CONSOLIDATE DISTRIBUTION OPERATIONS

Scope – Consolidate management of distribution operations while maintaining safe and reliable service through local LDC brands.

Benefits

- O&M cost reductions of 70-90 FTEs via consolidation and elimination of duplicate work.
- Standardized operating practices and policies.
- Optimize management layers to remain agile, close to the customer, and rapid in decision making.

Risks/Assumptions

- Regulatory issues
- IT system integration

CONSOLIDATE DISPATCHING

Scope – Consolidate field service dispatch centers in the Columbia and Bay State Gas operations.

Benefits

- O&M cost reductions of 11 FTEs.
- Reduce redundant dispatch staff.
- Minimal cost to achieve.

Risks/Assumptions

- Multiple technology platforms
- Aggressive implementation schedule
- Union agreements

LOCATE SCREENING

Scope – Screen locate requests from a central location.

Benefits

- Reduces payments to contractors for "clear" locates.
- Expands scope of existing best practice.

Risks/Assumptions

- High percentage of clear locates can be screened out.
- Union agreements.

OUTSOURCING

Scope - Outsource locating, gas leak surveys and annual cathodic protection surveys.

Benefits

- Reduce staff by 114 FTEs.
- Allocate internal resources to more technical tasks.
- Potential to outsource similar tasks at TCO.

Risks/Assumptions

- Non-union workforce organizing efforts
- Union agreements

CONSOLIDATE GAS METER SHOP OPERATIONS

Scope – Consolidate gas meter shop operations, outsource domestic meter repairs and extend meter exchange timeframe.

Benefits

- Reduction of 20 FTEs.
- Reduce meter exchanges.
- Competitive meter repair pricing through supply chain.

Risks/Assumptions

- Retain gas meter in-test and statistical sampling responsibilities.
- Union agreements
- State regulatory approvals

CLOSE AND DISPOSE OF UNDERUTILIZED BUILDINGS

Scope – Consolidate distribution operations and investigate sharing facilities between distribution and transmission operations.

Benefits

- Convert under-utilized or vacant properties to cash.
- Reduce operating expenses
- Synergies from consolidating distribution and transmission facilities.

Risks/Assumptions

- Environmental issues.
- Lease buyout costs and subleasing limitations
- Potential union issue by changing reporting location.

DIVEST UNDER-PERFORMING ASSETS

Scope – Identify under-performing assets. Evaluate for divestiture based on potential market price, revenue loss and operating expense reductions.

Benefits

- Revenue from asset sales:
  - Wells, ME property
  - Blackhawke storage field
  - Four Northwest PA distribution systems
- Reduce O&M expenses.
- Reduction of 32 FTEs

Risks/Assumptions

- Regulatory rate treatment
- Regulatory reaction to proposed sale of small distribution systems
- Environmental issues

BEST PRACTICES – DISTRIBUTION OPERATIONS

Scope – Four (4) best practices identified to enhance profitability and increase system integrity:

1. Reduce leak repairs by replacing services
2. Eliminate "stop valve work" on service leaks
3. Minimize use of curb valves
4. Implement leak classification

Benefits

- Reduce O&M costs.
- Reduce recurring capital costs.
- Better utilize resources while maintaining system integrity and safety.

Risks/Assumptions

- Changes may be perceived as reducing public safety, but are standard practice in most gas utilities.

DISCONTINUE PROVIDING GAS METER LOOPS

Scope – Discontinue providing free meter loops (prefabricated meter sets) in Columbia Ohio and western portions of Columbia Pennsylvania.

Benefits

- $1.4 million in annual capital cost reductions

Risks/Assumptions

- Regulatory acceptance
- Customer acceptance
- Possible competitive disadvantage in western PA

MODIFICATIONS TO COLUMBIA OHIO NEW BUSINESS POLICY

Scope – Change installation work practices to minimize trips to a new business site.

Benefits

- Reductions of 10 FTEs

Risk/Assumption

Union agreements

Customer acceptance

AUTOMATED RECORDS AND MAPPING

Scope – Convert existing maps, paper documents and various non-integrated databases to one integrated electronic format. Expand electronic mapping where currently in use.

Benefits

- Reduction of 15 FTEs
- Eliminates work order backlog
- Current prints more accurate.
- More accurate system planning .

Risks/Assumptions

- Union agreements

SERVICE ORDERS/SOFT CLOSE

Scope – Implement the soft close meter shut-off process.

Benefits

- Reduction of 7 FTEs.
- Streamline process for customer convenience
- Expands best practice

Risks/Assumptions

- Customer acceptance
- Regulatory acceptance
- Company absorbs cost of unassigned consumption.

ELIMINATE NON-UTILITY SERVICE WORK

Scope – Eliminate or bill for services not emergency-related or required by tariffs.

Benefits

- Reductions of 75 FTEs
- Revenue producing opportunities.

Risks/Assumptions

- Regulatory acceptance
- Customer acceptance
- Trade allies acceptance

Project Compass
Business Case "Lite"

Team: Gas Operations
Sub Team: Distribution
Opportunity/MED Name:Service Orders-Soft Close

As of: June 16, 2000
Updated by:Dehring

All Dollars in Thousands	O&M		Capital		
	One-Time	Recurring	One-Time	Recurring	Assumptions/Metrics
Estimated Gross Revenue Enhancement					
Commodity Sales					
Non-commodity product & service sales					
Commodity Billed to LDC		($180)			NIPSCo and BSG
Other Revenue Enhancement 2					
Other Revenue Enhancement 3					
Other Revenue Enhancement 4					
Other Revenue Enhancement 5					
Total Estimated Gross Revenue Enhancement	-	(180)	-	-	
Estimated Gross Cost Reduction					
Labor		$775			NIPSCo and BSG
Contractor					
Material					
Equipment					
Lease Expense					
Utilities					
System Licensing					
IT Maintenance Support - Ongoing					
System Hardware					
Other Cost Reduction 1					
Other Cost Reduction 2					
Other Cost Reduction 3					
Other Cost Reduction 4					
Other Cost Reduction 5					
Total Estimated Gross Cost Reduction	-	775	-	-	
Estimated Gross Cost to Achieve					
Labor Severance					
Labor Expense					
Equipment Expense					
Lease Expense					
Software Purchase/Licensing					
Software Developmnt/Conversion/Training			$250		2000 Capital Budget Item
Software Developmnt/Conversion/Training			$50		
IT Maintenance Support - Ongoing					
System Hardware					
Other Cost to Achieve 1					
Other Cost to Achieve 2					
Other Cost to Achieve 3					
Other Cost to Achieve 4					
Other Cost to Achieve 5					
Total Estimated Gross Cost to Achieve	-	-	300	-	
Total Estimated Net Benefit	-	595	(300)	-	

Team: Gas Operations
Sub Team: Distribution
Opportunity/MED Name: Service Orders-Soft Close
Initial Priority: Medium

As of:June 16,2000
Updated by:Dehring

Project Description and Scope:

Implement the Soft-Close Meter shut-off process at NIPSCo and Bay State.
Dollar savings are documented in previously developed NIPSCo business case
The major impact of this falls in the Field Service Area
Benefits should begin realization in Jan, 2000 for NIPSCo and March 2000 for Bay State

Key Work Tasks:

Make changes to Nipsco's CIS system to support both Nipsco and Bay State. These changes are budgetted at Nipsco for 2000 and are expected to be completed by 9/2000. Assuming IT resources are available, this is fairly easy to implement.

Key Goals/Objectives (Benefits or Problems Avoided):

Reduce the number of meter shut offs and turn ons completed

Systems/Applications Impacted:

CIS at NIPSCo

Alternatives Considered:

Considered at other Columbia Companies. Ohio already is implementing the same concept as part of their baseline expenses. Virginia and PA cannot do this for regulatory reasons

Key Assumptions:

Reduce current level of this type of order by 33%. Some commodity charges would be borne by the LDC.

Implementation Issues/Barriers/Risks:

Need IT resources to get the CIS changes made in 2000!!

Comments:

Bay State opportunity in this area has been added to NIPSCo opportunity on a customer pro-rata basis. Additional implementation expenses at Bay State would be minimal

Project Compass
Business Case "Lite"

Team: Gas Operations **As of:** 16-Jun
Sub Team: Distribution **Updated by:** Dehring
Opportunity/MED Name Consolidate Dispatch

All Dollars in Thousands	O&M		Capital		
	One-Time	Recurring	One-Time	Recurring	Assumptions/Metrics
Estimated Gross Revenue Enhancement					
Commodity Sales					
Non-commodity product & service sales					
Other Revenue Enhancement 1					
Other Revenue Enhancement 2					
Other Revenue Enhancement 3					
Other Revenue Enhancement 4					
Other Revenue Enhancement 5					
Total Estimated Gross Revenue Enhancement	-	-	-	-	
Estimated Gross Cost Reduction					
Labor Savings Central		250			4 - fte reduction @ $60 ea
Labor Savings East		435			1-Mgr @ $75 (loaded rates)
Contractor					
Material					
Equipment					
Lease Expense					
Utilities					
System Licensing					
IT Maintenance Support - Ongoing					
System Hardware					
Other Cost Reduction 3					
Other Cost Reduction 4					
Other Cost Reduction 5					
Total Estimated Gross Cost Reduction	-	685	-	-	
Estimated Gross Cost to Achieve					
Labor Severance					
Labor Expense					
Equipment Expense					
Lease Expense					
Software Purchase/Licensing					
Software Developmnt/Conversion/Training					
IT Maintenance Support - Ongoing					
System Hardware		16	53		
Other Cost to Achieve 1					
Other Cost to Achieve 2					
Other Cost to Achieve 3					
Other Cost to Achieve 4					
Other Cost to Achieve 5					
Total Estimated Gross Cost to Achieve	-	16	53	-	
Total Estimated Net Benefit	-	669	(53)	-	

Team: Gas Operations
Sub Team: Distribution
Opportunity/MED Name:Consolidate Dispatch
Initial Priority:Medium

As of:June 20, 2000
Updated by: Smore

Project Description and Scope:

Consolidate Service Logistics Centers (dispatch) in the East (CPA/CMD/CGV/BSG) and Central (COH/CKY) LDC organizations from the current four (4) dispatch locations into two (2) consolidated locations. Logistic Centers would allign with a regional LDC concept.

In the West (Nipsco, Kokomo, NIFL) LDC, cost savings are are outweighed by the magnitude of the IT investment to ~~consolidate dispatch centers. Continue to operate current seperate dispatch centers until integration can be combined~~

Key Work Tasks:

Train Logistics Center Staff
Locations:
Central - Columbus, OH - Combine COH and CKY with somilar radio and MDT technology.
East - York, PA - Establish combination of Bay State, CPA/CMD and CGV. Three separate technologies related to MDT and communication method.

Key Goals/Objectives (Benefits or Problems Avoided):

Leverage economy of scale and reduce redundancy by reduction of dispath staff.

Systems/Applications Impacted:

Central: None ...common DIS, Astro, and MDSI platforms
East: CIS, DIS, MDSI, MSI, CDPD, Data Radio - differing platforms. However, these systems can be operated seperately from a single location and still receive the benefit of reduced staff.

Alternatives Considered:

Central: Alternative is to leave the current 2 center dispatch arrangment
East: Alternative is to keep BSG/NU as is and just consolidate VA into PA/MD
Consolidate into one (1) large central Logistics and Planning Center. (Could be accomplished as IT and

Key Assumptions:

In the Central, the communication link between OH and KY is achievable at minimal cost.
In the East, the assumption is that the Logistics Center could preserve the labor efficiencies while operating on multiple technology platforms.
Benefit realization date is likely to be mid 2001 for Central and early 2002 for the East

Implementation Issues/Barriers/Risks:

IT system convergence and the cost risk of achievement.
Uncertain ability to manage workload of 400 Service Techs over wide geography

Comments:

Team: Gas Operations **As of:June 13, 2000**
Sub Team: Distribution **Updated by:Dehring**
Opportunity/MED Name: Locate Screening

All Dollars in Thousands	O&M		Capital		
	One-Time	Recurring	One-Time	Recurring	Assumptions/Metrics
Estimated Gross Revenue Enhancement					
Commodity Sales					
Non-commodity product & service sales					
Other Revenue Enhancement 1					
Other Revenue Enhancement 2					
Other Revenue Enhancement 3					
Other Revenue Enhancement 4					
Other Revenue Enhancement 5					
Total Estimated Gross Revenue Enhancement	-	-	-	-	
Estimated Gross Cost Reduction					
Labor					
Contractor		750			Savings on Locate Clears per previous NIPSCo estimate
Material					
Equipment					
Lease Expense					
Utilities					
System Licensing					
IT Maintenance Support - Ongoing					
System Hardware					
Other Cost Reduction 1					
Other Cost Reduction 2					
Other Cost Reduction 3					
Other Cost Reduction 4					
Other Cost Reduction 5					
Total Estimated Gross Cost Reduction	-	750	-	-	
Estimated Gross Cost to Achieve					
Labor Severance					
Labor Expense		250			Cost to screen Nipsco Locates at COH Based on adding 5 fte's
Equipment Expense					
Lease Expense					
Software Purchase/Licensing			60		
Software Developmnt/Conversion/Training					
IT Maintenance Support - Ongoing					
System Hardware			40		
Other Cost to Achieve 1					
Other Cost to Achieve 2					
Other Cost to Achieve 3					
Other Cost to Achieve 4					
Other Cost to Achieve 5					
Total Estimated Gross Cost to Achieve	-	250	100	-	
Total Estimated Net Benefit	-	500	(100)	-	

Team: Gas Operations **As of:June 13, 2000**
Sub Team: Distribution **Updated by:Dehring**
Opportunity/MED Name: Locate Screening
Initial Priority:

Project Description and Scope:

Screen locate requests prior to issuing to locate contractor or in-house locators.
Savings are generated from reduction of fees paid to locate contract for "clears" and also a reduction of fees paid for screening services from the contractor.
Areas impacted are Logistics screening and in-house locating operations.
Implement by March, 2001.....Realize savings immediately thereafter

Key Work Tasks:

Expand and train COH logistic staff
Make maps and records available to COH logistic centers through inter/intra net application or by paper maps
Determine inter-company billing

Implementation Effort: Low

Key Goals/Objectives (Benefits or Problems Avoided):

Reduced dollars spent for "clear" locates.
Reduced screening fees paid to contractors
Reduced in-house locating expense

Systems/Applications Impacted:

Nipsco Records Automation
IRTH communications system

Alternatives Considered:

None

Key Assumptions:

This opportunity was uncovered by NIPSCo through a visit prior to the beginning of Project Compass. It is being expanded to include other LDC's.

LDC	Clear Savings	Screening Savings	In-House Locator Savings	Cost To Implement
NIPSCo	$750K	N/A	N/A	250K
Bay State	X	X	X	X
PA/MD	X	X	X	X
VA	X	X	X	X

Implementation Issues/Barriers/Risks:

None to Report

Comments:

Need to have other LDC's enter data in Key Assumption Cell above and then carry $'s to summary page

Team: Gas Operations
Sub Team: Distribution
Opportunity/MED Name: LDC Consolidation

As of: June 20, 2000
Updated by: Smore

All Dollars in Thousands	O&M		Capital		
	One-Time	Recurring	One-Time	Recurring	Assumptions/Metrics
Estimated Gross Revenue Enhancement					
Commodity Sales					
Non-commodity product & service sales					
Total Estimated Gross Revenue Enhancement	-	-	-	-	
Estimated Gross Cost Reduction					
Labor					
Contractor					
Material					
Equipment					
Lease Expense					
Utilities					
System Licensing					
IT Maintenance Support - Ongoing					
System Hardware					
Labor Savings - LDC Option 2		6,233			Detail worksheets attached
Labor Savings - LDC Option 3		8,250			Detail worksheets attached
Labor Savings - LDC Option 4		8,625			Detail worksheets attached
Other Cost Reduction 4					
Other Cost Reduction 5					
Total Estimated Gross Cost Reduction - Option 2	-	$6,233			
Total Estimated Gross Cost Reduction - Option 3	-	$8,250			
Total Estimated Gross Cost Reduction - Option 4	-	$8,625	-	-	
Estimated Gross Cost to Achieve					
Labor Severance					
Labor Expense					
Equipment Expense					
Lease Expense					
Software Purchase/Licensing					
Software Developmnt/Conversion/Training					
IT Maintenance Support - Ongoing					
System Hardware					
Labor Severance - LDC Option 2	1,207				Detail worksheets attached
Labor Severance - LDC Option 3	4,400				Detail worksheets attached
Labor Severance - LDC Option 4	4,600				Detail worksheets attached
Other Cost to Achieve 4					
Other Cost to Achieve 5					
Total Estimated Gross Cost to Achieve - Option 2	1,207	-	-	-	
Total Estimated Gross Cost to Achieve - Option 3	4,400	-			
Total Estimated Gross Cost to Achieve - Option 4	4,600	-			
Total Estimated Net Benefit - Option 2	(1,207)	6,233	-	-	
Total Estimated Net Benefit - Option 3	(4,400)	8,250	-	-	
Total Estimated Net Benefit - Option 4	(4,600)	8,625	-	-	

Team: Gas Operations
Sub Team: Distribution
Opportunity/MED Name: LDC Consolidation
Initial Priority:High

As of: June 20, 2000
Updated by: Smore

Project Description and Scope:

Leverage economies of scale through consolidations of the current ten (10) NiSource LDCs. Although possible organizational structures are numerous, this business case was built around the concepts and combinations of regional or separate LDCs with regionally or centrally consolidated operations technical support functions. Operations technical support for this business case includes only operational support, such as, engineering, facilities planning, corrosion, M&R, meter shop, etc. Other "corporate support," such as finance, HR, IT, etc. was assumed to be provided from elsewhere within the organization, not operations technical support.

Key Work Tasks:

Further define and design the organization.
Develop new cost allocations.
Organization staffing.

Key Goals/Objectives (Benefits or Problems Avoided):

Leverage economy of scale while maintaining standards of safety, reliability and efficiency.
Remain or develop agility.
Have speed in decision making and decision making at lowest possible level.
Be close to the customer.
Meet regulators expectations.

Systems/Applications Impacted:

Cost allocation/accounting systems.

Alternatives Considered:

Option 1) Do nothing - maintain LDC structure totally de-centralized. Not seriously considered due to lack of

Key Assumptions:

See worksheet for assumptions on existing/proposed headcount and loaded salary.
Benefits would be realized as new organization is staffed.

Implementation Issues/Barriers/Risks:

Regulatory issues related to maintaining management presence in each jurisdiction.
Cultural acceptance of organization design and consolidation.
Actual ability to achieve without IT system integration (anticipated to be small risk).

Comments:

SERVICE/METER READING RESTRUCTURING

FUNCTION	TODAY	PROPOSED	REDUCTION	VALUE EA.	TOTAL COST REDUCTION	ONE TIME SEVERANCE EXPENSE
Manager	2	1	1	$150,000	$150,000	$60,000
GL Service	5	5	0	$125,000	$0	$0
GL Meter Reading	2	0	2	$125,000	$250,000	$100,000
TL Service	17	17	0	$100,000	$0	$0
TL Service NIFL	3	1	2	$100,000	$200,000	$80,000
TL Service Kokomo	1	1	0	$100,000	$0	$0
TL Meter Reading	6	5	1	$100,000	$100,000	$40,000
Meter Reading Technician	1	1	0	$100,000	$0	$0
Mgr Data Processing Koko	1	0	1	$100,000	$100,000	$40,000
Meter Reading Secretary	1	0	1	$60,000	$60,000	$24,000
						$0
TOTAL					**$860,000**	$344,000
LESS NIFL MERGER SAVINGS					**-$200,000**	-$80,000
SAVINGS FOR UZEBELL					**$660,000**	**$264,000**

LOCATION	GROUP LEADERS	TEAM LEADERS	SERVICEMEN	METER READERS
HAM/GARY/CP	1	10	80	38
SB/LP/VAL	1	5	53	23
FW/NIFL/GOSH/ANG	1	5	55	39
KOK/PERU/MONT/PLY	1	4	28	24

LDC WEST OPERATIONS

Operate & Maintain OPERATIONS WEST	Spans (1/7)	*Operate & Maintain* OPERATIONS EAST	Spans (1/5)	*Service* SERVICE/METER READING	Spans (1/8)	*Plan&Design* OPERATIONS SUPPOR	Spans (1/8)	*Construct* CONSTRUCTION	Spans (1/5)
GL C&M HAMMOND	1/10/1951	GL C&M SOUTH BEND	1/8/1934	GL SERVICE-MR H/G/CP		MGR ENGINEERING		GL LINE	
GL C&M GARY	1/11/1964	GL C&M FORT WAYNE/NIFL	1/8/1944	GL SERVICE-MR FW/NIFL/GOS/ANG		GL TECH SERVICES		GL GAS	
GL C&M VALPARAISO	1/7/2029	GL C&M GOSHEN/ANGOLA	1/11/1956	GL SERVICE-MR SB/LP/VAL		MGR FAC/REC/CLAIM		GL STRUCTURES	
GL C&M CROWN POINT/MO	1/12/1953	GL C&M PLYMOUTH	1/6/2020	GL SERVICE-MR KOK/PERU/MONT/PLYM		GL WORK MGMT		GL PWR PLANT MAINT	
GL C&M LAPORTE	1/6/2029	GL C&M KOKOMO/PERU	1/7/1944	GL SERVICE CENTRAL OP		CONT IMPRV LEADERS (2)		SUPV ADMIN	
GL SUBSTATION/SVC CEN	1/11/1984			MGR SERVICE-MR ADMIN		PRINCIPAL EMERG. PLNG			
FORESTRY	n/a			MGR SERVICE BUSINESS		MGR GMT/LNG/ROYAL	n/a		
				GL ELECTRIC METERING					
Process Lead Electric Distribution		**Process Lead** Gas Distribution		**Process Lead** Field Service		**Process Lead** Engineering		**Process Lead** Construction	

LDC WEST RESTRUCTURING

FUNCTION	TODAY	PROPOSED	REDUCTION	VALUE EA.	TOTAL COST REDUCTION	SEVERANCE	
Dir Service Nipsco	1	1	0	$175,000	$0	$0	
Manager Service/MR	2	1	1	$150,000	$150,000	$80,400	
GL Service	5	5	0	$125,000	$0	$0	
GL Meter Reading	2	0	2	$125,000	$250,000	$134,000	
TL Service	19	19	0	$100,000	$0	$0	
TL Service NIFL	3	1	2	$100,000	$200,000	$107,200	
TL Service Kokomo	1	1	0	$100,000	$0	$0	
TL Meter Reading	6	5	1	$100,000	$100,000	$53,600	
Meter Reading Technician	1	1	0	$100,000	$0	$0	
Mgr Data Processing Kokomo	1	0	1	$100,000	$100,000	$53,600	
Meter Reading Secretary	1	0	1	$60,000	$60,000	$32,160	
Dir Field Ops Nipsco	3	3	0	$175,000	$0	$0	
GL C&M Nipsco	15	15	0	$125,000	$0	$0	
TL C&M Nipsco	110	110	0	$100,000	$0	$0	
TL C&M NIFL	1	1	0	$100,000	$0	$0	
TL C&M Kokomo	3	3	0	$100,000	$0	$0	
GL C&M Kokomo	2	0	2	$125,000	$250,000	$134,000	
VP Kokomo	1	0	1	$250,000	$250,000	$134,000	
Exec Secretary Kokomo	1	0	1	$60,000	$60,000	$32,160	
Dir Ops NIFL	1	0	1	$175,000	$175,000	$93,800	
Pres NIFL	1	0	1	$250,000	$250,000	$134,000	
Engineering Kokomo	2	2	0	$75,000	$0	$0	
Engineering NIFL	6	2	4	$75,000	$300,000	$160,800	
Reg Maint NIPSCo	33	33	0	$60,000	$0	$0	
Reg Maint NIFL	3	2	1	$60,000	$60,000	$32,160	
Reg Maint Kokomo	6	4	2	$60,000	$120,000	$64,320	
Met Shop NIPSCo	3	3	0	$60,000	$0	$0	
Met Shop NIFL	2	0	2	$60,000	$120,000	$64,320	
Met Shop Kokomo	2	1	1	$60,000	$60,000	$32,160	
NIPSCO GMT/UGS Consolidation	11	7	4	$60,000	$240,000	$128,640	
TOTAL		**248**	**220**	**28**		**$2,745,000**	**$1,471,320**
SAVINGS FOR METER READING COUNTED BY CUSTOMER SERVICE						**$660,000**	**$264,000**
NET DISTRIBUTION COMPASS SAVINGS FOR LDC CONSOLIDATION WEST						**$2,085,000**	**$1,207,320**

LDC CENTRAL OPERATIONS

VP FIELD OPS - OH
Field Mgrs (11)
-Supervisors (62)

VP FIELD OPS - K
Field Mgrs (1)
-Supervisors (8)

VP TECH SUPPORT
Logistics Mgr
Engineering Mgr
M&R& Corr Mgr
Facil Mgr
Tech Training Mgr
Const Mgr

LDC CENTRAL RESTRUCTURING

POSITION	PRESENT STAFF	PROPOSED STAF	TAFF REDUCE	BASE COMP	ONUS COM	ENEFIT COM	SAVINGS	OTAL SAVING	SEVERANCE
VP Ops	4	3	1	$125,000	$12,500	$50,000	$187,500	$187,500	$100,000
Logistics Mgr KY	2	1	1	$75,000	$7,500	$30,000	$112,500	$112,500	$60,000
Operations Manager K	2	0	2	$75,000	$7,500	$30,000	$112,500	$225,000	$120,000
Dir Oper Strategic Plan	1	0	1	$100,000	$10,000	$40,000	$150,000	$150,000	$80,000
Director Ops Services	1	0	1	$100,000	$10,000	$40,000	$150,000	$150,000	$80,000
General Services Mgr K	1	0	1	$75,000	$7,500	$30,000	$112,500	$112,500	$60,000
Engineer TBD	17	15	2	$50,000	$5,000	$20,000	$75,000	$150,000	$80,000
Team Leader KY	1	0	1	$60,000	$6,000	$24,000	$90,000	$90,000	$48,000
Operations Consultant	1	0	1	$50,000	$5,000	$20,000	$75,000	$75,000	$40,000
Engineering Manager K	2	1	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
Field Opeartions OH T	15	0	15	$0	$0	$0	$0	$0	$0
Tech Operations OH T	4	0	4	$0	$0	$0	$0	$0	$0
TOTAL			**31**	**$800,000**				**$1,387,500**	**$740,000**

Notes:

All VIRP accounted for in VIRP business case.
Field Operations and Tech Operations, COH, TBD, are anticipated involuntary severences following VIRP and savings/costs are included in baseline data.

Assumptions:

Bonus estimated to be 10 % of base salary.
Benefits estimated to be 40% of base salary.
Severence estimated to be 80% of base salary,

LDC EAST OPERATIONS

VP FIELD OPS - PA/M
Field Mgrs (8)
-Supervisors (34)

VP FIELD OPS - BSG
Field Mgrs (5)
-Supervisors ()

VP FIELD OPS - VA
Field Mgrs (4)
-Supervisors (14)

VP TECH SUPPORT
Logistics Mgr
Engineering Mgr
M&R& Corr Mgr
Facil Mgr
Tech Training Mgr
Const Mgr

LDC EAST RESTRUCTURING

POSITION	PRESENT STAFF	PROPOSED STAFF	STAFF REDUCED	BASE COMP	BONUS COMP	BENEFIT COMP	SAVINGS	TOTAL SAVINGS	TOTAL SEVERANCE
Executives	2	0	2	$250,000	$25,000	$100,000	$375,000	$750,000	$400,000
VP Ops	2	1	1	$150,000	$15,000	$60,000	$225,000	$225,000	$120,000
Director Op Strategic Pl	2	1	1	$100,000	$10,000	$40,000	$150,000	$150,000	$80,000
General Manager - BSG	5	4	1	$100,000	$10,000	$40,000	$150,000	$150,000	$80,000
Operations Manager CP	3	0	3	$90,000	$9,000	$36,000	$135,000	$405,000	$216,000
Operations Manager BS	2	0	2	$90,000	$9,000	$36,000	$135,000	$270,000	$144,000
Project Manager CPA	3	0	3	$90,000	$9,000	$36,000	$135,000	$405,000	$216,000
Mgr System Maint - BS	1	0	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
Operations Manager CG	5	4	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
Mgr Service Metering -	1	0	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
Secretary	0	0	0	$40,000	$4,000	$16,000	$60,000	$0	$0
TOTAL			**16**					**$2,760,000**	**$1,472,000**

Notes:

Total of three (3) Executive positions in East organization. One (1) Executive for CPA included in VIRP Business Case - not included in consolidation savings.
Total of three (3) VP positions in East organization. One (1) VP Operations for CPA included in VIRP Business Case - not included in consolidation savings.
General Manager position at BSG includes VP title, however, savings are indicated as General Manager and NOT VP.
Savings related to the elimination of secretarial positions associated with Executive reductions is included in the VIRP Business Case.
CPA field supervisor reductions are included in the VIRP Business Case.

Assumptions:

Bonus estimeated to be 10% of base salary.
Benefits estimated to be 40% of base salary.
Severence estimated to be 80% of base salary.

LDC DECENTRAL OPERATIONS - CENTRAL TECHNICAL OPERATIONS SUPPORT

VP FIELD OPS - IN	VP FIELD OPS - OH	VP FIELD OPS - KY	VP FIELD OPS - PA/MD	VP TECH SUPPORT	VP FIELD OPS - VA	VP FIELD OPS - BSG
Group Leaders (x)	Field Mgrs (11)	Field Mgrs (1)	Field Mgrs (8)	Logistics Mgr	Field Mgrs (4)	Field Mgrs
-Team Leaders (xx)	-Supervisors (62)	-Supervisors (8)	-Supervisors (34)	Engineering Mgr	Supervisors (14)	Supervisors
				M&R& Corr Mgr		
				Facil Mgr		
				Tech Training Mgr		
				Const Mgr		

LDC RESTRUCTURING

POSITION	PRESENT STAFF	PROPOSED STAFF	STAFF REDUCED	BASE COMP	BONUS COMP	BENEFIT COMP	SAVINGS	TOTAL SAVINGS	TOTAL SEVERANCE
Executives	5	1	4	$250,000	$25,000	$100,000	$375,000	$1,500,000	$800,000
VP Ops	8	7	1	$125,000	$12,500	$50,000	$187,500	$187,500	$100,000
Director Op Strategic Pla	2	0	2	$100,000	$10,000	$40,000	$150,000	$300,000	$160,000
Director Operations - NIF	1	0	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
General Manager - BSG/	6	4	2	$100,000	$10,000	$40,000	$150,000	$300,000	$160,000
Operations Manager CP	3	0	3	$90,000	$9,000	$36,000	$135,000	$405,000	$216,000
Operations Manager BS	2	0	2	$90,000	$9,000	$36,000	$135,000	$270,000	$144,000
Project Manager CPA	3	0	3	$90,000	$9,000	$36,000	$135,000	$405,000	$216,000
Mgr System Maint - BSG	1	0	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
Operations Manager CG	5	4	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
Mgr Service Metering - B	1	0	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
Secretary	0	0	0	$40,000	$4,000	$16,000	$60,000	$0	$0
Secretary - NI - KO	2	0	2	$40,000	$4,000	$16,000	$60,000	$120,000	$64,000
Logistics Mgr KY	2	1	1	$75,000	$7,500	$30,000	$112,500	$112,500	$60,000
Operations Manager KY	2	0	2	$75,000	$7,500	$30,000	$112,500	$225,000	$120,000
Director Ops Services K	1	0	1	$100,000	$10,000	$40,000	$150,000	$150,000	$80,000
General Services Mgr K	1	0	1	$75,000	$7,500	$30,000	$112,500	$112,500	$60,000
Engineer TBD	59	52	7	$50,000	$5,000	$20,000	$75,000	$525,000	$280,000
Team Leader KY	1	0	1	$60,000	$6,000	$24,000	$90,000	$90,000	$48,000
Operations Consultant K	1	0	1	$50,000	$5,000	$20,000	$75,000	$75,000	$40,000
Engineering Manager KY	2	1	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
Manager Meter Read - N	2	1	1	$80,000	$8,000	$32,000	$120,000	$120,000	$64,000
Manager Data Proc - KO	1	0	1	$55,000	$5,500	$22,000	$82,500	$82,500	$44,000
GL Meter Reading - NI	2	0	2	$70,000	$7,000	$28,000	$105,000	$210,000	$112,000
GL C & M - KO	2	0	2	$55,000	$5,500	$22,000	$82,500	$165,000	$88,000
TL Service - NIFL	3	1	2	$55,000	$5,500	$22,000	$82,500	$165,000	$88,000
TL Meter Reading - NI	6	5	1	$55,000	$5,500	$22,000	$82,500	$82,500	$44,000
Engineers - NIFL	6	2	4	$50,000	$5,000	$20,000	$75,000	$300,000	$160,000
Underground Stroage NI	11	7	4	$55,000	$5,500	$22,000	$82,500	$330,000	$176,000
Reg Maintenance KO	6	4	2	$45,000	$4,500	$18,000	$67,500	$135,000	$72,000
Reg Maintenance NIFL	3	2	1	$45,000	$4,500	$18,000	$67,500	$67,500	$36,000
Manager/GL - TBD	6	0	6	$90,000	$9,000	$36,000	$135,000	$810,000	$432,000
Supervisor/TL - TBD	4	0	4	$55,000	$5,500	$22,000	$82,500	$330,000	$176,000
Field Operations OH TB	15	0	15	$0	$0	$0	$0	$0	$0
Tech Operations OH TB	4	0	4	$0	$0	$0	$0	$0	$0
						$0	$0	$0	$0
TOTAL			87					$8,250,000	$4,400,000

Notes:

Total of six (6) Executive positions in the organization. One (1) Executive for CPA is included in VIRP Business Case - not included in consolidation savings.
Total of eight (8) VP positions in the organization. One (1) VP Operations for CPA is included in VIRP Business Case - not included in consolidation savings.
General Manager position at BSG includes VP title, however, savings are indicated as General Manager and NOT VP.
Savings related to the elimination of secretarial positions associated with Executive reductions is included in the VIRP Business Case.
CPA field supervisor reductions are included in the VIRP Business Case.
Diretor of Operations Strategic Plan is CPA and COH specific. One (1) position each.

Field Operations and Tech Operations, COH, TBD, are anticipated involuntary severences following VIRP and savings/cost are included in baseline data.

Assumptions:

Bonus estimated to be 10% of base salary.
Benefits estimated to be 40% of base salary.
Severence estimated to be 80% of base salary.

LDC REGIONAL OPERATIONS - CENTRAL TECHNICAL OPERATIONS SUPPORT

VP FIELD OPS - IN	VP FIELD OPS - OH	VP FIELD OPS - KY	VP FIELD OPS - PA/M	VP TECH SUPPORT	VP FIELD OPS - VA	VP FIELD OPS - BSG
Group Leaders (x)	Field Mgrs (11)	Field Mgrs (1)	Field Mgrs (8)	Logistics Mgr	Field Mgrs (4)	Field Mgrs
-Team Leaders (xx)	-Supervisors (62)	-Supervisors (8)	-Supervisors (34)	Engineering Mgr	Supervisors (14)	Supervisors
				M&R& Corr Mgr		
				Facil Mgr		
				Tech Training Mgr		
				Const Mgr		

LDC RESTRUCTURING

POSITION	PRESENT STAFF	PROPOSED STAFF	STAFF REDUCED	BASE COMP	BONUS COMP	BENEFIT COMP	SAVINGS	TOTAL SAVINGS	TOTAL SEVERANCE
Executives	5	1	4	$250,000	$25,000	$100,000	$375,000	$1,500,000	$800,000
VP Ops	8	5	3	$125,000	$12,500	$50,000	$187,500	$562,500	$300,000
Director Op Strategic Pl	2	0	2	$100,000	$10,000	$40,000	$150,000	$300,000	$160,000
Director Operations - NI	1	0	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
General Manager - BSG	6	4	2	$100,000	$10,000	$40,000	$150,000	$300,000	$160,000
Operations Manager CP	3	0	3	$90,000	$9,000	$36,000	$135,000	$405,000	$216,000
Operations Manager BS	2	0	2	$90,000	$9,000	$36,000	$135,000	$270,000	$144,000
Project Manager CPA	3	0	3	$90,000	$9,000	$36,000	$135,000	$405,000	$216,000
Mgr System Maint - BS	1	0	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
Operations Manager C	5	4	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
Mgr Service Metering -	1	0	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
Secretary	0	0	0	$40,000	$4,000	$16,000	$60,000	$0	$0
Secretary - NI - KO	2	0	2	$40,000	$4,000	$16,000	$60,000	$120,000	$64,000
Logistics Mgr KY	2	1	1	$75,000	$7,500	$30,000	$112,500	$112,500	$60,000
Operations Manager KY	2	0	2	$75,000	$7,500	$30,000	$112,500	$225,000	$120,000
Director Ops Services	1	0	1	$100,000	$10,000	$40,000	$150,000	$150,000	$80,000
General Services Mgr K	1	0	1	$75,000	$7,500	$30,000	$112,500	$112,500	$60,000
Engineer TBD	59	52	7	$50,000	$5,000	$20,000	$75,000	$525,000	$280,000
Team Leader KY	1	0	1	$60,000	$6,000	$24,000	$90,000	$90,000	$48,000
Operations Consultant	1	0	1	$50,000	$5,000	$20,000	$75,000	$75,000	$40,000
Engineering Manager K	2	1	1	$90,000	$9,000	$36,000	$135,000	$135,000	$72,000
Manager Meter Read -	2	1	1	$80,000	$8,000	$32,000	$120,000	$120,000	$64,000
Manager Data Proc - K	1	0	1	$55,000	$5,500	$22,000	$82,500	$82,500	$44,000
GL Meter Reading - NI	2	0	2	$70,000	$7,000	$28,000	$105,000	$210,000	$112,000
GL C & M - KO	2	0	2	$55,000	$5,500	$22,000	$82,500	$165,000	$88,000
TL Service - NIFL	3	1	2	$55,000	$5,500	$22,000	$82,500	$165,000	$88,000
TL Meter Reading - NI	6	5	1	$55,000	$5,500	$22,000	$82,500	$82,500	$44,000
Engineers - NIFL	6	2	4	$50,000	$5,000	$20,000	$75,000	$300,000	$160,000
Underground Stroage NI	11	7	4	$55,000	$5,500	$22,000	$82,500	$330,000	$176,000
Reg Maintenance KO	6	4	2	$45,000	$4,500	$18,000	$67,500	$135,000	$72,000
Reg Maintenance NIFL	3	2	1	$45,000	$4,500	$18,000	$67,500	$67,500	$36,000
Manager/GL - TBD	6	0	6	$90,000	$9,000	$36,000	$135,000	$810,000	$432,000
Supervisor/TL - TBD	4	0	4	$55,000	$5,500	$22,000	$82,500	$330,000	$176,000
Field Operations OH TB	15	0	15	$0	$0	$0	$0	$0	$0
Tech Operations OH TB	4	0	4	$0	$0	$0	$0	$0	$0
						$0	$0	$0	$0
TOTAL			**89**					**$8,625,000**	**$4,600,000**

Notes:

Total of six (6) Executive positions in the organization. One (1) Executive for CPA is included in VIRP Business Case - not included in consolidation savings.
Total of eight (8) VP positions in the organization. One (1) VP Operations for CPA is included in VIRP Business Case - not included in consolidation savings.
General Manager position at BSG includes VP title, however, savings are indicated as General Manager and NOT VP.
Savings related to the elimination of secretarial positions associated with Executive reductions is included in the VIRP Business Case.
CPA field supervisor reductions are included in the VIRP Business Case.
Diretor of Operations Strategic Plan is CPA and COH specific. One (1) position each.

Field Operations and Tech Operations, COH, TBD, are anticipated involuntary severences following VIRP and savings/cost are included in baseline data.

Assumptions:

Bonus estimated to be 10% of base salary.
Benefits estimated to be 40% of base salary.
Severence estimated to be 80% of base salary.

Project Compass
Business Case "Lite"

Team: Gas Operations **As of:** 15-Jun-00
Sub Team: Distribution **Updated by** Smore/Dehring/Young
Opportunity/MED Nam Excess VIRP Savings

All Dollars in Thousands	O&M		Capital		
	One-Time	Recurring	One-Time	Recurring	Assumptions/Metrics
Estimated Gross Revenue Enhancement					
Commodity Sales					
Non-commodity product & service sales					
Other Revenue Enhancement 1					
Other Revenue Enhancement 2					
Other Revenue Enhancement 3					
Other Revenue Enhancement 4					
Other Revenue Enhancement 5					
Total Estimated Gross Revenue Enhancement	-	-	-	-	
Estimated Gross Cost Reduction					
Labor		10,938		4,688	461 FTEs @ 75k loaded, minus $18,950,000 base VIRP for Gas Distribution. Split between O&M/Cap
Contractor					
Material					
Equipment					
Lease Expense					
Utilities					
System Licensing					
IT Maintenance Support - Ongoing					
System Hardware					
Other Cost Reduction 1					
Other Cost Reduction 2					
Other Cost Reduction 3					
Other Cost Reduction 4					
Other Cost Reduction 5					
Total Estimated Gross Cost Reduction	-	10,938	-	4,688	
Estimated Gross Cost to Achieve					
Labor Severance					No Severance -
Labor Expense					
Equipment Expense					
Lease Expense					
Software Purchase/Licensing					
Software Developmnt/Conversion/Training					
IT Maintenance Support - Ongoing					
System Hardware					
Other Cost to Achieve 1					
Other Cost to Achieve 2					
Other Cost to Achieve 3					
Other Cost to Achieve 4					
Other Cost to Achieve 5					
Total Estimated Gross Cost to Achieve	-	-	-	-	
Total Estimated Net Benefit	-	10,938	-	4,688	

Project Compass
Business Case "Lite"

Team: Gas Operations
Sub Team: Distribution
Opportunity/MED Nam Excess VIRP Savings
Initial Priority: High

As of: June 20, 2000
Updated by Smore

Project Description and Scope:

To determine more accurately the savings anticipated between estimated and actual Voluntary Incentive Retirement Program cost reductions.

Key Work Tasks:

Determine actual number of retirees related to operations.
Determine allocation of savings to O&M and Capital.
Determine cost to achieve with "backfilling" with outside contractoors.

Key Goals/Objectives (Benefits or Problems Avoided):

Rceoncile savings.

Systems/Applications Impacted:

None

Alternatives Considered:

None

Key Assumptions:

1. Original distribution savings expected to be $20 million.
2. Discount operations savings by 3 FTE (to supply chain) and 11 FTE (customer service).
3. Average salary with benefits assumed to be $65,000.
4. Savings shown should be distributed 60% to O&M and 40% to Capital according to estimates provided by each business unit in January 2000. Estimates are: COH* - 60% O&M, CPA - 65% O&M, CMD - 60% O&M, CKY - 70% O&M, CGV - 70% O&M.
5. ~~Cost to achieve includes use of contractor resources as provided by business units.~~

Implementation Issues/Barriers/Risks:

Implementation is in progress.
Use of contractor resources is only risk.

Comments:

Team:	**Gas Operations**	**As of:**	**June 20, 2000**
Sub Team:	**Distribution**	**Updated by**	Smore
Opportunity/MED Nam	**Excess VIRP Savings**		
Initial Priority:	High		

Assume savings start on June 1, 2000 and costs are incurred beginning July 2000 with full cost allocated beginning 2001.

Excess VIRP savings worksheet

Line	Description	FTEs	Dollars (000s)	Comments
A	Original Distribution Portion savings of VIRP Plan		20,000	Original Columbia expectation of $20 mil savings from Distribution for VIRP - from Due Diligence report
B	FTEs counted in the Distribution portion of VIRP that should be counted as Supply	3	225	3 warehouse people (@ $75,000 loaded)
C	FTEs counted in the Distribution portion of VIRP that should be counted as Cust Service	11	825	5 meter readers; 6 credit and collections (@ $75,000 loaded)
D	Total actual Distribution portion of original VIRP plan		18,950	A-(B+C)
E	Actual Distribution FTEs that took the VIRP	461	34,575	@ estimated average of $75,000
F	Estimated excess VIRP beyond the original Columbia plan that can be could towards the savings goal		15,625	E-D
G	O&M Portion of the additional savings		10,938	Assume 70% O&M
H	Capital portion of the additional savings		4,688	Assume 30% Capital
				Need to identify and backout any backfills necessary to continue operations - post VIRP
				Need to determine and backout any "Double Dipping" with other gas operations restructuring business cases

Project Compass
Business Case "Lite"

Team: Operations
Sub Team: Distribution
Opportunity/MED Nam Close Buildings

As of: 15-Jun-00
Updated by York/LaShoto/Muntean

All Dollars in Thousands	O&M		Capital		
	One-Time	Recurring	One-Time	Recurring	Assumptions/Metrics
Estimated Gross Revenue Enhancement					worksheet for assumptions
Commodity Sales					
Non-commodity product & service sales					
Building divestiture			9,047		
Other Revenue Enhancement 2					
Other Revenue Enhancement 3					
Other Revenue Enhancement 4					
Other Revenue Enhancement 5					
Total Estimated Gross Revenue Enhancement	-	-	9,047	-	
Estimated Gross Cost Reduction					
Labor					
Contractor					
Material					
Equipment					
Lease Expense		830			
Utilities					
System Licensing					
IT Maintenance Support - Ongoing					
System Hardware		22			
O&M Costs		1,036			
Taxes		475			
Insurance		7			
Annual I.T. savings		23			
Other Cost Reduction 5					
Total Estimated Gross Cost Reduction	-	2,393	-	-	
Estimated Gross Cost to Achieve					
Labor Severance					
Labor Expense					
Equipment Expense					
Lease Expense			200		
Software Purchase/Licensing					
Software Developmnt/Conversion/Training					
IT Maintenance Support - Ongoing			3		
System Hardware					
Cost to relocate FTE's	109				
Commission for selling facilities			901		
Increase O&M at relocated facility		142			
One time I.T. costs associated w/closure		2			
Other Cost to Achieve 5					
Total Estimated Gross Cost to Achieve	109	144	1,104	-	
Total Estimated Net Benefit	(109)	2,250	7,943	-	

Project Compass
Business Case "Lite"

Team: Operations
Sub Team: Distribution
Opportunity/MED Nam Close Building
Initial Priority: High

As of: 15-Jun-00
Updated by York/Lasetio/Maintean

Project Description and Scope:

Consolidate Operations, Identify and investigate opportunties to share facilities including both Transmission and

Key Work Tasks:

Identify buildings that are candidates for closure
Identify any I.T., allocation, political and/or regulatory issues
Identify opportunties to share FTE's (clerical)
Identify cost issues > cost of selling, reduced O&M costs (utilities, phone, parking), market value, cost of lease and increase O&M costs(increase travel to job site)
Identify regulatory/rate issues(financial)/impact > Depreciation, original cost, net sale revenue
Identify union issues
Identify environmental issues
Identify legal issues
The effort to achieve this initiative is HIGH

Key Goals/Objectives (Benefits or Problems Avoided):

* Reduce operating expenses by consolidating operations
* Convert under-utilized or vacant properties into cash

Systems/Applications Impacted:

Modify systems to reflect changes in LAN system, WMS, EASI, DIS, CIS, phone systems, etc.

Alternatives Considered:

Option #1 - No change
Option #2 - Consider properties for divestiture based on today's organizational structure
Option #3 - Consider properties for divestiture based on proposed changes and tomorrow's organizational structure

Key Assumptions:

Project Compass
Business Case "Lite"

Team: Operations
Sub Team: Distribution
Opportunity/MED Nam Close Building
Initial Priority: High

As of: 15-Jun-00
Updated by York/Lassotos/Montean

* Operations group can evaluate O&M effects only
* Real estate or financial group must evaluate tax, financial effects of property sales
* Analysis considers building divestiture based on today's organization
* Second iteration to identify under-utilized buildings that will be needed after organization restructuring is complete
* Selling properties and terminating leases will not be available for 2001, will be dependent upon local market conditions.
  Assumes 50 percent in 2001, 50 percent in 2002
* Most market values are estimated and will need an appraisal
* Employees displaced will be housed at other existing company facilities with minimal costs
* Properties found to have environmental problems will be retained for further investigation by environmental, health and safety group
* The analysis will be completed for facilities that can be shared by Transmission and Distribution once data is gathered and
  reviewed by T&D group

The start date for this initiative is immediate. The time frame to complete is dependent upon market conditions.

Implementation Issues/Barriers/Risks:

* Leases may be expensive to get out
* Leases may place limits on our ability to sublease
* Some percentage of the properties may be found to have environmental issues
* May be local political community relations issues with building closures
* Unions may seek concessions in return for change in reporting location (or grievance)
* Local market conditions may make it impossible to get fair value for certain facilities in the short term

Comments:

Recommend Option #2 - Divest properties based on today's organizational sturcture
The status of this initiative is that the buildings for sale have been identified. The next step would be to have Real Estate initiate the necessary steps to complete the sale. In addition, financial support is needed to provide the impact other than the O&M savings that this team has identified.

Gas Distribution - Close Buildings - Worksheet

Company	Revenue Enhancement	Cost Reduction				Gross Cost to Achieve				Comments
	Market Value	Facility O&M	Lease Expense	Tax	Insurance	Lease Buyout O&M one time	Cost to relocate O&M one time	Cost of Sale Capital one	Increase Facility	
NIPSCO Ft. Wayne	$2,900	$145	0	$77	$1	0	$26	$290	$23	Cost to sale based on 10% sale price Cost to relocate 52 FTE @ $500 each Increased Facility O&M estimated at 20% of former O&M
NIPSCO Hammond	0	807	0	275	6	0	55	0	119	Building and Land donated to City of Hammond Cost to relocate 108 FTE's @ $500 each Increased Facility O&M estimated at 20% of former O&M
NIPSCO Chicago/Elm	379	6		45	0	0	0	38	0	Cost to sale based on 10% estimated market price
NIPSCO Mich. City	450	8	0	17	0	0	0	45	0	Cost to sale based on 10% estimated market price
NIPSCO Kentland	295	5	0	6	0	0	0	30	0	Cost to sale based on 10% estimated market price
NIPSCO totals	$4,024	$971	$0	$420	$7	$0	$81	$403	$142	
Ohio Athens	1000	0		0				100	0	Facility O&M assumed included in baseline Tax cost reduction assumed included in baseline Increased Facility O&M assumed included in baseline
Ohio Avery Road	420	0		0				42	0	Facility O&M assumed included in baseline Tax cost reduction assumed included in baseline Increased Facility O&M assumed included in baseline
Ohio Marion	302	0		0				30	0	Facility O&M assumed included in baseline Tax cost reduction assumed included in baseline Increased Facility O&M assumed included in baseline
Ohio Mt. Vernon	300	0		0				30	0	Facility O&M assumed included in baseline Tax cost reduction assumed included in baseline Increased Facility O&M assumed included in baseline
Ohio Bowling Green	175	0		0				18	0	Facility O&M assumed included in baseline Tax cost reduction assumed included in baseline Increased Facility O&M assumed included in baseline
Ohio Fremont	175	0		0				18	0	Facility O&M assumed included in baseline Tax cost reduction assumed included in baseline Increased Facility O&M assumed included in baseline
Ohio Cambridge	200	0		0				20	0	Facility O&M assumed included in baseline Tax cost reduction assumed included in baseline Increased Facility O&M assumed included in baseline Building currently houses the New Business team
Ohio Newark	334	0		0				33	0	Facility O&M assumed included in baseline Tax cost reduction assumed included in baseline Increased Facility O&M assumed included in baseline
Ohio New Lexington	100	0		0				10	0	Facility O&M assumed included in baseline Tax cost reduction assumed included in baseline Increased Facility O&M assumed included in baseline
Ohio Alliance	357	0		0				36	0	Facility O&M assumed included in baseline Tax cost reduction assumed included in baseline Increased Facility O&M assumed included in baseline

Gas Distribution - Close Buildings - Worksheet

	Revenue Enhancement	Cost Reduction				Gross Cost to Achieve				
Company	Market Value	Facility O&M	Lease Expense	Tax	Insurance	Lease Buyout O&M one time	Cost to relocate O&M one time	Cost of Sale Capital one	Increase Facility	Comments
Ohio Bellaire	170	0		0				17	0	Facility O&M assumed included in baseline Tax cost reduction assumed included in baseline Increased Facility O&M assumed included in baseline Facility is planning to merge into the Wintersville
Ohio East Liverpool	170	0		0				17	0	Facility O&M assumed included in baseline Tax cost reduction assumed included in baseline Increased Facility O&M assumed included in baseline Facility is planning to merge into the Wintersville
Ohio Portsmonth			38							Assumption made that buy-out of leases were included in the baseline
Ohio Jackson			55							Assumption made that buy-out of leases were included in the baseline
Ohio Americana Pkwy			66							Assumption made that buy-out of leases were included in the baseline
Ohio Norwalk District			18							Assumption made that buy-out of leases were included in the baseline
Ohio Norwalk Main			7							Currently being sub-leased
Ohio Training Ctr.			12							Assumption made that buy-out of leases were included
Ohio Sandusky			66							Assumption made that buy-out of leases were included in the baseline
Ohio Cambridge S.C.			72							Assumption made that buy-out of leases were included in the baseline
Ohio Seagate			401							Assumption made that buy-out of leases were included in the baseline
Ohio Bangs Service Ctr.										Facility is currently being utilized as a welding facility and material storage. However, it has the potential to earn revenue via sub-leasing. Site has
Ohio Totals	3703	0	735	0	0	0	0	371	0	
Sub-totals	$7,727	$971	$735	$420	$7	$0	$81	$774	$142	
Virginia Portsmouth	350	18	0	11				35		Facility is in the process of being sold $ from divestiture should be booked in year 2000
Virginia Fredericksburg	500	25	0	13				50		Facility has been sold with $'s being booked in year
Virginia Gust Ave.										Property is a peak shaving plant that is not needed where the property is sub-divided into three parcels. One parcels
Virginia totals	850	43	0	24	0	0	0	85	0	
Sub-totals	$8,577	$1,014	$735	$444	$7	$0	$81	$859	$142	
Pennsylvania New Castle	35									Agreement in-process of sub-leasing part of building 6 year lease starting in early 2001 @$35,000 indicated as revenue
Pennsylvania 911 5th Av.			8	1.7			0			Building is vacant

Gas Distribution - Close Buildings - Worksheet

Company	Revenue Enhancement	Cost Reduction				Gross Cost to Achieve				Comments
	Market Value	Facility O&M	Lease Expense	Tax	Insurance	Lease Buyout O&M one time	Cost to relocate O&M one time	Cost of Sale Capital one	Increase Facility	
Pennsylvania Glenfield			64	13.5		200	0			Building is vacant Assume buyout of three years of montly lease $5,500/month (lease expires 7/9/2006
Pennsylvania Charleroi										Determine cost of moving employees to the Uniontown Service Center vs cost to maintain existing lease
Pennsylvania Gettysburg										Building is owned by CPA and is currently vacant This site is a known former gas manufacturing facility No divestiture is recommended at this time due to
Pennsylvania Hanover										This site is a known former gas manufacturing facility No disvestiture is recommended at this time due to environmental issues
Pennsylvania Washington	416	21		15.7			28	42		Market value estimated at current net book value Site may have been a Glass manufacturing facility prior to ownership by CPA Move employees to either the Washington TCO facility or to the CPA Bethel Park facility Relocation cost of 55 FTE's @$500
Pennsylvania Uniontown Annex			23							Lease is expiring 09/30/2000 and employees are scheduled to be relocated to the Uniontown service center on Gun Club Road
Pennsylvania N. High St. Dallastown,	19	1								This facility is a non-utility property Market value based on tax value Original Cost $6,853.39 Deed #2372
Pennsylvania Totals	470	22	95	30.9	0	200	28	42	0	Note: Bradford, Warren, Emlenton and New Bethlehem facilities included in the divestiture of under-
Sub-totals	$9,047	$1,036	$830	$475	$7	$200	$109	$901	$142	
Maryland Cumberland										This facility could be divested if employees were re-assigned to the TCO facility located at the Cumberland Industrial Park Investigate in phase II of project compass
Maryland Sub-total	0	0	0	0	0	0	0	0	0	
Grand Totals	$9,047	$1,036	$830	$475	$7	$200	$109	$901	$142	

CONSOLIDATE GAS METER SHOP OPERATIONS

Project Compass
Business Case "Lite"

Team: Operations **As of:** 15-Jun-00
Sub Team: Distribution **Updated by** York/LaShoto/Muntean
Opportunity/MED Nam ~~Lower Gas meter operations~~ cost

All Dollars in Thousands	O&M		Capital		
	One-Time	Recurring	One-Time	Recurrin	Assumptions/Metrics
Estimated Gross Revenue Enhancement					
Commodity Sales					
Non-commodity product & service sales					
Other Revenue Enhancement 1					
Other Revenue Enhancement 2					
Other Revenue Enhancement 3					
Other Revenue Enhancement 4					
Other Revenue Enhancement 5					
Total Estimated Gross Revenue Enhancement	-	-	-	-	
Estimated Gross Cost Reduction					
Labor		1,200			20 FTE's @avg of $60k The proposed staffing reduction: NIFL-1, Kokomo-1, BSG-7, COH-11. 5
Contractor					
Material		252			$8 @ 31,500 meters
Equipment					
Lease Expense					
Utilities					
System Licensing					
IT Maintenance Support - Ongoing					
System Hardware					
Other Cost Reduction 1					
Other Cost Reduction 2					
Other Cost Reduction 3					
Other Cost Reduction 4					
Other Cost Reduction 5					
Total Estimated Gross Cost Reduction	-	1,452	-	-	
Estimated Gross Cost to Achieve					
Labor Severance	400				20 FTE's @ $20,000
Labor Expense					
Equipment Expense					
Lease Expense					
Software Purchase/Licensing					
Software Developmnt/Conversion/Training					
IT Maintenance Support - Ongoing					
System Hardware					
Outsourcing Cost		756			31,500 @ $24/meter repai
Other Cost to Achieve 2					
Other Cost to Achieve 3					
Other Cost to Achieve 4					
Other Cost to Achieve 5					
Total Estimated Gross Cost to Achieve	400	756	-	-	
Total Estimated Net Benefit	(400)	696	-	-	

Project Compass
Business Case "lite"

Team: Gas Operations
Sub Team: Distribution
Opportunity/MED Nam Lower Gas Meter Operations Cost
Initial Priority: Medium

As of: 15-Jun-00
Updated by York/LaSiete/Wintean

Project Description and Scope:

Determine the lowest cost option for gas meter shop operations among all LDC's, whil meeting each LDC's regulatory and gas meter needs.

Option #3 recommended for Business Case Lite
This option provides three gas meter test and process facilities, Indiana, Ohio and Massachusetts. These facilities would provide each geographic area with the ability to intest gas meters, which is required by each PUC and administer the random sample test program for each area. The domestic gas meter repair requirements would be met utilizing an outside contractor and some large capacity meter testing and minor repairs would be done at the Ohio meter shop.

Key Work Tasks:

Identify each LDC's regulatory requirements (in test and tracability) - compare current O&M costs (meter test, meter repair); List options for completion of gas meter test and repair requirements; Determine costs for each option, including transportation; Review inventory of plant; Review employee expertise; Determine gas meter shop annual volume of meters processed.
The effort to achieve this initiative medium.

Key Goals/Objectives (Benefits or Problems Avoided):

Provide the LDC's with the best option for gas meter processing without a compromise of accuracy and quality
* Meter test
* Administer sample analysis
* Meter repair

Systems/Applications Impacted:

- Gas Meter Management System (GMMS) - NIPSCO - (multifunctional, auto-maintenance - CIS interface)
- System must absorb NIFL and Kokomo

Alternatives Considered:

Option #1 - One Meter shop in either CEG, BSG, NiSource, NIFL or Kokomo
Option #2 - Continue with three (3) meter shops, reduce scale of BSG and NiSource to test facilities - using CEG for repair
Option #3 - Maintain 3 LDC meter test shops - outsource meter repair
Option #4 - Outsource meter test and repair

Key Assumptions:

Project Compass
Business Case "lite"

Team: Gas Operations
Sub Team: Distribution
Opportunity/MED Nam Lower Gas Meter Operations Cost
Initial Priority: Medium

As of: 15-Jun-00
Updated by York/Lassiter/Mintean

* West, East and Central LDC's will retain gas meter in-test and random sample responsibilities as well as gas meter prover correlations
* West, East and Central LDC's would coordinate with supply chain to ensure best competitive pricing for gas meter repair
* I.T. costs associated with this option are minimal
* Rollout for January, 2001
* No significant Union issues
* Assumes state regulatory requirements will be constant for short term
* Assumes immediate change to statistical sampling where allowed
** Assumptions - meter population, throughput and required FTE's to perform necessary work

LDC West would handle NIFL, Kokomo and NIPSCO 770,000 meter population with annual throughput of 13,000 meters (FTE's needed - 2)
LDC Central would handle COH/CKY/CPA/CMD/COS 2,000,000 meter population with annual throughput of 37,500 meters (FTE's needed - 5)
BSG would handle Bay State and Northern Utilities 310,000 meter population with annual throughput of 40,000 meters (FTE's needed - 5)
LDC Central would retain 2 FTE's to handle test/repair of large capacity meters for all LDCs
50 percent of annual throughput goes out for repair (West 5000, Central 18500 and East 8000 = 31,500 meters repaired
Material cost for "B" meter repair estimated at $8/meter
Fully loaded payroll assumption estimated at $60,000/FTE

Implementation Issues/Barriers/Risks:

Comments:

Option #3 recommended for implementation
This business case is complete in the initial form. Some values would have to be validated to ensure accuracy and an implementation plan needs to be completed, that would happen during the second phase of Project Compass.

Project Compass
Business Case "Lite"

Team: Operations **As of:** 15-Jun-00
Sub Team: Distribution **Updated by** York/LaShoto/Muntean
Opportunity/MED Nam Divest Under-performing assets

All Dollars in Thousands	O&M		Capital		
	One-Time	Recurring	One-Time	Recurring	Assumptions/Metrics
Estimated Gross Revenue Enhancement			15,595		See attached worksheet
Commodity Sales					
Non-commodity product & service sales					
Other Revenue Enhancement 1					
Other Revenue Enhancement 2					
Other Revenue Enhancement 3					
Other Revenue Enhancement 4					
Other Revenue Enhancement 5					
Total Estimated Gross Revenue Enhancement	-	-	15,595	-	-
Estimated Gross Cost Reduction					
Labor					
Contractor					
Material					
Equipment					
Lease Expense					
Utilities					
System Licensing					
IT Maintenance Support - Ongoing					
System Hardware					
O&M		1,800			
Capital				1,000	
Other Cost Reduction 3					
Other Cost Reduction 4					
Other Cost Reduction 5					
Total Estimated Gross Cost Reduction	-	1,800	-	1,000	
Estimated Gross Cost to Achieve					
Labor Severance					
Labor Expense					
Equipment Expense					
Lease Expense					
Software Purchase/Licensing					
Software Developmnt/Conversion/Training					
IT Maintenance Support - Ongoing					
System Hardware					
Cost of divestiture			330		
Loss of annual EBIT		3,700			Est. annual EBIT (1999 Plant Revenue $7 million)
Other Cost to Achieve 3					
Other Cost to Achieve 4					
Other Cost to Achieve 5					
Total Estimated Gross Cost to Achieve	-	3,700	330	-	
Total Estimated Net Benefit	-	(1,900)	15,265	1,000	

Team: Operations
Sub Team: Distribution
Opportunity/MED Nam Divest Under-performing assets
Initial Priority: High

As of: 15-Jun-00
Updated by: York/LaShoto/Muntean

Project Description and Scope:

Identify and evaluate under-performing assets. Quantify potential market price, revenue loss and operating expense reductions

Key Work Tasks:

* List under-performing assets, plants, market territories, commodity and material
* Identify the impact of each divestment to the organization: labor issues, market loss, effect on core business, gas supply reliability, PUC treatment
* Conduct financial evaluations

The effort to achieve this initiative is high

Key Goals/Objectives (Benefits or Problems Avoided):

* Boot cash flow, reduce O&M expense, increase LDC efficiency
* Associate to asset divestment list: FTE reductions, revenue reductions, cost of divestment and market analysis

Systems/Applications Impacted:

* Modify systems to reflect changes in LAN system, WMS, EASI, DIS, CIS, phone systems, etc.

Alternatives Considered:

Option #1 - Retain asset
Option #2 - Divest asset

Key Assumptions:

* Some assets may have only estimated values at this time
* Someof the identified under-performing assets are also under review by other gas operations teams. (Ensure that we only count this once)
* Divestiture of thes assets may not be realized within 2001/2002 time frame
* Some of the assets may not be marketable due to evironmental issues or market conditions
* Operations group can evaluate O&M effects only
* Real estate or financial group must evaluate tax, financial effects of property sales
* NIPSCO underground storage field (a.k.a. Royal Center) and the LNG plant (Laport) are not under-performing based on Gas Supply

Project Compass team

The start date for this initiative would not be until sometime in 2001.

Implementation Issues/Barriers/Risks:

* May be local political community relations issues with building closures
* Limited market for specialized asset
* Cost of divestiture exceeds return
* PUC/PSC rate treatment based on identified assets
* Asset divestiture may be impacted by environmental conditions/issues
* Identify impact to union/non-union employees assigned to the asset being considered for divestiture

Comments:

Option #2 Recommended

The status of this initiative is that the assets that have been identified for possible divestment have been reviewed and assets chosen.The asset sales would require additional support from Real Estate groups.

Gas Distribution - Divest Under Performing Assets - Worksheet										
	Revenue Enhanc	Cost Reduction				Gross Cost to Achieve				
Company	Market Value	Facility O&M	Capital Expenses	Tax	Insurance	Lease Buyout O&M one time	Cost to relocate O&M one time	Cost of Sale Capital one time	Loss of Revenue	Comments
NIPSCO Royal Ctr. Storage field										Asset is not under-performing. Recommend to maintain facility
NIPSCO LNG Plant										Asset is not under-performing Recommend to maintain facility
Bay State Gas Wells (name of town), ME (undeveloped land)	395							60		Property owned by Granite State No known environmental issues Property is landlocked with other undeveloped land
Bay State Gas Propane Plants										Dan Davito to provide information
Bay State Gas LNG Plants										Dan Davito to provide information
Col. Pennsylvania Blackhawke Storage	200							20		Present net book value $585,603.03 (Land - $23,881.54, Building - $150,683.14 Equipment - $411,038.35) Market Value is based on estimated land value only. NOTE!! Environmental issues may exist on portion of property
Col. Pennsylvania LDC Northern Territories (Bradford, Warren, Emlenton, New Bethelehem)	15000	1800	1000			BUDGET million - 1.8 million O&M - 1.0 CAPITAL → 8.8 REVENUE 16 million book VALUE		EBIT $3.7 million 250	7000	Market value based on $1,000 per customer (15,000 customers) Annual revenue for Northern properties estimated at $8.8 million NOTE!! Settlement agreement with Union may be an issue on divesting a portion of CPA
Col. Maryland Hagerstown Propane facility										Facility is under-performing; however in needed for peak shaving in the Hagerstown
Col. Virginia Stauton propane										Determine impact of existing arrangement with Virginia Power Asset has the potential to earn by selling capacity to Virginia Power/TCO
Col. Virginia Lynchburg										Asset has the potential to earn by selling capacity to Transco

Project Compass
Business Case "Lite"

BEST PRACTICES

Team: Operations
Sub Team: Distribution
Opportunity/MED Nam Replace vs. repair pipe

As of: 15-Jun-00
Updated by York/LaShoto/Muntean

All Dollars in Thousands	O&M One-Tim	O&M Recurring	Capital One-Tim	Capital Recurrin	Assumptions/Metrics
Estimated Gross Revenue Enhancement					
Commodity Sales					
Non-commodity product & service sales					
Total Estimated Gross Revenue Enhancement	-	-	-	-	
Estimated Gross Cost Reduction					
Labor					
Contractor					
Material					
Equipment					
Lease Expense					
Utilities					
System Licensing					
IT Maintenance Support - Ongoing					
System Hardware					
Eliminate stop valve work		580			Reduce existing service line repair by 50%
Eliminate O&M leak repair (move to capital)		1,000			2000 replace rather than repair (1000 for Columbia and 1000 for NiSource) @$500/service
Implement elimination of curb valves				100	20,000 curb valves are installed annually in Columbia's properties. Assume that 10% are eliminated (2000) at $50 The 10% is a conservative estimate (potential could be greater)
Implement leak classification at NIPSCO		290			2900 leaks of 6000 at the meter (50%) @$100
Implement leak classification at NIPSCO		200			400 leaks of 1600 (25%) assumed to be class 3 @ $500
Total Estimated Gross Cost Reduction	-	2,070	-	100	
Estimated Gross Cost to Achieve					
Labor Severance					
Labor Expense		132			
Equipment Expense					
Lease Expense					
Software Purchase/Licensing					
Software Developmnt/Conversion/Training			99		Software Development
IT Maintenance Support - Ongoing					
System Hardware					
Training for leak classification at NIPSCO	63				500 FTE's @ $125
Replace rather than repair leaking bare steel serevices in Columbia and NiSource (Includes Bay State, NIFL, Kokomo)				1,500	2000 replace rather than repair (1000 for Columbia and 1000 for NiSource) @$750/service
I.T. Cost to upgrade WMS @ Columbia			5		
Total Estimated Gross Cost to Achieve	63	-	104	1,500	
Total Estimated Net Benefit	(63)	2,360	(104)	(1,400)	

2001

half 2001
full 2002

2001

half 2001
full 2002

2001

2001

2001

2400
400
3300

3300
40
132000

6/6/00

Bay State Gas Company
D.T.E. 05-27
Att. UWUA-1-2(A) Part 1
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Project Compass

Executive Overview Meeting
June 6, 2000

Compass
Possibility • Reach • Reality • Choice
New Direction

Meeting Agenda

Time	Topic
8:30 - 8:50	Project Compass Overview
8:50 - 9:20	Retail Customer Service/Sales & Marketing
9:20 - 9:50	Gas Operations
9:50 - 10:00	Break
10:00 - 10:30	Corporate Support
10:30 - 11:00	Supply Chain
11:00 - 11:30	Information Technology
11:30 - 12:00	Executive Closing Comments, Observations

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New Direction

Project Compass
Definition of Success

By Closing, all employees will know . . .

- Their job in the New NiSource
- To whom they will report
- What's expected of them in achieving the Company's strategic goals.

Compass
Possibility • Reach • Reality • Choice
New Direction

Project Compass Objectives

- Aggressive Cost Savings; Add Value to Bottom Line
- Driven by NiSource Strategy,
  Position and Build the Organization of the Future
- Support / Begin / Lead Cultural Change

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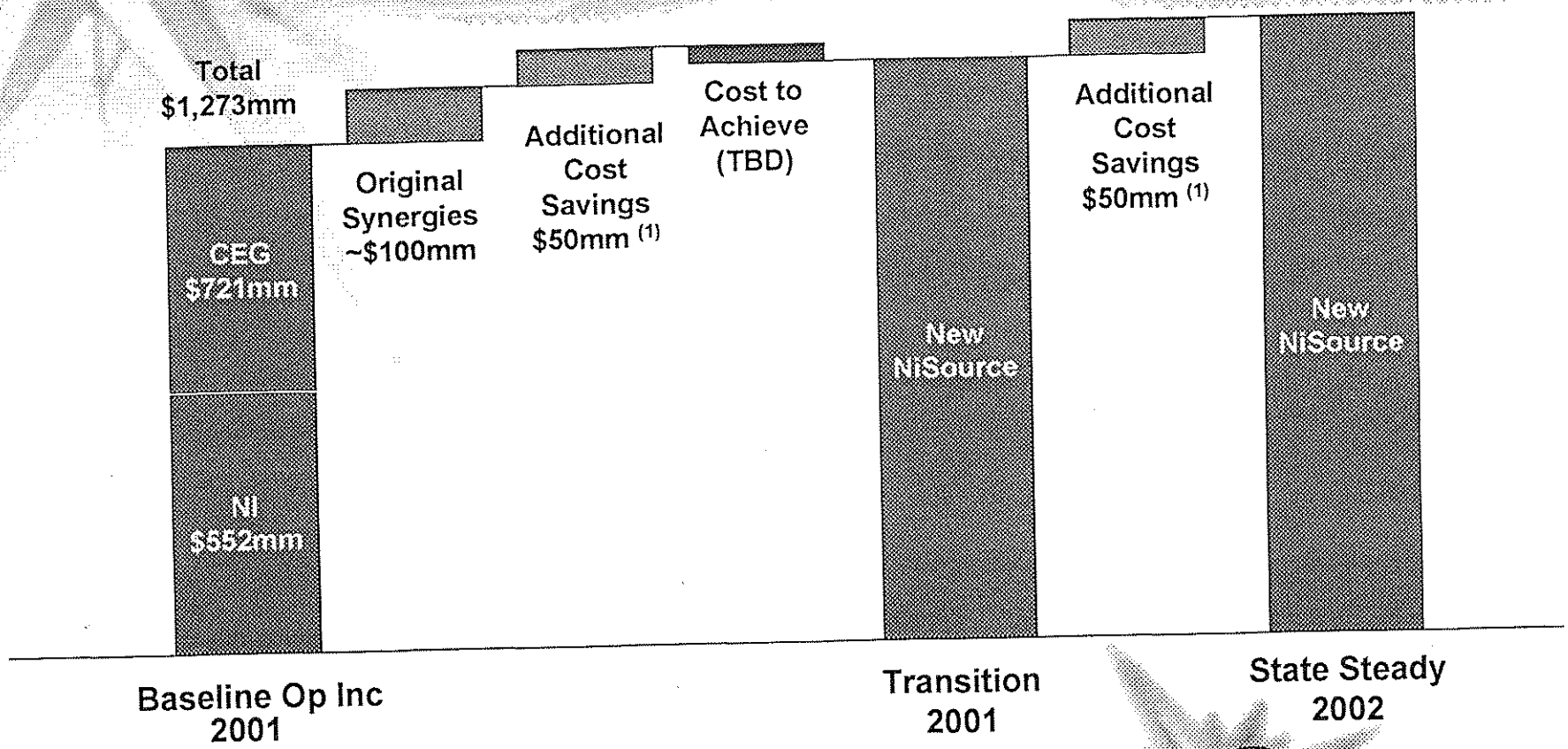
Possibility • Reach • Reality • Choice
New Direction

We need to achieve $200 million in total annual savings by 2002 to attain "New NiSource" earnings targets; 75% ($150M) of this should be achieved in 2001.



(1) Assumes $150 million as savings target in FY 2001 and $200 million in FY 2002; subject to change based on transaction capital structure scenarios

Compass
Possibility • Reach • Reality • Choice
New Direction

The Compass work teams will be charged with validating the Due Diligence opportunities, and identifying additional opportunities needed to reach the targets.

- Gas Operations
- Customer Service
- Supply Chain
- Information Technology
- Human Resources
- Accounting/Finance
- Other Shared Services

Operating Income

Realized in 2001	Potential for 2002
$$	$$
$$	$$
$$	$$
$$	$$
$$	$$
$$	$$
$$	$$

$150mm **$200mm**

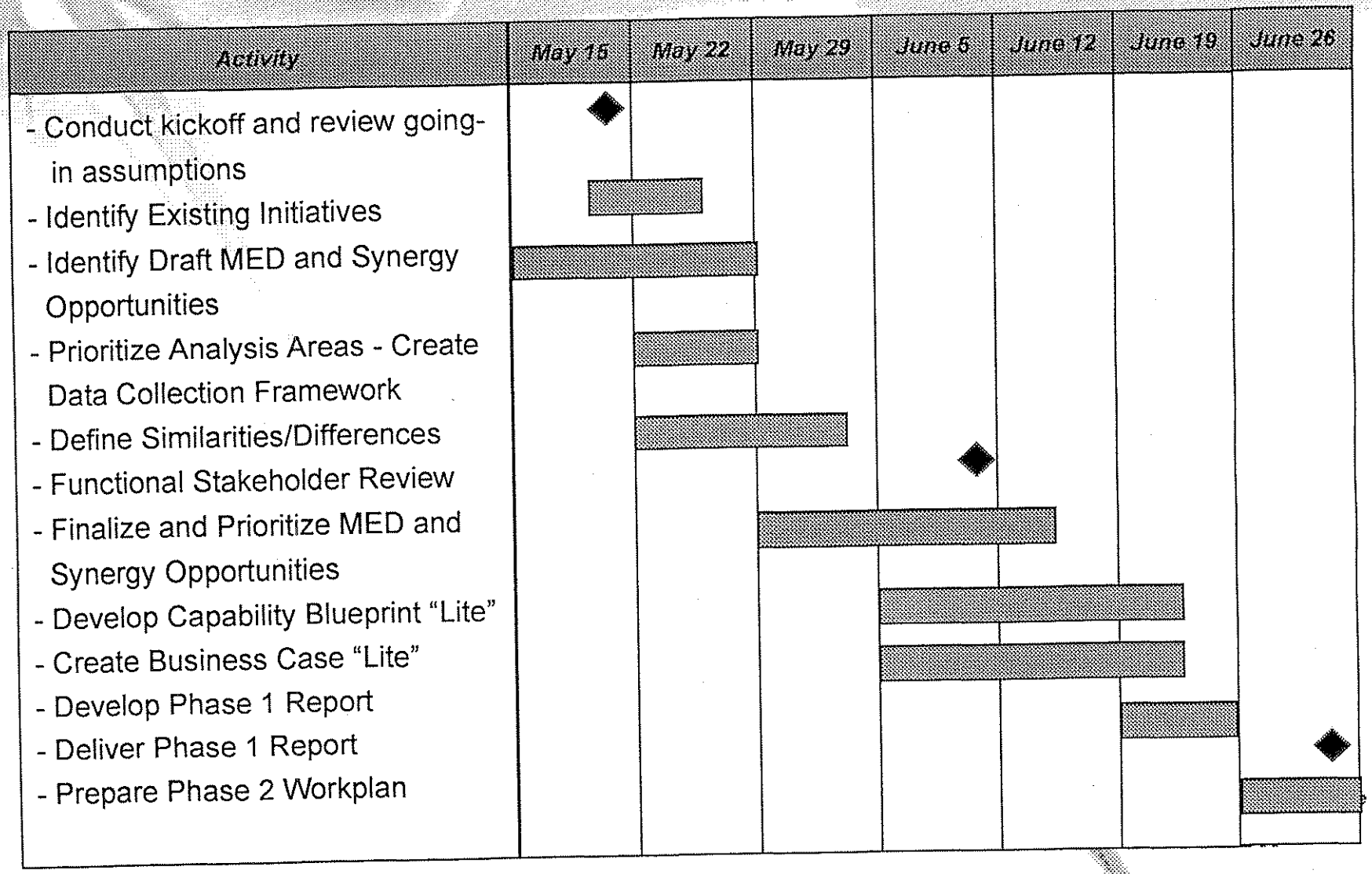
Compass
Possibility • Reach • Reality • Choice
New Direction

Project Overview

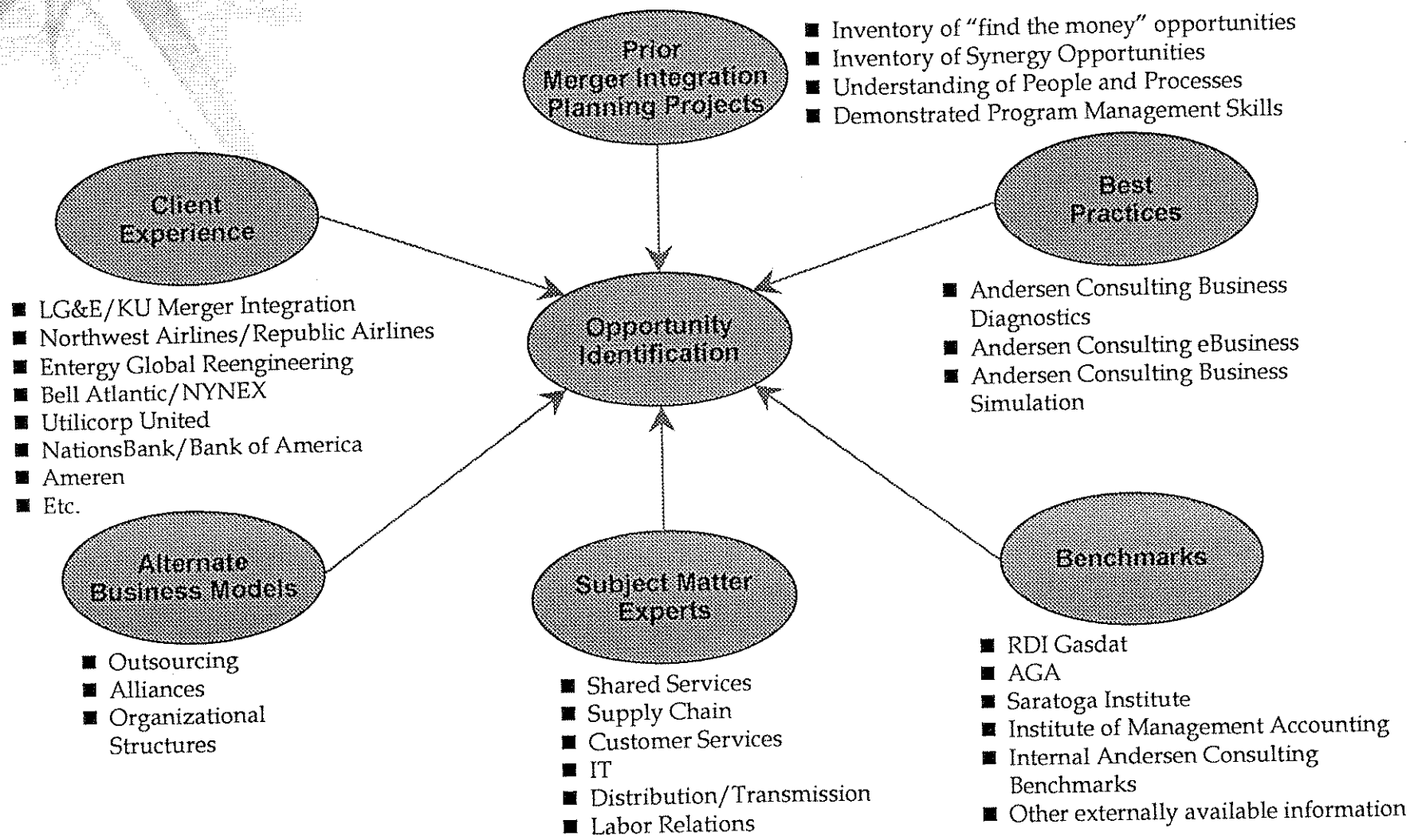
Phase 0: Pre-Project Preparation (2 weeks)	Phase 1: Opportunity Identification (6 weeks)	Phase 2: Conceptual Design (2 - 3 Months)	Phase 3: Detailed Design (4 Months)
Establish program management ■ Baseline financials ■ Labor and O&M target savings ■ "Sacred cows" ■ Executive expectations/success factors/navigating the organization ■ Business case framework ■ Scope and boundaries ■ Team leads (backfill as needed) ■ Business Unit contacts **Define logistics** ■ Location by team ■ Workspace set-up ■ Time reporting, travel and relocation policies ■ Weekly status meeting schedule ■ Monthly executive review meeting schedule ■ Support contacts (facilities, IT, etc.) ■ Clerical support needs/ procedures **Begin administration** ■ NiSource and Columbia phone lists/contact information ■ Merger integration team contact list ■ Preliminary issues log and resolution process ■ Kick-off document draft **Begin communications** ■ Memo announcing effort to officers ■ Memo to all affected personnel announcing effort and emphasizing priority ■ Internal/external communication needs ■ Communication plan/procedures	■ Conduct kickoff ■ Confirm business strategy and goals ■ Create and/or collect information ■ Identify Merger Effective Date items ■ Address IT infrastructure issues ■ Perform high-level As-Is comparison across companies ■ Identify opportunity list/groups ■ Categorize opportunities into cost reduction, reengineering and revenue enhancement ■ Prioritize list of opportunities ■ Develop business case "lite" ■ Develop initial Conceptual Design project plan ■ Develop Phase 1 report ■ Conduct Steering Committee checkpoint	■ Prepare/conduct phase kickoff ■ Review team structure; redeploy based on opportunities ■ Develop high-level As-Is for identified opportunities ■ Develop initial To-Be model for identified opportunities using Business Integration Methodology ■ Identify gaps between As-Is and To-Be ■ Begin implementation of quick hits and MEDs ■ Assign targets to functional sponsors ■ Understand IT system impacts and dependencies ■ Expand/populate business case; analyze select options ■ Develop initial change program ■ Expand communication plan; craft and initiate internal messages ■ Align with regulatory strategies ■ Identify staff reduction impacts ■ Overlay/Compare preliminary opportunities against strategy ■ Develop implementation schedule for Detailed Design Phase ■ Conduct Steering Committee checkpoint	■ Design new To-Be models using Business Integration Methodology ■ Review designs and implications with process sponsors; identify additional quick hits ■ Update I/T program management plans ■ Identify staffing implications and timing ■ Update change management program ■ Review financial and nonfinancial impacts with Steering Committee ■ Design and deliver ongoing internal communication messages ■ Update business case(s) ■ Develop implementation plans ■ Create master schedule for implementation of cost reduction, reengineering and revenue opportunities

New Direction

Project Overview

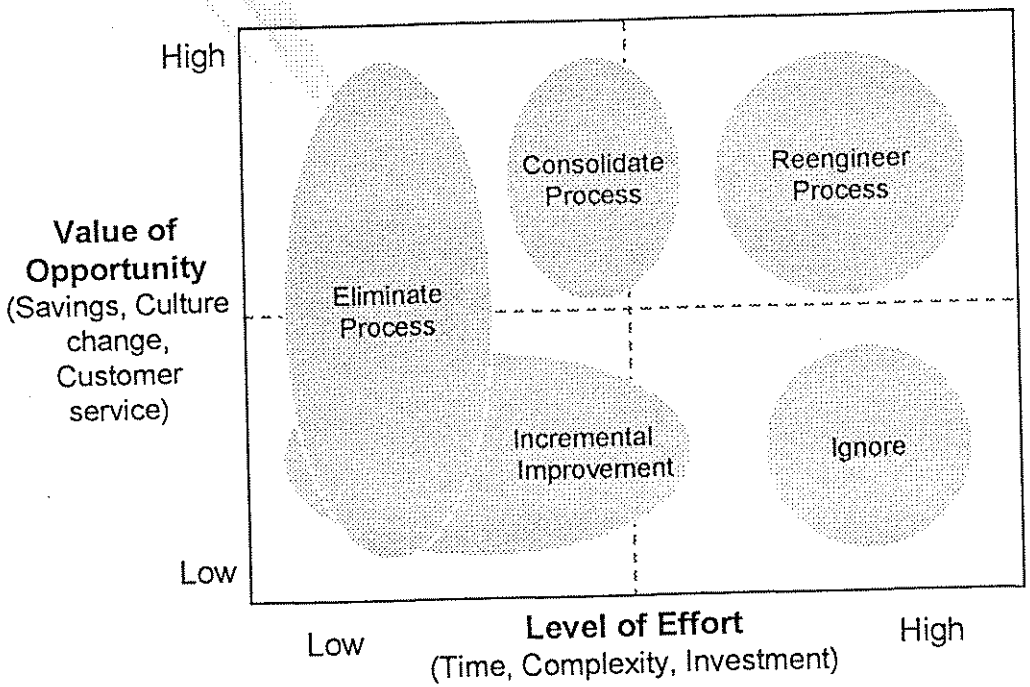


Project Overview

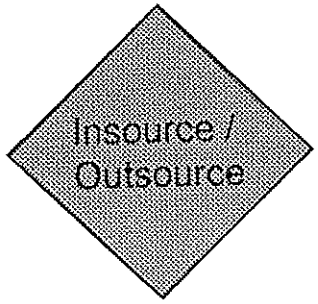


Project Overview

Illustrative Framework

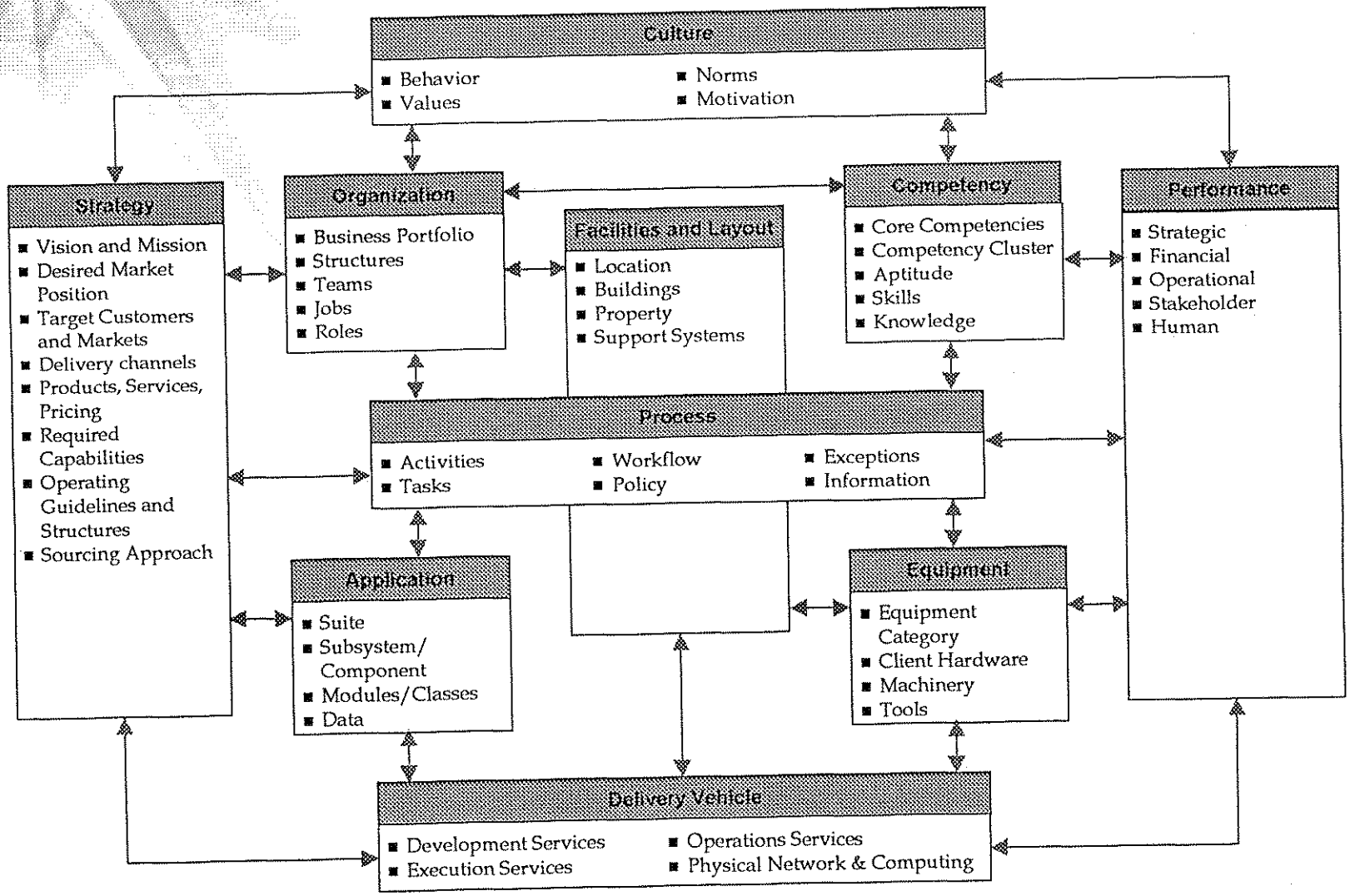


Decision



Compass

Possibility • Reach • Reality • Choice

New Direction

Project Overview