to the difference in actual/forecasted revenues
19	NCSC - Shared Services	40,423,696	39,904,000	519,696	1.30%	
20	NCSC - NGD Shared Operations	27,010,861	26,746,000	264,861	0.99%	
21	Deferred OPEB Refund Amortization	(9,553)	(10,000)	447	-4.47%	
22	NCSC OPEB costs Amortization	90,313	90,000	313	0.35%	
24	NIFIT Amortization	420,255	420,000	255	0.06%	
25	Lobbying	0	0	0	0.00%	
26	Charitable Contributions	3,844	0	3,844	0.00%	
27	Rate Case Expense*	0	100,000	(100,000)	-100.00%	Budget related to 2016 CPA rate case
28	Uncollectible Accounts	3,989,033	3,542,000	447,033	12.62%	Increase in net charge-offs
29	Uncollectible Accounts -Unbundled-gas	1,084,768	1,000,000	84,768	8.48%	
30	Total Rider USP	22,994,223	28,022,000	(5,027,777)	-17.94%	Budget based on normal weather and usage while actual usage was impacted by abnormally warm weather
31	Interest on Customer Deposits	0	0	0	0.00%	
32	**Total Operation and Maintenance Expense**	196,972,809	190,163,000	6,809,809	3.58%	

* Note: Budgeted Rate Case Expense was in December 2016 and associated with the 2016 CPA base rate case.
There was no budget for Rate Case expense from January - November 2017. Actual Rate Case Expense is included in the following: Outside Services - $829, and was associated with the 2016 CPA Base Rate Case.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-047:

Please provide the most recent actual number of eligible participants in each of the employee medical and dental plans reflected in the Company's filing.

Response:

All employees are eligible to participate in the employee medical and dental plans. There were 664 Columbia employees at the end of the historic test year.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-048:

Please provide workpapers showing the derivation of future test year Social Security and Medicare FICA taxes based on future test year labor expense. Identify both the total and O&M amounts.

Response:

The future test year Social Security and Medicare FICA taxes are derived using an experience factor of FICA Tax expense realized in the historic test year, to the labor annualized in the future periods. A work paper for the historic test year Social Security and Medicare FICA taxes is provided as Exhibit No. 6, Schedule No. 2, Page 4. A work paper for the future test year and fully projected future test year for Social Security and Medicare FICA taxes is provided as Exhibit No. 106, Schedule No. 2, Page 4.

The O&M amounts are as follows:

12 Months Ended November 30, 2017 Per Books	$2,426,164
Adjustment to historic test year per books (Exh. No. 6, Sch. No. 2, Pg 3)	$ (9,444)
Annualized 12 Months Ended Historic Test Year	$ 2,416,720
Adjustment of Annualized Future Test Year (Exh. No. 106, Sch 2, Pg 3)	$ 108,912
Future Test Year FICA Taxes	$2,525,632
Adjustment of Annualized Fully Projected Future Test Year (Exh. No. 106, Sch 2, Pg 3)	$ 72,395
Fully Projected Future Test Year FICA Taxes	$ 2,598,027

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-049:

Please provide work papers showing the derivation of future test year federal and state unemployment taxes. Show both the total and O&M amounts.

Response:

The future test year and fully projected future test year federal and state unemployment taxes are unchanged from the historic test year per book amounts. Total FUTA and SUTA Tax included in both the future test year and fully projected future test year are $137,971 as shown on Exhibit 6, Schedule 2, Page 2, Line 2 and Exhibit 106, Schedule 2, Page 2, Lines 2.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. GAS-RR-050:

Please provide work papers showing the derivation of future test year capital stock taxes.

Response:

There were no amounts included in the future test year for capital stock taxes.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. GAS-RR-051:

If applicable, please provide a copy of the billing and payment terms for all contracts between the Company and its parent or an affiliated company for services. Further, to the extent that the parent or affiliated company provides service to non-affiliated companies, please provide the corresponding billing and payment terms.

Response:

GAS-RR-051 Attachment A is the Service Agreement between the Company and NiSource Corporate Services Company ("NCSC") dated December 15, 2005. Per Article 2, Compensation, Section 2.3, NCSC renders a monthly report known as a "contract bill" to the Company. The Company reviews the bills and identifies any questions or concerns it has regarding the bill. If no issues are identified, the Company remits all charges billed within 30 days of receipt of the contract bill. The billing and payment terms for the NCSC contract bill are the same for all affiliate companies. NCSC does not provide services to non-affiliated companies.

In July 2015, NiSource completed the Separation of the Columbia Pipeline Group ("CPG"). CPG operations consisted of all the Columbia Pipeline Operations Group segment prior to Separation. NiSource provided services to the CPG as part of an 18 month Transition Services Agreement, which has expired and under which NiSource no longer provides services to CPG.

Service Agreement

BETWEEN

NISOURCE CORPORATE SERVICES COMPANY

AND

COLUMBIA GAS OF PENNSYLVANIA, INC.

Dated December 15, 2005

(To Take Effect Pursuant to Article 3 Hereof)

SERVICE AGREEMENT

This SERVICE AGREEMENT (the "Service Agreement" or "Agreement") is made and entered into this 17th day of December, 2005 by and between Columbia Gas of Pennsylvania, 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: Susanne M. Taylor
Name: Susanne M. Taylor
Its: Controller

COLUMBIA GAS OF PENNSYLVANIA, INC.

By: Terrence J. Murphy
Name: Terrence J. Murphy
Its: President

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.

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 Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-052:

Please provide the annual level of outside services employed for the preceding three calendar years. Include in your response a breakdown of the test year amount indicating the service provider and the type of service performed.

Response:

Attachments A and B to this response provide details regarding outside service costs incurred for calendar years 2014, 2015 and 2016, as well as the historic test year ended November 2017. Attachment A provides the information of costs charged to Operation and Maintenance expense and Attachment B provides information on costs charged to capital and other accounts.

Line No.	Cost Activity Description	Twelve Months Ended December 2014	Twelve Months Ended December 2015	Twelve Months Ended December 2016	Twelve Months Ended November 2017
1	AUDITING SERVICES	482,199.39	483,926.30	505,286.63	527,568.86
2	BENEFITS ADMINISTRATION	373,814.04	410,995.50	358,910.62	479,895.00
3	BUILDING MAINTENANCE	120,249.32	462,557.28	606,146.26	643,173.10
4	CAP ADMINISTRATION COSTS	723,385.31	230,622.00	0.00	0.00
5	CAP EDUCATION	22,010.00	23,398.16	55,797.61	17,963.71
6	CAP INITIAL APPLICATION	483,307.00	50,663.00	0.00	32,084.00
7	CAPITAL PROJ NOT OTHERWISE IDENTIFD	115,825.48	121,365.27	376,794.76	186,384.27
8	CHECKFREE SERVICE CHARGE	0.00	0.00	0.00	0.00
9	COMPRESSOR & OTHER EQUIPMENT REPAIRS	149,948.70	126,400.49	149,261.26	236,643.35
10	CONSTRUCTION SERVICES	397,597.23	691,050.49	184,623.86	133,626.45
11	CONSULTANT SERVICES	2,914,955.76	2,484,433.54	2,073,069.65	1,658,667.60
12	CONTRACT MAINTENANCE	385.74	1,689.90	13,076.86	8,684.06
13	CONTRACT METER READING	328,811.19	280,506.40	304,015.28	302,811.72
14	CORROSION - CAPITAL	0.00	0.00	0.00	7,277.74
15	CORROSION - MAINTENANCE	1,255,203.57	868,861.41	723,142.36	847,417.86
16	CREDIT COLLECTIONS	0.00	76,577.00	178,718.63	168,970.13
17	CURRENT COLLECTION FEES	55.95	0.00	0.00	0.00
18	DEFERRALS	(5,311,489.46)	0.00	251,982.68	0.00
19	DELINQUENT COLLECTION FEES	0.00	(928.70)	(1,545.92)	0.00
20	DFC (BANGS/FAB) COSTS	0.00	0.00	0.00	0.00
21	ELECTRIC GENERATION SERVICES	3,281.76	7,077.76	12,904.01	2,512.58
22	ENGINEERING SERVICES	267,016.80	75,614.38	129,593.20	124,316.24
23	ENVIRONMENTL HAZ/SPE WASTE DISPOSAL	16,474.92	6,496.41	13,412.38	10,900.10
24	ENVIRONMENTL HEALTH & SAFETY SERVICES	20,903.76	40,728.81	110,924.74	156,128.68
25	FURNITURE & EQUIPMENT MAINTENANCE	21,236.60	14,610.97	10,400.15	8,147.90
26	INSPECTION SERVICES	1,348,303.29	1,243,452.86	1,466,694.25	1,503,068.52
27	LABORATORY SERVICES	119,259.96	66,147.26	63,263.72	25,417.09
28	LEAK REPAIR	1,919,992.02	976,403.99	825,896.76	891,366.87
29	LEGAL SERVICES	114,757.35	469,054.94	426,322.31	749.32
30	LINE LOCATING	3,219,469.58	3,524,111.76	4,094,123.82	4,922,072.46
31	LIQUIDS & FILTER DOSPOSAL	10,045.39	1,021.20	0.00	0.00
32	LOT MAINTENANCE	1,872.24	35,592.00	40,069.27	47,148.50
33	MAIN LINE INSTALLATION	27,601.97	0.00	3,733.08	12,737.36
34	METERS AND REGULATORS	0.00	0.00	293.70	3,836.28
35	MISCELLANEOUS REIMBURSEMENTS	2,307.09	5.00	48,864.30	35,192.75
36	ONE - CALL SYSTEM FEES	141,186.02	135,663.34	137,545.38	136,370.73
37	OPERATIONS MAPPING	0.00	0.00	523.96	90.00
38	OPERATIONS SERVICES	67,161.06	100,263.74	74,332.00	69,129.14
39	OTHER MAINTENANCE	2,307.75	0.00	0.00	0.00
40	OTHER MAINTENANCE SERVICES	1,203,436.81	1,001,829.87	1,375,164.06	917,976.43
41	OTHER OUTSIDESERVICES	1,251,959.73	1,412,889.41	2,559,030.40	3,307,133.32
42	OUTSOURCING - ACTUAL FIXED COSTS	0.00	45,722.03	5,270.84	0.00
43	OUTSOURCING - VARIABLE	0.00	51,378.46	5,481.45	0.00
44	PAC/LOBBYING	33,920.00	103,341.33	102,430.13	112,823.68
45	PAVING RESTORATION	3,570,488.77	3,145,778.81	3,200,939.19	2,648,565.43
46	PERSONNEL & CARGO TRANSPORTATION	14,804.11	3,019.13	526.80	353.75
47	PLANT MAINTENANCE	0.00	0.00	0.00	62.76
48	POLICE	2,487.49	(44.00)	0.00	0.00
49	PRINTING/REPRODUCTION SERVICES	14,873.53	28,826.29	34,996.24	19,596.30
50	RECONNECT SERVICE LINES	97,880.63	1,653,097.16	2,588,185.95	4,363,265.72

Line No.	Cost Activity Description	Twelve Months Ended December 2014	Twelve Months Ended December 2015	Twelve Months Ended December 2016	Twelve Months Ended November 2017
51	REQUEST FOR SERVICE - RFS	0.00	44,210.29	0.00	0.00
52	RIGHT-OF-WAY CLEAR/MAINTENANCE	1,654,921.10	2,377,245.30	2,565,725.27	2,847,854.14
53	SALES TAX	862.58	0.00	0.00	0.00
54	SECURITY SERVICES	19,452.29	3,400.30	17,166.57	32,256.65
55	SEED AND SOD	7,375.65	0.00	0.00	0.00
56	SERVICE LINE INSTALLATIONS	33,433.94	13,801.85	11,209.56	63,105.67
57	SERVICES TRANSFERRED	0.00	(95.35)	0.00	0.00
58	SOFTWARE MAINTENANCE	0.00	14,844.56	13,806.35	14,290.27
59	TELECOMMUNICATION CAPITAL INSTALLATIONS	0.00	670.00	0.00	211.25
60	TEMPORARY PERSONNEL SERVICES	272,511.01	234,134.15	262,869.89	230,972.73
61	TOWER MAINTENANCE	0.00	0.00	0.00	1,288.55
62	WEATHERIZATION/RCS EXPENSES	4,520,482.81	505,499.95	0.00	0.00
63	WMS ACCRUALS	44,770.41	(6,603.61)	39,024.82	440,789.19
64	WMS PULL BACK CAMERA SERVICES	0.00	0.00	0.00	3,237.73
65	Total	22,103,097.64	23,641,308.39	26,020,005.09	28,204,135.94

NOTE:

Beginning in 2015, Rider USP deferrals were recorded directly to the regulatory asset rather than going in and out of expense within the same period. The majority of the impact for this change is to Line 18 Deferrals and Line 62 Weatherization/RCS Expenses.

Columbia Gas of Pennsylvania
Outside Services Detailed by Cost Element
Amounts Charged to Capital and Other Accounts

Line No.	Cost Activity Description	Twelve Months Ended December 2014	Twelve Months Ended December 2015	Twelve Months Ended December 2016	Twelve Months Ended November 2017
1	AUDITING SERVICES	30,947.16	(365,880.80)	(501,734.13)	(508,889.38)
2	BENEFITS ADMINISTRATION	0.00	(410,995.50)	(358,909.36)	(479,893.74)
3	BUILDING MAINTENANCE	1,064,278.46	736,831.99	682,035.63	(29,653.23)
4	CAP ADMINISTRATION COSTS	0.00	189,589.00	570,850.43	627,330.14
5	CAP EDUCATION	0.00	(1,797.34)	2,734.00	6,811.42
6	CAP INITIAL APPLICATION	0.00	423,845.00	448,280.85	83,698.00
7	CAPITAL PROJ NOT OTHERWISE IDENTIFD	4,929,555.11	4,130,313.26	4,501,187.48	4,327,524.72
8	COMPRESSOR & OTHER EQUIPMENT REPAIRS	81,049.89	71,061.69	1,198,605.95	1,184,658.46
9	CONSTRUCTION SERVICES	1,211,396.10	2,170,794.39	4,198,089.24	5,632,441.08
10	CONSULTANT SERVICES	919,807.34	(1,023,170.71)	89,668.29	1,187,575.59
11	CONTRACT MAINTENANCE	96.42	(138.86)	(8,487.44)	(4,164.26)
12	CONTRACT METER READING	33,118.06	(150,561.64)	(25,208.48)	(12.20)
13	CONTRACT RETAINAGES	2,436.95	0.00	0.00	0.00
14	CORROSION - CAPITAL	59,851.31	22,685.40	16,361.90	206,113.17
15	CORROSION - MAINTENANCE	8,900.00	355.00	(355.00)	5,255.00
16	CREDIT COLLECTIONS	0.00	(55,918.00)	0.00	0.00
17	CURRENT COLLECTION FEES	13.99	0.00	0.00	0.00
18	ELECTRIC GENERATION SERVICES	266.29	5,168.55	2,888.33	0.00
19	ENGINEERING SERVICES	(4,564.62)	80,950.79	98,225.73	340,221.12
20	ENVIRONMENTL HAZ/SPE WASTE DISPOSAL	9,106.91	1,256.00	(2,799.82)	51,232.80
21	ENVIRONMENTL HEALTH & SAFETY SERVICES	222,575.88	384,465.42	99,125.22	366,732.18
22	FURNITURE & EQUIPMENT MAINTENANCE	880,633.04	476,774.59	202,974.47	59,619.87
23	INSPECTION SERVICES	543,690.27	18,879.80	205,494.76	186.44
24	LABORATORY SERVICES	(13,421.00)	(21,039.98)	(53,704.17)	(24,371.09)
25	LEAK REPAIR	17,341.99	76,990.89	25,874.92	20,588.91
26	LEGAL SERVICES	1,112.00	(450,304.94)	(425,122.31)	(829.32)
27	LINE LOCATING	13,179.25	32,094.90	23,944.95	15,455.13
28	LIQUIDS & FILTER DOSPOSAL	0.00	0.00	3,298.32	1,426.50
29	LOT MAINTENANCE	18,200.00	58,151.17	(1,648.82)	6,467.85
30	MAIN LINE INSTALLATION	53,709,781.99	57,775,967.89	69,796,445.19	91,750,285.87
31	METERS AND REGULATORS	4,843,841.95	1,832,545.32	5,549,381.15	6,192,733.12
32	MISCELLANEOUS REIMBURSEMENTS	1,130.84	1,108.21	50,562.55	494,784.29
33	ONE - CALL SYSTEM FEES	9,925.77	(6,514.98)	(4,118.22)	15,900.76
34	OPERATIONS MAPPING	0.00	0.00	(523.96)	0.00
35	OPERATIONS SERVICES	125,050.54	87,237.97	110,688.68	147,241.87
36	OTHER MAINTENANCE	407.25	2,475.98	0.00	0.00
37	OTHER MAINTENANCE SERVICES	545,516.12	108,681.53	171,413.96	28,482.15
38	OTHER OUTSIDESERVICES	616,489.51	1,309,052.71	3,556.77	(156,465.89)
39	OUTSOURCING - ACTUAL FIXED COSTS	0.00	(45,722.03)	(5,270.84)	(0.00)
40	OUTSOURCING - VARIABLE	0.00	(59,701.35)	(5,481.45)	0.00
41	PAC/LOBBYING	0.00	(6,316.32)	2.68	192.38
42	PAVING RESTORATION	44,463,565.18	34,000,595.42	43,750,423.83	40,799,299.34
43	PERSONNEL & CARGO TRANSPORTATION	7,094.64	9,441.89	11,103.10	10,632.00
44	PLANT MAINTENANCE	370.31	0.00	0.00	25.64
45	POLICE	71,184.75	41,650.95	41,785.58	1,404.53
46	PRINTING/REPRODUCTION SERVICES	26,283.28	595.69	(7,646.90)	(11,218.37)
47	RECONNECT SERVICE LINES	375,771.78	1,099,382.42	1,438,131.46	1,279,099.01
48	REQUEST FOR SERVICE - RFS	0.00	(44,210.29)	0.00	0.00
49	RIGHT-OF-WAY CLEAR/MAINTENANCE	0.00	30,030.90	0.00	(6,997.60)
50	SALES TAX	21,037.07	(16,787.74)	0.00	0.00
51	SECURITY SERVICES	5,488.64	76,273.61	524,592.45	328,775.83
52	SEED AND SOD	3,241.73	0.00	0.00	0.00

Columbia Gas of Pennsylvania
Outside Services Detailed by Cost Element
Amounts Charged to Capital and Other Accounts

Line No.	Cost Activity Description	Twelve Months Ended December 2014	Twelve Months Ended December 2015	Twelve Months Ended December 2016	Twelve Months Ended November 2017
53	SERVICE LINE INSTALLATIONS	24,369,484.30	26,261,932.21	28,514,451.20	31,287,551.03
54	SERVICES TRANSFERRED	0.00	95.35	0.00	0.00
55	SOFTWARE MAINTENANCE	0.00	(14,459.49)	(13,806.35)	(14,290.27)
56	SUPPLEMENTAL CONTRACT COSTS	0.00	0.00	940.60	0.00
57	TELECOMMUNICATION CAPITAL INSTALLATIONS	76,283.52	191,900.89	59,982.90	21,979.91
58	TEMPORARY PERSONNEL SERVICES	378,884.33	6,573.32	77,141.30	117,566.18
59	WEATHERIZATION/RCS EXPENSES	(88,325.89)	4,747,767.08	5,536,195.72	5,143,740.50
60	WMS ACCRUALS	(52,884.02)	127,936.02	(64,922.96)	1,450,983.07
61	WMS PULL BACK CAMERA SERVICES	0.00	0.00	0.00	4,478.26
62	Total	139,539,194.39	133,917,933.23	166,526,699.38	191,961,708.77

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-053:

Please describe each budgeted or planned cost savings program to be implemented during the historic or future year. Please identify the cost of implementing the program and the anticipated annual savings.

Response:

Witness Huwar's testimony provided an overview of the affordability Customer Value initiative identified in 2017 and being implemented in 2018. This initiative focuses on optimizing resource utilization.

The savings are anticipated to come from the identification of improvement opportunities across both operations and support services. As outlined in witness Huwar's discussion of the Customer Value initiative, the program will occur in waves, with the first launched in March 2018 in the NiSource Corporate Services Company Finance function and Pennsylvania Gas Operations function. The process of reviewing each function will last approximately six months and will include both analysis and application.

A holistic approach will be taken to consider a broad range of potential improvements when identifying opportunities. These potential improvements will include:

- Capabilities & Mindsets - Build high performing teams with a shared commitment to achieving industry leadership
- Demand Management – Identify and reduce unnecessary work product, such as reports and analyses
- Smart Insourcing & Outsourcing – Examine sourcing strategies to identify opportunities to reduce costs, gain flexibility and optimize the use of our internal workforce

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

- Lean Process Optimization - Redesign, standardize & "lean out" processes to eliminate bottlenecks and improve efficiency
- Shared Service Consolidation / Centralization - Leverage economies of scale and skill
- Technology Enablement - Improve quality & increase productivity through new uses of technology
- Organization Structure and Governance – Review existing organizational reporting relationships in order to identify and remove complexities & redundancies

Each process investigation will utilize the following methodology:

1. Diagnose (where we can get better)
    - Determining root causes and drivers of performance
    - Data-driven analysis and benchmarking
    - Pursue industry leading standards

2. Design (how we can get better)
    - Leveraging a range of improvement methods
    - Sequence cycles of improvement
    - Engaging employees closest to the work
    - Collaboration on cross-value team efforts

3. Deliver (realize improvements)
    - Monitoring execution to sustain value

Potential areas of opportunity to become more efficient and effective in Finance include:

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

- Streamlining processes (e.g., financial planning, budgeting and accounts payable)
- Automating manual processes
- Expanding self-service analytics and management reporting capabilities

Potential areas of opportunity to become more efficient, effective and improve customer service in PA include:

- Reducing travel time and revisits
- Improving shift times
- Optimizing training schedules
- Optimizing job durations, planning, scheduling and permitting by improving processes and controls
- Reducing external spend though improved planning, monitoring and controls
- Reducing demand for and consider strategic insourcing for outside services spend

Costs:

The cost of the Customer Value initiative relative to outside consulting support in the historic test year allocated to Columbia was $299,155 through the Corporate Service Fee. In the future test year, the cost is approximately $195,649, also for outside consulting support, and is reflected in the Corporate Service Fee. There are no anticipated distinct costs associated with the initiative in 2019 allocated to the Company.

Savings:

The Company has incorporated an expected O&M savings from this Customer Value initiative of $8.4 million in the Fully Projected Future Test Year. Company Witness Krajovic identifies the savings in the filing schedules and provides

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

additional information in her testimony. The preliminary breakdown of the $8.4 million of savings are:

- ~50% of the savings are expected to come from a reduction in corporate service areas.
- ~25% of the savings are expected to come from a reduction in materials and outside services spend, and
- ~25% of the savings are expected to come from productivity gains.

The assessment of savings opportunities is currently in early stages and benefits are expected through various process optimization initiatives within the business and corporate services functions.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-054:

Please explain how the Company has treated reserve accruals and balances for ratemaking purposes and provide the requested level of any self-funded reserve accruals by type of item.

Response:

The Company has not made any rate making adjustments based on self-funded reserve accruals.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-055:

Please provide a copy of the corporate federal tax returns and supporting schedules for the preceding three years and, if applicable, a copy of the calculation work papers for the Company's consolidated tax savings adjustment.

Response:

Enclosed are copies of the corporate federal tax returns for 2014 (GAS-RR-055 Attachment A), 2015 (GAS-RR-055 Attachment B) and 2016 (GAS-RR-055 Attachment C). Workpapers relating to the Company's consolidated tax savings are included in the Standard Filing Requirements as Exhibit No. 7 (26) Pages 2-4.

Attachment A
Page 1 of 39

Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2014 or tax year beginning _____, ending _____

▶ Information about Form 1120 and its separate instructions is at *www.irs.gov/form1120.*

OMB No. 1545-0123 **2014**

A Check if: 1a Consolidated return (attach Form 851) ☐ b Life/nonlife consolidated return ☐ 2 Personal holding co. (attach Sch. PH) ☐ 3 Personal service corp. (see instructions) ☐ 4 Schedule M-3 attached ☒

TYPE OR PRINT

Name: Columbia Gas of Pennsylvania, Inc.

Number, street, and room or suite no. If a P.O. box, see instructions.: 290 W. Nationwide Blvd.

City or town, state, or province, country and ZIP or foreign postal code: Columbus, OH 43215

B Employer identification number: 25-1100252

C Date incorporated: 06/23/1960

D Total assets (see instructions): $ 1,787,349,455.

E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☒ Address change

Income	1a Gross receipts or sales	1a 563,165,784.		
	b Returns and allowances	1b		
	c Balance. Subtract line 1b from line 1a		1c	563,165,784.
	2 Cost of goods sold (attach Form 1125-A)		2	234,355,806.
	3 Gross profit. Subtract line 2 from line 1c		3	328,809,978.
	4 Dividends (Schedule C, line 19)		4	
	5 Interest	See Statement 1	5	205,632.
	6 Gross rents		6	144,433.
	7 Gross royalties		7	
	8 Capital gain net income (attach Schedule D (Form 1120))		8	
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)		9	-5,867,060.
	10 Other income (see instructions - attach statement)	See Statement 1	10	24,579,876.
	11 **Total income.** Add lines 3 through 10 ▶		11	347,872,859.
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (see instructions - attach Form 1125-E) ▶		12	
	13 Salaries and wages (less employment credits)		13	4,054,236.
	14 Repairs and maintenance	See Statement 1	14	61,553,826.
	15 Bad debts		15	22,603,324.
	16 Rents	See Statement 2	16	2,763,277.
	17 Taxes and licenses	See Statement 2	17	8,276,761.
	18 Interest	See Statement 2	18	22,623,557.
	19 Charitable contributions	See Statement 3	19	447,256.
	20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		20	96,132,458.
	21 Depletion		21	
	22 Advertising	See Statement 4	22	332,195.
	23 Pension, profit-sharing, etc., plans	See Statement 4	23	-1,044.
	24 Employee benefit programs	See Statement 4	24	6,271,014.
	25 Domestic production activities deduction (attach Form 8903)		25	
	26 Other deductions (attach statement)	See Statement 4	26	121,411,506.
	27 **Total deductions.** Add lines 12 through 26 ▶		27	346,468,366.
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28	1,404,493.
	29a Net operating loss deduction (see instructions)	29a		
	b Special deductions (Schedule C, line 20)	29b		
	c Add lines 29a and 29b		29c	
Tax, Refundable Credits, and Payments	30 **Taxable income.** Subtract line 29c from line 28 (see instructions)		30	1,404,493.
	31 Total tax (Schedule J, Part I, line 11)		31	NONE
	32 Total payments and refundable credits (Schedule J, Part II, line 21)		32	10,436.
	33 Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐		33	
	34 **Amount owed.** If line 32 is smaller than the total of lines 31 and 33, enter amount owed		34	
	35 **Overpayment.** If line 32 is larger than the total of lines 31 and 33, enter amount overpaid		35	
	36 Enter amount from line 35 you want: **Credited to 2015 estimated tax** ▶ **Refunded** ▶		36	

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer | Date ▶ Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☒ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

For Paperwork Reduction Act Notice, see separate instructions. Form **1120** (2014)

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Attachment A
Page 2 of 39

Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule C **Dividends and Special Deductions** (see instructions)	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 **Total.** Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 **Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶			
20 **Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			

Attachment A
Page 3 of 39

Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule J Tax Computation and Payment (see instructions)

Part I-Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ▶ [X]				
2	Income tax. Check if a qualified personal service corporation (see instructions) ▶ [ ]			2	
3	Alternative minimum tax (attach Form 4626)			3	
4	Add lines 2 and 3			4	
5a	Foreign tax credit (attach Form 1118)	5a			
b	Credit from Form 8834 (see instructions)	5b			
c	General business credit (attach Form 3800)	5c			
d	Credit for prior year minimum tax (attach Form 8827)	5d			
e	Bond credits from Form 8912	5e			
6	**Total credits.** Add lines 5a through 5e			6	
7	Subtract line 6 from line 4			7	
8	Personal holding company tax (attach Schedule PH (Form 1120))			8	
9a	Recapture of investment credit (attach Form 4255)	9a			
b	Recapture of low-income housing credit (attach Form 8611)	9b			
c	Interest due under the look-back method - completed long-term contracts (attach Form 8697)	9c			
d	Interest due under the look-back method - income forecast method (attach Form 8866)	9d			
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e			
f	Other (see instructions - attach statement)	9f			
10	**Total.** Add lines 9a through 9f			10	
11	**Total tax.** Add lines 7, 8, and 10. Enter here and on page 1, line 31			11	NONE

Part II-Payments and Refundable Credits

12	2013 overpayment credited to 2014			12	
13	2014 estimated tax payments			13	
14	2014 refund applied for on Form 4466			14	( )
15	Combine lines 12, 13, and 14			15	
16	Tax deposited with Form 7004			16	
17	Withholding (see instructions)			17	
18	**Total payments.** Add lines 15, 16, and 17			18	
19	Refundable credits from:				
a	Form 2439	19a			
b	Form 4136	19b	10,436.		
c	Form 8827, line 8c	19c			
d	Other (attach statement - see instructions)	19d			
20	**Total credits.** Add lines 19a through 19d			20	10,436.
21	**Total payments and credits.** Add lines 18 and 20. Enter here and on page 1, line 32			21	10,436.

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a [ ] Cash b [X] Accrual c [ ] Other (specify) ▶		
2	See the instructions and enter the:		
a	Business activity code no. ▶ 221210		
b	Business activity ▶ NATURAL GAS DISTRIBUTION		
c	Product or service ▶ NATURAL GAS DISTRIBUTION		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?	X	
	If "Yes," enter name and EIN of the parent corporation ▶ NISOURCE INC 35-2108946		
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)	X	
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule K Other Information *continued* (see instructions)

	Yes	No
5 At the end of the tax year, did the corporation:		
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on **Form 851,** Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) . . . . . If "Yes," file **Form 5452,** Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		X
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of the corporation's stock entitled to vote or **(b)** the total value of all classes of the corporation's stock? . . . . . For rules of attribution, see section 318. If "Yes," enter: **(i)** Percentage owned ▶_____ and **(ii)** Owner's country ▶_____ **(c)** The corporation may have to file **Form 5472,** Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶_____		X
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount . . . . . ▶ ☐ If checked, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ NONE		
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1		
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here . . . . . ▶ ☐ If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ $ _____		
13 Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year **and** its total assets at the end of the tax year less than $250,000?. . . . . If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶ $ _____		X
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? . . . . . If "Yes," complete and attach Schedule UTP.		X
15a Did the corporation make any payments in 2014 that would require it to file Form(s) 1099?.	X	
b If "Yes," did or will the corporation file required Forms 1099?	X	
16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?		X
17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?		X
18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than $1 million?		X

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash	Stmt 5	2,010,621.		3,952,422.
2a Trade notes and accounts receivable	48,975,464.	Stmt 5	49,451,445.	
b Less allowance for bad debts	( )	48,975,464.	( )	49,451,445.
3 Inventories	Stmt 5	88,112,889.		97,174,749.
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach statement)	Stmt 5	13,428,731.		10,109,068.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach statement)	Stmt 5	17,606,369.		18,198,819.
10a Buildings and other depreciable assets	1,394,423,626.		1,579,609,611.	
b Less accumulated depreciation	(323,582,561.)	1,070,841,065.	(341,543,400.)	1,238,066,211.
11a Depletable assets				
b Less accumulated depletion	( )		( )	
12 Land (net of any amortization)		2,640,310.		2,756,057.
13a Intangible assets (amortizable only)	11,303,332.		19,680,622.	
b Less accumulated amortization	(5,204,608.)	6,098,724.	(6,298,884.)	13,381,738.
14 Other assets (attach statement)	Stmt 6	369,340,302.		354,258,946.
15 Total assets		1,619,054,475.		1,787,349,455.
Liabilities and Shareholders' Equity				
16 Accounts payable	Stmt 6	33,220,101.		26,345,133.
17 Mortgages, notes, bonds payable in less than 1 year	Stmt 6			47,350,000.
18 Other current liabilities (attach statement)	Stmt 6	132,312,722.		193,840,783.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more	Stmt 7	411,390,000.		394,040,000.
21 Other liabilities (attach statement)	Stmt 7	567,264,836.		587,243,886.
22 Capital stock: a Preferred stock				
Stmt 7 b Common stock	45,127,800.	45,127,800.	45,127,800.	45,127,800.
23 Additional paid-in capital	Stmt 7	7,686,976.		7,720,355.
24 Retained earnings - Appropriated (attach statement)				
25 Retained earnings - Unappropriated		422,052,040.		485,681,498.
26 Adjustments to shareholders' equity (attach statement)				
27 Less cost of treasury stock		( )		( )
28 Total liabilities and shareholders' equity		1,619,054,475.		1,787,349,455.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: The corporation may be required to file Schedule M-3 (see instructions).

1 Net income (loss) per books		7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest $	
2 Federal income tax per books			
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation $	
a Depreciation $		b Charitable contributions $	
b Charitable contributions $			
c Travel and entertainment $			
		9 Add lines 7 and 8	
6 Add lines 1 through 5		10 Income (page 1, line 28) - line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	422,052,040.	5 Distributions: a Cash	
2 Net income (loss) per books	63,629,451.	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
See Statement 8	7.	7 Add lines 5 and 6	
4 Add lines 1, 2, and 3	485,681,498.	8 Balance at end of year (line 4 less line 7)	485,681,498.

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SCHEDULE G (Form 1120)
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Information on Certain Persons Owning the Corporation's Voting Stock

▶ Attach to Form 1120.
▶ See instructions on page 2.

OMB No. 1545-0123

Name	Employer identification number (EIN)
Columbia Gas of Pennsylvania, Inc.	25-1100252

Part I **Certain Entities Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4a). Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock
NiSource Gas Distibution Group, Inc.	46-3083381	C CORP	US	100.000

Part II **Certain Individuals and Estates Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock

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Form **4626**

Department of the Treasury
Internal Revenue Service

Alternative Minimum Tax - Corporations

▶ Attach to the corporation's tax return.
▶ Information about Form 4626 and its separate instructions is at *www.irs.gov/form4626.*

OMB No. 1545-0123

2014

Name: Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

Note: *See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).*

1	Taxable income or (loss) before net operating loss deduction		1	1,404,493.
2	**Adjustments and preferences:**			
a	Depreciation of post-1986 property		2a	-1,808,293.
b	Amortization of certified pollution control facilities		2b	
c	Amortization of mining exploration and development costs		2c	
d	Amortization of circulation expenditures (personal holding companies only)		2d	
e	Adjusted gain or loss		2e	-979,664.
f	Long-term contracts		2f	
g	Merchant marine capital construction funds		2g	
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)		2h	
i	Tax shelter farm activities (personal service corporations only)		2i	
j	Passive activities (closely held corporations and personal service corporations only)		2j	
k	Loss limitations		2k	
l	Depletion		2l	
m	Tax-exempt interest income from specified private activity bonds		2m	
n	Intangible drilling costs		2n	
o	Other adjustments and preferences		2o	NONE
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o		3	-1,383,464.
4	**Adjusted current earnings (ACE) adjustment:**			
a	ACE from line 10 of the ACE worksheet in the instructions	4a -3,532,762.		
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions)	4b -2,149,298.		
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c 1,611,974.		
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). **Note:** *You **must** enter an amount on line 4d (even if line 4b is positive)*	4d		
e	ACE adjustment. • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the **smaller** of line 4c or line 4d as a negative amount		4e	
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT		5	-1,383,464.
6	Alternative tax net operating loss deduction (see instructions)		6	
7	**Alternative minimum taxable income.** Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions		7	-1,383,464.
8	**Exemption phase-out** (if line 7 is $310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):			
a	Subtract $150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8a NONE		
b	Multiply line 8a by 25% (.25)	8b NONE		
c	Exemption. Subtract line 8b from $40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-		8c	NONE
9	Subtract line 8c from line 7. If zero or less, enter -0-		9	NONE
10	Multiply line 9 by 20% (.20)		10	NONE
11	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions)		11	
12	Tentative minimum tax. Subtract line 11 from line 10		12	NONE
13	Regular tax liability before applying all credits except the foreign tax credit		13	
14	**Alternative minimum tax.** Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return		14	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4626** (2014)

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Adjusted Current Earnings (ACE) Worksheet

Keep for Your Records

▶ See ACE Worksheet Instructions.

1	Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626					1	-1,383,464.
2	ACE depreciation adjustment:						
a	AMT depreciation			2a	97,941,440.		
b	ACE depreciation:						
	(1) Post-1993 property	2b(1)	94,233,101.				
	(2) Post-1989, pre-1994 property	2b(2)	1,614,410.				
	(3) Pre-1990 MACRS property	2b(3)	1,432,428.				
	(4) Pre-1990 original ACRS property	2b(4)	1,408,825.				
	(5) Property described in sections 168(f)(1) through (4)	2b(5)					
	(6) Other property	2b(6)	1,209,509.				
	(7) Total ACE depreciation. Add lines 2b(1) through 2b(6)			2b(7)	99,898,273.		
c	ACE depreciation adjustment. Subtract line 2b(7) from line 2a					2c	-1,956,833.
3	Inclusion in ACE of items included in earnings and profits (E&P):						
a	Tax-exempt interest income			3a			
b	Death benefits from life insurance contracts			3b			
c	All other distributions from life insurance contracts (including surrenders)			3c			
d	Inside buildup of undistributed income in life insurance contracts			3d			
e	Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)			3e			
f	Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e					3f	
4	Disallowance of items not deductible from E&P:						
a	Certain dividends received			4a			
b	Dividends paid on certain preferred stock of public utilities that are deductible under section 247			4b			
c	Dividends paid to an ESOP that are deductible under section 404(k)			4c			
d	Nonpatronage dividends that are paid and deductible under section 1382(c)			4d			
e	Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)			4e			
f	Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e					4f	
5	Other adjustments based on rules for figuring E&P:						
a	Intangible drilling costs			5a			
b	Circulation expenditures			5b			
c	Organizational expenditures			5c			
d	LIFO inventory adjustments			5d			
e	Installment sales			5e			
f	Total other E&P adjustments. Combine lines 5a through 5e					5f	
6	Disallowance of loss on exchange of debt pools					6	
7	Acquisition expenses of life insurance companies for qualified foreign contracts					7	
8	Depletion					8	
9	Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property					9	-192,465.
10	**Adjusted current earnings.** Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626					10	-3,532,762.

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Form **4136**

Department of the Treasury
Internal Revenue Service (99)

Credit for Federal Tax Paid on Fuels

▶ **Information about Form 4136 and its separate instructions is at *www.irs.gov/form4136.***

OMB No. 1545-0162

2014

Attachment Sequence No. **23**

Name (as shown on your income tax return)	Taxpayer identification number
Columbia Gas of Pennsylvania, Inc.	25-1100252

Caution. *Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1c and 2b (type of use 13 and 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1c and 2b (type of use 13 and 14), claimant certifies that a certificate has not been provided to the credit card issuer.*

1 Nontaxable Use of Gasoline

Note. CRN is credit reference number.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Off-highway business use		$ .183			
b Use on a farm for farming purposes		.183			362
c Other nontaxable use (see **Caution** above line 1)		.183		$	
d Exported		.184			411

2 Nontaxable Use of Aviation Gasoline

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use in commercial aviation (other than foreign trade)		$ .15		$	354
b Other nontaxable use (see **Caution** above line 1)		.193			324
c Exported		.194			412
d LUST tax on aviation fuels used in foreign trade		.001			433

3 Nontaxable Use of Undyed Diesel Fuel

Claimant certifies that the diesel fuel did not contain visible evidence of dye.
Exception. If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use	02	$ .243	42945		
b Use on a farm for farming purposes		.243		$ 10,436.	360
c Use in trains		.243			353
d Use in certain intercity and local buses (see **Caution** above line 1)		.17			350
e Exported		.244			413

4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)

Claimant certifies that the kerosene did not contain visible evidence of dye.
Exception. If any of the kerosene included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use taxed at $.244		$ .243			
b Use on a farm for farming purposes		.243		$	346
c Use in certain intercity and local buses (see **Caution** above line 1)		.17			347
d Exported		.244			414
e Nontaxable use taxed at $.044		.043			377
f Nontaxable use taxed at $.219		.218			369

For Paperwork Reduction Act Notice, see the separate instructions.

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5 Kerosene Used in Aviation (see **Caution** above line 1)

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Kerosene used in commercial aviation (other than foreign trade) taxed at $.244		$ .200		$	417
b Kerosene used in commercial aviation (other than foreign trade) taxed at $.219		.175			355
c Nontaxable use (other than use by state or local government) taxed at $.244		.243			346
d Nontaxable use (other than use by state or local government) taxed at $.219		.218			369
e LUST tax on aviation fuels used in foreign trade		.001			433

6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel **Registration No.** ▶

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach an explanation and check here . . . ▶ ☐

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	$ .243		$	360
b Use in certain intercity and local buses	.17			350

7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use in Aviation) **Registration No.** ▶

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim **did** contain visible evidence of dye, attach an explanation and check here . . . . ▶ ☐

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	$ .243			
b Sales from a blocked pump	.243		$	346
c Use in certain intercity and local buses	.17			347

8 Sales by Registered Ultimate Vendors of Kerosene For Use in Aviation **Registration No.** ▶

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use in commercial aviation (other than foreign trade) taxed at $.219		$ .175		$	355
b Use in commercial aviation (other than foreign trade) taxed at $.244		.200			417
c Nonexempt use in noncommercial aviation		.025			418
d Other nontaxable uses taxed at $.244		.243			346
e Other nontaxable uses taxed at $.219		.218			369
f LUST tax on aviation fuels used in foreign trade		.001			433

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9 Reserved **Registration No. ▶**

	(b) Rate	(c) Gallons of alcohol	(d) Amount of credit	(e) CRN
a Reserved				
b Reserved				

10 Biodiesel or Renewable Diesel Mixture Credit **Registration No. ▶**

Biodiesel mixtures. Claimant produced a mixture by mixing biodiesel with diesel fuel. The biodiesel used to produce the mixture met ASTM D6751 and met EPA's registration requirements for fuels and fuel additives. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller. **Renewable diesel mixtures.** Claimant produced a mixture by mixing renewable diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture was derived from biomass process, met EPA's registration requirements for fuels and fuel additives, and met ASTM D975, D396, or other equivalent standard approved by the IRS. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which have been edited as discussed in the Instructions for Form 4136. See the instructions for line 10 for information about renewable diesel used in aviation.

	(b) Rate	(c) Gallons of biodiesel or renewable diesel	(d) Amount of credit	(e) CRN
a Biodiesel (other than agri-biodiesel) mixtures	$1.00		$	388
b Agri-biodiesel mixtures	$1.00			390
c Renewable diesel mixtures	$1.00			307

11 Nontaxable Use of Alternative Fuel

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)		$.183		$	419
b "P Series" fuels		.183			420
c Compressed natural gas (CNG) (GGE = 126.67 cu. ft.)		.183			421
d Liquefied hydrogen		.183			422
e Fischer-Tropsch process liquid fuel from coal (including peat)		.243			423
f Liquid fuel derived from biomass		.243			424
g Liquefied natural gas (LNG)		.243			425
h Liquefied gas derived from biomass		.183			435

12 Alternative Fuel Credit **Registration No. ▶**

	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)	$.50		$	426
b "P Series" fuels	.50			427
c Compressed natural gas (CNG) (GGE = 121 cu. ft.)	.50			428
d Liquefied hydrogen	.50			429
e Fischer-Tropsch process liquid fuel from coal (including peat)	.50			430
f Liquid fuel derived form biomass	.50			431
g Liquefied natural gas (LNG)	.50			432
h Liquefied gas derived from biomass	.50			436
i Compressed gas derived from biomass (GGE = 121 cu. ft.)	.50			437

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13 Registered Credit Card Issuers **Registration No. ▶**

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Diesel fuel sold for the exclusive use of a state or local government	$ .243		$	360
b Kerosene sold for the exclusive use of a state or local government	.243			346
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at $.219	.218			369

14 Nontaxable Use of a Diesel-Water Fuel Emulsion

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use		$ .197		$	309
b Exported		.198			306

15 Diesel-Water Fuel Emulsion Blending **Registration No. ▶**

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit	$ .046		$	310

16 Exported Dyed Fuels and Exported Gasoline Blendstocks

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Exported dyed diesel fuel and exported gasoline blendstocks taxed at $.001	$ .001		$	415
b Exported dyed kerosene	.001			416

17 Total income tax credit claimed. Add lines 1 through 16, column (d). Enter here and on Form 1040, line 72; Form 1120, Schedule J, line 19b; Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ▶	17	$ 10,436.	

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SCHEDULE B (Form 1120)
(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Additional Information for Schedule M-3 Filers

▶ Attach to Form 1120.
▶ See instructions on page 2.

OMB No. 1545-0123

Name: Columbia Gas of Pennsylvania, Inc.

Employer identification number (EIN): 25-1100252

		Yes	No
1	Does any amount reported on Schedule M-3 (Form 1120), Part II, lines 9 or 10, column (d), reflect allocations to this corporation from a partnership of income, gain, loss, deduction, or credit that are disproportionate to this corporation's capital contribution to the partnership or its ratio for sharing other items of the partnership?		X
2	At any time during the tax year, did the corporation sell, exchange, or transfer any interest in an intangible asset to a related person as defined in section 267(b)?		X
3	At any time during the tax year, did the corporation acquire any interest in an intangible asset from a related person as defined in section 267(b)?		X
4a	During the tax year, did the corporation enter into a cost-sharing arrangement with any related foreign party on whose behalf the corporation did not file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations?		X
b	At any time during the tax year, was the corporation a participant in a cost-sharing arrangement with any related foreign party on whose behalf the corporation did not file Form 5471?		X
5	At any time during the tax year, did the corporation make any change in accounting principle for financial accounting purposes? See instructions for the definition of change in accounting principle		X
6	At any time during the tax year, did the corporation make any change in a method of accounting for U.S. income tax purposes?		X
7	At any time during the tax year, did the corporation own any voluntary employees' beneficiary association (VEBA) trusts that were used to hold funds designated for employee benefits?	X	
8	At any time during the tax year, did the corporation use an allocation method for indirect costs capitalized to self-constructed assets that varied from its financial method of accounting?	X	
9	At any time during the tax year, did the corporation treat for tax purposes indirect costs, as defined in Regulations sections 1.263A-1(e)(3)(ii)(F), (G), and (H), as mixed-service costs, as defined in Regulations section 1.263A-1(e)(4)(ii)(C)?		X
10	Did the corporation, under section 118 or 362(c) and the related regulations, take a return filing position characterizing any amount as a contribution to the capital of the corporation during the tax year by any non-shareholders? Amounts so characterized may include, without limitation, incentives, inducements, money, and property.	X	

For Paperwork Reduction Act Notice, see the Instructions for Form 1120.

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Name of corporation (common parent, if consolidated return): Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return):

Employer identification number:

Part II **Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return** (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 12)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations	559,071.		-559,071.	
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions				
13 Interest income (see instructions)	693,185.		-487,553.	205,632.
14 Total accrual to cash adjustment				
15 Hedging transactions	-16,490.	16,490.		
16 Mark-to-market income (loss)				
17 Cost of goods sold (see instructions)	(245,652,900.)	11,297,094.		(234,355,806.)
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments		15,806,884.		15,806,884.
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	-1,462.	1,462.		
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses		-5,867,060.		-5,867,060.
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement) Stmt 10		5,998,299.		5,998,299.
26 **Total income (loss) items.** Combine lines 1 through 25	-244,418,596.	27,253,169.	-1,046,624.	-218,212,051.
27 **Total expense/deduction items** (from Part III, line 38)	-137,370,235.	-120,521,682.	32,090,179.	-225,801,738.
28 Other items with no differences	445,418,282.	Stmt 11		445,418,282.
29a Mixed groups, see instructions. All others, combine lines 26 through 28	63,629,451.	-93,268,513.	31,043,555.	1,404,493.
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 **Reconciliation totals.** Combine lines 29a through 29c	63,629,451.	-93,268,513.	31,043,555.	1,404,493.

Note. Line 30, column (a), must equal Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

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Name of corporation (common parent, if consolidated return): Columbia Gas of Pennsylvania, Inc.

Employer Identification number: 25-1100252

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return):

Employer Identification number:

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	8,083,031.		-8,083,031.	
2 U.S. deferred income tax expense	23,797,528.		-23,797,528.	
3 State and local current income tax expense	5,831,861.			5,831,861.
4 State and local deferred income tax expense	-101,681.		101,681.	
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (see instructions)	23,879,935.	-1,256,378.		22,623,557.
9 Stock option expense			45,769.	45,769.
10 Other equity-based compensation	268,664.	-114,661.		154,003.
11 Meals and entertainment	608,730.		-304,365.	304,365.
12 Fines and penalties	-109,494.		109,494.	
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing	2,088,452.	-291,156.		1,797,296.
17 Other post-retirement benefits	-1,514,589.	1,514,589.		
18 Deferred compensation				
19 Charitable contribution of cash and tangible property	447,256.			447,256.
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs	1,850,530.	-1,850,530.		
29 Reserved				
30 Depletion				
31 Depreciation	39,495,844.	56,636,614.		96,132,458.
32 Bad debt expense	22,744,883.	-141,559.		22,603,324.
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement) Stmt 12	9,999,285.	66,024,763.	-162,199.	75,861,849.
38 **Total expense/deduction items.** Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	137,370,235.	120,521,682.	-32,090,179.	225,801,738.

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Form **1125-A**
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.
▶ Information about Form 1125-A and its instructions is at *www.irs.gov/form1125a.*

OMB No. 1545-2225

Name: Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

1	Inventory at beginning of year	1	94,340,154.
2	Purchases	2	252,942,053.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	**Total.** Add lines 1 through 5	6	347,282,207.
7	Inventory at end of year	7	112,926,401.
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	234,355,806.

9a Check all methods used for valuing closing inventory:
(i) [X] Cost
(ii) [ ] Lower of cost or market
(iii) [ ] Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)? [X] Yes [ ] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation [ ] Yes [X] No

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method).

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs. See the instructions for lines 2 and 7.

For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

Qualifying taxpayer. A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of $1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

Qualifying small business taxpayer. A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year ending on or after December 31, 2000, has average annual gross receipts of $10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448 (d)(3)). See Rev. Proc. 2002-28, 2002-18, I.R.B. 815.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Attachment A
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Form **1125-E**
(Rev. December 2013)
Department of the Treasury
Internal Revenue Service

Compensation of Officers

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-REIT, 1120-RIC, or 1120S.
▶ Information about Form 1125-E and its separate instructions is at *www.irs.gov/form1125e.*

OMB No. 1545-2225

Name: Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

Note. Complete Form 1125-E only if total receipts are $500,000 or more. See instructions for definition of total receipts.

(a) Name of officer	(b) Social security number (see instructions)	(c) Percent of time devoted to business	Percent of stock owned (d) Common	Percent of stock owned (e) Preferred	(f) Amount of compensation
1 Mark R. Kempic		%	%	%	
Joseph W. Mulpas		%	%	%	
Robert E. Smith		%	%	%	
David J. Vajda		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	

2 Total compensation of officers	2	
3 Compensation of officers claimed on Form 1125-A or elsewhere on return	3	
4 Subtract line 3 from line 2. Enter the result here and on Form 1120, page 1, line 12 or the appropriate line of your tax return	4	

For Paperwork Reduction Act Notice, see separate instructions.

Form **1125-E** (Rev. 12-2013)

JSA
4C1318 1.000

Attachment A
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Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ Attach to your tax return.
▶ Information about Form 4562 and its separate instructions is at *www.irs.gov/form4562.*

OMB No. 1545-0172
2014
Attachment Sequence No. **179**

Name(s) shown on return: Columbia Gas of Pennsylvania, Inc.
Identifying number: 25-1100252

Business or activity to which this form relates: General Depreciation and Amortization

Part I Election To Expense Certain Property Under Section 179

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2013 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2015. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	73,530,258.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	2,809,908.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2014	17	17,171,120.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2014 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		91,353.	5.000	HY	200 DB	18,271.
c 7-year property		7,469.	7.000	HY	200 DB	1,067.
d 10-year property						
e 15-year property						
f 20-year property		69,093,196.	20.000	HY	150 DB	2,590,995.
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property		919,373.	39 yrs.	MM	S/L	10,839.
				MM	S/L	

Section C - Assets Placed in Service During 2014 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	96,132,458.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	1,248,026.

JSA **For Paperwork Reduction Act Notice, see separate instructions.**
4X2300 2.000

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Part V **Listed Property** (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* ***only*** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A - Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.*)

24a Do you have evidence to support the business/investment use claimed? X **Yes** **No** **24b** If "Yes," is the evidence written? X **Yes** **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		X
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners	X	
39 Do you treat all use of vehicles by employees as personal use?		X
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	X	
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		X

Note: *If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.*

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2014 tax year (see instructions):					
43 Amortization of costs that began before your 2014 tax year				43	
44 **Total.** Add amounts in column (f). See the instructions for where to report				44	

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Form **4797**

Department of the Treasury
Internal Revenue Service

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ **Attach to your tax return.**

▶ **Information about Form 4797 and its separate instructions is at *www.irs.gov/form4797*.**

OMB No. 1545-0184

2014

Attachment Sequence No. **27**

Name(s) shown on return: Columbia Gas of Pennsylvania, Inc.

Identifying number: 25-1100252

1 Enter the gross proceeds from sales or exchanges reported to you for 2014 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) . . . 1

Part I **Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year** (see instructions)

2 (a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)

3 Gain, if any, from Form 4684, line 39	3	
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6 Gain, if any, from line 32, from other than casualty or theft	6	
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:	7	

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions)	8	
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9	

Part II **Ordinary Gains and Losses** (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

Stmt 13						-5,867,060.

11 Loss, if any, from line 7	11	( )
12 Gain, if any, from line 7 or amount from line 8, if applicable	12	
13 Gain, if any, from line 31	13	
14 Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15 Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17 Combine lines 10 through 16	17	-5,867,060.

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions . . . 18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . 18b

For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2014)

JSA
4X2610 2.000

Attachment A
Page 21 of 39

Part III **Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255** (see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	Property C	Property D
20 Gross sales price (**Note:** *See line 1 before completing.*)	20				
21 Cost or other basis plus expense of sale	21				
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis. Subtract line 22 from line 21	23				
24 Total gain. Subtract line 23 from line 20	24				
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a				
b Enter the **smaller** of line 24 or 25a	25b				
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a Additional depreciation after 1975 (see instructions)	26a				
b Applicable percentage multiplied by the **smaller** of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24. If residential rental property **or** line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the **smaller** of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 **If section 1252 property:** Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the **smaller** of line 24 or 27b	27c				
28 **If section 1254 property:**					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a				
b Enter the **smaller** of line 24 or 28a	28b				
29 **If section 1255 property:**					
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				
b Enter the **smaller** of line 24 or 29a (see instructions)	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV **Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less** (see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation (see instructions)	34		
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

Attachment A
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Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120.*

OMB No. 1545-0123

2014

Name of common parent: Columbia Gas of Pennsylvania, Inc.
Employer identification number: 25-1100252

Name of subsidiary:
Employer identification number:

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions		-9,528,792.		-9,528,792.
2 Amounts attributable to:				
a Stock option expense				
b Other equity based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate owned life insurance premiums				
n Other section 263A costs		-32,896.		-32,896.
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement)	245,652,900.	Stmt 14 -1,735,406.		243,917,494.
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See instructions	245,652,900.	-11,297,094.		234,355,806.

For Paperwork Reduction Act Notice, see instructions.

Attachment A
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 8916-A (2014) Page 2

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group	120,907.			120,907.
5	Other interest income Stmt 15	572,278.		-487,553.	84,725.
6	Total interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.	693,185.		-487,553.	205,632.

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group	23,753,018.			23,753,018.
4	Other interest expense Stmt 16	126,917.	-1,256,378.		-1,129,461.
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.	23,879,935.	-1,256,378.		22,623,557.

Form **8916-A** (2014)

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Attachment A
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 5 - Interest income

Interco Interest Income From Tax Affiliated Group	120,907.
Other Interest Income	84,725.
Total	205,632.

Line 10 - Other income

Contribution In Aid Of Construction	5,211,060.
Customer Advances Received	787,239.
Income Accrued On Regulatory Liability	4,138,399.
Misc Non-Operating Income	-94,929.
Other Income	-1,268,777.
Sec 481(A) Adjustments	15,806,884.
Total	24,579,876.

Line 14 - Repairs

Repairs and Maintenance	61,553,826.
Total	61,553,826.

Attachment A
Page 25 of 39

Form 1120, Page 1 Detail

Line 16 - Rents

Rent Expense	2,493,821.
Building Lease Writedown/Buyouts	-152,817.
Rent Expense - Leased Automobile	-2,148.
Utility Rent Expense	688,743.
Rental Expense - Capital Lease	-264,322.
Total	2,763,277.

Line 17 - Taxes and licenses

License/Franchise Taxes	354,573.
Other Taxes	6,664.
Payroll Taxes	2,206,551.
Real Estate/Personal Property Taxes	572,679.
Sales/Use Tax	-695,567.
State Taxes Based On Income	5,831,861.
Total	8,276,761.

Line 18 - Interest deduction

Interco Interest Expense To Tax Affiliated Group	23,753,018.
Interest Expense	118,565.
Other Interest Expense	-1,248,026.
Total	22,623,557.

Attachment A
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 19 - Current year contributions

Current Year Contributions	447,256.
Total	447,256.

Attachment A
Page 27 of 39

Form 1120, Page 1 Detail

Line 22 - Advertising

Advertising	332,195.
Total	332,195.

Line 23 - Pension, profit-sharing plans

Pension, Profit-Sharing, etc. Plans	-1,044.
Total	-1,044.

Line 24 - Employee benefit programs

Employee Benefit Programs	6,271,014.
Total	6,271,014.

Line 26 - Other deductions

Business Meals & Entertainment	304,365.
CS Contract Billings	38,014,331.
Customer Accounts Expense	18,861,209.
Expense Accrued On Regulatory Asset	1,815,064.
Expense Accrued On Regulatory Liability	-95,930.
Gas Distribution Operating Exp	35,197,446.
Injuries And Damages	2,901,233.
Miscellaneous General Expenses	396,823.
Office Supplies & Exp Net Of Admin Exp Trnf	-105,654.
Outside Services Employed	3,373,045.
Property Cost Of Removal	1,151,795.
Property Insurance	593,341.
Sales Expense	631,141.
Sections 263A: Mixed Service Costs	17,961,380.
Underground Storage	411,917.
Total	121,411,506.

Attachment A
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 5 Detail

Sch L, Line 1 - Cash	Beginning	Ending
Cash	2,010,621.	3,952,422.
Total	2,010,621.	3,952,422.

Sch L, Line 2 - Trade notes and accounts receivable		
Trade Notes And Accounts Receivable	48,975,464.	49,451,445.
Total	48,975,464.	49,451,445.

Sch L, Line 3 - Inventories		
Inventories	88,112,889.	97,174,749.
Total	88,112,889.	97,174,749.

Sch L, Line 6 - Other current assets		
Accts Receivable - Associates	146,182.	164,975.
Customer Accts Receivable		2.
Misc. Current Assets	1,619,060.	238,529.
Misc. Current Deferred Debits	103.	2,694.
Prepayments	2,341,910.	2,757,557.
Regulatory Assets	6,920,370.	4,770,290.
Unrecovered Purchased Gas	2,401,106.	2,175,021.
Total	13,428,731.	10,109,068.

Sch L, Line 9 - Other investments		
Investment in Subsidiaries	17,606,369.	18,198,819.
Total	17,606,369.	18,198,819.

Attachment A
Page 29 of 39

Form 1120, Page 5 Detail

Sch L, Line 14 - Other assets	Beginning	Ending
Accumulated Dfrd Income Taxes	69,803,829.	65,891,765.
Construction Work In Progress	24,550,265.	15,335,088.
Misc. Dfrd Debits	7,219,373.	7,708,285.
Prelim Gas Survey & Investigation	2,739,364.	3,478,322.
Regulatory Assets	264,073,559.	260,950,147.
Other Assets	953,912.	895,339.
Total	369,340,302.	354,258,946.

Sch L, Line 16 - Accounts payable		
Accounts Payable	33,220,101.	26,345,133.
Total	33,220,101.	26,345,133.

Sch L, Line 17 - Mortgages, notes, bonds payable in less than 1 year		
Notes Payable-Drafts		47,350,000.
Total		47,350,000.

Sch L, Line 18 - Other current liabilities		
Accrued Federal Income Tax	-1,183,604.	2,337,168.
Accrued State and Local Income Tax	2,531,950.	4,369,202.
Accrued Interest	328,454.	370,472.
Accrued Taxes	2,276,078.	1,067,311.
Accrued Vacation	3,478,914.	3,744,878.
Accts Payable-Associates	55,401,474.	103,748,297.
Medical & Dental Liability Reserve	259,792.	403,245.
Customer Deposits	3,334,765.	3,370,025.
Exchange Gas	23,129,885.	13,695,878.
Obligations-Capital Lease	48,733.	181,710.
OPEB Liability-Cur	214,009.	168,050.
Other Accrued Liabilities	38,417,504.	50,672,052.
Other Deferred Credits		1,323,179.
Regulatory Liabilities - Current	3,568,988.	7,967,143.

Continued on next page Statement 6

Attachment A
Page 30 of 39

Form 1120, Page 5 Detail

Sch L, Line 18 - Other current liabilities (Cont'd)	Beginning	Ending
Tax Collections Payable	505,780.	422,173.
Total	132,312,722.	193,840,783.

Sch L, Line 20 - Mortgages, notes, bonds payable in 1 year or more		
Notes Payable	411,390,000.	394,040,000.
Total	411,390,000.	394,040,000.

Sch L, Line 21 - Other liabilities		
Accum Dfrd Income Taxes	482,258,665.	506,226,468.
Accum Dfrd Investment Tax Credit	3,542,824.	3,182,584.
Obligations-Capital Lease	2,177,034.	9,270,324.
OPEB Liability-Deferred	-1,548,625.	3,355,559.
Other Deferred Credits	45,270,089.	23,232,287.
Outstanding Loss Reserves	83,669.	104,659.
Regulatory Liability-Income Taxes	2,512,634.	2,257,147.
Regulatory Liabilities - Noncurrent	32,968,546.	39,614,858.
Total	567,264,836.	587,243,886.

Sch L, Line 22b - Common capital stock		
Capital Stock - Common	45,127,800.	45,127,800.
Total	45,127,800.	45,127,800.

Sch L, Line 23 - Additional paid-in capital		
Additional Paid-In Capital	7,686,976.	7,720,355.
Total	7,686,976.	7,720,355.

Attachment A
Page 31 of 39

Form 1120, Page 5 Detail

Sch M-2, Line 3 - Other increases

Rounding	7.
Total	7.

Attachment A
Page 32 of 39

Form 4626 Detail

Line 2o - Contributions Adjustment

Regular Contributions	447,256.
AMT Contributions	447,256.
Contribution adjustment	NONE

Attachment A
Page 33 of 39

Schedule M-3, Part II Detail

Line 25 - Other income (loss) items with differences

Description	Income (Loss) Per Income Stmt	Temporary Difference	Permanent Difference	Income (Loss) Per Tax Return
CUSTOMER ADVANCES RECEIVED		787,239.		787,239.
CONTRIBUTION IN AID OF CONSTRUCTION		5,211,060.		5,211,060.
Total		5,998,299.		5,998,299.

Attachment A
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule M-3, Part II Detail

Line 28 - Other items with no differences

RENT INCOME	144,433.
INCOME ACCRUED ON REGULATORY LIABILITY	4,138,399.
MISC NON-OPERATING INCOME	-94,929.
SALES	563,165,784.
A&G - RENT EXPENSE	-2,493,821.
A&G MAINTENANCE EXPENSE	-194,264.
CUSTOMER ACCOUNTS EXPENSE	-8,828,136.
CUSTOMER SERVICE AND INFORMATIONAL EXPEN	-10,033,073.
GAS DISTRIBUTION MAINTENANCE EXP	-18,083,284.
GAS DISTRIBUTION OPERATING EXP	-35,197,446.
GAS UNDERGROUND STORAGE MAINTENANCE EXP	-29,968.
GENERAL ADVERTISING EXPENSE	-332,195.
MISCELLANEOUS GENERAL EXPENSES	-396,823.
OFFICE SUPPLIES & EXPENSES	105,654.
OUTSIDE SERVICES EMPLOYED	-41,387,376.
PAYROLL TAXES	-2,206,551.
REGULATORY COMMISSION EXPENSE	-1,815,064.
SALES EXPENSE	-631,141.
UNDERGROUND STORAGE OPERATING EXPENSES	-411,917.
Total	445,418,282.

Attachment A
Page 35 of 39

Schedule M-3, Part III Detail

Line 37 - Other expense/deduction items with differences

Description	Expense Per Income Stmt	Temporary Difference	Permanent Difference	Deduction Per Tax Return
A&G - SALARIES	3,862,268.	3,419.	-11,223.	3,854,464.
BUILDING LEASE WRITEDOWN/BUYOUTS		-152,817.		-152,817.
ENVIRONMENTAL COSTS	-33,214.	33,214.		
EXPENSE ACCRUED ON REGULATORY ASSET	1,408,454.	-1,408,454.		
EXPENSE ACCRUED ON REGULATORY LIABILITY	-4,044,001.	3,948,071.		-95,930.
INJURIES & DAMAGES	2,922,223.	-20,990.		2,901,233.
OTHER EMPLOYEE BENEFITS	4,655,256.	-182,582.		4,472,674.
OTHER TAXES	213,034.	25,315.		238,349.
PROPERTY COST OF REMOVAL		1,151,795.		1,151,795.
PROPERTY INSURANCE	177,694.	415,647.		593,341.
RATE REFUND		1,268,777.		1,268,777.
RENTS	688,743.		-2,148.	686,595.
RENTAL EXPENSE - CAPITAL LEASE		-264,322.		-264,322.
REPAIRS		43,246,310.		43,246,310.
SECTION 263A - MIXED SERVICE COSTS		17,961,380.		17,961,380.
LOBBYING EXPENSE	148,828.		-148,828.	
Total	9,999,285.	66,024,763.	-162,199.	75,861,849.

Attachment A
Page 36 of 39

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 4797, Page 1 Detail

Line 10 - Ordinary Gains and Losses

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
Public Utility	VARIOUS	VARIOUS	27,184.	8,051,798.	13,944,580.	-5,865,598.
Land	VARIOUS	VARIOUS			1,462.	-1,462.
Part II 4797 Ordinary Gains and Losses						-5,867,060.

Attachment A
Page 37 of 39

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 8916-A, Part I Detail

Line 6 - Other items with differences

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
EXCESS BANK PURCHASES	182,351.	-182,351.		
EXCHANGE GAS EXPENSE	-9,418,996.			-9,418,996.
NATURAL GAS PURCHASES	263,516,596.	-1,549,264.		261,967,332.
OTHER GAS SUPPLY EXPENSES	-8,630,842.			-8,630,842.
SYSTEM GAS LOSSES	3,791.	-3,791.		
Total	245,652,900.	-1,735,406.		243,917,494.

Attachment A
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 8916-A, Part II Detail

Part II Line 5 - Other Interest Income

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Other Interest Income	572,278.		-487,553.	84,725.
Total	572,278.		-487,553.	84,725.

Attachment A
Page 39 of 39

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 8916-A, Part III Detail

Line 4 - Other Interest Expense

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Other Interest Expense	126,917.	-1,256,378.		-1,129,461.
Total	126,917.	-1,256,378.		-1,129,461.

Attachment B
Page 1 of 38

Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2015 or tax year beginning _____, ending _____

▶ Information about Form 1120 and its separate instructions is at *www.irs.gov/form1120.*

OMB No. 1545-0123 **2015**

A Check if: 1a Consolidated return (attach Form 851) ☐ b Life/nonlife consolidated return ☐ 2 Personal holding co. (attach Sch. PH) ☐ 3 Personal service corp. (see instructions) ☐ 4 Schedule M-3 attached ☒

TYPE OR PRINT

Name: Columbia Gas of Pennsylvania, Inc.

Number, street, and room or suite no. If a P.O. box, see instructions.: 290 W. Nationwide Blvd.

City or town, state, or province, country, and ZIP or foreign postal code: Columbus, OH 43215

B Employer identification number: 25-1100252

C Date incorporated: 06/23/1960

D Total assets (see instructions): $ 1,939,414,336.

E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change

Income	1a	Gross receipts or sales	1a 536,053,147.	
	b	Returns and allowances	1b	
	c	Balance. Subtract line 1b from line 1a		1c 536,053,147.
	2	Cost of goods sold (attach Form 1125-A)		2 174,657,373.
	3	Gross profit. Subtract line 2 from line 1c		3 361,395,774.
	4	Dividends (Schedule C, line 19)		4
	5	Interest	See. Statement. 1.	5 181,543.
	6	Gross rents		6 159,255.
	7	Gross royalties		7
	8	Capital gain net income (attach Schedule D (Form 1120))		8
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)		9 -2,319,829.
	10	Other income (see instructions - attach statement)	See. Statement. 1.	10 4,453,046.
	11	**Total income.** Add lines 3 through 10 ▶		11 363,869,789.
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (see instructions - attach Form 1125-E) ▶		12
	13	Salaries and wages (less employment credits)		13 51,249,677.
	14	Repairs and maintenance	See. Statement. 1.	14 80,652,325.
	15	Bad debts		15 22,798,469.
	16	Rents	See. Statement. 2.	16 2,086,778.
	17	Taxes and licenses	See. Statement. 2.	17 6,762,686.
	18	Interest	See. Statement. 2.	18 26,614,649.
	19	Charitable contributions	See. Statement. 3.	19 389,773.
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		20 87,717,934.
	21	Depletion		21
	22	Advertising	See. Statement. 4.	22 550,311.
	23	Pension, profit-sharing, etc., plans	See. Statement. 4.	23 -228.
	24	Employee benefit programs	See. Statement. 4.	24 9,919,644.
	25	Domestic production activities deduction (attach Form 8903)		25
	26	Other deductions (attach statement)	See. Statement. 4.	26 62,635,437.
	27	**Total deductions.** Add lines 12 through 26 ▶		27 351,377,455.
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28 12,492,334.
	29a	Net operating loss deduction (see instructions)	29a	
	b	Special deductions (Schedule C, line 20)	29b	
	c	Add lines 29a and 29b		29c
Tax, Refundable Credits, and Payments	30	**Taxable income.** Subtract line 29c from line 28 (see instructions)		30 12,492,334.
	31	Total tax (Schedule J, Part I, line 11)		31 NONE
	32	Total payments and refundable credits (Schedule J, Part II, line 21)		32 11,459.
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐		33
	34	**Amount owed.** If line 32 is smaller than the total of lines 31 and 33, enter amount owed		34
	35	**Overpayment.** If line 32 is larger than the total of lines 31 and 33, enter amount overpaid		35
	36	Enter amount from line 35 you want: **Credited to 2016 estimated tax** ▶ **Refunded** ▶		36

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer _____ Date _____ ▶ Title _____

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

For Paperwork Reduction Act Notice, see separate instructions. Form **1120** (2015)

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule C **Dividends and Special Deductions** (see instructions)	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 **Total.** Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 **Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶			
20 **Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule J Tax Computation and Payment (see instructions)

Part I-Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ▶ [X]				
2	Income tax. Check if a qualified personal service corporation (see instructions) ▶ [ ]			2	
3	Alternative minimum tax (attach Form 4626)			3	
4	Add lines 2 and 3			4	
5a	Foreign tax credit (attach Form 1118)	5a			
b	Credit from Form 8834 (see instructions)	5b			
c	General business credit (attach Form 3800)	5c			
d	Credit for prior year minimum tax (attach Form 8827)	5d			
e	Bond credits from Form 8912	5e			
6	**Total credits.** Add lines 5a through 5e			6	
7	Subtract line 6 from line 4			7	
8	Personal holding company tax (attach Schedule PH (Form 1120))			8	
9a	Recapture of investment credit (attach Form 4255)	9a			
b	Recapture of low-income housing credit (attach Form 8611)	9b			
c	Interest due under the look-back method - completed long-term contracts (attach Form 8697)	9c			
d	Interest due under the look-back method - income forecast method (attach Form 8866)	9d			
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e			
f	Other (see instructions - attach statement)	9f			
10	**Total.** Add lines 9a through 9f			10	
11	**Total tax.** Add lines 7, 8, and 10. Enter here and on page 1, line 31			11	NONE

Part II-Payments and Refundable Credits

12	2014 overpayment credited to 2015			12	
13	2015 estimated tax payments			13	
14	2015 refund applied for on Form 4466			14	( )
15	Combine lines 12, 13, and 14			15	
16	Tax deposited with Form 7004			16	
17	Withholding (see instructions)			17	
18	**Total payments.** Add lines 15, 16, and 17			18	
19	Refundable credits from:				
a	Form 2439	19a			
b	Form 4136	19b	11,459.		
c	Form 8827, line 8c	19c			
d	Other (attach statement - see instructions)	19d			
20	**Total credits.** Add lines 19a through 19d			20	11,459.
21	**Total payments and credits.** Add lines 18 and 20. Enter here and on page 1, line 32			21	11,459.

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a [ ] Cash b [X] Accrual c [ ] Other (specify) ▶		
2	See the instructions and enter the:		
a	Business activity code no. ▶ 221210		
b	Business activity ▶ NATURAL GAS DISTRIBUTION		
c	Product or service ▶ NATURAL GAS DISTRIBUTION		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?	X	
	If "Yes," enter name and EIN of the parent corporation ▶ NISOURCE INC 35-2108946		
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)	X	
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule K **Other Information** *continued* (see instructions)

	Yes	No
5 At the end of the tax year, did the corporation:		
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on **Form 851,** Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.). . . . . If "Yes," file **Form 5452,** Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		X
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of the corporation's stock entitled to vote or **(b)** the total value of all classes of the corporation's stock?. . . . . For rules of attribution, see section 318. If "Yes," enter: **(i)** Percentage owned ▶ _____ and **(ii)** Owner's country ▶ _____ **(c)** The corporation may have to file **Form 5472,** Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____		X
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount . . . . . ▶ ☐ If checked, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ NONE		
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1		
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here . . . . . ▶ ☐ If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ $ _____		
13 Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year **and** its total assets at the end of the tax year less than $250,000? . . . . . If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶ $ _____		X
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? . . . . . If "Yes," complete and attach Schedule UTP.		X
15a Did the corporation make any payments in 2015 that would require it to file Form(s) 1099?.	X	
b If "Yes," did or will the corporation file required Forms 1099?	X	
16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?		X
17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?		X
18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than $1 million?		X

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule L Balance Sheets per Books

	Beginning of tax year		End of tax year	
Assets	(a)	(b)	(c)	(d)
1 Cash	Stmt 5	3,952,422.		2,010,223.
2a Trade notes and accounts receivable	49,451,445.	Stmt 5	32,093,844.	
b Less allowance for bad debts	( )	49,451,445.	( )	32,093,844.
3 Inventories	Stmt 5	97,174,749.		79,999,799.
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach statement)	Stmt 5	10,109,068.		6,472,004.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach statement)	Stmt 5	18,198,819.		18,747,420.
10a Buildings and other depreciable assets	1,579,609,611.		1,774,426,876.	
b Less accumulated depreciation	(341,543,400.)	1,238,066,211.	(364,645,336.)	1,409,781,540.
11a Depletable assets				
b Less accumulated depletion	( )		( )	
12 Land (net of any amortization)		2,756,057.		2,910,449.
13a Intangible assets (amortizable only)	19,680,622.		24,486,668.	
b Less accumulated amortization	(6,298,884.)	13,381,738.	(8,310,241.)	16,176,427.
14 Other assets (attach statement)	Stmt 6	354,258,946.		371,222,630.
15 Total assets		1,787,349,455.		1,939,414,336.
Liabilities and Shareholders' Equity				
16 Accounts payable	Stmt 6	26,345,133.		27,818,022.
17 Mortgages, notes, bonds payable in less than 1 year	Stmt 6	47,350,000.		18,525,000.
18 Other current liabilities (attach statement)	Stmt 6	193,840,783.		140,546,225.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more	Stmt 7	394,040,000.		495,515,000.
21 Other liabilities (attach statement)	Stmt 7	587,243,886.		654,062,981.
22 Capital stock: a Preferred stock				
Stmt 7 b Common stock	45,127,800.	45,127,800.	45,127,800.	45,127,800.
23 Additional paid-in capital	Stmt 7	7,720,355.		7,889,827.
24 Retained earnings - Appropriated (attach statement)				
25 Retained earnings - Unappropriated		485,681,498.		549,929,481.
26 Adjustments to shareholders' equity (attach statement)				
27 Less cost of treasury stock		( )		( )
28 Total liabilities and shareholders' equity		1,787,349,455.		1,939,414,336.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: The corporation may be required to file Schedule M-3 (see instructions).

1 Net income (loss) per books		7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest $	
2 Federal income tax per books			
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation $	
a Depreciation $		b Charitable contributions $	
b Charitable contributions $			
c Travel and entertainment $			
		9 Add lines 7 and 8	
6 Add lines 1 through 5		10 Income (page 1, line 28) - line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	485,681,498.	5 Distributions: a Cash	
2 Net income (loss) per books	64,247,980.	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
See Statement 8	3.	7 Add lines 5 and 6	
4 Add lines 1, 2, and 3	549,929,481.	8 Balance at end of year (line 4 less line 7)	549,929,481.

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SCHEDULE G (Form 1120)
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Information on Certain Persons Owning the Corporation's Voting Stock

▶ Attach to Form 1120.
▶ See instructions on page 2.

OMB No. 1545-0123

Name	Employer identification number (EIN)
Columbia Gas of Pennsylvania, Inc.	25-1100252

Part I **Certain Entities Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4a). Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock
NiSource Gas Distibution Group, Inc.	46-3083381	C CORP	US	100.000

Part II **Certain Individuals and Estates Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock

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Form **4626**

Department of the Treasury
Internal Revenue Service

Alternative Minimum Tax - Corporations

▶ Attach to the corporation's tax return.
▶ Information about Form 4626 and its separate instructions is at *www.irs.gov/form4626.*

OMB No. 1545-0123

2015

Name: Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

Note: *See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).*

1	Taxable income or (loss) before net operating loss deduction			1	12,492,334.
2	**Adjustments and preferences:**				
a	Depreciation of post-1986 property			2a	-2,346,698.
b	Amortization of certified pollution control facilities			2b	
c	Amortization of mining exploration and development costs			2c	
d	Amortization of circulation expenditures (personal holding companies only)			2d	
e	Adjusted gain or loss			2e	-1,033,098.
f	Long-term contracts			2f	
g	Merchant marine capital construction funds			2g	
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)			2h	
i	Tax shelter farm activities (personal service corporations only)			2i	
j	Passive activities (closely held corporations and personal service corporations only)			2j	
k	Loss limitations			2k	
l	Depletion			2l	
m	Tax-exempt interest income from specified private activity bonds			2m	
n	Intangible drilling costs			2n	
o	Other adjustments and preferences			2o	NONE
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o			3	9,112,538.
4	**Adjusted current earnings (ACE) adjustment:**				
a	ACE from line 10 of the ACE worksheet in the instructions	4a	7,267,803.		
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions)	4b	-1,844,735.		
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c	1,383,551.		
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). **Note:** *You **must** enter an amount on line 4d (even if line 4b is positive)*	4d			
e	ACE adjustment. • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the **smaller** of line 4c or line 4d as a negative amount			4e	
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT			5	9,112,538.
6	Alternative tax net operating loss deduction (see instructions)			6	
7	**Alternative minimum taxable income.** Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions			7	9,112,538.
8	**Exemption phase-out** (if line 7 is $310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):				
a	Subtract $150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8a			
b	Multiply line 8a by 25% (.25)	8b			
c	Exemption. Subtract line 8b from $40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-			8c	NONE
9	Subtract line 8c from line 7. If zero or less, enter -0-			9	9,112,538.
10	Multiply line 9 by 20% (.20)			10	1,822,508.
11	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions)			11	
12	Tentative minimum tax. Subtract line 11 from line 10			12	1,822,508.
13	Regular tax liability before applying all credits except the foreign tax credit			13	
14	**Alternative minimum tax.** Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return			14	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4626** (2015)

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Adjusted Current Earnings (ACE) Worksheet

Keep for Your Records

▶ See ACE Worksheet Instructions.

1	Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626					1	9,112,538.
2	ACE depreciation adjustment:						
a	AMT depreciation			2a	90,064,632.		
b	ACE depreciation:						
	(1) Post-1993 property	2b(1)	87,332,829.				
	(2) Post-1989, pre-1994 property	2b(2)	1,585,887.				
	(3) Pre-1990 MACRS property	2b(3)	1,406,509.				
	(4) Pre-1990 original ACRS property	2b(4)	1,382,440.				
	(5) Property described in sections 168(f)(1) through (4)	2b(5)					
	(6) Other property	2b(6)	43,621.				
	(7) Total ACE depreciation. Add lines 2b(1) through 2b(6)			2b(7)	91,751,286.		
c	ACE depreciation adjustment. Subtract line 2b(7) from line 2a					2c	-1,686,654.
3	Inclusion in ACE of items included in earnings and profits (E&P):						
a	Tax-exempt interest income			3a			
b	Death benefits from life insurance contracts			3b			
c	All other distributions from life insurance contracts (including surrenders)			3c			
d	Inside buildup of undistributed income in life insurance contracts			3d			
e	Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)			3e			
f	Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e					3f	
4	Disallowance of items not deductible from E&P:						
a	Certain dividends received			4a			
b	Dividends paid on certain preferred stock of public utilities that are deductible under section 247			4b			
c	Dividends paid to an ESOP that are deductible under section 404(k)			4c			
d	Nonpatronage dividends that are paid and deductible under section 1382(c)			4d			
e	Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)			4e			
f	Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e					4f	
5	Other adjustments based on rules for figuring E&P:						
a	Intangible drilling costs			5a			
b	Circulation expenditures			5b			
c	Organizational expenditures			5c			
d	LIFO inventory adjustments			5d			
e	Installment sales			5e			
f	Total other E&P adjustments. Combine lines 5a through 5e					5f	
6	Disallowance of loss on exchange of debt pools					6	
7	Acquisition expenses of life insurance companies for qualified foreign contracts					7	
8	Depletion					8	
9	Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property					9	-158,081.
10	**Adjusted current earnings.** Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626					10	7,267,803.

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Form **4136**

Department of the Treasury
Internal Revenue Service (99)

Credit for Federal Tax Paid on Fuels

▶ **Information about Form 4136 and its separate instructions is at *www.irs.gov/form4136*.**

OMB No. 1545-0162

2015

Attachment Sequence No. **23**

Name (as shown on your income tax return)	Taxpayer identification number
Columbia Gas of Pennsylvania, Inc.	25-1100252

Caution: Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1c and 2b (type of use 13 and 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1c and 2b (type of use 13 and 14), claimant certifies that a certificate has not been provided to the credit card issuer.

1 Nontaxable Use of Gasoline

Note: CRN is credit reference number.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Off-highway business use		$ .183			
b Use on a farm for farming purposes		.183			362
c Other nontaxable use (see **Caution** above line 1)		.183		$	
d Exported		.184			411

2 Nontaxable Use of Aviation Gasoline

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use in commercial aviation (other than foreign trade)		$ .15		$	354
b Other nontaxable use (see **Caution** above line 1)		.193			324
c Exported		.194			412
d LUST tax on aviation fuels used in foreign trade		.001			433

3 Nontaxable Use of Undyed Diesel Fuel

Claimant certifies that the diesel fuel did not contain visible evidence of dye.
Exception. If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use	02	$ .243	47158		
b Use on a farm for farming purposes		.243		$ 11,459.	360
c Use in trains		.243			353
d Use in certain intercity and local buses (see **Caution** above line 1)		.17			350
e Exported		.244			413

4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)

Claimant certifies that the kerosene did not contain visible evidence of dye.
Exception. If any of the kerosene included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use taxed at $.244		$ .243			
b Use on a farm for farming purposes		.243		$	346
c Use in certain intercity and local buses (see **Caution** above line 1)		.17			347
d Exported		.244			414
e Nontaxable use taxed at $.044		.043			377
f Nontaxable use taxed at $.219		.218			369

For Paperwork Reduction Act Notice, see the separate instructions.

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5 Kerosene Used in Aviation (see **Caution** above line 1)

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Kerosene used in commercial aviation (other than foreign trade) taxed at $.244		$ .200		$	417
b Kerosene used in commercial aviation (other than foreign trade) taxed at $.219		.175			355
c Nontaxable use (other than use by state or local government) taxed at $.244		.243			346
d Nontaxable use (other than use by state or local government) taxed at $.219		.218			369
e LUST tax on aviation fuels used in foreign trade		.001			433

6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel **Registration No. ▶**

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	$ .243		$	360
b Use in certain intercity and local buses	.17			350

7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use in Aviation) **Registration No. ▶**

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	$ .243			
b Sales from a blocked pump	.243		$	346
c Use in certain intercity and local buses	.17			347

8 Sales by Registered Ultimate Vendors of Kerosene For Use in Aviation **Registration No. ▶**

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use in commercial aviation (other than foreign trade) taxed at $.219		$ .175		$	355
b Use in commercial aviation (other than foreign trade) taxed at $.244		.200			417
c Nonexempt use in noncommercial aviation		.025			418
d Other nontaxable uses taxed at $.244		.243			346
e Other nontaxable uses taxed at $.219		.218			369
f LUST tax on aviation fuels used in foreign trade		.001			433

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9 Reserved **Registration No. ▶**

	(b) Rate	(c) Gallons of alcohol	(d) Amount of credit	(e) CRN
a Reserved				
b Reserved				

10 Biodiesel or Renewable Diesel Mixture Credit **Registration No. ▶**

Biodiesel mixtures. Claimant produced a mixture by mixing biodiesel with diesel fuel. The biodiesel used to produce the mixture met ASTM D6751 and met EPA's registration requirements for fuels and fuel additives. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller. **Renewable diesel mixtures.** Claimant produced a mixture by mixing renewable diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture was derived from biomass process, met EPA's registration requirements for fuels and fuel additives, and met ASTM D975, D396, or other equivalent standard approved by the IRS. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which have been edited as discussed in the Instructions for Form 4136. See the instructions for line 10 for information about renewable diesel used in aviation.

	(b) Rate	(c) Gallons of biodiesel or renewable diesel	(d) Amount of credit	(e) CRN
a Biodiesel (other than agri-biodiesel) mixtures	$1.00		$	388
b Agri-biodiesel mixtures	$1.00			390
c Renewable diesel mixtures	$1.00			307

11 Nontaxable Use of Alternative Fuel

Caution: There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)		$.183		$	419
b "P Series" fuels		.183			420
c Compressed natural gas (CNG) (GGE = 126.67 cu. ft.)		.183			421
d Liquefied hydrogen		.183			422
e Fischer-Tropsch process liquid fuel from coal (including peat)		.243			423
f Liquid fuel derived from biomass		.243			424
g Liquefied natural gas (LNG)		.243			425
h Liquefied gas derived from biomass		.183			435

12 Alternative Fuel Credit **Registration No. ▶**

	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)	$ .50		$	426
b "P Series" fuels	.50			427
c Compressed natural gas (CNG) (GGE = 121 cu. ft.)	.50			428
d Liquefied hydrogen	.50			429
e Fischer-Tropsch process liquid fuel from coal (including peat)	.50			430
f Liquid fuel derived from biomass	.50			431
g Liquefied natural gas (LNG)	.50			432
h Liquefied gas derived from biomass	.50			436
i Compressed gas derived from biomass (GGE = 121 cu. ft.)	.50			437

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13 Registered Credit Card Issuers **Registration No. ▶**

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Diesel fuel sold for the exclusive use of a state or local government	$ .243		$	360
b Kerosene sold for the exclusive use of a state or local government	.243			346
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at $.219	.218			369

14 Nontaxable Use of a Diesel-Water Fuel Emulsion

Caution: There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use		$ .197		$	309
b Exported		.198			306

15 Diesel-Water Fuel Emulsion Blending **Registration No. ▶**

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit	$ .046		$	310

16 Exported Dyed Fuels and Exported Gasoline Blendstocks

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Exported dyed diesel fuel and exported gasoline blendstocks taxed at $.001	$ .001		$	415
b Exported dyed kerosene	.001			416

17 Total income tax credit claimed. Add lines 1 through 16, column (d). Enter here and on Form 1040, line 72; Form 1120, Schedule J, line 19b; Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ▶	17	$ 11,459.	

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Name of corporation (common parent, if consolidated return): Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return):

Employer identification number:

Part II **Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return** (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 12)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations	492,990.		-492,990.	
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions				
13 Interest income (see instructions)	1,119,759.		-938,216.	181,543.
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (see instructions)	(193,366,516.)	18,709,143.		(174,657,373.)
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	-1,137.	1,137.		
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses		-2,319,829.		-2,319,829.
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement) Stmt 10		2,352,951.		2,352,951.
26 **Total income (loss) items.** Combine lines 1 through 25	-191,754,904.	18,743,402.	-1,431,206.	-174,442,708.
27 **Total expense/deduction items** (from Part III, line 38)	-191,860,106.	-101,849,140.	32,781,298.	-260,927,948.
28 Other items with no differences	447,862,990.	Stmt 11		447,862,990.
29a Mixed groups, see instructions. All others, combine lines 26 through 28	64,247,980.	-83,105,738.	31,350,092.	12,492,334.
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 **Reconciliation totals.** Combine lines 29a through 29c	64,247,980.	-83,105,738.	31,350,092.	12,492,334.

Note. Line 30, column (a), must equal Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

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Name of corporation (common parent, if consolidated return): Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return):

Employer identification number:

Part III **Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items** (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	669,798.		-669,798.	
2 U.S. deferred income tax expense	34,768,158.		-34,768,158.	
3 State and local current income tax expense	4,108,871.			4,108,871.
4 State and local deferred income tax expense	-1,984,343.		1,984,343.	
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (see instructions)	28,340,268.	-1,725,619.		26,614,649.
9 Stock option expense				
10 Other equity-based compensation	320,207.	169,025.		489,232.
11 Meals and entertainment	472,138.		-236,069.	236,069.
12 Fines and penalties	325,456.		-325,456.	
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing	4,072,249.	185,306.		4,257,555.
17 Other post-retirement benefits	-1,491,189.	1,491,189.		
18 Deferred compensation				
19 Charitable contribution of cash and tangible property	389,773.			389,773.
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs	2,553,301.	-2,553,301.		
29 Reserved				
30 Depletion				
31 Depreciation	43,257,139.	44,460,795.		87,717,934.
32 Bad debt expense	22,531,036.	267,433.		22,798,469.
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement) Stmt -12-	53,527,244.	59,554,312.	1,233,840.	114,315,396.
38 **Total expense/deduction items.** Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	191,860,106.	101,849,140.	-32,781,298.	260,927,948.

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Form **1125-A**
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.
▶ Information about Form 1125-A and its instructions is at *www.irs.gov/form1125a.*

OMB No. 1545-2225

Name: Columbia Gas of Pennsylvania, Inc.
Employer identification number: 25-1100252

1	Inventory at beginning of year	1	112,926,401.
2	Purchases	2	173,187,974.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	**Total.** Add lines 1 through 5	6	286,114,375.
7	Inventory at end of year	7	111,457,002.
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	174,657,373.

9a Check all methods used for valuing closing inventory:
(i) [X] Cost
(ii) [ ] Lower of cost or market
(iii) [ ] Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)? [X] Yes [ ] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation [ ] Yes [X] No

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method).

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs. See the instructions for lines 2 and 7.

For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

Qualifying taxpayer. A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of $1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

Qualifying small business taxpayer. A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year ending on or after December 31, 2000, has average annual gross receipts of $10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448 (d)(3)). See Rev. Proc. 2002-28, 2002-18, I.R.B. 815.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Attachment B
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Form **1125-E**
(Rev. December 2013)
Department of the Treasury
Internal Revenue Service

Compensation of Officers

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-REIT, 1120-RIC, or 1120S.
▶ Information about Form 1125-E and its separate instructions is at *www.irs.gov/form1125e*.

OMB No. 1545-2225

Name: Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

Note. Complete Form 1125-E only if total receipts are $500,000 or more. See instructions for definition of total receipts.

(a) Name of officer	(b) Social security number (see instructions)	(c) Percent of time devoted to business	Percent of stock owned (d) Common	Percent of stock owned (e) Preferred	(f) Amount of compensation
1 Mark R. Kempic		%	%	%	
Joseph W. Mulpas		%	%	%	
Samuel K. Lee		%	%	%	
Donald E. Brown		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	

2 Total compensation of officers	2	
3 Compensation of officers claimed on Form 1125-A or elsewhere on return	3	
4 Subtract line 3 from line 2. Enter the result here and on Form 1120, page 1, line 12 or the appropriate line of your tax return	4	

For Paperwork Reduction Act Notice, see separate instructions.

Form **1125-E** (Rev. 12-2013)

JSA
5C1318 2.000

Attachment B
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Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ Attach to your tax return.
▶ Information about Form 4562 and its separate instructions is at *www.irs.gov/form4562.*

OMB No. 1545-0172
2015
Attachment Sequence No. **179**

Name(s) shown on return: Columbia Gas of Pennsylvania, Inc.
Identifying number: 25-1100252

Business or activity to which this form relates: General Depreciation and Amortization

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2014 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2016. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	61,783,548.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	2,341,980.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2015	17	21,002,032.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2015 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		1,711,729.	5.000	HY	200 DB	342,346.
c 7-year property		835,504.	7.000	HY	200 DB	119,360.
d 10-year property						
e 15-year property		29,988.	15.000	HY	150 DB	1,499.
f 20-year property		56,463,346.	20.000	HY	150 DB	2,117,377.
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property		830,502.	39 yrs.	MM	S/L	9,792.
				MM	S/L	

Section C - Assets Placed in Service During 2015 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	87,717,934.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	651,378.

JSA **For Paperwork Reduction Act Notice, see separate instructions.**
5X2300 2.000

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Part V **Listed Property** (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? X **Yes** **No** **24b** If "Yes," is the evidence written? X **Yes** **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		X
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners	X	
39 Do you treat all use of vehicles by employees as personal use?		X
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	X	
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		X

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2015 tax year (see instructions):					
43 Amortization of costs that began before your 2015 tax year				43	
44 **Total.** Add amounts in column (f). See the instructions for where to report				44	

Attachment B
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Form **4797**

Department of the Treasury
Internal Revenue Service

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return.

▶ Information about Form 4797 and its separate instructions is at *www.irs.gov/form4797.*

OMB No. 1545-0184

2015

Attachment Sequence No. 27

Name(s) shown on return: Columbia Gas of Pennsylvania, Inc.

Identifying number: 25-1100252

1 Enter the gross proceeds from sales or exchanges reported to you for 2015 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

Part I **Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year** (see instructions)

2 (a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)

3 Gain, if any, from Form 4684, line 39	3	
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6 Gain, if any, from line 32, from other than casualty or theft	6	
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:	7	

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions)	8	
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9	

Part II **Ordinary Gains and Losses** (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

Stmt 13						-2,319,829.

11 Loss, if any, from line 7	11	( )
12 Gain, if any, from line 7 or amount from line 8, if applicable	12	
13 Gain, if any, from line 31	13	
14 Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15 Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17 Combine lines 10 through 16	17	-2,319,829.

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions 18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . . . 18b

For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2015)

Attachment B
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Part III **Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255** (see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	Property C	Property D
20 Gross sales price (**Note:** *See line 1 before completing.*)	20				
21 Cost or other basis plus expense of sale	21				
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis. Subtract line 22 from line 21	23				
24 Total gain. Subtract line 23 from line 20	24				
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a				
b Enter the **smaller** of line 24 or 25a	25b				
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a Additional depreciation after 1975 (see instructions)	26a				
b Applicable percentage multiplied by the **smaller** of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24. If residential rental property **or** line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the **smaller** of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 **If section 1252 property:** Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the **smaller** of line 24 or 27b	27c				
28 **If section 1254 property:**					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a				
b Enter the **smaller** of line 24 or 28a	28b				
29 **If section 1255 property:**					
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				
b Enter the **smaller** of line 24 or 29a (see instructions)	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV **Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less** (see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation (see instructions)	34		
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

Attachment B
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Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120.*

OMB No. 1545-0123

2015

Name of common parent: Columbia Gas of Pennsylvania, Inc.
Employer identification number: 25-1100252

Name of subsidiary:
Employer identification number:

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions		-15,786,848.		-15,786,848.
2 Amounts attributable to:				
a Stock option expense				
b Other equity based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate owned life insurance premiums				
n Other section 263A costs		-8,828.		-8,828.
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement)	193,366,516.	Stmt 14 -2,913,467.		190,453,049.
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See instructions	193,366,516.	-18,709,143.		174,657,373.

For Paperwork Reduction Act Notice, see Instructions.

Form **8916-A** (2015)

JSA
5X9035 2.000

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 8916-A (2015) Page 2

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group	181,543.			181,543.
5	Other interest income Stmt 15	938,216.		-938,216.	
6	Total interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.	1,119,759.		-938,216.	181,543.

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group	27,005,451.			27,005,451.
4	Other interest expense Stmt 16	1,334,817.	-1,725,619.		-390,802.
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.	28,340,268.	-1,725,619.		26,614,649.

Form **8916-A** (2015)

JSA
5X9036 2.000

Attachment B
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Form 1120, Page 1 Detail

Line 5 - Interest income

Interco Interest Income From Tax Affiliated Group	181,543.
Total	181,543.

Line 10 - Other income

Contribution In Aid Of Construction	2,051,680.
Customer Advances Received	301,271.
Income Accrued On Regulatory Liability	3,225,983.
Misc Non-Operating Income	-1,125,888.
Total	4,453,046.

Line 14 - Repairs

Repairs and Maintenance	80,652,325.
Total	80,652,325.

Attachment B
Page 24 of 38

Form 1120, Page 1 Detail

Line 16 - Rents

Rent Expense	1,650,256.
Rent Expense - Leased Automobile	-2,764.
Utility Rent Expense	695,178.
Rental Expense - Capital Lease	-255,892.
Total	2,086,778.

Line 17 - Taxes and licenses

Gross Receipts/Storage Taxes	58.
License/Franchise Taxes	226,402.
Other Taxes	9,360.
Payroll Taxes	2,294,274.
Real Estate/Personal Property Taxes	147,370.
Sales/Use Tax	-23,649.
State Taxes Based On Income	4,108,871.
Total	6,762,686.

Line 18 - Interest deduction

Interco Interest Expense To Tax Affiliated Group	27,005,451.
Interest Expense	260,576.
Other Interest Expense	-651,378.
Total	26,614,649.

Attachment B
Page 25 of 38

Form 1120, Page 1 Detail

Line 19 - Current year contributions

Current Year Contributions	389,773.
Total	389,773.

Attachment B
Page 26 of 38

Form 1120, Page 1 Detail

Line 22 - Advertising

Advertising	550,311.
Total	550,311.

Line 23 - Pension, profit-sharing plans

Pension, Profit-Sharing, etc. Plans	-228.
Total	-228.

Line 24 - Employee benefit programs

Employee Benefit Programs	9,919,644.
Total	9,919,644.

Line 26 - Other deductions

Business Meals & Entertainment	236,069.
CS Contract Billings	11,766,100.
Customer Accounts Expense	13,348,931.
Expense Accrued On Regulatory Asset	2,160,919.
Expense Accrued On Regulatory Liability	-3,548,776.
Gas Distribution Operating Exp	36,083,209.
Gas Transmission Operating Exp	299.
Injuries And Damages	3,295,739.
Miscellaneous General Expenses	-18,421,295.
Office Supplies & Exp Net Of Admin Exp Trnf	-1,319,926.
Outside Services Employed	1,272,019.
Property Cost Of Removal	529,611.
Property Insurance	257,213.
Sales Expense	534,849.
Sections 263A: Mixed Service Costs	15,487,706.
Underground Storage	136,279.
Other Deductions	816,491.
Total	62,635,437.

Attachment B
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 5 Detail

Sch L, Line 1 - Cash	Beginning	Ending
Cash	3,952,422.	2,010,223.
Total	3,952,422.	2,010,223.

Sch L, Line 2 - Trade notes and accounts receivable		
Trade Notes And Accounts Receivable	49,451,445.	32,093,844.
Total	49,451,445.	32,093,844.

Sch L, Line 3 - Inventories		
Inventories	97,174,749.	79,999,799.
Total	97,174,749.	79,999,799.

Sch L, Line 6 - Other current assets		
Accts Receivable - Associates	164,975.	180,375.
Customer Accts Receivable	2.	
Misc. Current Assets	238,529.	24,130.
Misc. Current Deferred Debits	2,694.	103.
Prepayments	2,757,557.	2,871,891.
Regulatory Assets	4,770,290.	496,151.
Unrecovered Purchased Gas	2,175,021.	2,899,354.
Total	10,109,068.	6,472,004.

Sch L, Line 9 - Other investments		
Investment in Subsidiaries	18,198,819.	18,747,420.
Total	18,198,819.	18,747,420.

Attachment B
Page 28 of 38

Form 1120, Page 5 Detail

Sch L, Line 14 - Other assets	Beginning	Ending
Accumulated Dfrd Income Taxes	65,891,765.	67,356,767.
Construction Work In Progress	15,335,088.	20,600,882.
Misc. Dfrd Debits	7,708,285.	8,070,423.
Prelim Gas Survey & Investigation	3,478,322.	3,059,484.
Regulatory Assets	260,950,147.	271,239,735.
Other Assets	895,339.	895,339.
Total	354,258,946.	371,222,630.

Sch L, Line 16 - Accounts payable		
Accounts Payable	26,345,133.	27,818,022.
Total	26,345,133.	27,818,022.

Sch L, Line 17 - Mortgages, notes, bonds payable in less than 1 year		
Notes Payable-Drafts	47,350,000.	18,525,000.
Total	47,350,000.	18,525,000.

Sch L, Line 18 - Other current liabilities		
Accrued Federal Income Tax	2,337,168.	-2,655,851.
Accrued State and Local Income Tax	4,369,202.	912,828.
Accrued Interest	370,472.	322,895.
Accrued Taxes	1,067,311.	904,999.
Accrued Vacation	3,744,878.	4,368,829.
Accts Payable-Associates	103,748,297.	42,468,599.
Medical & Dental Liability Reserve	403,245.	381,708.
Customer Deposits	3,370,025.	3,369,187.
Exchange Gas	13,695,878.	25,952,567.
Obligations-Capital Lease	181,710.	802,182.
OPEB Liability-Cur	168,050.	147,943.
Other Accrued Liabilities	50,672,052.	53,899,868.
Other Deferred Credits	1,323,179.	2,294,388.
Regulatory Liabilities - Current	7,967,143.	7,313,968.

Continued on next page

Attachment B
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Form 1120, Page 5 Detail

Sch L, Line 18 - Other current liabilities (Cont'd)	Beginning	Ending
Tax Collections Payable	422,173.	62,115.
Total	193,840,783.	140,546,225.

Sch L, Line 20 - Mortgages, notes, bonds payable in 1 year or more		
Notes Payable	394,040,000.	495,515,000.
Total	394,040,000.	495,515,000.

Sch L, Line 21 - Other liabilities		
Accum Dfrd Income Taxes	506,226,468.	549,740,325.
Accum Dfrd Investment Tax Credit	3,182,584.	2,822,344.
Obligations-Capital Lease	9,270,324.	31,653,679.
OPEB Liability-Deferred	3,355,559.	1,796,949.
Other Deferred Credits	23,232,287.	30,196,598.
Outstanding Loss Reserves	104,659.	131,188.
Regulatory Liability-Income Taxes	2,257,147.	2,001,720.
Regulatory Liabilities - Noncurrent	39,614,858.	35,720,178.
Total	587,243,886.	654,062,981.

Sch L, Line 22b - Common capital stock		
Capital Stock - Common	45,127,800.	45,127,800.
Total	45,127,800.	45,127,800.

Sch L, Line 23 - Additional paid-in capital		
Additional Paid-In Capital	7,720,355.	7,889,827.
Total	7,720,355.	7,889,827.

Attachment B
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Form 1120, Page 5 Detail

Sch M-2, Line 3 - Other increases

Rounding	3.
Total	3.

Attachment B
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 4626 Detail

Line 2o - Contributions Adjustment

Regular Contributions	389,773.
AMT Contributions	389,773.
Contribution adjustment	NONE

Attachment B
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule M-3, Part II Detail

Line 25 - Other income (loss) items with differences

Description	Income (Loss) Per Income Stmt	Temporary Difference	Permanent Difference	Income (Loss) Per Tax Return
CUSTOMER ADVANCES RECEIVED		301,271.		301,271.
CONTRIBUTION IN AID OF CONSTRUCTION		2,051,680.		2,051,680.
Total		2,352,951.		2,352,951.

Attachment B
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule M-3, Part II Detail

Line 28 - Other items with no differences

RENT INCOME	159,255.
INCOME ACCRUED ON REGULATORY LIABILITY	3,225,983.
MISC NON-OPERATING INCOME	-1,125,888.
SALES	536,053,147.
A&G - RENT EXPENSE	-1,650,256.
A&G MAINTENANCE EXPENSE	-1,209,430.
CUSTOMER ACCOUNTS EXPENSE	-1,878,627.
CUSTOMER SERVICE AND INFORMATIONAL EXPEN	-11,470,304.
GAS DISTRIBUTION MAINTENANCE EXP	-20,753,111.
GAS DISTRIBUTION OPERATING EXP	-36,083,214.
GAS TRANSMISSION OPERATING EXP	-299.
GAS UNDERGROUND STORAGE MAINTENANCE EXP	-9,441.
GENERAL ADVERTISING EXPENSE	-550,311.
OFFICE SUPPLIES & EXPENSES	1,319,926.
OUTSIDE SERVICES EMPLOYED	-13,038,119.
PAYROLL TAXES	-2,294,274.
REGULATORY COMMISSION EXPENSE	-2,160,919.
SALES EXPENSE	-534,849.
UNDERGROUND STORAGE OPERATING EXPENSES	-136,279.
Total	447,862,990.

Attachment B
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule M-3, Part III Detail

Line 37 - Other expense/deduction items with differences

Description	Expense Per Income Stmt	Temporary Difference	Permanent Difference	Deduction Per Tax Return
A&G - SALARIES	53,808,494.	-3,033,916.	-14,133.	50,760,445.
ENVIRONMENTAL COSTS	3,479,411.	-3,479,411.		
EXPENSE ACCRUED ON REGULATORY ASSET	2,543,589.	-2,543,589.		
EXPENSE ACCRUED ON REGULATORY LIABILITY	1,047,447.	-4,596,223.		-3,548,776.
INJURIES & DAMAGES	3,322,268.	-26,529.		3,295,739.
MISCELLANEOUS GENERAL EXPENSES	-19,022,716.		1,417,912.	-17,604,804.
OTHER EMPLOYEE BENEFITS	6,530,852.	-868,991.		5,661,861.
OTHER TAXES	812,667.	-453,126.		359,541.
PROPERTY COST OF REMOVAL		529,611.		529,611.
PROPERTY INSURANCE	142,879.	114,334.		257,213.
RENTS	695,178.		-2,764.	692,414.
RENTAL EXPENSE - CAPITAL LEASE		-255,892.		-255,892.
REPAIRS		58,680,338.		58,680,338.
SECTION 263A - MIXED SERVICE COSTS		15,487,706.		15,487,706.
LOBBYING EXPENSE	167,175.		-167,175.	
Total	53,527,244.	59,554,312.	1,233,840.	114,315,396.

Attachment B
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 4797, Page 1 Detail

Line 10 - Ordinary Gains and Losses

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
Public Utility	VARIOUS	VARIOUS	2,592,726.	10,010,614.	14,922,032.	-2,318,692.
Land	VARIOUS	VARIOUS			1,137.	-1,137.
Part II 4797 Ordinary Gains and Losses						-2,319,829.

Attachment B
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 8916-A, Part I Detail

Line 6 - Other items with differences

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
EXCESS BANK PURCHASES	-235,508.	235,508.		
EXCHANGE GAS EXPENSE	-5,852,243.			-5,852,243.
NATURAL GAS PURCHASES	181,602,005.	-3,146,230.		178,455,775.
OTHER GAS SUPPLY EXPENSES	17,849,516.			17,849,516.
SYSTEM GAS LOSSES	2,746.	-2,745.		1.
Total	193,366,516.	-2,913,467.		190,453,049.

Attachment B
Page 37 of 38

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 8916-A, Part II Detail

Part II Line 5 - Other Interest Income

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Other Interest Income	938,216.		-938,216.	
Total	938,216.		-938,216.	

Attachment B
Page 38 of 38

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 8916-A, Part III Detail

Line 4 - Other Interest Expense

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Other Interest Expense	1,334,817.	-1,725,619.		-390,802.
Total	1,334,817.	-1,725,619.		-390,802.

Attachment C
Page 1 of 38

Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2016 or tax year beginning _____, ending _____

▶ Information about Form 1120 and its separate instructions is at *www.irs.gov/form1120.*

OMB No. 1545-0123 **2016**

A Check if: 1a Consolidated return (attach Form 851) ☐ b Life/nonlife consolidated return ☐ 2 Personal holding co. (attach Sch. PH) ☐ 3 Personal service corp. (see instructions) ☐ 4 Schedule M-3 attached ☒

TYPE OR PRINT

Name: Columbia Gas of Pennsylvania, Inc.

Number, street, and room or suite no. If a P.O. box, see instructions.: 290 W. Nationwide Blvd.

City or town, state, or province, country, and ZIP or foreign postal code: Columbus, OH 43215

B Employer identification number: 25-1100252

C Date incorporated: 06/23/1960

D Total assets (see instructions): $ 2,154,506,694.

E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change

Income	1a	Gross receipts or sales	1a	493,790,640.	
	b	Returns and allowances	1b		
	c	Balance. Subtract line 1b from line 1a			1c 493,790,640.
	2	Cost of goods sold (attach Form 1125-A)			2 132,604,429.
	3	Gross profit. Subtract line 2 from line 1c			3 361,186,211.
	4	Dividends (Schedule C, line 19)			4
	5	Interest See. Statement. 1.			5 192,041.
	6	Gross rents			6 139,212.
	7	Gross royalties			7
	8	Capital gain net income (attach Schedule D (Form 1120))			8
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9 -4,630,328.
	10	Other income (see instructions - attach statement) See. Statement. 1.			10 7,279,673.
	11	**Total income.** Add lines 3 through 10 ▶			11 364,166,809.
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (see instructions - attach Form 1125-E) ▶			12
	13	Salaries and wages (less employment credits)			13 54,865,116.
	14	Repairs and maintenance See. Statement. 1.			14 97,831,298.
	15	Bad debts			15 18,399,658.
	16	Rents See. Statement. 2.			16 2,385,973.
	17	Taxes and licenses See. Statement. 2.			17 3,396,323.
	18	Interest See. Statement. 2.			18 30,267,636.
	19	Charitable contributions			19 NONE
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			20 111,396,252.
	21	Depletion			21
	22	Advertising See. Statement. 3.			22 726,210.
	23	Pension, profit-sharing, etc., plans See. Statement. 3.			23 -192.
	24	Employee benefit programs See. Statement. 3.			24 10,450,216.
	25	Domestic production activities deduction (attach Form 8903)			25
	26	Other deductions (attach statement) See. Statement. 3.			26 59,246,483.
	27	**Total deductions.** Add lines 12 through 26 ▶			27 388,964,973.
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			28 -24,798,164.
	29a	Net operating loss deduction (see instructions)	29a	-24,798,164.	
	b	Special deductions (Schedule C, line 20)	29b		
	c	Add lines 29a and 29b			29c -24,798,164.
Tax, Refundable Credits, and Payments	30	**Taxable income.** Subtract line 29c from line 28. See instructions			30
	31	Total tax (Schedule J, Part I, line 11)			31 NONE
	32	Total payments and refundable credits (Schedule J, Part II, line 21)			32 10,313.
	33	Estimated tax penalty. See instructions. Check if Form 2220 is attached ▶ ☐			33
	34	**Amount owed.** If line 32 is smaller than the total of lines 31 and 33, enter amount owed			34
	35	**Overpayment.** If line 32 is larger than the total of lines 31 and 33, enter amount overpaid			35
	36	Enter amount from line 35 you want: **Credited to 2017 estimated tax** ▶ **Refunded** ▶			36

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer _____ Date _____ ▶ Title _____

May the IRS discuss this return with the preparer shown below? See instructions. ☐ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

For Paperwork Reduction Act Notice, see separate instructions. Form **1120** (2016)

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule C Dividends and Special Deductions (see instructions)

		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8	Dividends from wholly owned foreign subsidiaries		100	
9	**Total.** Add lines 1 through 8. See instructions for limitation			
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members		100	
12	Dividends from certain FSCs		100	
13	Dividends from foreign corporations not included on line 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up			
16	IC-DISC and former DISC dividends not included on line 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	**Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶			
20	**Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule J Tax Computation and Payment (see instructions)

Part I-Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)). See instructions ▶ [X]				
2	Income tax. Check if a qualified personal service corporation. See instructions. ▶ [ ]			2	NONE
3	Alternative minimum tax (attach Form 4626)			3	
4	Add lines 2 and 3			4	NONE
5a	Foreign tax credit (attach Form 1118)	5a			
b	Credit from Form 8834 (see instructions)	5b			
c	General business credit (attach Form 3800)	5c			
d	Credit for prior year minimum tax (attach Form 8827)	5d			
e	Bond credits from Form 8912	5e			
6	**Total credits.** Add lines 5a through 5e			6	
7	Subtract line 6 from line 4			7	NONE
8	Personal holding company tax (attach Schedule PH (Form 1120))			8	
9a	Recapture of investment credit (attach Form 4255)	9a			
b	Recapture of low-income housing credit (attach Form 8611)	9b			
c	Interest due under the look-back method - completed long-term contracts (attach Form 8697)	9c			
d	Interest due under the look-back method - income forecast method (attach Form 8866)	9d			
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e			
f	Other (see instructions - attach statement)	9f			
10	**Total.** Add lines 9a through 9f			10	
11	**Total tax.** Add lines 7, 8, and 10. Enter here and on page 1, line 31			11	NONE

Part II-Payments and Refundable Credits

12	2015 overpayment credited to 2016			12	
13	2016 estimated tax payments			13	
14	2016 refund applied for on Form 4466			14	( )
15	Combine lines 12, 13, and 14			15	
16	Tax deposited with Form 7004			16	
17	Withholding (see instructions)			17	
18	**Total payments.** Add lines 15, 16, and 17			18	
19	Refundable credits from:				
a	Form 2439	19a			
b	Form 4136	19b	10,313.		
c	Form 8827, line 8c	19c			
d	Other (attach statement - see instructions)	19d			
20	**Total credits.** Add lines 19a through 19d			20	10,313.
21	**Total payments and credits.** Add lines 18 and 20. Enter here and on page 1, line 32			21	10,313.

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a [ ] Cash b [X] Accrual c [ ] Other (specify) ▶		
2	See the instructions and enter the:		
a	Business activity code no. ▶ 221210		
b	Business activity ▶ NATURAL GAS DISTRIBUTION		
c	Product or service ▶ NATURAL GAS DISTRIBUTION		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?	X	
	If "Yes," enter name and EIN of the parent corporation ▶ NISOURCE INC 35-2108946		
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)	X	
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule K Other Information *(continued from page 3)*

	Yes	No
5 At the end of the tax year, did the corporation:		
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on **Form 851**, Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? See sections 301 and 316. If "Yes," file **Form 5452**, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		X
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of the corporation's stock entitled to vote or **(b)** the total value of all classes of the corporation's stock? For rules of attribution, see section 318. If "Yes," enter: **(i)** Percentage owned ▶ _____ and **(ii)** Owner's country ▶ _____ **(c)** The corporation may have to file **Form 5472**, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____		X
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If checked, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ NONE		
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1		
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ ☐ If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election won't be valid.		
12 Enter the available NOL carryover from prior tax years (don't reduce it by any deduction on line 29a.) ▶ $ 54,889,820.		
13 Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year **and** its total assets at the end of the tax year less than $250,000? If "Yes," the corporation isn't required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶ $ _____		X
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement? See instructions. If "Yes," complete and attach Schedule UTP.		X
15a Did the corporation make any payments in 2016 that would require it to file Form(s) 1099?	X	
b If "Yes," did or will the corporation file required Forms 1099?	X	
16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?		X
17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?		X
18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than $1 million?		X
19 During the corporation's tax year, did the corporation make any payments that would require it to file Forms 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474) of the Code?		X

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash	Stmt 4	2,010,223.		3,069,153.
2a Trade notes and accounts receivable	32,093,844.	Stmt 4	51,653,847.	
b Less allowance for bad debts	( )	32,093,844.	( )	51,653,847.
3 Inventories	Stmt 4	79,999,799.		59,352,800.
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach statement)	Stmt 4	6,472,004.		17,196,535.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach statement)	Stmt 4	18,747,420.		19,212,454.
10a Buildings and other depreciable assets	1,774,426,876.		1,984,764,791.	
b Less accumulated depreciation	(364,645,336.)	1,409,781,540.	(390,622,869.)	1,594,141,922.
11a Depletable assets				
b Less accumulated depletion	( )		( )	
12 Land (net of any amortization)		2,910,449.		3,122,099.
13a Intangible assets (amortizable only)	24,486,668.		26,028,268.	
b Less accumulated amortization	(8,310,241.)	16,176,427.	(10,728,708.)	15,299,560.
14 Other assets (attach statement)	Stmt 5	371,222,630.		391,458,324.
15 Total assets		1,939,414,336.		2,154,506,694.
Liabilities and Shareholders' Equity				
16 Accounts payable	Stmt 5	27,818,022.		33,370,694.
17 Mortgages, notes, bonds payable in less than 1 year	Stmt 5	18,525,000.		
18 Other current liabilities (attach statement)	Stmt 5	140,546,225.		200,380,608.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more	Stmt 6	495,515,000.		540,515,000.
21 Other liabilities (attach statement)	Stmt 6	654,062,981.		710,464,143.
22 Capital stock: a Preferred stock				
Stmt 6 b Common stock	45,127,800.	45,127,800.	45,127,800.	45,127,800.
23 Additional paid-in capital	Stmt 6	7,889,827.		7,889,827.
24 Retained earnings - Appropriated (attach statement)				
25 Retained earnings - Unappropriated		549,929,481.		616,758,622.
26 Adjustments to shareholders' equity (attach statement)				
27 Less cost of treasury stock		( )		( )
28 Total liabilities and shareholders' equity		1,939,414,336.		2,154,506,694.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: The corporation may be required to file Schedule M-3. See instructions.

1 Net income (loss) per books		7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest $	
2 Federal income tax per books			
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation $	
a Depreciation $		b Charitable contributions $	
b Charitable contributions $			
c Travel and entertainment $		9 Add lines 7 and 8	
6 Add lines 1 through 5		10 Income (page 1, line 28) - line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	549,929,481.	5 Distributions: a Cash	
2 Net income (loss) per books	66,829,141.	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
		7 Add lines 5 and 6	
4 Add lines 1, 2, and 3	616,758,622.	8 Balance at end of year (line 4 less line 7)	616,758,622.

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SCHEDULE G (Form 1120)
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Information on Certain Persons Owning the Corporation's Voting Stock

▶ Attach to Form 1120.
▶ See instructions on page 2.

OMB No. 1545-0123

Name: Columbia Gas of Pennsylvania, Inc.

Employer identification number (EIN): 25-1100252

Part I **Certain Entities Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4a). Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock
NiSource Gas Distibution Group, Inc.	46-3083381	C CORP	US	100.000

Part II **Certain Individuals and Estates Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock

For Paperwork Reduction Act Notice, see the Instructions for Form 1120.

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Form **4626** Department of the Treasury Internal Revenue Service

Alternative Minimum Tax - Corporations

▶ Attach to the corporation's tax return.
▶ Information about Form 4626 and its separate instructions is at *www.irs.gov/form4626*.

OMB No. 1545-0123

2016

Name: Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

Note: *See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).*

1	Taxable income or (loss) before net operating loss deduction		1	-24,798,164.
2	**Adjustments and preferences:**			
a	Depreciation of post-1986 property		2a	-2,809,238.
b	Amortization of certified pollution control facilities		2b	
c	Amortization of mining exploration and development costs		2c	
d	Amortization of circulation expenditures (personal holding companies only)		2d	
e	Adjusted gain or loss		2e	-919,710.
f	Long-term contracts		2f	
g	Merchant marine capital construction funds		2g	
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)		2h	
i	Tax shelter farm activities (personal service corporations only)		2i	
j	Passive activities (closely held corporations and personal service corporations only)		2j	
k	Loss limitations		2k	
l	Depletion		2l	
m	Tax-exempt interest income from specified private activity bonds		2m	
n	Intangible drilling costs		2n	
o	Other adjustments and preferences		2o	NONE
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o		3	-28,527,112.
4	**Adjusted current earnings (ACE) adjustment:**			
a	ACE from line 10 of the ACE worksheet in the instructions	4a -30,131,752.		
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount. See instructions	4b -1,604,640.		
c	Multiply line 4b by 75% (0.75). Enter the result as a positive amount	4c 1,203,480.		
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments. See instructions. **Note:** *You **must** enter an amount on line 4d (even if line 4b is positive)*	4d		
e	ACE adjustment. • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the **smaller** of line 4c or line 4d as a negative amount		4e	
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT		5	-28,527,112.
6	Alternative tax net operating loss deduction. See instructions See Statement 8		6	
7	**Alternative minimum taxable income.** Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions		7	-28,527,112.
8	**Exemption phase-out** (if line 7 is $310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):			
a	Subtract $150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8a NONE		
b	Multiply line 8a by 25% (0.25)	8b NONE		
c	Exemption. Subtract line 8b from $40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-		8c	NONE
9	Subtract line 8c from line 7. If zero or less, enter -0-		9	NONE
10	Multiply line 9 by 20% (0.20)		10	NONE
11	Alternative minimum tax foreign tax credit (AMTFTC). See instructions		11	
12	Tentative minimum tax. Subtract line 11 from line 10		12	NONE
13	Regular tax liability before applying all credits except the foreign tax credit		13	NONE
14	**Alternative minimum tax.** Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return		14	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4626** (2016)

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Adjusted Current Earnings (ACE) Worksheet

Keep for Your Records

▶ See ACE Worksheet Instructions.

1		Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626				1	-28,527,112.
2		ACE depreciation adjustment:					
	a	AMT depreciation			2a 114,205,490.		
	b	ACE depreciation:					
		(1) Post-1993 property	2b(1)	110,895,936.			
		(2) Post-1989, pre-1994 property	2b(2)	1,554,577.			
		(3) Pre-1990 MACRS property	2b(3)	1,380,806.			
		(4) Pre-1990 original ACRS property	2b(4)	1,265,033.			
		(5) Property described in sections 168(f)(1) through (4)	2b(5)				
		(6) Other property	2b(6)	601,707.			
		(7) Total ACE depreciation. Add lines 2b(1) through 2b(6)			2b(7) 115,698,059.		
	c	ACE depreciation adjustment. Subtract line 2b(7) from line 2a				2c	-1,492,569.
3		Inclusion in ACE of items included in earnings and profits (E&P):					
	a	Tax-exempt interest income			3a		
	b	Death benefits from life insurance contracts			3b		
	c	All other distributions from life insurance contracts (including surrenders)			3c		
	d	Inside buildup of undistributed income in life insurance contracts			3d		
	e	Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)			3e		
	f	Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e				3f	
4		Disallowance of items not deductible from E&P:					
	a	Certain dividends received			4a		
	b	Dividends paid on certain preferred stock of public utilities that are deductible under section 247 (as affected by P.L. 113-295, Div. A, section 221(a)(41)(A), Dec. 19, 2014, 128 Stat. 4043)			4b		
	c	Dividends paid to an ESOP that are deductible under section 404(k)			4c		
	d	Nonpatronage dividends that are paid and deductible under section 1382(c)			4d		
	e	Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)			4e		
	f	Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e				4f	
5		Other adjustments based on rules for figuring E&P:					
	a	Intangible drilling costs			5a		
	b	Circulation expenditures			5b		
	c	Organizational expenditures			5c		
	d	LIFO inventory adjustments			5d		
	e	Installment sales			5e		
	f	Total other E&P adjustments. Combine lines 5a through 5e				5f	
6		Disallowance of loss on exchange of debt pools				6	
7		Acquisition expenses of life insurance companies for qualified foreign contracts				7	
8		Depletion				8	
9		Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property				9	-112,071.
10		**Adjusted current earnings.** Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626				10	-30,131,752.

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Form **4136**

Department of the Treasury
Internal Revenue Service (99)

Credit for Federal Tax Paid on Fuels

▶ Information about Form 4136 and its separate instructions is at *www.irs.gov/form4136*.

OMB No. 1545-0162

2016

Attachment Sequence No. **23**

Name (as shown on your income tax return)	Taxpayer identification number
Columbia Gas of Pennsylvania, Inc.	25-1100252

Caution: Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1c and 2b (type of use 13 or 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1c and 2b (type of use 13 or 14), claimant certifies that a certificate has not been provided to the credit card issuer.

1 Nontaxable Use of Gasoline **Note:** CRN is credit reference number.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Off-highway business use		$ .183			
b Use on a farm for farming purposes		.183			362
c Other nontaxable use (see **Caution** above line 1)		.183		$	
d Exported		.184			411

2 Nontaxable Use of Aviation Gasoline

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use in commercial aviation (other than foreign trade)		$ .15		$	354
b Other nontaxable use (see **Caution** above line 1)		.193			324
c Exported		.194			412
d LUST tax on aviation fuels used in foreign trade		.001			433

3 Nontaxable Use of Undyed Diesel Fuel

Claimant certifies that the diesel fuel did not contain visible evidence of dye.
Exception. If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use		$ .243	42440		
b Use on a farm for farming purposes		.243		$ 10,313.	360
c Use in trains		.243			353
d Use in certain intercity and local buses (see **Caution** above line 1)		.17			350
e Exported		.244			413

4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)

Claimant certifies that the kerosene did not contain visible evidence of dye.
Exception. If any of the kerosene included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use taxed at $.244		$ .243			
b Use on a farm for farming purposes		.243		$	346
c Use in certain intercity and local buses (see **Caution** above line 1)		.17			347
d Exported		.244			414
e Nontaxable use taxed at $.044		.043			377
f Nontaxable use taxed at $.219		.218			369

For Paperwork Reduction Act Notice, see the separate instructions.

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5 Kerosene Used in Aviation (see **Caution** above line 1)

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Kerosene used in commercial aviation (other than foreign trade) taxed at $.244		$ .200		$	417
b Kerosene used in commercial aviation (other than foreign trade) taxed at $.219		.175			355
c Nontaxable use (other than use by state or local government) taxed at $.244		.243			346
d Nontaxable use (other than use by state or local government) taxed at $.219		.218			369
e LUST tax on aviation fuels used in foreign trade		.001			433

6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel **Registration No. ▶**

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	$ .243		$	360
b Use in certain intercity and local buses	.17			350

7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use in Aviation) **Registration No. ▶**

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	$ .243			
b Sales from a blocked pump	.243		$	346
c Use in certain intercity and local buses	.17			347

8 Sales by Registered Ultimate Vendors of Kerosene For Use in Aviation **Registration No. ▶**

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use in commercial aviation (other than foreign trade) taxed at $.219		$ .175		$	355
b Use in commercial aviation (other than foreign trade) taxed at $.244		.200			417
c Nonexempt use in noncommercial aviation		.025			418
d Other nontaxable uses taxed at $.244		.243			346
e Other nontaxable uses taxed at $.219		.218			369
f LUST tax on aviation fuels used in foreign trade		.001			433

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9 Reserved **Registration No. ▶**

	(b) Rate	(c) Gallons of alcohol	(d) Amount of credit	(e) CRN
a Reserved				
b Reserved				

10 Biodiesel or Renewable Diesel Mixture Credit **Registration No. ▶**

Biodiesel mixtures. Claimant produced a mixture by mixing biodiesel with diesel fuel. The biodiesel used to produce the mixture met ASTM D6751 and met EPA's registration requirements for fuels and fuel additives. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller. **Renewable diesel mixtures.** Claimant produced a mixture by mixing renewable diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture was derived from biomass process, met EPA's registration requirements for fuels and fuel additives, and met ASTM D975, D396, or other equivalent standard approved by the IRS. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which have been edited as discussed in the Instructions for Form 4136. See the instructions for line 10 for information about renewable diesel used in aviation.

	(b) Rate	(c) Gallons of biodiesel or renewable diesel	(d) Amount of credit	(e) CRN
a Biodiesel (other than agri-biodiesel) mixtures	$ 1.00		$	388
b Agri-biodiesel mixtures	$ 1.00			390
c Renewable diesel mixtures	$ 1.00			307

11 Nontaxable Use of Alternative Fuel

Caution: There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons, or gasoline or diesel gallon equivalents	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG) (see instructions)		$ .183		$	419
b "P Series" fuels		.183			420
c Compressed natural gas (CNG) (see instructions)		.183			421
d Liquefied hydrogen		.183			422
e Fischer-Tropsch process liquid fuel from coal (including peat)		.243			423
f Liquid fuel derived from biomass		.243			424
g Liquefied natural gas (LNG) (see instructions)		.243			425
h Liquefied gas derived from biomass		.183			435

12 Alternative Fuel Credit **Registration No. ▶**

	(b) Rate	(c) Gallons, or gasoline or diesel gallon equivalents	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG) (see instructions)	$ .50		$	426
b "P Series" fuels	.50			427
c Compressed natural gas (CNG) (see instructions)	.50			428
d Liquefied hydrogen	.50			429
e Fischer-Tropsch process liquid fuel from coal (including peat)	.50			430
f Liquid fuel derived from biomass	.50			431
g Liquefied natural gas (LNG) (see instructions)	.50			432
h Liquefied gas derived from biomass	.50			436
i Compressed gas derived from biomass	.50			437

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13 Registered Credit Card Issuers **Registration No. ▶**

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Diesel fuel sold for the exclusive use of a state or local government	$ .243		$	360
b Kerosene sold for the exclusive use of a state or local government	.243			346
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at $.219	.218			369

14 Nontaxable Use of a Diesel-Water Fuel Emulsion

Caution: There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use		$ .197		$	309
b Exported		.198			306

15 Diesel-Water Fuel Emulsion Blending **Registration No. ▶**

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit	$ .046		$	310

16 Exported Dyed Fuels and Exported Gasoline Blendstocks

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Exported dyed diesel fuel and exported gasoline blendstocks taxed at $.001	$ .001		$	415
b Exported dyed kerosene	.001			416

17 **Total income tax credit claimed.** Add lines 1 through 16, column (d). Enter here and on Form 1040, line 72; Form 1120, Schedule J, line 19b; Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ▶	17	$ 10,313.	

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Name of corporation (common parent, if consolidated return): Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return):

Employer identification number:

Part II **Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return** (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 12)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations	465,033.		-465,033.	
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions				
13 Interest income (see instructions)	1,400,472.		-1,208,431.	192,041.
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (see instructions)	(139,130,738.)	6,526,309.		(132,604,429.)
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	-196.	196.		
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses		-4,630,328.		-4,630,328.
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement) Stmt 9		5,309,227.		5,309,227.
26 **Total income (loss) items.** Combine lines 1 through 25	-137,265,429.	7,205,404.	-1,673,464.	-131,733,489.
27 **Total expense/deduction items** (from Part III, line 38)	-206,425,023.	-132,612,349.	35,453,104.	-303,584,268.
28 Other items with no differences	410,519,593.	Stmt 10		410,519,593.
29a Mixed groups, see instructions. All others, combine lines 26 through 28	66,829,141.	-125,406,945.	33,779,640.	-24,798,164.
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 **Reconciliation totals.** Combine lines 29a through 29c	66,829,141.	-125,406,945.	33,779,640.	-24,798,164.

Note. Line 30, column (a), must equal Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

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Name of corporation (common parent, if consolidated return): Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return):

Employer identification number:

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	1,612,700.		-1,612,700.	
2 U.S. deferred income tax expense	36,967,915.		-36,967,915.	
3 State and local current income tax expense	402,408.			402,408.
4 State and local deferred income tax expense	483,621.		-483,621.	
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (see instructions)	28,624,420.	1,643,216.		30,267,636.
9 Stock option expense				
10 Other equity-based compensation	222,020.	67,299.		289,319.
11 Meals and entertainment	680,173.		-340,087.	340,086.
12 Fines and penalties	294.		-294.	
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing	4,024,420.	-50,607.		3,973,813.
17 Other post-retirement benefits	-1,051,700.	1,051,700.		
18 Deferred compensation				
19 Charitable contribution of cash and tangible property	414,954.	-414,954.		
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs	3,153,391.	-3,153,391.		
29 Reserved				
30 Depletion				
31 Depreciation	48,992,139.	62,404,113.		111,396,252.
32 Bad debt expense	18,408,558.	-8,900.		18,399,658.
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement)	Stmt 11 63,489,710.	71,073,873.	3,951,513.	138,515,096.
38 **Total expense/deduction items.** Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	206,425,023.	132,612,349.	-35,453,104.	303,584,268.

Attachment C
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Form **1125-A**
(Rev. October 2016)
Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.
▶ Information about Form 1125-A and its instructions is at *www.irs.gov/form1125a.*

OMB No. 1545-0123

Name: Columbia Gas of Pennsylvania, Inc.
Employer identification number: 25-1100252

1	Inventory at beginning of year	1	111,457,002.
2	Purchases	2	131,902,423.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule) See. Statement. 12.	4	1,189,545.
5	Other costs (attach schedule)	5	
6	**Total.** Add lines 1 through 5	6	244,548,970.
7	Inventory at end of year	7	111,944,541.
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions	8	132,604,429.

9a Check all methods used for valuing closing inventory:
(i) [X] Cost
(ii) [ ] Lower of cost or market
(iii) [ ] Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ [ ]
c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]
d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO 9d
e If property is produced or acquired for resale, do the rules of section 263A apply to the entity? See instructions [X] Yes [ ] No
f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation [ ] Yes [X] No

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method).

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs. See the instructions for lines 2 and 7.

For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

Qualifying taxpayer. A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of $1 million or less for the 3 prior tax years, and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

Qualifying small business taxpayer. A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year ending on or after December 31, 2000, has average annual gross receipts of $10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448 (d)(3)). See Rev. Proc. 2002-28, 2002-18 I.R.B. 815.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Attachment C
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Form **1125-E**
(Rev. October 2016)
Department of the Treasury
Internal Revenue Service

Compensation of Officers

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-REIT, 1120-RIC, or 1120S.
▶ Information about Form 1125-E and its separate instructions is at *www.irs.gov/form1125e*.

OMB No. 1545-0123

Name: Columbia Gas of Pennsylvania, Inc.
Employer identification number: 25-1100252

Note: Complete Form 1125-E only if total receipts are $500,000 or more. See instructions for definition of total receipts.

(a) Name of officer	(b) Social security number (see instructions)	(c) Percent of time devoted to business	Percent of stock owned (d) Common	Percent of stock owned (e) Preferred	(f) Amount of compensation
1 Mark R. Kempic		%	%	%	
Joseph W. Mulpas		%	%	%	
Samuel K. Lee		%	%	%	
Shawn Anderson		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	

2 Total compensation of officers	2	
3 Compensation of officers claimed on Form 1125-A or elsewhere on return	3	
4 Subtract line 3 from line 2. Enter the result here and on Form 1120, page 1, line 12 or the appropriate line of your tax return	4	

For Paperwork Reduction Act Notice, see separate instructions.

Form **1125-E** (Rev. 10-2016)

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Attachment C
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Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ Attach to your tax return.
▶ Information about Form 4562 and its separate instructions is at *www.irs.gov/form4562.*

OMB No. 1545-0172
2016
Attachment Sequence No. **179**

Name(s) shown on return: Columbia Gas of Pennsylvania, Inc.
Identifying number: 25-1100252

Business or activity to which this form relates: General Depreciation and Amortization

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7		
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7		8	
9	Tentative deduction. Enter the smaller of line 5 or line 8		9	
10	Carryover of disallowed deduction from line 13 of your 2015 Form 4562		10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)		11	
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11		12	
13	Carryover of disallowed deduction to 2017. Add lines 9 and 10, less line 12 ▶	13		

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	81,171,684.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	2,612,340.

Part III MACRS Depreciation (Don't include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2016	17	24,541,834.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2016 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		398,559.	5.000	HY	200 DB	79,712.
c 7-year property		86,789.	7.000	HY	200 DB	12,399.
d 10-year property						
e 15-year property		9,065.	15.000	HY	150 DB	453.
f 20-year property		79,265,456.	20.000	HY	150 DB	2,972,455.
g 25-year property			25 yrs.		S/L	
h Residential rental			27.5 yrs.	MM	S/L	
property			27.5 yrs.	MM	S/L	
i Nonresidential real		455,932.	39 yrs.	MM	S/L	5,375.
property				MM	S/L	

Section C - Assets Placed in Service During 2016 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	111,396,252.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	836,103.

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Part V **Listed Property** (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? X **Yes** ☐ **No** **24b** If "Yes," is the evidence written? X **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**don't** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **aren't** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		X
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners	X	
39 Do you treat all use of vehicles by employees as personal use?		X
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	X	
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		X

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," don't complete Section B for the covered vehicles.

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2016 tax year (see instructions):					
43 Amortization of costs that began before your 2016 tax year				43	
44 **Total.** Add amounts in column (f). See the instructions for where to report				44	

Attachment C
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Form **4797**

Department of the Treasury
Internal Revenue Service

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return.

▶ Information about Form 4797 and its separate instructions is at *www.irs.gov/form4797.*

OMB No. 1545-0184

2016

Attachment Sequence No. **27**

Name(s) shown on return: Columbia Gas of Pennsylvania, Inc.

Identifying number: 25-1100252

1 Enter the gross proceeds from sales or exchanges reported to you for 2016 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20. See instructions 1

Part I **Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year** (see instructions)

2 (a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)

3 Gain, if any, from Form 4684, line 39	3	
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6 Gain, if any, from line 32, from other than casualty or theft	6	
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:	7	

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you didn't have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years. See instructions	8	
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return. See instructions	9	

Part II **Ordinary Gains and Losses** (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

Stmt 13						-4,630,328.

11 Loss, if any, from line 7	11	( )
12 Gain, if any, from line 7 or amount from line 8, if applicable	12	
13 Gain, if any, from line 31	13	
14 Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15 Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17 Combine lines 10 through 16	17	-4,630,328.

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions 18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . . . 18b

For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2016)

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6X2610 2.000

Attachment C
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Part III **Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255** (see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	Property C	Property D
20 Gross sales price (**Note:** *See line 1 before completing.*)	20				
21 Cost or other basis plus expense of sale	21				
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis. Subtract line 22 from line 21	23				
24 Total gain. Subtract line 23 from line 20	24				
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a				
b Enter the **smaller** of line 24 or 25a	25b				
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a Additional depreciation after 1975. See instructions	26a				
b Applicable percentage multiplied by the **smaller** of line 24 or line 26a. See instructions	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 isn't more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the **smaller** of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 **If section 1252 property:** Skip this section if you didn't dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage. See instructions	27b				
c Enter the **smaller** of line 24 or 27b	27c				
28 **If section 1254 property:**					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion. See instructions	28a				
b Enter the **smaller** of line 24 or 28a	28b				
29 **If section 1255 property:**					
a Applicable percentage of payments excluded from income under section 126. See instructions	29a				
b Enter the **smaller** of line 24 or 29a. See instructions	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV **Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less** (see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation. See instructions	34		
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

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Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120*.

OMB No. 1545-0123

2016

Name of common parent: Columbia Gas of Pennsylvania, Inc.
Employer identification number: 25-1100252

Name of subsidiary:
Employer identification number:

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions		-14,407,266.		-14,407,266.
2 Amounts attributable to:				
a Stock option expense				
b Other equity-based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate-owned life insurance premiums				
n Other section 263A costs		-5,534,401.		-5,534,401.
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement)	139,130,738.	Stmt 14 13,415,358.		152,546,096.
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See instructions	139,130,738.	-6,526,309.		132,604,429.

For Paperwork Reduction Act Notice, see instructions.

Form **8916-A** (2016)

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 8916-A (2016) Page 2

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group	272,639.			272,639.
5	Other interest income Stmt 15	1,127,833.		-1,208,431.	-80,598.
6	Total interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.	1,400,472.		-1,208,431.	192,041.

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group	29,173,809.			29,173,809.
4	Other interest expense Stmt 16	-549,389.	1,643,216.		1,093,827.
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.	28,624,420.	1,643,216.		30,267,636.

Form **8916-A** (2016)

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 5 - Interest income

Interco Interest Income From Tax Affiliated Group	272,639.
Other Interest Income	-80,598.
Total	192,041.

Line 10 - Other income

Contribution In Aid Of Construction	8,571,099.
Customer Advances Received	-3,261,872.
Income Accrued On Regulatory Liability	2,900,970.
Misc Non-Operating Income	-1,432,675.
Other Income	502,151.
Total	7,279,673.

Line 14 - Repairs

Repairs and Maintenance	97,831,298.
Total	97,831,298.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 16 - Rents

Rent Expense	2,319,867.
Rent Expense - Leased Automobile	-4,154.
Utility Rent Expense	691,015.
Rental Expense - Capital Lease	-620,755.
Total	2,385,973.

Line 17 - Taxes and licenses

Gross Receipts/Storage Taxes	1,387.
License/Franchise Taxes	10,534.
Other Taxes	337.
Payroll Taxes	2,458,175.
Real Estate/Personal Property Taxes	522,854.
Sales/Use Tax	628.
State Taxes Based On Income	402,408.
Total	3,396,323.

Line 18 - Interest deduction

Interco Interest Expense To Tax Affiliated Group	29,173,809.
Interest Expense	1,929,930.
Other Interest Expense	-836,103.
Total	30,267,636.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 22 - Advertising

Advertising	726,210.
Total	726,210.

Line 23 - Pension, profit-sharing plans

Pension, Profit-Sharing, etc. Plans	-192.
Total	-192.

Line 24 - Employee benefit programs

Employee Benefit Programs	10,450,216.
Total	10,450,216.

Line 26 - Other deductions

Business Meals & Entertainment	340,086.
CS Contract Billings	3,253,091.
Customer Accounts Expense	9,420,975.
Expense Accrued On Regulatory Asset	2,170,560.
Expense Accrued On Regulatory Liability	-157,622.
Gas Distribution Operating Exp	37,242,831.
Gas Transmission Operating Exp	667.
Injuries And Damages	3,648,427.
Miscellaneous General Expenses	-2,314,211.
Office Supplies & Exp Net Of Admin Exp Trnf	1,245,697.
Outside Services Employed	1,945,245.
Property Cost Of Removal	696,891.
Property Insurance	-27,165.
Sales Expense	499,543.
Other Deductions	1,281,468.
Total	59,246,483.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 5 Detail

Sch L, Line 1 - Cash	Beginning	Ending
Cash	2,010,223.	3,069,153.
Total	2,010,223.	3,069,153.

Sch L, Line 2 - Trade notes and accounts receivable		
Trade Notes And Accounts Receivable	32,093,844.	51,653,847.
Total	32,093,844.	51,653,847.

Sch L, Line 3 - Inventories		
Inventories	79,999,799.	59,352,800.
Total	79,999,799.	59,352,800.

Sch L, Line 6 - Other current assets		
Accts Receivable - Associates	180,375.	211,949.
Misc. Current Assets	24,130.	65,923.
Misc. Current Deferred Debits	103.	
Prepayments	2,871,891.	2,773,274.
Regulatory Assets	496,151.	1,478,392.
Unrecovered Purchased Gas	2,899,354.	12,666,997.
Total	6,472,004.	17,196,535.

Sch L, Line 9 - Other investments		
Investment in Subsidiaries	18,747,420.	19,212,454.
Total	18,747,420.	19,212,454.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 5 Detail

Sch L, Line 14 - Other assets	Beginning	Ending
Accumulated Dfrd Income Taxes	67,356,767.	87,864,056.
Construction Work In Progress	20,600,882.	20,719,516.
Misc. Dfrd Debits	8,070,423.	4,901,644.
Prelim Gas Survey & Investigation	3,059,484.	3,556,944.
Regulatory Assets	271,239,735.	273,520,825.
Other Assets	895,339.	895,339.
Total	371,222,630.	391,458,324.

Sch L, Line 16 - Accounts payable		
Accounts Payable	27,818,022.	33,370,694.
Total	27,818,022.	33,370,694.

Sch L, Line 17 - Mortgages, notes, bonds payable in less than 1 year		
Notes Payable-Drafts	18,525,000.	
Total	18,525,000.	

Sch L, Line 18 - Other current liabilities		
Accrued Federal Income Tax	-2,655,851.	-1,197,180.
Accrued State and Local Income Tax	912,828.	-48,204.
Accrued Interest	322,895.	317,561.
Accrued Rate Refunds		722,901.
Accrued Taxes	904,999.	830,044.
Accrued Vacation	4,368,829.	4,701,695.
Accts Payable-Associates	42,468,599.	122,414,216.
Medical & Dental Liability Reserve	381,708.	437,184.
Customer Deposits	3,369,187.	3,130,590.
Exchange Gas	25,952,567.	10,647,375.
Obligations-Capital Lease	802,182.	868,290.
OPEB Liability-Cur	147,943.	147,746.
Other Accrued Liabilities	53,899,868.	48,967,890.
Other Deferred Credits	2,294,388.	1,323,179.

Continued on next page Statement 5

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 5 Detail

Sch L, Line 18 - Other current liabilities (Cont'd)	Beginning	Ending
Regulatory Liabilities - Current	7,313,968.	6,653,626.
Tax Collections Payable	62,115.	463,695.
Total	140,546,225.	200,380,608.

Sch L, Line 20 - Mortgages, notes, bonds payable in 1 year or more		
Notes Payable	495,515,000.	540,515,000.
Total	495,515,000.	540,515,000.

Sch L, Line 21 - Other liabilities		
Accum Dfrd Income Taxes	549,740,325.	614,802,819.
Accum Dfrd Investment Tax Credit	2,822,344.	2,462,104.
Obligations-Capital Lease	31,653,679.	30,966,820.
OPEB Liability-Deferred	1,796,949.	630,951.
Other Deferred Credits	30,196,598.	26,404,444.
Outstanding Loss Reserves	131,188.	91,750.
Regulatory Liability-Income Taxes	2,001,720.	1,746,174.
Regulatory Liabilities - Noncurrent	35,720,178.	33,359,081.
Total	654,062,981.	710,464,143.

Sch L, Line 22b - Common capital stock		
Capital Stock - Common	45,127,800.	45,127,800.
Total	45,127,800.	45,127,800.

Sch L, Line 23 - Additional paid-in capital		
Additional Paid-In Capital	7,889,827.	7,889,827.
Total	7,889,827.	7,889,827.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 4626 Detail

Line 2o - Contributions Adjustment

Regular Contributions	NONE
AMT Contributions	NONE
Contribution adjustment	NONE

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 4626 Detail

Line 6 - Non-SRLY AMT NOL Deduction

Year ending	Original NOL	Amount Available	Amount Used	Carryover to Next year
12/31/2011	48,956,842.	48,956,842.		48,956,842.
12/31/2013	443,996.	443,996.		443,996.
Total	49,400,838.	49,400,838.		49,400,838.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule M-3, Part II Detail

Line 25 - Other income (loss) items with differences

Description	Income (Loss) Per Income Stmt	Temporary Difference	Permanent Difference	Income (Loss) Per Tax Return
CUSTOMER ADVANCES RECEIVED		-3,261,872.		-3,261,872.
CONTRIBUTION IN AID OF CONSTRUCTION		8,571,099.		8,571,099.
Total		5,309,227.		5,309,227.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule M-3, Part II Detail

Line 28 - Other items with no differences

RENT INCOME	139,212.
INCOME ACCRUED ON REGULATORY LIABILITY	2,900,970.
MISC NON-OPERATING INCOME	-1,432,675.
SALES	493,790,640.
A&G - RENT EXPENSE	-2,319,867.
A&G MAINTENANCE EXPENSE	-2,283,175.
CUSTOMER ACCOUNTS EXPENSE	-1,907,132.
CUSTOMER SERVICE AND INFORMATIONAL EXPEN	-7,513,843.
GAS DISTRIBUTION MAINTENANCE EXP	-21,312,518.
GAS DISTRIBUTION OPERATING EXP	-37,242,831.
GAS TRANSMISSION OPERATING EXP	-667.
GENERAL ADVERTISING EXPENSE	-726,210.
OFFICE SUPPLIES & EXPENSES	-1,245,697.
OUTSIDE SERVICES EMPLOYED	-5,198,336.
PAYROLL TAXES	-2,458,175.
REGULATORY COMMISSION EXPENSE	-2,170,560.
SALES EXPENSE	-499,543.
Total	410,519,593.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule M-3, Part III Detail

Line 37 - Other expense/deduction items with differences

Description	Expense Per Income Stmt	Temporary Difference	Permanent Difference	Deduction Per Tax Return
A&G - SALARIES	54,866,239.	-273,892.	-16,550.	54,575,797.
ENVIRONMENTAL COSTS	-173.	173.		
EXPENSE ACCRUED ON REGULATORY ASSET	1,833,367.	-1,833,367.		
EXPENSE ACCRUED ON REGULATORY LIABILITY	-5,596.	-152,026.		-157,622.
INJURIES & DAMAGES	3,608,989.	39,438.		3,648,427.
MISCELLANEOUS GENERAL EXPENSES	-5,073,610.	19,248.	4,021,619.	-1,032,743.
OTHER EMPLOYEE BENEFITS	6,997,457.	-521,246.		6,476,211.
OTHER TAXES	451,168.	84,572.		535,740.
PROPERTY COST OF REMOVAL		696,891.		696,891.
PROPERTY INSURANCE	71,452.	-98,617.		-27,165.
RATE REFUND		-502,151.		-502,151.
RENTS	691,015.		-4,154.	686,861.
RENTAL EXPENSE - CAPITAL LEASE		-620,755.		-620,755.
REPAIRS		74,235,605.		74,235,605.
LOBBYING EXPENSE	49,402.		-49,402.	
Total	63,489,710.	71,073,873.	3,951,513.	138,515,096.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1125-A Detail

Line 4 - Additional 263A costs

COGS: Additional Sec. 263A Costs	1,189,545.
Total	1,189,545.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 4797, Page 1 Detail

Line 10 - Ordinary Gains and Losses

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
Public Utility	VARIOUS	VARIOUS	205,719.	7,887,543.	12,723,394.	-4,630,132.
Land	VARIOUS	VARIOUS			196.	-196.
Part II 4797 Ordinary Gains and Losses						-4,630,328.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 8916-A, Part I Detail

Line 6 - Other items with differences

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
EXCHANGE GAS EXPENSE	2,976,346.			2,976,346.
NATURAL GAS PURCHASES	114,719,519.	13,417,455.		128,136,974.
OTHER GAS SUPPLY EXPENSES	21,432,776.			21,432,776.
SYSTEM GAS LOSSES	2,097.	-2,097.		
Total	139,130,738.	13,415,358.		152,546,096.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 8916-A, Part II Detail

Part II Line 5 - Other Interest Income

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Other Interest Income	1,127,833.		-1,208,431.	-80,598.
Total	1,127,833.		-1,208,431.	-80,598.

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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 8916-A, Part III Detail

Line 4 - Other Interest Expense

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Other Interest Expense	-549,389.	1,643,216.		1,093,827.
Total	-549,389.	1,643,216.		1,093,827.