

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
Columbia Gas of Ohio, Inc. for Consent ) Case No. 15-1548-GA-AIS  
and Authority to Issue, Sell, or Enter into )  
Debt Transactions. )

FINDING AND ORDER

The Commission finds:

- (1) For the reasons stated below, the Commission approves the application filed by Columbia Gas of Ohio, Inc. (Columbia) for consent and authority to issue, sell, or enter into debt transactions.
- (2) Columbia is a public utility and a natural gas company as defined in R.C. 4905.02 and 4905.03 and, as such, is subject to the jurisdiction of this Commission. NiSource Gas Distribution Group, Inc. (NGD) currently owns one hundred percent of the outstanding common stock of Columbia. NiSource Finance Corp. (NFC) currently owns one hundred percent of the long-term debt of Columbia. Both NGD and NFC are wholly-owned subsidiaries of NiSource Inc.
- (3) R.C. 4905.40 permits public utility companies to issue "stocks, bonds, notes, and other evidences of indebtedness, payable at periods of more than twelve months," when authorized by the Commission. Pursuant to R.C. 4905.40(A)(2), an authorized company may issue notes or other evidences of indebtedness when it is necessary for, among other things, reorganization or readjustment of its indebtedness and capitalization. The application process for obtaining Commission authorization is outlined in R.C. 4905.41. The application must include the amount, purpose, and terms of the financial arrangement, as well as the total assets and liabilities of the utility.
- (4) On December 10, 2014, pursuant to R.C. 4905.40, the Commission authorized Columbia to enter into a long-term financial arrangement. *In re Columbia Gas of Ohio, Inc.*, Case No. 14-1523-GA-AIS (*Note Case*), Finding and Order (Dec. 10, 2014). Specifically, Columbia was permitted to issue and sell long-

term promissory notes to NFC, from December 3, 2014, to November 30, 2015, in the aggregate principal amount of up to \$300 million. The notes were to be unsecured and have maturities up to 30 years. The notes would be financed through NFC and be used to finance Columbia's capital expenditure program and for the organization or readjustment of its indebtedness and capitalization.

- (5) On September 1, 2015, in the above-captioned proceeding, Columbia filed an application seeking to renew its authority from the *Note Case* to issue and sell long-term promissory notes. Columbia specifically requests authority to issue notes not to exceed \$300 million through December 31, 2016.

Columbia states the notes would be unsecured, have a maturity up to 30 years, and be financed through NFC. Interest rates would reflect current market conditions for companies with similar financial profiles. The interest rate would be determined by the corresponding applicable treasury yield effective on the date a note is issued, plus the yield spread on corresponding maturities for companies with a credit risk profile equivalent to that of NFC.

The proceeds from the notes, according to Columbia, would be used towards, among other things, construction expenditures, long-term debt maintenance, and refunding a \$30,600,000 note that matures on November 28, 2016.

- (6) On November 6, 2015, Staff filed a review and recommendation. Staff notes that, with the proposed authority, Columbia's debt component would be 53 percent of total capitalization by the end of 2016, an increase from 47 percent on June 30, 2015. Upon review of the application, Staff finds the request reasonable and recommends that the Commission approve the application.
- (7) Upon review of the application, the Commission finds that the amount of the notes, the terms thereof, and the probable cost to Columbia, within the parameters set forth in the application, do not appear to be unjust or unreasonable. In addition, based on the information contained in the application, and the attachments thereto, the purposes to which the proceeds from the notes shall be applied appear to be reasonably required by

Columbia to meet its present and prospective obligations to provide utility service. Therefore, the Commission finds that the application should be approved.

It is, therefore,

ORDERED, That Columbia is authorized to issue and sell notes pursuant to the terms and conditions as described in the application and attachments. It is, further,

ORDERED, That Columbia is authorized to apply the proceeds from the notes for the purposes set forth in this Finding and Order, pursuant to the provisions of R.C. 4905.40. It is, further,

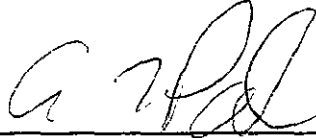
ORDERED, That Columbia shall file a written report with this Commission regarding the terms and full particulars of the issuances, as promptly as possible, but no less than 60 days after executing the notes. It is, further,

ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation as to the unsecured notes and other evidences of indebtedness, or the associated interest, on the part of the state of Ohio. It is, further,

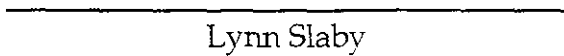
ORDERED, That nothing in this Finding and Order be deemed to be binding upon this Commission in any future proceedings or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this Finding and Order be served upon Columbia and all parties of record.

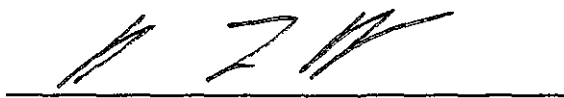
THE PUBLIC UTILITIES COMMISSION OF OHIO



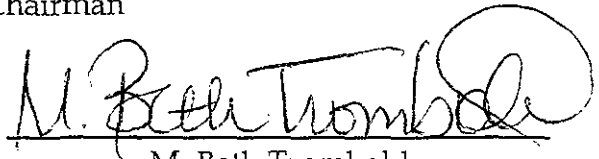
Andre T. Porter, Chairman



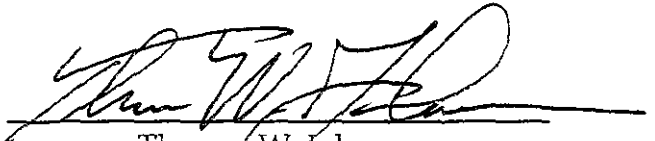
Lynn Slaby



Asim Z. Haque



M. Beth Trombold

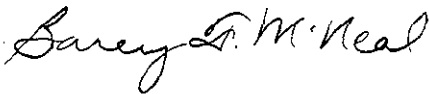


Thomas W. Johnson

NW/vrm

Entered in the Journal

**DEC 09 2015**



Barcy F. McNeal  
Secretary