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NISOURCE INC/DE
Form POS AMC
September 17, 2004

(As filed with the Securities and Exchange Commission September 17, 2004)

File No. 70-10169

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

POS-AMC
on
FORM U-1
POST-EFFECTIVE AMENDMENT NO. 3
(Amendment No. 5)
TO
APPLICATION OR DECLARATION
UNDER THE
PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

NiSource Inc.
Northern Indiana Public Service Company and its subsidiary
Kokomo Gas and Fuel Company
KGF Trading Company
Northern Indiana Fuel and Light Company, Inc.
Northern Indiana Trading Company, Inc.
EnergyUSA, Inc. and its subsidiaries
PEI Holdings, Inc.
NiSource Capital Markets, Inc.
NiSource Finance Corp.
Granite State Transmission, Inc.
Crossroads Pipeline Company
NiSource Development Company, Inc. and its subsidiaries
NI Energy Services, Inc. and its subsidiaries
NiSource Corporate Services Company
NiSource Energy Technologies, Inc.
NiSource Retail Services, Inc.
IWC Resources Corporation and its subsidiaries
Columbia Energy Group
Columbia Atlantic Trading Corporation
Columbia Deep Water Services Company
Columbia Energy Services Corporation
Columbia Remainder Corporation and its subsidiary
Columbia Assurance Agency, Inc.
801 East 86th Avenue
Merrillville, Indiana 46410-6272

Bay State Gas Company
Northern Utilities, Inc.
300 Friberg Parkway
Westborough, Massachusetts 01581-5039

Columbia Gas of Kentucky, Inc.
Columbia Gas of Ohio, Inc.
Columbia Gas of Maryland, Inc.
Columbia Gas of Pennsylvania, Inc.
Columbia Gas of Virginia, Inc.
Columbia of Ohio Receivables Corporation

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200 Civic Center Drive
Columbus, Ohio 43215

Columbia Gas Transmission Corporation
1700 MacCorkle Avenue, SE
Charleston, West Virginia 25314

Columbia Gulf Transmission Company
2603 Augusta, Suite 125
Houston, Texas 77057

Central Kentucky Transmission Company
2001 Mercer Road
P.O. Box 14241
Lexington, Kentucky 40512

Columbia Network Services Corporation and its subsidiary
1600 Dublin Road
Columbus, Ohio 43215-1082

NiSource Insurance Corporation Limited
20 Parliament Street
P.O. Box HM 649
Hamilton HM CX, Bermuda

(Names of companies filing this statement and addresses
of principal executive offices)

NISOURCE INC.

(Name of top registered holding company parent of each applicant or declarant)

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Jeffrey W. Grossman, Vice President and Controller
NiSource Inc.
801 East 86th Avenue
Merrillville, Indiana 46410-6272

(Name and address of agent for service)

The Commission is requested to mail copies of all orders,
notices and other communications to:

Peter V. Fazio, Jr., Esq.
Schiff Hardin & Waite
6600 Sears Tower
Chicago, Illinois 60606-6473

William T. Baker, Jr., Esq.
Thelen Reid & Priest LLP
875 Third Avenue
New York, New York 10022

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Post-Effective Amendment No. 1, filed in this proceeding on March 17,
2004, as amended and restated in its entirety by Post-Effective Amendment No. 2,

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filed on August 19, 2004, is hereby further amended and restated in its entirety to read as follows:

ITEM 1. DESCRIPTION OF PROPOSED TRANSACTION.

1.1 INTRODUCTION. NiSource Inc. ("NiSource"), a registered holding company,^{1/} directly and indirectly owns all of the issued and outstanding common stock of ten public utility subsidiary companies: Northern Indiana Public Service Company ("Northern Indiana"), Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc., Bay State Gas Company, Northern Utilities, Inc., Columbia Gas of Kentucky, Inc., Columbia Gas of Maryland, Inc., Columbia Gas of Ohio, Inc., Columbia Gas of Pennsylvania, Inc. and Columbia Gas of Virginia, Inc. (collectively, the "Utility Subsidiaries"). Together, the Utility Subsidiaries distribute gas at retail to approximately 3.3 million customers in portions of Indiana, Ohio, Virginia, Maryland, Kentucky, Pennsylvania, Massachusetts, New Hampshire and Maine. In addition, Northern Indiana generates, transmits and sells electricity to approximately 441,000 customers in 21 counties in northern Indiana.

By order dated December 30, 2003 in this proceeding (the "Prior Order"), the Commission authorized NiSource, the Utility Subsidiaries and certain of NiSource's direct and indirect non-utility subsidiary companies to engage in a program of external and intrasystem financing, to organize and acquire the securities of certain specified types of new subsidiaries, to engage in certain non-exempt non-utility businesses, and to engage in other related transactions in the ordinary course of business. In particular, as it relates to this Post-Effective Amendment, NiSource, the Utility Subsidiaries, and certain of NiSource's non-utility subsidiaries were authorized to continue as parties to the NiSource System Money Pool Agreement ("Money Pool"), subject to terms and conditions previously approved by the Commission in File No. 70-9945,^{2/} and, to the extent not exempt under Rule 52, the participating subsidiaries of NiSource were authorized to make borrowings from each other and from NiSource Finance Corp., a financing subsidiary of NiSource, pursuant to the Money Pool, and, in connection therewith to execute and deliver their promissory notes evidencing such Money Pool borrowings.

1.2 FURTHER RELIEF REQUESTED. It is now requested that the Commission issue a supplemental order in this proceeding authorizing NiSource Retail Services, Inc. ("Retail Services"), a non-utility subsidiary of NiSource, and Central Kentucky Transmission Company ("Central Kentucky"), a non-utility subsidiary of Columbia Gas of Kentucky, Inc. ("Columbia Kentucky"), to become parties to and participate in the Money Pool as borrowers,^{3/} subject to the same terms and conditions previously authorized by the Commission. It is further requested that the Commission reserve jurisdiction over the participation of any

1 See NiSource Inc., et al., Holding Co. Act Release No. 27263 (Oct. 30, 2000).

2 See NiSource Inc., et al., Holding Co. Act Release Nos. 27479 (Dec. 19, 2001), 27535 (June 3, 2002), and 27559 (Aug. 8, 2002).

3 Under the terms of the Prior Order, no further Commission authorization is required for any new non-exempt subsidiary of NiSource to participate in the Money Pool as a lender only.

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a borrower under the Money Pool.

Retail Services, which was incorporated in November 2003, is an "energy-related company" under Rule 58 that was organized to render energy-management services, to sell, install, and/or service standard gas and electric appliances, and to provide other technical services developed in the course of utility operations, including, without limitation, in-house gas line maintenance and repair services. Central Kentucky, which was incorporated in September 2004, is a "gas-related company" under the Rule 58 that was organized by Columbia Kentucky in order to acquire and hold a 25% undivided interest in a segment of Columbia Gas Transmission Corporation's interstate pipeline and appurtenant facilities located in Kentucky (referred to as Line KA-1).⁴ Central Kentucky will utilize the pipeline to provide gas transportation service to Columbia Kentucky and to unaffiliated third parties pursuant to a gas transportation tariff approved by the Federal Energy Regulatory Commission.

ITEM 2. FEES, COMMISSIONS AND EXPENSES.

The additional fees, commissions and expenses incurred or to be incurred in connection with the preparation and filing of this Post-Effective Amendment are estimated not to exceed \$4,000.

ITEM 3. APPLICABLE STATUTORY PROVISIONS.

3.1 GENERAL. Sections 6(a), 7, 9(a), 10, 12(b) and 12(f) of the Act are applicable to Money Pool transactions (to the extent not exempt under Rule 52).

3.2 COMPLIANCE WITH RULES 53 AND 54. The transactions proposed herein are also subject to Rules 53 and 54. Under Rule 53(a), the Commission shall not make certain specified findings under Sections 7 and 12 in connection with a proposal by a holding company to issue securities for the purpose of acquiring the securities of or other interest in an EWG, or to guarantee the securities of an EWG, if each of the conditions in paragraphs (a)(1) through (a)(4) thereof are met, provided that none of the conditions specified in paragraphs (b)(1) through (b)(3) of Rule 53 exists. Rule 54 provides that the Commission shall not consider the effect of the capitalization or earnings of subsidiaries of a registered holding company that are EWGs or FUCOs in determining whether to approve other transactions if Rule 53(a), (b) and (c) are satisfied. These standards are met.

Rule 53(a)(1): NiSource's "aggregate investment" (as defined in Rule 53) in EWGs is currently \$303,012,014, or approximately 41.2% of NiSource's "consolidated retained earnings" (also as defined in Rule 53) at June 30, 2004

4 The purchase price for the 25% undivided interest in Line KA-1 is approximately \$275,000. This transaction is expected to benefit retail gas customers in Kentucky by lowering Columbia Kentucky's gas transportation costs. Under the Prior Order, the Commission has authorized non-utility subsidiaries of NiSource to sell or otherwise transfer assets to each other.

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(\$736,044,759). NiSource does not hold an interest in any FUCO.

Rule 53(a)(2): NiSource will maintain books and records enabling it to identify investments in and earnings from each EWG and FUCO in which it directly

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or indirectly acquires and holds an interest. NiSource will cause each domestic EWG in which it acquires and holds an interest, and each foreign EWG and FUCO that is a majority-owned subsidiary, to maintain its books and records and prepare its financial statements in conformity with U.S. generally accepted accounting principles ("GAAP"). All of such books and records and financial statements will be made available to the Commission, in English, upon request.

Rule 53(a)(3): No more than 2% of the employees of the Utility Subsidiaries will, at any one time, directly or indirectly, render services to EWGs and FUCOs.

Rule 53(a)(4): NiSource will submit a copy of the Application/Declaration in this proceeding and each amendment thereto, and will submit copies of any Rule 24 certificates required hereunder, as well as a copy of NiSource's Form U5S, to each of the public service commissions having jurisdiction over the retail rates of the Utility Subsidiaries.

In addition, NiSource states that the provisions of Rule 53(a) are not made inapplicable to the authorization herein requested by reason of the occurrence or continuance of any of the circumstances specified in Rule 53(b). Rule 53(c) is inapplicable by its terms.

ITEM 4. REGULATORY APPROVALS.

No state commission, and no federal commission, other than the Commission, has jurisdiction over the proposed transaction.

ITEM 5. PROCEDURE.

The Commission has issued a notice of the proposed transaction (Holding Co. Act Release No. 27884) and no request for hearing was made. The applicants respectfully request that the Commission issue a supplemental order approving the proposed transaction as soon as practicable. The applicants further request that there should not be a 30-day waiting period between issuance of the Commission's order and the date on which the order is to become effective, waive a recommended decision by a hearing officer or any other responsible officer of the Commission, and consent to the participation by the Division of Investment Management in the preparation of the Commission's decision and/or order, unless the Division of Investment Management opposes the matters proposed herein.

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ITEM 6. EXHIBITS AND FINANCIAL STATEMENTS.

A. EXHIBITS.

(no additional exhibits are being filed with this Post-Effective Amendment)

B. FINANCIAL STATEMENTS.

FS-1 NiSource Inc. Consolidated Balance Sheet as of December 31, 2003 and Consolidated Statement of Income for the year ended December 31, 2003 (incorporated by reference to NiSource Inc.'s Annual

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Report on Form 10-K for the year ended December 31, 2003) (File No. 1-16189).

FS-2 NiSource Inc. Consolidated Balance Sheet as of June 30, 2004 and Consolidated Statement of Income for the six months ended June 30, 2004 (incorporated by reference to NiSource Inc.'s Quarterly Report on Form 10-Q for the period ended June 30, 2004) (File No. 1-16189).

ITEM 7. INFORMATION AS TO ENVIRONMENTAL EFFECTS.

The proposed transaction does not involve a "major federal action" nor does it "significantly affect the quality of the human environment," as those terms are used in section 102(2)(C) of the National Environmental Policy Act. The proposed transaction that are the subject of this Post-Effective Amendment will not result in changes in the operation of the applicants that will have an impact on the environment. The applicants are not aware of any federal agency that has prepared or is preparing an environmental impact statement with respect to the proposed transaction.

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SIGNATURES

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned companies has duly caused this Post-Effective Amendment to be signed their behalves by the undersigned thereunto duly authorized.

NiSource Inc.
Northern Indiana Public Service Company
EnergyUSA, Inc.
NiSource Capital Markets, Inc.
NiSource Finance Corp.
NiSource Development Company, Inc.
NI Energy Services, Inc.
NiSource Corporate Services Company
NiSource Energy Technologies, Inc.
NiSource Retail Services, Inc.
Kokomo Gas and Fuel Company
KGF Trading Company
Northern Indiana Fuel and Light Company, Inc.
Northern Indiana Trading Company, Inc.
Bay State Gas Company
Northern Utilities, Inc.
PEI Holdings, Inc.
Granite State Transmission, Inc.
Crossroads Pipeline Company
IWC Resources Corporation
Columbia Energy Group
Columbia Gas of Kentucky, Inc.
Columbia Gas of Ohio, Inc.
Columbia Gas of Maryland, Inc.
Columbia Gas of Pennsylvania, Inc.
Columbia Gas of Virginia, Inc.
Columbia Network Services Corporation
Columbia Atlantic Trading Corporation
Columbia Deep Water Services Company
Columbia of Ohio Receivables Corporation

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NiSource Insurance Corporation Limited
Columbia Gulf Transmission Company
Columbia Gas Transmission Corporation
Central Kentucky Transmission Company

(signatures continued on next page)

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Columbia Network Services Corporation
CNS Microwave, Inc.
Columbia Energy Services Corporation
Columbia Remainder Corporation
Columbia Assurance Agency, Inc.

By: /s/ Jeffrey W. Grossman

Name: Jeffrey W. Grossman
Title: Vice President

Date: September 17, 2004