

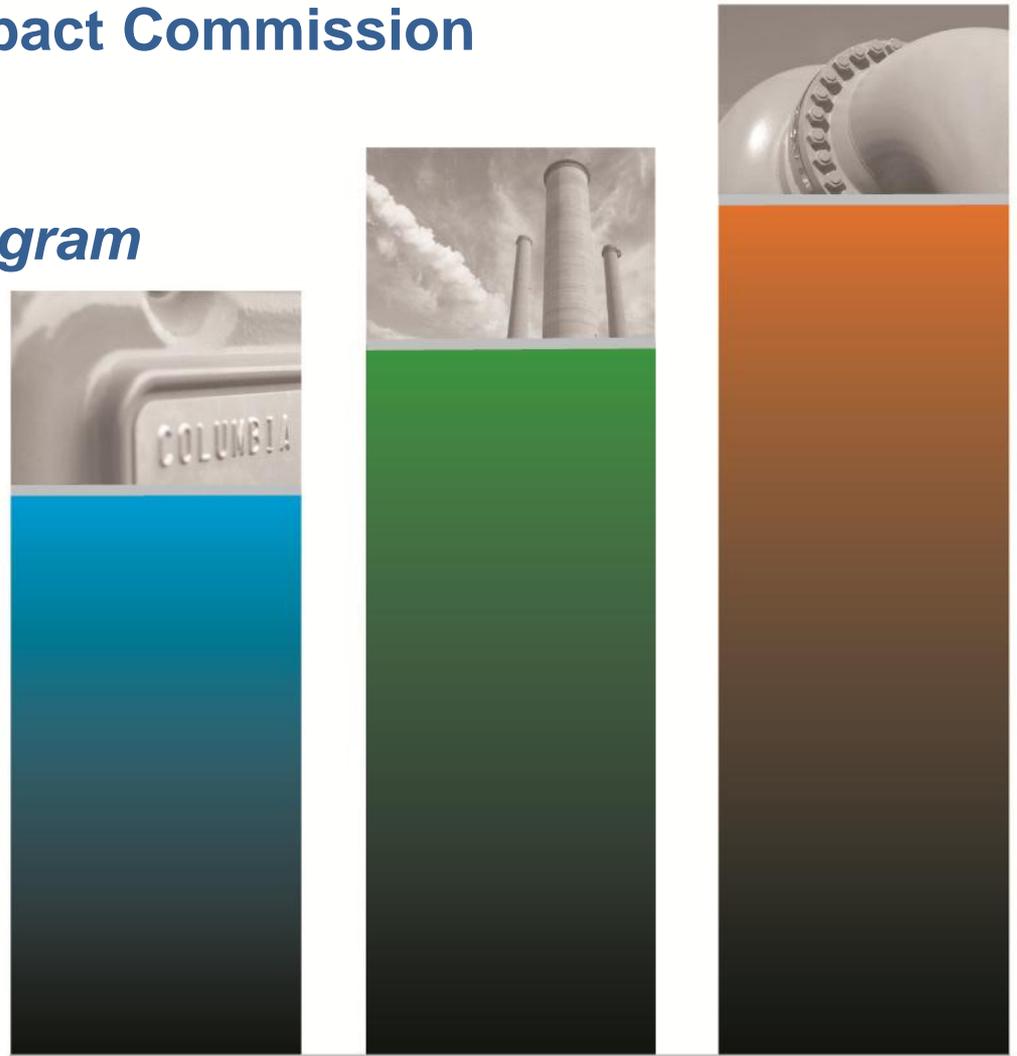
B U I L D I N G

Interstate Oil & Gas Compact Commission Midyear Issues Summit

CPG's Modernization Program with Infrastructure

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Land and Natural Resource Permitting

May 21, 2013



Modernization 'Our Plan'

Agenda

- Welcome and Overview
- Modernization Background
- Benefits & Challenges
- 2013 Program Overview

The Modernization Story

Key Considerations

- Aging Infrastructure; Need to ensure Integrity and Reliability; Enhance Flexibility
- Growing Demand for Natural Gas; New Supplies Being Introduced
- Compliance with New Legislation and Regulations
- Collaborative Approach to Program Design and Cost Recovery
- Maintain Competitive Rates for Our Customers
- Align with DOT Secretary Call to Action and Presidential Order for Infrastructure Development and Jobs Creation

A Changing Landscape

Increased Legislative, Regulatory and Industry Action

- Current national discourse underscores need for aggressive pipeline safety and integrity programs
- New Pipeline Legislation signed into law on January 3, 2012
 - Extending Integrity Management
 - Verifying MAOP of Pipelines Installed Prior to Regulations
 - Increased Automating Valves
 - Applying Consistent Anomaly Criteria
- PHMSA is drafting regulations, expanding inspections and increasing enforcement

The Modernization Plan

Background

- Comprehensive, Risk Prioritized Program
- Culmination of several years of integrity and reliability planning
- Proposed activity over initial 5 years:
 - Replacing bare steel (~400 out of ~1,000 miles)
 - Upgrading compression (~55 out of ~100 critical units)
 - Increasing system reliability and relieving constraint
 - Improving access to new supplies

Long-term planning is required for success

Modernization Benefits

Customer Benefits

- Enhanced Pipeline Integrity, Reliability; Robust Infrastructure
- Improved Compressor Reliability and Efficiency
- Mitigate Risk to Firm Service
- Lower Fuel Costs and Reduced LAUF
- Alleviate Constraints and Increase Flexibility
- Increase Access to Supplies and Markets
- Columbia's Rates must remain Competitive

Modernization Synergies and Challenges

Challenges (a.k.a “Opportunities”)

- Modernization must be optimized with growth opportunities to realize synergies
- Employees from across the organization are critical to the success
- Gas supply shifts will continue to drive changes in the way our system operates - we must be flexible and efficient in adapting
- Project planning and coordination will be complex
 - Difficult environment to permit at Federal, state & local levels
- Execution must be flawless

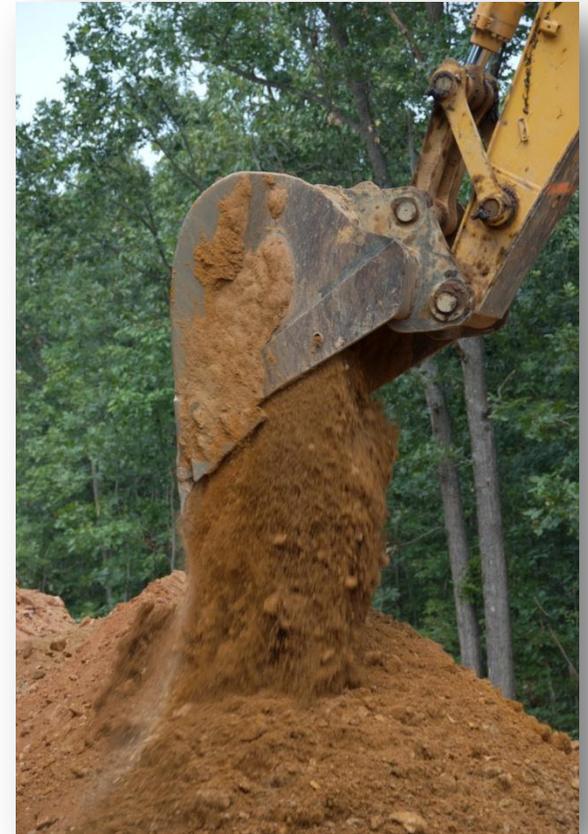
Modernization: Ensuring Recovery

Settlement Framework

- Key Components
 - Projects based upon a five year “eligible facilities plan”
 - Spending limit of \$300 million per year with 15% tolerance
 - 5-year cap of \$1.5 Billion
 - Projects can shift across years and new projects can be introduced; however, customer review and consensus is required in certain cases
 - Annual presentation to customers demonstrating project success and a forward look at the next year’s work
 - Projects must be placed in service by October 31 of each year
 - In-service requires close-out from a financial perspective so cost can be identified and recovered
- FERC Order approving settlement issued on January 24, 2013

2013 Modernization Program Overview

- Currently 26 Modernization Projects in 2013
- 16 Projects Focus on Reliability
 - Replacement of Aging Compression
 - Updating Compressor Controls
 - Pipeline Reliability (MB Loop, SM 81, WB Efficiency)
- 10 Projects to Replace Bare Steel/Wrought Iron
- Must be In-Service by October 31, 2013



2013 Modernization Program

Year 1 Expectations

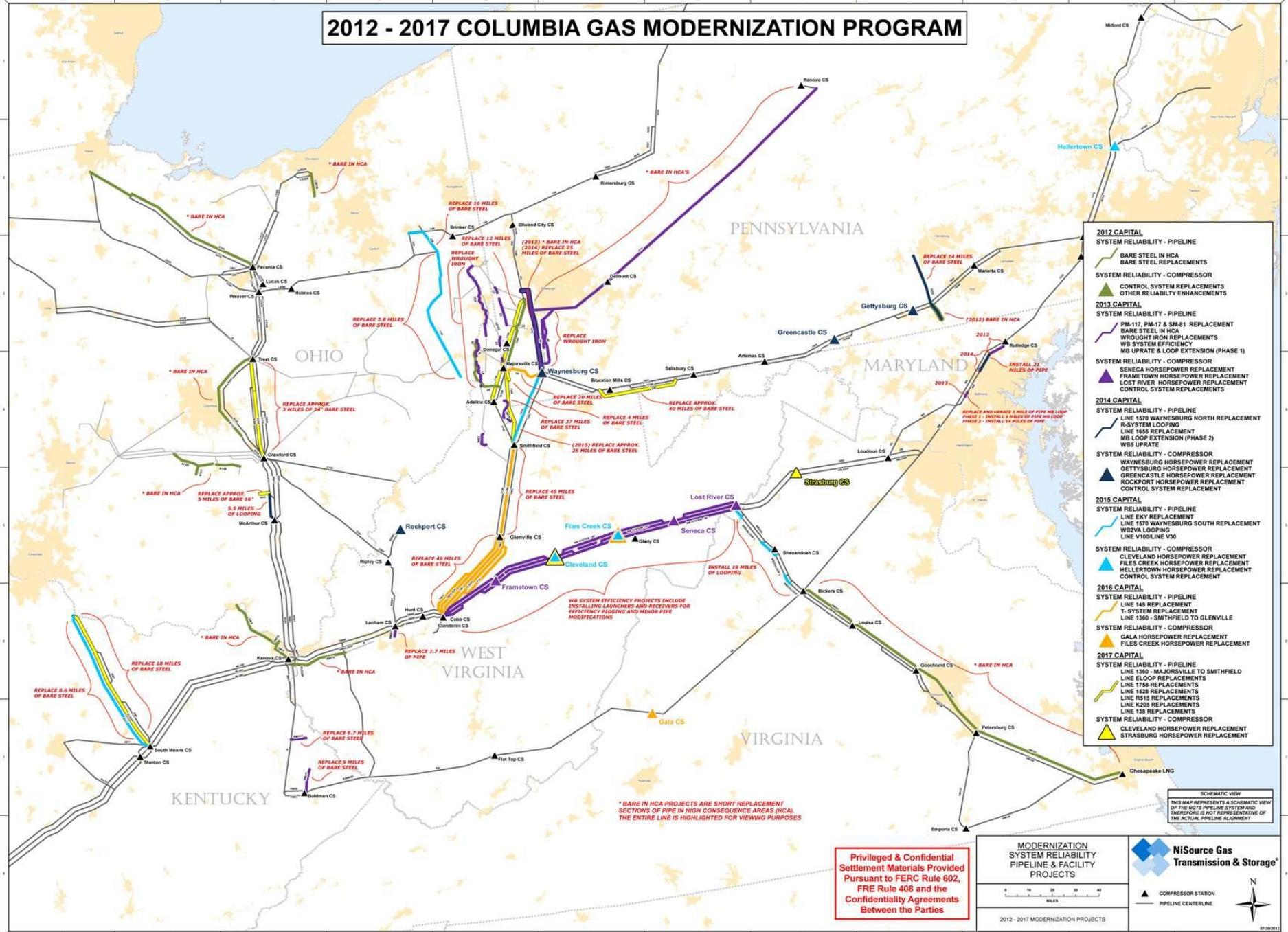
- Anticipate placing in-service between \$275M - \$315M worth of projects by Oct. 31st, 2013
 - Replace approx. 67 miles of B.S. & W.I. pipe
 - Replace approx. 50,000 HP
 - Upgrade control systems for 8 stations

Category (Modernization)	2013 Investment (M)
Compressor Reliability	\$115.4
Reliability Controls	\$23.5
Pipeline Reliability	\$81.5
Bare Steel	\$34.8
Bare Steel in HCA	\$20.7
Wrought Iron	\$36.5
Total	\$312.4

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- Expecting to spend an additional \$60M for future Modernization projects
 - Will spend a minimum of \$100M on typical maintenance capital

Appendix

2012 - 2017 COLUMBIA GAS MODERNIZATION PROGRAM



- 2012 CAPITAL**
- SYSTEM RELIABILITY - PIPELINE
 - BARE STEEL IN HCA
 - BARE STEEL REPLACEMENTS
- SYSTEM RELIABILITY - COMPRESSOR
 - CONTROL SYSTEM REPLACEMENTS
 - OTHER RELIABILITY ENHANCEMENTS
- 2013 CAPITAL**
- SYSTEM RELIABILITY - PIPELINE
 - PM-117, PM-17 & SM-41 REPLACEMENT
 - BARE STEEL IN HCA
 - WROUGHT IRON REPLACEMENTS
 - WB SYSTEM EFFICIENCY
 - MB UPGRADE & LOOP EXTENSION (PHASE 1)
- SYSTEM RELIABILITY - COMPRESSOR
 - SENECA HORSEPOWER REPLACEMENT
 - FRAMETOWN HORSEPOWER REPLACEMENT
 - LOST RIVER HORSEPOWER REPLACEMENT
 - CONTROL SYSTEM REPLACEMENTS
- 2014 CAPITAL**
- SYSTEM RELIABILITY - PIPELINE
 - LINE 1570 WAYNESBURG NORTH REPLACEMENT
 - R-SYSTEM LOOPING
 - LINE 1555 REPLACEMENT
 - MB LOOP EXTENSION (PHASE 2)
 - WB UPGRADE
- SYSTEM RELIABILITY - COMPRESSOR
 - WAYNESBURG HORSEPOWER REPLACEMENT
 - GETTYSBURG HORSEPOWER REPLACEMENT
 - GREENCASTLE HORSEPOWER REPLACEMENT
 - ROCKPORT HORSEPOWER REPLACEMENT
 - CONTROL SYSTEM REPLACEMENT
- 2015 CAPITAL**
- SYSTEM RELIABILITY - PIPELINE
 - LINE EKY REPLACEMENT
 - LINE 1570 WAYNESBURG SOUTH REPLACEMENT
 - WEVA LOOPING
 - LINE V100LINE V30
- SYSTEM RELIABILITY - COMPRESSOR
 - CLEVELAND HORSEPOWER REPLACEMENT
 - FILES CREEK HORSEPOWER REPLACEMENT
 - HELLERTOWN HORSEPOWER REPLACEMENT
 - CONTROL SYSTEM REPLACEMENT
- 2016 CAPITAL**
- SYSTEM RELIABILITY - PIPELINE
 - LINE 149 REPLACEMENT
 - T-SYSTEM REPLACEMENT
 - LINE 1360 - SMITHFIELD TO GLENVILLE
- SYSTEM RELIABILITY - COMPRESSOR
 - GALA HORSEPOWER REPLACEMENT
 - FILES CREEK HORSEPOWER REPLACEMENT
- 2017 CAPITAL**
- SYSTEM RELIABILITY - PIPELINE
 - LINE 1260 - MADRISVILLE TO SMITHFIELD
 - LINE ELOOP REPLACEMENTS
 - LINE 1758 REPLACEMENTS
 - LINE 1528 REPLACEMENTS
 - LINE R515 REPLACEMENTS
 - LINE K205 REPLACEMENTS
 - LINE 138 REPLACEMENTS
- SYSTEM RELIABILITY - COMPRESSOR
 - CLEVELAND HORSEPOWER REPLACEMENT
 - STRASBURG HORSEPOWER REPLACEMENT

* BARE IN HCA PROJECTS ARE SHORT REPLACEMENT SECTIONS OF PIPE IN HIGH CONSEQUENCE AREAS (HCA). THE ENTIRE LINE IS HIGHLIGHTED FOR VIEWING PURPOSES

Privileged & Confidential
Settlement Materials Provided
Pursuant to FERC Rule 602,
FERE Rule 408 and the
Confidentiality Agreements
Between the Parties

**MODERNIZATION
SYSTEM RELIABILITY
PIPELINE & FACILITY
PROJECTS**

**NiSource Gas
Transmission & Storage**

SCHEMATIC VIEW
THIS MAP REPRESENTS A SCHEMATIC VIEW OF THE NGTS PIPELINE SYSTEM AND THEREFORE IS NOT REPRESENTATIVE OF THE ACTUAL PIPELINE ALIGNMENT

0 10 20 30
MILES

▲ COMPRESSOR STATION
— PIPELINE CENTERLINE

N

2012 - 2017 MODERNIZATION PROJECTS

Lost River HP



Projected In-Service Date:

9/27/2013

Cost Estimate:

Total Project Estimate:	\$39.42
2013 CCRM Inclusion:	\$38.61
2014 CCRM Inclusion*:	\$0.81

*Reflects trailing costs associated with the project (i.e., reseeding, site restoration, etc.) that will be incurred but not by the 10/31 cutoff.

Project Overview:

This project will improve the WB system reliability by installing two, 8030 HP Solar 70 units at Lost River Compressor station and placing 12,100 HP in emergency standby mode at the station.

Fuel & Emission Benefits:

Fuel Impact

Current Fuel (MSCF)	30,246
Anticipated Fuel (MSCF)	32,335
Fuel Change	+7%

Potential Emission Impact

Current Tons	1,382
Anticipated Tons	678
Emission Change	-51%

The existing 1950-vintage reciprocating horsepower is slightly more fuel efficient than the replacement turbines, however, this is mitigated by emission and reliability gains associated with the new equipment.

Benefits to System Flexibility & Reliability:

Stand-by units at Lost River will allow Columbia to take units out of service for planned/unplanned maintenance – which will increase availability of system flexibility and non-firm capacity during those outages.

Modernization Criterion:

- The facility operates at a relatively high level of risk**
- The facility will require upgrades to meet emerging regulations, and/or
- The facility has lower than desirable reliability to meet current or future service requirements due to current design and/or condition**

Seneca HP



Projected In-Service Date:

Saturn Relocation: 7/25/2013

Mars Installation: 9/18/2013

Cost Estimate:

Total Project Estimate: \$39.43

2013 CCRM Inclusion: \$38.62

2014 CCRM Inclusion*: \$0.81

*Reflects trailing costs associated with the project (i.e., reseeding, site restoration, etc.) that will be incurred but not by the 10/31 cutoff.

Project Overview:

Improve WB System reliability by installing two 8,030 HP Mars turbine compressors at Seneca compressor station and placing 13,750 HP in emergency stand-by mode. In addition, will relocate one, 1,350 HP Solar Saturn turbine from Adaline.

Fuel & Emission Benefits:

Fuel Impact

Current Fuel (MSCF)	122,326
Proposed Fuel (MSCF)	97,848
Fuel Change	-20%

Potential Emission Impact

Current Tons	654
Anticipated Tons	352
Emission Change	-46%

Benefits to System Flexibility & Reliability:

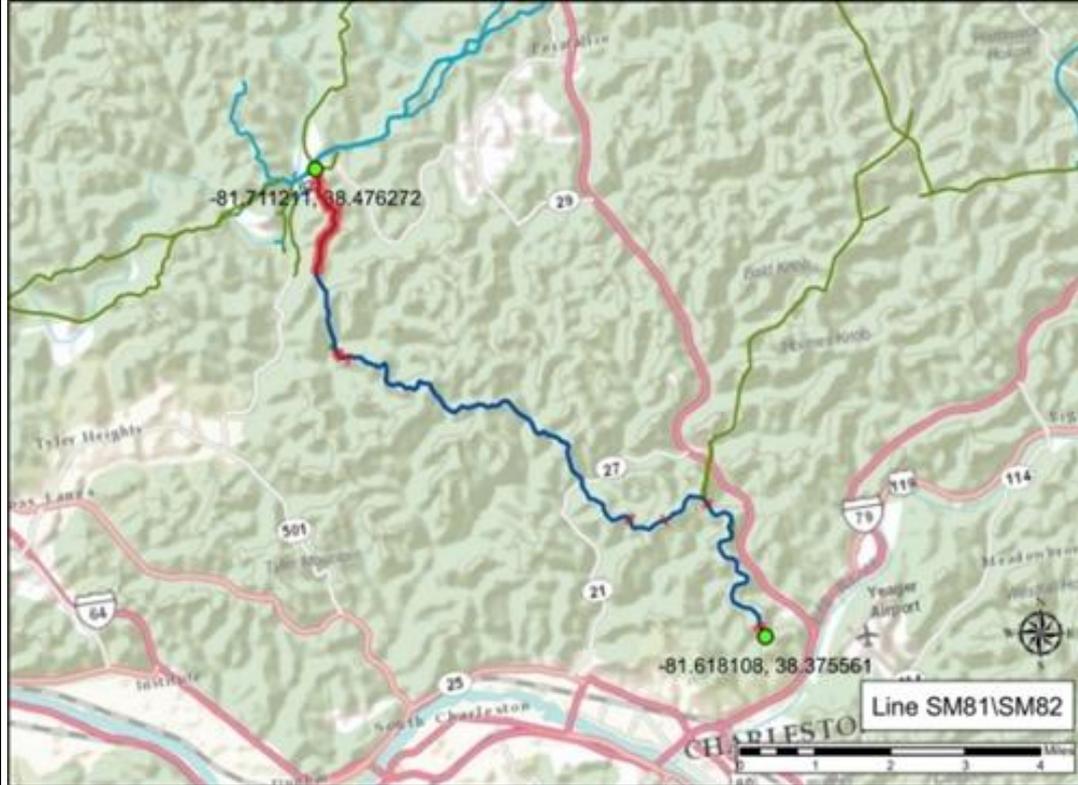
Stand-by units at Seneca will allow Columbia to take units out of service for planned/unplanned maintenance without impacting capacity, which will alleviate restrictions to secondary capacity. This will improve secondary access to markets downstream and to supplies upstream of this area, including Columbia's pools.

The relocation of the Saturn unit to enable better cycling of gas in storage at Terra Alta Eastern Storage field will help alleviate certain restrictions on secondary points late in the injection/withdrawal season, including Columbia's pools.

Modernization Criterion:

1. The facility operates at a relatively high level of risk
2. The facility will require upgrades to meet emerging regulations, and/or
3. The facility has lower than desirable reliability to meet current or future service requirements due to current design and/or condition

SM 81



Projected In-Service Date:

8/30/2013

Cost Estimate:

Total Project Estimate:	\$8.86
2013 CCRM Inclusion:	\$8.80
2014 CCRM Inclusion*:	\$0.06

*Reflects trailing costs associated with the project (i.e., reseeding, site restoration, etc.) that will be incurred but not by the 10/31 cutoff.

Project Overview:

This project will replace a bare, leak prone SM81 pipeline in Kanawha County, WV. Approximately 1.7 miles of SM81 will be replaced with 12" coated steel. A new drip will be installed at Lanham CS and a new mainline valve installed at Fisher's Branch.

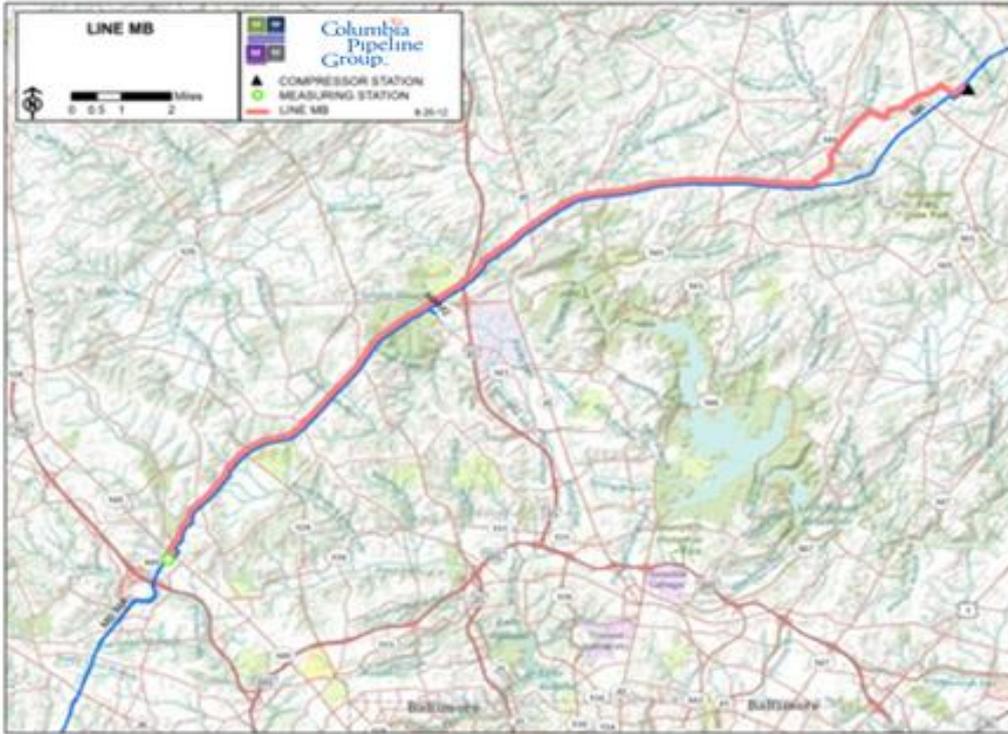
Benefits to System Flexibility & Reliability:

Line SM 81 is a high risk pipeline that has a history of internal corrosion problems. Replacement of this line will not have a direct impact on operational capacity; however, replacements will result in an increase in the reliability of service.

Modernization Criterion:

1. The facility operates at a relatively high level of risk
2. The facility will require upgrades to meet emerging regulations, and/or
3. The facility has lower than desirable reliability to meet current or future service requirements due to current design and/or condition

5-mile Line MB Extension



Projected In-Service Date:

10/15/2013

Cost Estimate:

Total Project Estimate:	\$32.01
2013 CCRM Inclusion:	\$30.71
2014 CCRM Inclusion*:	\$1.30

*Reflects trailing costs associated with the project (i.e., reseeding, site restoration, etc.) that will be incurred but not by the 10/31 cutoff.

Project Overview:

Extension of existing Line MB, from Owings Mills M&R to Rutledge CS, to provide security of gas supply . This project is Phase 1 of the 21 mile installation of new 26-inch pipeline and will cover the 5 mile section from Rutledge CS to Manor Rd M&R.

Benefits to System Flexibility & Reliability:

Extending Line MB will allow for secondary source of supply for local market and a loop to enable more flexible gas flow. The additional flexibility will help reduce restrictions to secondary points on Columbia's system:

- Completed loop to Rutledge enables continuation of service in the event of planned or unplanned outage along parallel Line MA.
- The extension of Line MB creates an increase in linepack, thereby providing additional support to the local market in case of disruption along parallel Line MA.
- The MB Loop enables greater ability to perform maintenance along Line MA without imposing restrictions to firm and/or secondary markets.

Modernization Criterion:

1. The facility operates at a relatively high level of risk
2. The facility will require upgrades to meet emerging regulations, and/or
3. The facility has lower than desirable reliability to meet current or future service requirements due to current design and/or condition

1-mile Line MB Replacement



Projected In-Service Date:
10/15/2013

Cost Estimate:

Total Project Estimate:	\$8.07
2013 CCRM Inclusion:	\$7.92
2014 CCRM Inclusion*:	\$0.15

*Reflects trailing costs associated with the project (i.e., reseeding, site restoration, etc.) that will be incurred but not by the 10/31 cutoff.

Project Overview:

Replacement of 1.08-mile section of existing Line MB at Golf Course between SR 40 and I-70 to meet Class 3 requirements and upgrade of piping at Linden Church Meter/Regulator Station.

Benefits to System Flexibility & Reliability:

Replacing 1.1 miles of pipeline will restore the MAOP between Linden Church and Granite mileposts. Alleviating the constraint will help reduce restrictions to secondary capacity through internal constraints in the area on Columbia's system.

- Higher MAOP will allow for an increase in linepack, thereby providing additional support to the local market in case of a disruption to the parallel Line MA.
- Higher operating pressure can result in a reduction in horsepower utilization, resulting in fuel savings
- The restoring of MAOP will support the MB Loop expansion by enabling greater ability to perform maintenance and mitigate both planned and unplanned outages along the parallel Line MA.

Modernization Criterion:

1. The facility operates at a relatively high level of risk
2. The facility will require upgrades to meet emerging regulations, and/or
3. The facility has lower than desirable reliability to meet current or future service requirements due to current design and/or condition

WB Efficiency Projects



Projected In-Service Date:
9/20/2013

Cost Estimate:

Total Project Estimate:	\$34.49
2013 CCRM Inclusion:	\$34.06
2014 CCRM Inclusion*:	\$0.43

*Reflects trailing costs associated with the project (i.e., reseeding, site restoration, etc.) that will be incurred but not by the 10/31 cutoff.

Project Overview:

This project will install launchers and receivers and replace valve settings to allow pigging of Lines WB, WB Loop, & WBS between Cobb Compressor station and Moorefield valve setting.

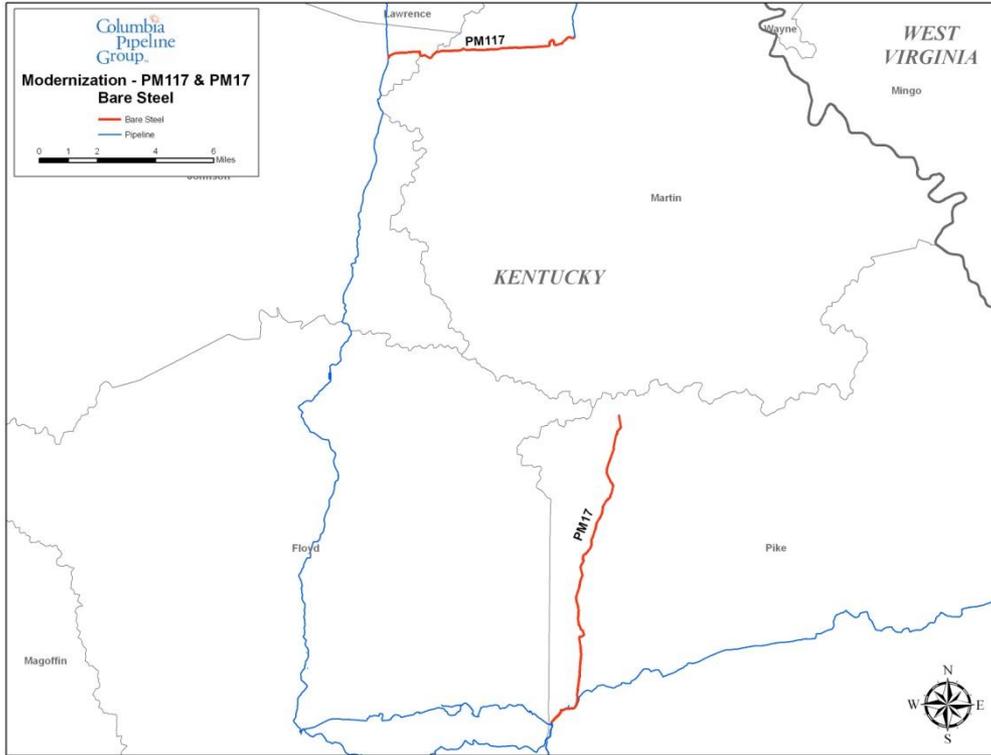
Benefits to System Flexibility & Reliability:

Installation of in-line inspection and pigging capabilities on major portions of Line WB will remove accumulated contaminants and debris found in lines not pigged in over 50 years. Ongoing maintenance pigging will provide for the highest level of capacity, which will alleviate internal constraints and increase secondary capacity to markets downstream of this area, and to supplies upstream, including pools.

- Will result in a fully piggable WB system
- Enables highest efficiency movement of gas through all pipelines from Clendenin to Lost River
- Routine pigging can typically benefit from 3-5% increase in efficiency versus line with debris.

Modernization Criterion:

1. The facility operates at a relatively high level of risk
2. The facility will require upgrades to meet emerging regulations, and/or
3. The facility has lower than desirable reliability to meet current or future service requirements due to current design and/or condition



Projected In-Service Date:

Line PM 117 – 9/5/2013

Line PM 17 – 10/24/2013

Cost Estimate:

Total Project Estimate:	\$35.56
2013 CCRM Inclusion:	\$34.79
2014 CCRM Inclusion*:	\$0.77

*Reflects trailing costs associated with the project (i.e., reseeding, site restoration, etc.) that will be incurred but not by the 10/31 cutoff.

Project Overview:

PM117 - Replace approximately 40,730 feet of various segments of bare/unknown pipe. The replacement will be done with 6" coated steel pipe.

PM17 - Replace approximately 34,500 feet of bare/unknown pipe with 10" coated steel. PM 17 consists of multiple diameters of 12, 16 and 20 inch bare coupled pipe.

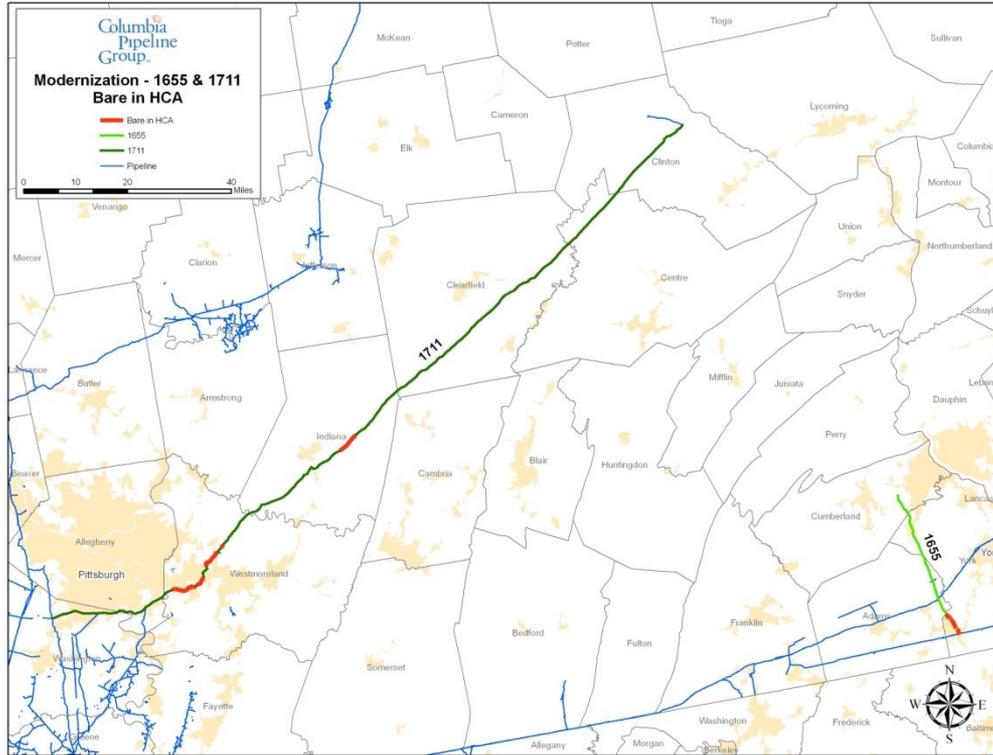
Benefits to System Flexibility & Reliability:

Lines PM-117 and PM-17 are bare steel, coupled pipelines that are high risk from a pipeline integrity and service reliability perspective. Replacement of these lines will not have a direct impact on operational capacity; however, replacements will result in an increase in the reliability of service.

Modernization Criterion:

1. The facility operates at a relatively high level of risk
2. The facility will require upgrades to meet emerging regulations, and/or
3. The facility has lower than desirable reliability to meet current or future service requirements due to current design and/or condition

Bare Steel in HCA's



Projected In-Service Date:

Line 1655– 9/2/2013

Line 1711 – 9/11/2013

Cost Estimate:

Total Project Estimate: \$21.54

2013 CCRM Inclusion: \$20.70

2014 CCRM Inclusion*: \$0.84

*Reflects trailing costs associated with the project (i.e., reseeding, site restoration, etc.) that will be incurred but not by the 10/31 cutoff.

Project Overview:

1655 - Replace 11,838 feet of bare pipe with coated pipe within five HCAs. Install a 20,127 feet reroute of 8" coated pipe around the four most northern HCAs.

1711 - Scope includes two HCA segments of 16" bare pipe replaced with 16" coated steel and two segments of 20" bare pipe will be replaced with 20" coated steel.

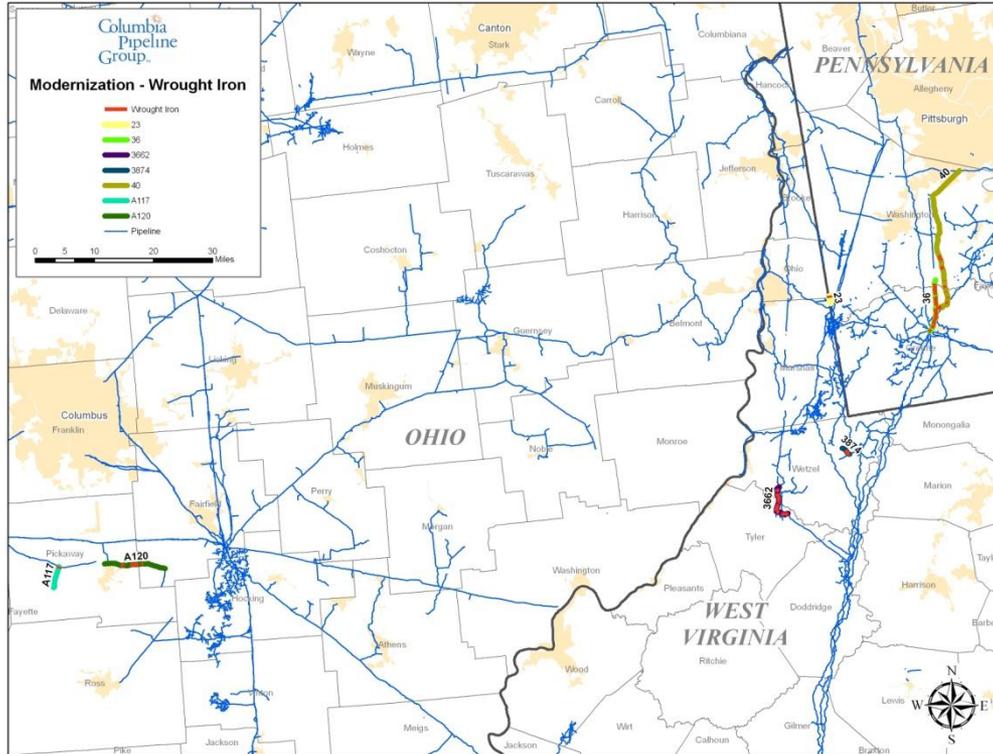
Benefits to System Flexibility & Reliability:

Bare steel in HCA projects represent replacements of short sections of pipe in the most densely populated areas. These replacements are identified as high priority from a public safety and regulatory compliance perspective. As these projects represent replacement of only small sections of pipe within longer pipelines, there is negligible impact to operational capacity.

Modernization Criterion:

1. The facility operates at a relatively high level of risk
2. The facility will require upgrades to meet emerging regulations, and/or
3. The facility has lower than desirable reliability to meet current or future service requirements due to current design and/or condition

Wrought Iron



Projected In-Service Date:

Line 23 -	8/19/2013	Line 36 -	10/15/2013
Line 40 -	10/15/2013	Line 3662 -	9/13/2013
Line 3874 -	5/20/2013		
Line A120/117-	8/16/2013		

Cost Estimate:

Total Project Estimate:	\$36.66
2013 CCRM Inclusion:	\$36.47
2014 CCRM Inclusion*:	\$0.19

*Reflects trailing costs associated with the project (i.e., reseeding, site restoration, etc.) that will be incurred but not by the 10/31 cutoff.

Project Overview:

Replace sections of wrought iron pipe at different segments across Columbia's system (see map)

Benefits to System Flexibility & Reliability:

Wrought iron replacements are identified as high priority from a public safety and regulatory compliance perspective. As these projects represent replacement of relatively short sections of pipe with lower operating pressures, there is negligible impact to operational capacity.

Modernization Criterion:

1. The facility operates at a relatively high level of risk
2. The facility will require upgrades to meet emerging regulations, and/or
3. The facility has lower than desirable reliability to meet current or future service requirements due to current design and/or condition