

THE PUBLIC UTILITIES COMMISSION OF OHIO

**IN THE MATTER OF THE APPLICATION OF
COLUMBIA GAS OF OHIO, INC. FOR
AUTHORITY TO ISSUE, SELL, OR ENTER
INTO DEBT TRANSACTIONS.**

CASE NO. 16-1818-GA-AIS

FINDING AND ORDER

Entered in the Journal on December 14, 2016

I. SUMMARY

{¶ 1} The Commission approves the application filed by Columbia Gas of Ohio, Inc. for authority to issue long-term notes, subject to Staff's recommended condition.

II. DISCUSSION

{¶ 2} Columbia Gas of Ohio, Inc. (Columbia or Company) is a natural gas company as defined in R.C. 4905.03 and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4905.40 permits a public utility to issue stocks, bonds, notes, and other evidences of indebtedness, payable at periods of more than 12 months, when authorized by the Commission. Pursuant to R.C. 4905.40(A)(1), the public utility may issue notes or other evidences of indebtedness when it is necessary for, among other things, the construction, completion, extension, renewal, or improvement of its facilities and, under R.C. 4905.40(A)(2), for reorganization or readjustment of its indebtedness and capitalization, among other purposes. 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 public utility.

{¶ 4} On September 1, 2016, Columbia filed an application and supporting attachments pursuant to R.C. 4905.40 and 4905.41. Columbia requests authority to issue and sell long-term notes (Notes), not to exceed \$300 million through December 31, 2017, to

NiSource Finance Corp. (NFC), which is a special purpose finance subsidiary of NiSource Inc. (NiSource) that engages in financing activities for NiSource and its subsidiaries, including Columbia. According to Columbia, the Notes will be issued with maturities of up to 30 years, bear an interest rate corresponding to the price offered by companies with financial profiles similar to NFC, and reflect the market conditions at the time of issuance. Columbia explains that the Notes' interest rate will be determined by utilizing the utility bond yields on the Bloomberg C038 index screen for utilities rated as BBB+ on the date of issuance.

{¶ 5} In the application, Columbia states that a portion of the proceeds to be realized from the proposed sale of the Notes will be applied to the Company's 2016 through 2017 construction program. Columbia notes that construction expenditures are required for the acquisition of property and for the construction, completion, extension, and improvement of the Company's facilities, including continuation of the Company's infrastructure replacement program, as approved by the Commission in Case No. 08-72-GA-AIR, et al., and Case No. 11-5515-GA-ALT. Columbia further states that the proceeds will also be used to enable the Company to pay its existing long-term debt obligations on an unsecured basis; to organize or readjust its indebtedness and capitalization; to reimburse its treasury, in part, for monies expended for such purposes; or to fund other corporate purposes permitted by law.

{¶ 6} On November 21, 2016, Columbia filed a supplement to its application, in order to revise the Company's long-term debt issuance plans for 2016 as reflected in Attachments F and G to the application. Columbia notes that its new debt issuance plans do not affect the financing authority requested in the application, and do not alter the application or any attachments other than Attachments F and G.

{¶ 7} On November 28, 2016, Staff filed its review and recommendation. Staff finds, following its review of Columbia's application, that the application is reasonable and recommends that it be approved, with the following condition. Staff recommends that the Commission require that notice be filed with the Commission in the event that the credit rating of NiSource or NFC falls below investment grade. Staff advises that such notice should

be docketed within ten days of the change in credit rating so that the Commission may consider whether any safeguards should be imposed on NiSource, NFC, or Columbia.

{¶ 8} Upon consideration of the application, and Staff's review and recommendation, 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, as modified by Staff, do not appear to be unjust or unreasonable. In addition, based on the information contained in the application, the purposes to which the proceeds from the Notes shall be applied, and the use of the Notes, 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, subject to Staff's recommended condition.

III. ORDER

{¶ 9} It is, therefore,

{¶ 10} ORDERED, That Columbia's application be approved, pursuant to the terms and conditions as described in the application, and subject to Staff's recommended condition. It is, further,

{¶ 11} ORDERED, That Columbia shall apply the proceeds from the Notes for the purposes set forth in this Finding and Order and otherwise pursuant to the provisions of R.C. 4905.40. It is, further,

{¶ 12} ORDERED, That the authorization granted by this Finding and Order shall not be construed as limiting the Commission's determination of the appropriateness of the Notes for future ratemaking treatment. It is, further,

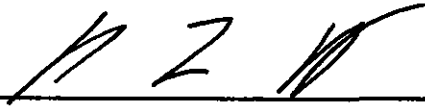
{¶ 13} ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation by the Commission to assure completion of any specific construction project of Columbia. It is, further,

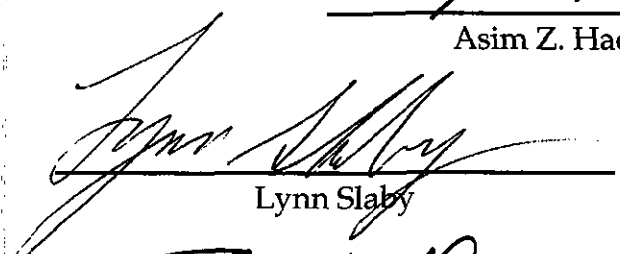
{¶ 14} ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation as to the Notes on the part of the state of Ohio. It is, further,

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

{¶ 16} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Asim Z. Haque, Chairman


Lynn Slaby


M. Beth Trombold

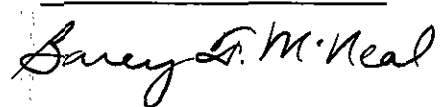

Thomas W. Johnson


M. Howard Petricoff

SJP/sc

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DEC 14 2016


Barcy F. McNeal
Secretary