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CHESTER WILLCOX & SAXBE LLP

Attorneys and Counselors at Law

JOHN W. BENTINE
jbentine@cwslaw.com

DIRECT DIAL
(614) 334-6121

December 28, 1999

Ms. Daisy Crockron - Chief
Docketing Divison - 10th Floor
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43266-0573

Re: In re the Acquisition of Columbia Energy Group,
PUCO Case No. 99-1492-GA-UNC

Dear Ms. Crockron:

Attached, as Appendix A hereto, for filing in the above captioned proceeding, please find a copy of the December 17, 1999 Schedule 14D-1/A filed with the Securities and Exchange Commission regarding the tender offer that is the subject of this proceeding. Also enclosed, as Appendix B hereto, please find a copy of the December 21, 1999 amendment to Schedule 14D-9 filed by Columbia Energy Group.

These filings evidence discussions between NiSource and Columbia regarding Columbia's evaluation of strategic alternatives.

Should there be any questions, please contact me as your schedule permits.

Very truly yours,

John W. Bentine

JWB/bjj

Attachment

cc: Chairman Schriber (w/enc.)
A. Sonderman (w/enc.)
G. Krassen (w/enc.)

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14D-1/A
(Amendment No. 36)

TENDER OFFER STATEMENT PURSUANT TO SECTION 14(d)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934

COLUMBIA ENERGY GROUP
(Name of Subject Company)

CEG ACQUISITION CORP.
NISOURCE INC.
(Bidders)

COMMON STOCK, \$.01 PER SHARE
(Title of Class of Securities)

197648108
(CUSIP Number of Class of Securities)

Stephen P. Adik
Senior Executive Vice President,
Chief Financial Officer And Treasurer
NiSource Inc.
801 East 86th Avenue
Merrillville, Indiana 46410-6272
(219) 853-5200

(Name, Address and Telephone Number of Person Authorized to Receive
Notices and Communications on Behalf of Bidder)

Copies to:

Peter V. Fazio, Jr., Esq.
Schiff Hardin & Waite
6600 Sears Tower
Chicago, Illinois 60606
Telephone: (312) 258-5500

Alan G. Schwartz, Esq.
Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Telephone: (212) 455-2000

This Amendment No. 36 (this "Amendment") amends and supplements the Tender Offer Statement on Schedule 14D-1, as amended, originally filed with the Securities and Exchange Commission on June 25, 1999 (the "Schedule 14D-1") by CEG Acquisition Corp., a Delaware corporation (the "Offeror") and a wholly owned subsidiary of NiSource Inc., an Indiana corporation ("Parent"). The Schedule 14D-1 and this Amendment relate to a tender offer by the Offeror to purchase all of the outstanding shares of common stock, par value \$.01 per share (the "Shares"), of Columbia Energy Group, a Delaware corporation (the "Company"), at an amended purchase price of \$74 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated June 25, 1999 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto, dated October 18, 1999, and in the related Letter of Transmittal (which, as either may be amended or supplemented from time to time, collectively constitute the "Offer"), copies of which are filed with the Schedule 14D-1 as Exhibits (a)(1), (a)(38) and (a)(39), respectively.

Item 10. Additional Information.

On December 17, 1999, Parent delivered the letter from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to the Company's financial advisors, the form of which is included herein as Exhibit (a)(55) and incorporated herein by reference.

Item 11. Material to be Filed as Exhibits.

- (a)(1) Offer to Purchase, dated June 25, 1999.
- (a)(2) Letter of Transmittal.
- (a)(3) Letter dated June 25, 1999, from Dealer Manager to brokers, dealers, commercial banks, trust companies and other nominees.
- (a)(4) Letter dated June 25, 1999, to be sent by brokers, dealers, commercial banks, trust companies and other nominees to their clients.
- (a)(5) Notice of Guaranteed Delivery.
- (a)(6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
- (a)(7) Form of Summary Advertisement, dated June 25, 1999.
- (a)(8) Press Release issued by Parent on June 24, 1999.
- (a)(9) Form of letter dated June 28, 1999 from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to investors of the Company.
- (a)(10) Press Release issued by Parent on June 28, 1999.
- (a)(11) "NiSource/Columbia StraightTalk" communication to stockholders of the Company issued by Parent on July 2, 1999.
- (a)(12) Form of letter dated July 2, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to directors of the Company.
- (a)(13) Press Release issued by Parent on July 6, 1999.
- (a)(14) Form of letter dated July 12, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to shareholders of Parent.
- (a)(15) "NiSource/Columbia StraightTalk" communication to stockholders of the Company issued by Parent on July 14, 1999.
- (a)(16) Press Release issued by Parent on July 14, 1999.
- (a)(17) Press Release issued by Parent on July 19, 1999.

- (a)(18) Press Release issued by Parent on July 20, 1999.
- (a)(19) Form of letter dated July 21, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to directors of the Company.
- (a)(20) Form of letter dated July 26, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to stockholders of the Company.
- (a)(21) "NiSource/Columbia StraightTalk" communication to stockholders of the Company issued by Parent on July 26, 1999.
- (a)(22) Information published by Parent on July 30, 1999, available via the Internet at <http://www.yes2nisource.com>.
- (a)(23) Press Release issued by Parent on July 30, 1999.
- (a)(24) Press Release issued by Parent on August 9, 1999.
- (a)(25) "NiSource/Columbia StraightTalk" communication to stockholders of the Company issued by Parent on August 13, 1999.
- (a)(26) Form of letter dated August 13, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to directors of the Company.
- (a)(27) Form of letter dated August 13, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to Oliver G. Richard III, Chairman, President and Chief Executive Officer of the Company.
- (a)(28) Form of letter dated August 26, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to stockholders of the Company.
- (a)(29) Opinion/editorial articles by Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, submitted to various newspapers on September 9, 1999.
- (a)(30) Opinion/editorial articles by Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, submitted to various newspapers on September 10, 1999.
- (a)(31) Opinion/editorial article by Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, submitted to The Appalachian News-Express on September 13, 1999.
- (a)(32) Opinion/editorial article by Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, submitted to The Winchester Sun on September 14, 1999.
- (a)(33) Form of Letter dated September 23, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to officers, directors and managers of Parent.

- (a)(34) "Energy News-Oct. 1999" communication to customers of Northern Indiana Public Service Company first issued by Parent on October 1, 1999.
- (a)(35) Materials made available by Parent at a meeting among officials of Parent, officials of the Kentucky Public Service Commission and members of the public on October 5, 1999.
- (a)(36) Letter dated October 5, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to shareholders of the Company.
- (a)(37) Letter dated October 18, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to shareholders of the Company.
- (a)(38) Supplement to the Offer to Purchase, dated October 18, 1999.
- (a)(39) Letter of Transmittal.
- (a)(40) Letter dated October 18, 1999, to be sent by brokers, dealers, commercial banks, trust companies and other nominees to their clients.
- (a)(42) Notice of Guaranteed Delivery.
- (a)(43) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
- (a)(44) Press Release issued by Parent on October 17, 1999.
- (a)(45) Letter dated October 18, 1999, from Credit Suisse First Boston and Barclays Bank, PLC, to the directors of the Company.
- (a)(46) Materials made available by Parent to analysts at a meeting among officers and representatives of Parent and analysts on October 18, 1999.
- (a)(47) Text of advertisement appearing in various newspapers beginning on October 19, 1999, issued by Parent on October 19, 1999.
- (a)(48) Press Release issued by Parent on October 19, 1999.
- (a)(49) Testimony of Parent before the Ohio House Public Utilities Committee delivered on October 19, 1999.
- (a)(50) Letter dated October 19, 1999, from directors of Parent to the directors of the Company.
- (a)(51) Press Release issued by Parent on November 11, 1999.
- (a)(52) Order dated November 19, 1999 of the Public Utilities Commission of Ohio.
- (a)(53) Order dated December 9, 1999 of the Public Utilities Commission of Ohio.
- (a)(54) Press Release issued by Parent on December 13, 1999.

- (a)(55) Form of letter dated December 17, 1999 from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to the Company's financial advisors.*
- (b)(1) Commitment Letter dated June 23, 1999 to Parent from Credit Suisse First Boston and Barclays Bank PLC.
- (b)(2) Amended and Restated Commitment Letter dated October 15, 1999 to Parent from Credit Suisse First Boston and Barclays Bank PLC.
- (c)(1) Confidentiality Agreement dated November 19, 1999 between Parent and the Company.
- (d) Not Applicable.
- (e) Not Applicable.
- (f) Not Applicable.
- (g)(1) Complaint in NiSource Inc. and CEG Acquisition Corp. vs. Columbia Energy Group *et al.*, Delaware Chancery Court, New Castle County.
- (g)(2) Complaint in NiSource Inc. and CEG Acquisition Corp. vs. Columbia Energy Group *et al.*, United States District Court, District of Delaware.
- (g)(3) First Amended Complaint in NiSource Inc. and CEG Acquisition Corp. vs. Columbia Energy Group *et al.*, United States District Court, District of Delaware.
- (g)(4) Complaint in NiSource Inc., NiSource Capital Markets Inc. and CEG Acquisition Corp. vs. Columbia Energy Group *et al.*, Delaware Chancery Court, New Castle County.

*Filed herewith.

SIGNATURE

After due inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

CEG ACQUISITION CORP.

By: /s/ Gary L. Neale
Name: Gary L. Neale
Title: President

NISOURCE INC.

By: /s/ Gary L. Neale
Name: Gary L. Neale
Title: Chief Executive Officer

Date: December 17, 1999

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
11(a)(1)	Offer to Purchase, dated June 25, 1999.
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- 11(b)(1) Commitment Letter dated June 23, 1999 to Parent from Credit Suisse First Boston and Barclays Bank PLC.

[Form of letter dated December 17, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to the Company's financial advisors]

[Letterhead of Gary L. Neale, Chairman, President and Chief Executive Officer of Parent]

Friday, December 17, 1999

Mr. Daniel B. More
Morgan Stanley Dean Witter
1585 Broadway
New York, NY 10036

Mr. Gregg Smith Polle
Salomon Smith Barney
Seven World Trade Center
New York, NY 10048

Gentlemen:

We would like to thank you for the continued opportunity to pursue a strategic combination with Columbia Energy Group ("Columbia"). **We are pleased to present you with this proposal to purchase all of the outstanding shares of Columbia for \$74.00 per share in cash.**

We believe that the NiSource/Columbia platform is uniquely positioned to create value for shareholders, employees and customers due to its scale, contiguous asset base and complementary skills. The new NiSource/Columbia will be a super-regional, full-service energy provider serving over 4.1 million customers located within nine states that span the high growth Energy Corridor. The combined NiSource/Columbia will be competitively positioned as the largest natural gas company east of the Rockies and the second largest gas company in the U.S.

- (i) We are proposing to purchase all of the outstanding stock of Columbia for \$74.00 per share in cash. The recent movement in the stock prices of the electric and gas sectors has affirmed our belief that this offer represents a full and fair price to the Columbia shareholders and is representative of the value that can be created through the combination of these two companies.
- (ii) As you are aware, our proposal is not subject to financing. We have obtained a fully committed bank acquisition facility from Credit Suisse First Boston ("CSFB") and Barclays Bank Plc ("Barclays") in an amount sufficient to finance our proposed purchase price. We believe that our commitment letter is standard and customary for an acquisition financing of this type. Furthermore, it is our understanding that the demonstration of fully committed financing, prior to the existence of a definitive merger agreement, provides Columbia's directors and shareholders with greater certainty than is typically furnished in a sale process of this nature. We would be pleased to make representatives from CSFB and Barclays available to discuss the details of our financing package.

We plan to issue debt and equity in the capital markets and to sell certain non-strategic assets to ensure that we maintain a strong investment grade rating. Our financial advisors and the rating agencies are comfortable with our plan and our ability to maintain such a rating.

- (iii) As stated previously, we have a great deal of respect for Rick Richard and his management team. We recognize that much of the value inherent in Columbia is attributable to the knowledge and skills possessed by its managers, employees and directors. NiSource has a proven history of leveraging the management and employee talent present within the companies with which we have merged.

Consistent with our recent communication with Columbia, we are extending an invitation for five directors, including Rick Richard, to join an expanded NiSource board of directors. We would like to offer Rick the job of Vice Chairman of the combined company and it is also our intention to retain the heads of all critical operating units and the headquarters for those units.

- (iv) Our proposal for Columbia is based on public information and the information and assumptions presented the Confidential Information. The purchase would be accomplished through a merger of a newly formed subsidiary of NiSource into Columbia. We have assumed that the purchase agreement ("Agreement") would include customary provisions for a transaction of this type, including appropriate representations and warranties, covenants and conditions to closing. We are not otherwise aware of any special legal or business considerations that would affect our proposal.
- (v) We plan for our diligence effort to be confirmatory in nature and we assume that the data room will contain most, if not all, of the information required for completing our due diligence. This assumption is based upon the expectation that the data room will contain a customary level of detail regarding the financial, operational, environmental, regulatory, human resource and legal aspects of Columbia and its subsidiaries. We have the necessary personnel and resources available to complete our review and we are prepared to be in Herndon as soon as the appropriate information is available.
- (vi) We have already obtained all the necessary corporate approvals to execute our purchase proposal. NiSource shareholder approval will not be required for this transaction. We also have already obtained FTC approval for a proposed transaction and do not anticipate any difficulty in receiving the necessary approvals from the SEC on a timely basis. Our regulatory analysis of the proposed combination has concluded that we will require state utility commission approvals from Kentucky, Maryland, Pennsylvania and Virginia. We will also comply with any applicable requirements in Ohio, West Virginia and Maine. As evidenced in our combination with Bay State Gas Company, we have proven to be successful in navigating the state approval process in an expeditious and efficient manner. We believe a friendly NiSource/Columbia transaction will receive more timely treatment by regulators than the recent Dominion/CNG transaction due to our lack of overlap and therefore should require a shorter approval timeline.

As you are aware, we have had the proposed transaction reviewed by four leading regulatory experts who are all former state utility commissioners. These experts have

- 11(b)(2) Amended and Restated Commitment Letter dated October 15, 1999 to Parent from Credit Suisse First Boston and Barclays Bank PLC.
- 11(c)(1) Confidentiality Agreement dated November 19, 1999 between Parent and the Company.
- 11(g)(1) Complaint in NiSource Inc. and CEG Acquisition Corp. vs. Columbia Energy Group *et al.*, Delaware Chancery Court, New Castle County.
- 11(g)(2) Complaint in NiSource Inc. and CEG Acquisition Corp. vs. Columbia Energy Group *et al.*, United States District Court, District of Delaware.
- 11(g)(3) First Amended Complaint in NiSource Inc. and CEG Acquisition Corp. vs. Columbia Energy Group *et al.*, United States District Court, District of Delaware.
- 11(g)(4) Complaint in NiSource Inc., NiSource Capital Markets Inc. and CEG Acquisition Corp. vs. Columbia Energy Group *et al.*, Delaware Chancery Court, New Castle County.

*Filed herewith.

opined that a proposed NiSource/Columbia combination could clear all regulatory hurdles within a 6-9 month time period.

- (vii) NiSource has engaged CSFB and Wasserstein Perella & Company, Inc. ("Wasserstein") to act as its financial advisors for this transaction. We have also engaged Simpson Thacher and Bartlett and Schiff Hardin & Waite as legal counsel. Any contact with our financial advisors should be directed to Jamie Welch, CSFB, at (212) 325-4588 or Ned Weihman, Wasserstein, at (212) 969-2730. Our advisors have assured us that their respective teams are available and fully committed to the proposed schedule for completion of the transaction

We are very confident that our proposal will prove to be the most compelling for the shareholders, employees and customers of Columbia. We have very carefully structured our offer to address the considerations of Columbia's various constituents. We look forward to further discussing our proposal and would like an opportunity to meet with Rick and his management team to expound upon our vision for the combined NiSource/Columbia.

Sincerely,

/s/ Gary L. Neale

Gary L. Neale

Chairman and Chief Executive Officer

NiSource Inc.

CHI_DOC52:CS2982683.1

Appendix B

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14D-9

SOLICITATION/RECOMMENDATION STATEMENT PURSUANT TO
SECTION 14(D) (4) OF THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. 56)

COLUMBIA ENERGY GROUP
(NAME OF SUBJECT COMPANY)

COLUMBIA ENERGY GROUP
(NAME OF PERSON(S) FILING STATEMENT)

COMMON STOCK, PAR VALUE \$0.01
(TITLE OF CLASS OF SECURITIES)

197648108
(CUSIP NUMBER OF CLASS OF SECURITIES)

MICHAEL W. O'DONNELL
SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
COLUMBIA ENERGY GROUP
13880 DULLES CORNER LANE
HERNDON, VIRGINIA 20171
(703) 561-6000
(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON AUTHORIZED TO
RECEIVE NOTICE AND COMMUNICATIONS ON BEHALF OF THE
PERSON(S) FILING STATEMENT)

COPY TO:

NEIL T. ANDERSON, ESQ.
SULLIVAN & CROMWELL
125 BROAD STREET
NEW YORK, NEW YORK 10004
(212) 558-4000

=====

This Amendment No. 56 amends and supplements the Solicitation/Recommendation Statement on Schedule 14D-9 filed with the Securities and Exchange Commission on July 6, 1999, and as subsequently amended July 6, 1999, July 9, 1999, July 12, 1999, July 15, 1999, July 16, 1999, July 20, 1999, July 22, 1999, July 30, 1999, August 3, 1999, August 4, 1999, August 5, 1999, August 6, 1999, August 9, 1999, August 11, 1999, August 12, 1999, August 13, 1999, August 16, 1999, August 17, 1999, August 19, 1999, August 31, 1999, September 2, 1999, September 3, 1999, September 7, 1999, September 9, 1999, September 10, 1999, September 13, 1999, September 14, 1999, September 15, 1999, September 16, 1999, September 17, 1999, September 20, 1999, September 21, 1999, September 22, 1999, September 23, 1999, September 24, 1999, September 27, 1999, September 28, 1999, September 29, 1999, September 30, 1999, October 1, 1999, October 4, 1999, October 5, 1999, October 6, 1999, October 7, 1999, October 12, 1999, October 13, 1999, October 14, 1999, October 18, 1999, October 25, 1999, October 26, 1999, October 10, 1999, November 12, 1999, November 19, 1999 and December 10, 1999 (as so amended, the "Schedule 14D-9"), by Columbia Energy Group, a Delaware corporation (the "Company"), relating to the tender offer by NiSource Inc., an Indiana corporation, to purchase for cash through its wholly-owned subsidiary, CEG Acquisition Corp., a Delaware corporation, all of the outstanding common shares, par value \$0.01 per share, of the Company (the "Offer"). Capitalized terms used but not defined herein have the meaning ascribed to them in the Schedule 14D-9.

ITEM 7. CERTAIN NEGOTIATIONS AND TRANSACTIONS BY THE SUBJECT COMPANY.

Item 7(a-b) is hereby supplemented and amended by adding the following:

The Company has received preliminary indications of interest from numerous third parties in connection with the Company's previously announced process for evaluating strategic alternatives (the "Process"). As a result, the Company is inviting into a second round of the Process the parties that provided preliminary indications of interest reflecting a value higher than the Revised Offer, as reaffirmed by NiSource on December 17, 1999. In addition, the Company is inviting NiSource into the second round of the Process. The Company intends to continue to proceed expeditiously. There can be no assurance, however, that the Process will result in any transaction being recommended to the Board or that any transaction which may be recommended will be authorized or consummated.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief,
I certify that the information set forth in this statement is true, complete
and correct.

COLUMBIA ENERGY GROUP

By: /s/ Michael W. O'Donnell

Name: Michael W. O'Donnell

Title: Senior Vice President and
Chief Financial Officer

Dated: December 21, 1999.