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Columbus OH 43215

Mailing:  
PO Box 117  
Columbus, OH 43216-0117

614-460-6000

October 28, 2011

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
Commonwealth of Kentucky  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

RE: PSC Case No. 2011-00299

Dear Mr. Derouen,

Enclosed for docketing with the Commission is an original and ten (10) copies of Columbia Gas of Kentucky, Inc., responses to Commission Staff's First Request for Information. Should you have any questions about this filing, please contact me at 614-460-5558. Thank you!

Sincerely,

  
Brooke E. Leslie  
Counsel

Enclosures

cc: Hon. Richard S. Taylor

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED OCTOBER 17, 2011**

**Data Request No. 1 (a):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph before the manager's signature.

- a. Given that the letter includes the statement, "[c]overage costs can be conveniently added to your Columbia Gas bill," confirm whether this means that the letter will go only to Columbia customers.

**Response:**

Yes, this letter will only go to Columbia Gas customers.

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
DATED OCTOBER 17, 2011**

**Data Request No. 1 (b):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph before the manager's signature.

- b. If the letter will go only to Columbia customers, confirm whether this means that Columbia Retail Services ("CRS") has obtained, or will be obtaining, Columbia's customer list.

**Response:**

The sample letter in Attachment D will go only to Columbia customers. Columbia Retail Services will be obtaining the customer list from Columbia Gas of Kentucky minus any "Do Not Solicit" customers in accordance with the terms established by a billing agreement, dated August 8, 2011, between NiSource Retail Services (dba Columbia Retail Services) and Columbia Gas of Kentucky.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED OCTOBER 17, 2011**

**Data Request No. 1 (c):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph before the manager's signature.

- c. If providing its customer list to CRS is part of its arrangement with CRS, provide the terms, monetary or otherwise, under which Columbia is providing said customer list.

**Response:**

Please see the Billing Agreement attached to Columbia's response to Request No. 1 (e); and specifically page 5, Article 4.1.

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
DATED OCTOBER 17, 2011**

**Data Request No. 1 (d):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph before the manager's signature.

- d. Explain how Columbia will be compensated by CRS for the cost of the billing service it will be providing CRS.

**Response:**

Please see the Billing Agreement attached to Columbia's response to Request No. 1 (e); and specifically page 5, Article 3.

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
DATED OCTOBER 17, 2011**

**Data Request No. 1 (e):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph before the manager's signature.

- e. Describe, generally, what steps Columbia has taken to ensure that it and its customers will not be subsidizing CRS.

**Response:**

The only involvement that Columbia has with CRS is provision of the billing service for customers and the opportunity for CRS to purchase Columbia's customer list. The provision of these services is set forth in the Billing Agreement, attached hereto. Columbia will not perform any service work, crew or customer service functions.

## BILLING AGREEMENT

This Agreement is made and entered into as of the 9th day of August, 2011 ("Effective Date"), between Columbia Gas of Kentucky, Inc., a Kentucky Corporation, with offices located at 2001 Mercer Road, Lexington, Kentucky 40512-4241, hereinafter "Columbia," and NiSource Retail Services, Inc., a Delaware Corporation, with offices located at 100 International Drive, Suite 175, Portsmouth, New Hampshire 03801, hereinafter "Billing Entity."

### RECITALS

WHEREAS, Billing Entity seeks access to Columbia's bills for the purpose of billing value added services that are mutually acceptable to the parties and designed to help residential and small commercial customers manage energy related risk and usage, including offering service plans for the repair of heating and cooling systems, water heaters, appliances, and pipes and wires; and equipment leasing services (collectively, "Covered Products and Services"); and,

WHEREAS, Columbia has agreed to provide non-exclusive access to its bills for the billing of Covered Products and Services.

**NOW THEREFORE** in consideration of the mutual promises and covenants contained in this Agreement, Columbia and Billing Entity agree to the following terms and conditions:

### ARTICLE 1 SERVICES TO BE PERFORMED

- 1.1 Description of Services.** During the term of this Agreement, Columbia shall provide Billing Entity with the billing services described in this Section 1.1 (collectively, the "Billing Services") with respect to the Covered Products and Services.
- (a) Columbia agrees to include a line item to appear on its bills that reflects the charge for Billing Entity subscriptions, except as otherwise required by any regulatory authority having jurisdiction over the Columbia. Notwithstanding the foregoing, Columbia may bill for Billing Entity subscriptions on a separate page within its bills.
  - (b) Beginning Effective Date and continuing on a monthly basis for the Initial Term (as defined below) and any subsequent Renewal Period (as defined below), Columbia will remit, via wire transfer, a payment to Billing Entity that reflects the subscription revenue and any collections for appropriate taxes collected by Columbia for the preceding month. This payment will be made no later than ten (10) business days following the end of the previous month. The amount of taxes required to be collected will be determined by Billing Entity, and Billing Entity shall include such tax amount with any subscription charges to be billed by Columbia under this Agreement.

- (c) The payment remitted to Billing Entity will not include subscription revenue for those customers who make payment in an amount that is insufficient to fully satisfy amounts due on their Columbia bill for the gas commodity and gas delivery services, including, but not limited to, past due amounts, late charges and the like. Any amount received in excess of the total amount due on their Columbia bill for the gas commodity and gas delivery services, including, but not limited to, past due amounts, late charges and the like will be remitted to Billing Entity, but only up to the total amount due to Billing Entity as of that billing. If Columbia is providing Billing Services for more than one entity (each a "billing entity") for any individual customer, in those instances where an individual customer's payment is sufficient to satisfy their Columbia bill for the gas commodity and gas delivery services, including, but not limited to, past due amounts, late charges and the like, but insufficient to fully compensate each billing entity for its monthly subscription revenue, then the payment remitted by Columbia will include each billing entity's prorata share of the subscription revenue for the month.
- (d) The products and services billed by Columbia for Billing Entity will be identified by Billing Entity as to the nature of the product and service, by way of code or other identifying characteristic. Offerings that provide coverage for a single line of coverage will have a unique code identifier. Billing Entity warrants and covenants that the coverage offered through its Covered Products and Services will not be denied to a customer solely because the customer carries overlapping plans and coverage offered by any other billing entity for which Columbia provides Billing Services. Billing Entity warrants and covenants that such coverage offered through its Covered Products and Services will be in addition to any other plans and coverage sold by any other billing entity to a customer for which Columbia provides Billing Services. Columbia will bill Billing Entity on a cost causation basis for any Billing Services that result in incremental business costs, including but not limited to excessive bill weight, additional bill pages and printing services.
- (e) By the tenth (10<sup>th</sup>) business day of the month, Columbia will promptly provide a listing of those customers for whom subscription revenue was collected and remitted for the preceding month.
- (f) Billing Entity, and not Columbia, will be responsible for the applicable taxes on the subscription revenue that is collected and remitted, and Billing Entity shall indemnify, defend and hold Columbia harmless against claims for same.
- (g) If Billing Entity owes Columbia any fees or costs that have not been timely paid hereunder, Columbia will have the right to set-off such fees and costs against the subscription revenue collected on behalf of Billing Entity.
- (h) Columbia will not interrupt or discontinue service to customers solely for non-payment of amounts owed to Billing Entity and Billing Entity shall be responsible for collection efforts for non-payment of subscription revenue, equipment lease payments, and other service charges, taxes and fees associated with Covered Products and Services.



- 1.2 **Certain Definitions.** As used in this Agreement, (a) the term “Affiliate” means, with respect to any Person, any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, and (b) the term “Person” means and includes an individual, a corporation, a partnership, a limited liability company, a limited liability partnership, a joint venture, a trust, an unincorporated association, a government or political subdivision of or agency thereof or any other entity.
- 1.3 **Regulatory Restrictions.** Subject to the provisions of the first sentence of Section 4.2 hereof, Billing Entity acknowledges and agrees that the rights granted to Billing Entity under this Agreement are subject to limits, restrictions or modifications with respect to the Billing Services and the provision of customer lists (including any charges therefore) required by any regulatory body with authority over Columbia.

## ARTICLE 2 TERM OF AGREEMENT

- 2.1 **Term.** This Agreement shall be effective as of the Effective Date and shall continue in effect for an initial term that ends on September 30, 2014 (the “Initial Term”) and year to year thereafter (each a “Renewal Period”), subject to the right of either party to terminate this Agreement at the end of the Initial Term or any Renewal Period upon providing the other party at least ninety (90) days prior written notice to be effective upon expiration of the then-current term. Notwithstanding any Renewal Period, this Agreement shall terminate on September 30, 2028.

## ARTICLE 3 FEES AND CHARGES

- 3.1 **Entry Fee.** Billing Entity shall pay Columbia, within thirty (30) days of Billing Entity’s receipt of an invoice, a one-time Entry Fee to cover Columbia’s information technology costs incurred to develop and implement the new computer systems contemplated in this Billing Agreement, hereinafter referred to as the “Billing System.” If the Billing Entity has not previously paid an Entry Fee or equivalent charges to an Affiliate of Columbia to cover Columbia’s information technology costs incurred to develop and implement the then existing computer systems, the Entry Fee shall be \$200,000. If Billing Entity has paid the aforementioned \$200,000 Entry Fee or equivalent charges, the Entry Fee for Kentucky shall be \$21,000. Billing Entity will be solely responsible for the costs of any modifications that it must make to its information technology systems in order to implement this Billing Agreement, including, but not limited to, implementation of the Billing System.
- 3.2 **Billing Fee.** During the term of this Agreement, Columbia will invoice Billing Entity on a monthly basis, and Billing Entity shall pay to Columbia monthly in arrears equal installments of the annual fee of \$15,000 (the “Annual Fee”). Billing Entity shall remit monthly installments of the Annual Fee directly to Columbia. Payment of the Annual Fee supports baseline support services provided by Columbia to Billing Entity as defined in

Exhibit 1 of this Agreement. In addition to the Annual Fee, and any Modification Fee and Entry Fee, Columbia will invoice Billing Entity each month, and Billing Entity shall pay to Columbia each month, a fee of \$0.05 for each customer billed during such month by Columbia (the "Monthly Fee").

- 3.3 Columbia will invoice Billing Entity on a monthly basis, and Billing Entity shall pay within ten (10) days of receipt of an invoice to Columbia the fees due for that billing period, and any arrearages. Columbia may net the amount owed to Columbia from any amounts due Billing Entity and issue a net invoice/statement for any amounts past-due at the time the Columbia payment is due to Billing Entity.
- 3.4 **Modification of Systems.** Until the Billing System is operational, Columbia shall continue to provide Billing Services to the Billing Entity and such services will be provided using the same information technology systems, interfaces and reports that were used prior to the execution of this Billing Agreement for any entity that was billing on such platform prior to January 1, 2010 ("existing system"). Once the Billing System is operational, Columbia will only provide baseline support for the existing system and will not provide development of new functionality or services under the existing system and any resources for new development, functionality or services will be dedicated to the Billing System. Once the Billing System is operational, if Billing Entity or any other billing entity requests service, which includes enhancements to the existing system, beyond the baseline support services, provided for in any agreement with Columbia under the existing system, such will only be provided in the event such entity agrees to promptly move to the Billing System and enters into a Billing Agreement of substantially this form and content.

In addition, if Billing Entity requests enhancements to the Billing System (or the existing system) beyond those necessary and useful to make the Billing System or existing system functional for the contemplated services, Billing Entity will be responsible for the costs of those enhancements; provided, however, any functionality created under this provision will be made available to all current billing entities and each billing entity that receives the benefits of such enhancements will share in the cost of those enhancements.

- (a) If Billing Entity requests service beyond the baseline support services specified in Exhibit 1 of this Agreement, or requests enhancements to the Billing System, and if Columbia agrees to provide such additional services or enhancements, Columbia will invoice Billing Entity a Modification Fee for the actual costs of such services or enhancements, and Billing Entity shall pay to Columbia the Modification Fee. If Columbia develops new information technology systems and interfaces applicable to Billing Services, and if: (1) Billing Entity desires to utilize such new information technology systems and interfaces; or, (2) Columbia requires Billing Entity to utilize such new information technology systems and interfaces, then Columbia and Billing Entity agree to execute an amendment to this Billing Agreement in order to set forth the parties' agreement with respect to such enhanced information technology systems and interfaces and the related Entry Fee. Should Columbia require Billing Entity to utilize new information

technology systems and interfaces, and should Billing Entity refuse to do so, then such refusal shall be considered an Event of Default under Section 6.1(b) of this Billing Agreement.

- 3.5 Regulatory Fee Adjustments.** The Entry, Monthly, Annual Fee, Customer list and any other fees and charges contemplated in this Agreement shall be subject to adjustments required, directed or ordered by any regulatory body with jurisdiction over Columbia, to the extent such regulatory body requires, directs orders or determines (through disallowance of costs, imputation of revenue or otherwise), that any such fee(s) are not sufficient to compensate Columbia for the services provided hereunder (the "Regulatory Adjustments"). Subject to the provisions of the first sentence of Section 4.2 hereof, and in addition to the other fees set forth herein, Billing Entity shall pay Columbia any increased fees consistent with or resulting from the Regulatory Adjustments. Columbia shall notify Billing Entity in writing in advance of the institution of any such Regulatory Adjustment and Billing Entity shall have 30 days to provide Columbia written notice of its refusal to accept such Regulatory Adjustment, which refusal shall be considered an Event of Default under Section 6.1(b) of this Billing Agreement. Billing Entity shall pay Columbia for any increases in the foregoing fees resulting from a Regulatory Adjustment, in the absence of a rejection of such Regulatory Adjustment as provided in this Section.
- 3.6 Other Fee Adjustments.** Notwithstanding anything to the contrary in this Agreement, upon at least one hundred and twenty (120) days' prior written notice, Columbia may adjust any fee(s) to be charged under this Agreement for the upcoming Renewal Period.
- 3.7 Payment Terms.** All invoices delivered to Billing Entity shall be paid no later than ten (10) business days after receipt thereof. All invoices delivered to Billing Entity under this Agreement shall be addressed and delivered to Billing Entity at the invoicing address set forth in Section 10.3 (but without copies to the other persons noted therein).
- 3.8 Accounts Receivable.** Billing Entity agrees to provide Columbia with any additional documents and take any additional steps that Columbia may request to perfect Columbia's interest in the any Accounts Receivable resulting from this Agreement, and Billing Entity hereby authorizes the filing of UCC-1 financing statements to perfect Columbia's interest.

#### **ARTICLE 4 OBLIGATIONS AND COVENANTS**

- 4.1 Customer Lists and Related Fees.** Columbia will provide Billing Entity with updated Columbia customer lists minus any customer "Do Not Solicit" information upon Billing Entity's reasonable request, it being Columbia's understanding that disclosure of such customer information is not confidential for purposes of disclosure to an affiliate. All customer list data provided under this Section 4.1 is subject to the withholding of any information required under Columbia's privacy policies, applicable statutes and regulations, including privacy or similar laws, all as in effect from time to time, or as required by any regulatory body with authority over Columbia. By way of example and

not limitation, Columbia may in the exercise of its business judgment voluntarily institute, expand or otherwise modify its current or any future privacy policies and practices so as to limit the scope of customer information provided to Billing Entity by, among other things: (i) providing customers opportunities to “opt out” of having their information provided to (some or all) third party service providers; and, (ii) providing to Billing Entity information only about customers who “opt in” to having their information provided to (some or all) third party service providers. Billing Entity shall pay Columbia a fee of \$0.02 for each customer name on each list provided to Billing Entity, which shall be invoiced to Billing Entity in accordance with Section 3.7. In addition, Columbia shall provide Billing Entity with weekly lists of all “new connects” and “mover” customers for a flat fee of \$130 per month, to be invoiced to Billing Entity each month with the invoice for the monthly portion of the Annual Fee pursuant to Section 3.2.

**4.2 Initiation of Regulatory Proceedings.** Unless otherwise permitted herein, Columbia will not initiate any proceeding before any regulatory authority, the primary purpose of which would materially and adversely affect the right or authority of Columbia to continue its Billing Services hereunder. Notwithstanding the foregoing, Columbia may participate in or defend against any regulatory proceeding initiated by any entity.

**4.3 Data Privacy.** With regard to any customer data provided by Columbia to Billing Entity, Billing Entity shall: (a) use commercially reasonable and customary security and care to protect such data; (b) comply with all legal and regulatory requirements regarding the protection, use, storage, loss and disposal of such data; and, (c) provide timely certifications to Columbia as requested regarding Billing Entity’s use and secure storage and disposal of such data; provided, however, that such obligations and covenants shall be in addition to the other data privacy obligations set forth herein. Billing Entity, at its sole cost and expense, shall, upon discovery of any breach of security or unauthorized access affecting customer data provided by Columbia, immediately: (i) notify Columbia of any loss or unauthorized disclosure, possession, use or modification of such data or any suspected attempt at such activity or breach of Billing Entity’s security measures; (ii) investigate and take required corrective action in response thereto, including, but not limited to, making any necessary customer notifications; and, (iii) provide assurance to Columbia’s reasonable satisfaction that such activities or breach or potential breach shall not reoccur. Billing Entity expressly agrees to use any customer data provided by Columbia only for marketing and solicitation efforts related to the Covered Products and Services. Billing Entity shall not sell or provide such customer data provided by Columbia to any party, affiliated or otherwise, for any purpose not directly related to the Covered Products and Services.

## ARTICLE 5 REPRESENTATIONS AND WARRANTIES

**5.1 Authority.**

(a) Columbia represents and warrants to Billing Entity that: (i) it has full power and authority to enter into this Agreement and to perform its obligations hereunder;

and, (ii) its execution and delivery of this Agreement have been duly authorized by all requisite corporate action and is, therefore, binding upon it. Columbia makes no other warranties, express or implied, with respect to its provision of Billing Services or its performance hereunder.

- (b) Billing Entity represents and warrants to Columbia that: (i) it has full power and authority to enter into this Agreement and to perform its obligations hereunder; (ii) its execution and delivery of this Agreement have been duly authorized by all requisite limited liability company or corporate action, as applicable, and is, therefore, binding upon it; and (iii) it is qualified to conduct the business of offering the Covered Products and Services and it carries and shall maintain all authorizations, licenses and permits necessary to carry on such business.

**5.2 Development and Review of Informational Materials.** Billing Entity shall be responsible for developing, producing, and printing all informational materials for the Covered Products and Services, and shall provide such materials to Columbia (at the notice address identified in Section 10.3), giving Columbia an opportunity to review and provide comments on such materials in advance of any distribution to Columbia's customers. Columbia has ten (10) business days to provide any feedback to Billing Entity from receipt of such materials or the materials are deemed acceptable. All such promotional materials shall include appropriate disclaimers satisfactory to Columbia in its sole discretion. Billing Entity recognizes and agrees that Columbia has no responsibility for the content or quality of any of Billing Entity's marketing materials.

**5.3 Insurance.** Billing Entity shall, during the term of this Agreement and for a period of three (3) years thereafter, maintain the following insurance coverage with respect to the Covered Products and Services it offers and provides, and shall include Columbia as an Additional Insured (excluding Workers Compensation):

Comprehensive General Liability, including Products and Completed Operations, and Contractual Liability with limit of \$2,000,000, combined single limit.

Comprehensive Automobile Liability with limit of \$2,000,000 combined single limit.

Excess Comprehensive General and Automobile Liability with limit of \$2,000,000, excess of \$2,000,000.

Workers Compensation coverage with Statutory Limits.

Prior to the marketing or provision of Covered Products and Services, Billing Entity shall furnish certified copies of all insurance policies intended to meet the requirements of this Article. Properly executed Certificates of Insurance, including the required amendatory riders and endorsements, may be substituted for certified copies of insurance policies provided that such certificates contain a positive statement of compliance with the terms of this Agreement. An authorized representative of the insurance company shall execute the aforementioned certificates.

Billing Entity waives all rights against Columbia and its agents, affiliates, successors, assigns, representatives, officers, directors, and employees for recovery of damages to the extent these damages are covered by the automobile liability, commercial general liability, or excess liability insurance obtained by Billing Entity.

In the event that Billing Entity elects to perform any portion of the Covered Products and Services through the use of subcontractors, Billing Entity shall remain fully responsible for all actions and/or inactions of its subcontractors. Billing Entity shall require subcontractors to maintain insurance coverage that is commercially reasonable, having regard for the nature of the services to be performed by such subcontractors. Billing Entity assumes all liability for its subcontractors' failure to maintain such insurance coverage.

- 5.4 **Subcontractors.** To the extent that Billing Entity employs subcontractors to market or provide Covered Products and Services to Columbia customers, Billing Entity shall use due diligence to determine that its subcontractors are reputable and qualified, and Billing Entity shall be fully responsible for the actions and inactions of its subcontractors. Billing Entity shall promptly provide Columbia with the names and duties of its subcontractors. Columbia shall have the right, but not the obligation, to review such subcontractor lists and request additional information from Billing Entity regarding subcontractors. Columbia, for good cause, may require Billing Entity to cease using a particular subcontractor for the marketing and/or provision of Covered Products and Services.

## ARTICLE 6 TERMINATION

- 6.1 **Events of Default.** Any of the following events or conditions shall constitute an event of default (an "Event of Default") under this Agreement:
- (a) Billing Entity fails to pay any amount due to Columbia for a period of thirty (30) days after written notice;
  - (b) Any party at any time fails to observe, satisfy or perform any material term, obligations or agreement contained in this Agreement, and such party fails to cure the same within sixty (60) days after written notice from the other party of such breach, provided that, in the event any regulatory or other governmental authority requires Columbia to limit, restrict or otherwise modify the Billing Services or its provisions of customer lists (including, but not limited to, any charges therefore), then notwithstanding the definition of Billing Services in this Agreement, compliance by Columbia with the terms of any such regulatory or other legal requirement (such requirement to be promptly forwarded to Billing Entity) will not constitute an Event of Default under this Agreement;
  - (c) Billing Entity operates its business in such a way that causes material harm or damage to Columbia's name, reputation or trademark, or to that of any of its

Affiliates', as such harm or damage is determined by Columbia in its discretion, and Billing Entity fails to cure the same within sixty (60) days after written notice from Columbia; or,

- (d) Billing Entity becomes insolvent, or a petition in bankruptcy has been filed by or against it, or it has made an assignment for the benefit of creditors, or a receiver has been appointed or applied for by it.

**6.2 Termination by Billing Entity.** In the event of: (a) an Event of Default on the part of Columbia; or, (b) a material increase in costs to Billing Entity that results from Regulatory Adjustments, Billing Entity may terminate this Agreement by giving written notice to Columbia. Any dispute between the parties regarding the propriety of any such termination by Billing Entity shall immediately be submitted to mediation pursuant to Section 10.9(b).

**6.3 Termination by Columbia.** In the event of an Event of Default on the part of Billing Entity, Columbia may terminate this Agreement by giving written notice to Billing Entity. Any dispute between the parties regarding the propriety of any such termination by Columbia shall immediately be submitted to mediation pursuant to Section 10.9(b) and during such mediation process the parties shall continue to perform their respective obligations under this Agreement. Notwithstanding the foregoing, Columbia may at any time terminate this Agreement, if required to do so by a court of competent jurisdiction or regulatory body having jurisdiction over Columbia and such termination shall not be subject the mediation process set forth in Section 10.9(b).

**6.4 Termination by Either Party.** Consistent with Section 2.1, either party may terminate this Agreement without cause at the end of the Initial Term or any Renewal Period upon providing the other party at least ninety (90) days prior written notice.

## ARTICLE 7 LIMITATION OF LIABILITY

**7.1 Liability for Errors or Omissions in Billing.** Columbia shall establish regular and reasonable internal measures to verify the accuracy of all bill processing services performed pursuant to this Billing Agreement. Billing Entity shall notify Columbia of all errors, omissions or inaccuracies in any bills rendered by Columbia within five (5) business days of learning of such errors. In the event of any material errors, omissions or inaccuracies in such bills due to Columbia's error or omission, Billing Entity's sole remedy shall be to require Columbia to re-bill such incorrectly billed accounts. The parties shall cooperate to determine the most efficient and cost effective manner by which to implement such corrective action.

**7.2 Limitation of Liability.** COLUMBIA SHALL NOT BE LIABLE TO THE BILLING ENTITY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE LOSS OR DAMAGE OF ANY KIND, INCLUDING LOST PROFITS (WHETHER OR NOT SUCH PARTY HAD BEEN

ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE), BY REASON OF ANY NEGLIGENT ACT OR OMISSION IN ITS PERFORMANCE UNDER THE AGREEMENT.

- 7.3 **Force majeure.** Neither party shall be liable for any failure of performance due to causes beyond its reasonable control, including, but not limited to, the following: acts of God, terrorism, fire, explosion, vandalism, storm or other similar occurrence; any law, order, regulation, direction, action or request of the United States government or any other government (including state and local governments) or of any dependent agency, commission, court, bureau, corporation or other instrumentality of any one or more of said governments; or of any civil or military authority; national emergencies; insurrections; riots; wars; strikes, lockouts or work stoppages or other labor difficulties; or supplier failures, shortages, breaches or delays. If such failure of performance shall be: (a) for thirty (30) days or less, then this Agreement shall remain in effect and Columbia shall be excused from its obligations of remitting payments hereunder to the extent its obligations relate to the performance so interfered with, for the period of such failure of performance; or, (b) more than thirty (30) days, then either party may cancel the affected services upon notice to the other party with no liability on the part of either party.
- 7.4 **Essential Basis of Bargain.** EACH PARTY ACKNOWLEDGES AND AGREES THAT THE WARRANTY DISCLAIMERS AND LIMITATIONS OF LIABILITY SET FORTH IN THIS AGREEMENT REFLECT AN AGREED ALLOCATION OF RISK BETWEEN THE PARTIES (INCLUDING THE RISK THAT A CONTRACT REMEDY MAY FAIL OF ITS ESSENTIAL PURPOSE AND CAUSE A CONSEQUENTIAL LOSS) AND THAT THE SAME FORM AN ESSENTIAL BASIS OF THE BARGAIN BETWEEN THE PARTIES.

## ARTICLE 8 INDEMNIFICATION

- 8.1 **Indemnification by Billing Entity.** Billing Entity shall defend, indemnify and hold Columbia and its employees, officers, directors, Affiliates, agents, successors, assigns and representatives free and harmless from and against any loss damage, claim, cause of action or other liability claimed by third parties (including, without limitation, reasonable attorneys' fees and court costs) relating to or arising out of: (a) any third-party claims of loss or damage as a result of any breach by Billing Entity of this Agreement; or, (b) any claims of loss or damage made by third parties as a result of any Covered Product and Services marketed or provided by Billing Entity or its subcontractors; or (c) any claims of loss or damage made by a third party based upon any theory or cause of action asserting that Columbia or its Affiliates are functioning as a debt collector on behalf of Billing Entity by performance of Billing Services.



**ARTICLE 9  
CONFIDENTIALITY**

9.1 **Use and Protection of Confidential Information.** “Confidential Information” means: (a) any information regarding the Billing Services that is not generally known in the relevant industry or which affords possessors of the information a commercial or business advantage; (b) any information concerning a party’s trade secrets, methods, processes, or procedures such as the products, packages, pricing or specific customers group of any Billing Entity; (c) any information obtained through the purchase of customer information lists from Columbia; or, (d) any other confidential, financial or business information of a party which the Receiving Party, as defined in Section 9.2, learns during the course of its performance of this Agreement. During the term of this Agreement and following its expiration or termination, each party shall take the same measures to maintain the confidentiality of the Confidential Information of the other party as it takes to protect its own proprietary or confidential information and in no case less than commercially reasonable measures. Each party agrees not to exploit or use the other party’s Confidential Information except in connection with the Billing Services as permitted by this Agreement, and each agrees to take by instruction, agreement or otherwise, all reasonable precautions to maintain the confidentiality of and to prevent unauthorized disclosure or communication of the other party’s Confidential Information. Each party agrees that it will not use or disclose all or any portion of any Confidential Information of the other party to any person or entity other than its employees and Affiliates, and then only for purposes of: (a) Billing Entity’s marketing energy-related service plan products and services and leasing services consistent with this Agreement and with any proposed assignment contemplated by Section 10.6 of this Agreement; and (b) Columbia’s performance hereunder.

9.2 **Not Confidential.** For purposes of this Article 9, the party furnishing information to the other party is referred to as the “Disclosing Party”, and the party receiving information is referred to as the “Receiving Party”. Notwithstanding anything else contained herein, the obligation of confidentiality in this Article 9 does not apply to any information which: (a) is or becomes known publicly through no fault of the Receiving Party; (b) is required to be disclosed by Receiving Party pursuant to law, regulation or judicial decree; (c) is learned by the Receiving Party from a third party which is not bound by an obligation of confidentiality; or, (d) was already known to the Receiving Party prior to receipt from the Disclosing Party.

**ARTICLE 10  
MISCELLANEOUS**

10.1 **Nature of Relationship Between Parties.** The parties acknowledge and agree that Columbia shall act hereunder solely as an independent contractor for Billing Entity, and that no party is an agent for the other party. Nothing contained in this Agreement shall be construed to constitute any party as a partner, joint-venturer, employee or agent of any other party, it being intended that the parties shall be, and shall at all times remain,

independent contractors as to one another responsible for their own actions. Billing Entity shall not refer to Columbia on Billing Entity's website, in any marketing materials, or otherwise publicize or disclose its relationship with Columbia without the prior written approval of Columbia. Billing Entity shall not refer to any of Columbia's Affiliates on Billing Entity's website, in any marketing materials, or otherwise publicize or disclose its relationship, if any, with such affiliates without the prior written approval of such affiliates.

**10.2 Headings.** Headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

**10.3 Notices.** All notices and other communications hereunder shall be in writing and shall be deemed effective upon receipt (or a party's refusal to accept receipt), when mailed certified U.S. Mail, return receipt requested; delivered personally; sent by facsimile (receipt of which is confirmed in writing); or sent by an overnight courier service, such as Federal Express, to the party at the address below. Any party may send any notice or other communication hereunder to the intended recipient at the address set forth below using any other means but no such notice or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient and the intended recipient has acknowledged receipt. Any party may change the address to which notices and other communications hereunder are to be delivered by giving the other party notice in the manner set forth herein.

Notices:

Columbia Gas of Kentucky, Inc.  
200 Civic Center Drive  
Columbus, Ohio 43215  
Attn: Director Meter to Cash  
Phone: (614) 460-6316  
Fax: (614) 460-4264

Notices:

NiSource Retail Services, Inc.  
100 International Drive, Suite 175  
Portsmouth, New Hampshire  
03801  
Attn: Scott MacDonald, President  
Phone: (603) 422-8500  
Fax: (603) 422-8570

With a copy to:

Columbia Gas of Kentucky, Inc.  
2001 Mercer Road  
Lexington, KY 40512-4241  
Attn: Director Regulatory Affairs  
Phone: (859) 288-0242  
Fax: (859) 288-0258

Payment Confirmations:

Columbia Gas of Kentucky, Inc.

Payment Confirmations/Invoices:

NiSource Retail Services, Inc.

200 Civic Center Drive  
Columbus, Ohio 43215  
Attn: Manager, Cash  
Phone: (614) 460-4824  
Fax: (614) 460-6851

100 International Drive, Suite 175  
Portsmouth, New Hampshire 03801  
Attn: Elizabeth Foley  
Phone: (603) 422-8504  
Fax: (603) 422-8570

Duns, U.S. Federal Tax ID ,*Wire Transfer or ACH Number and Bank information, as applicable, will provided by Columbia to Billing Entity to facilitate payment confirmations.*

Duns, U.S. Federal Tax ID ,*Wire Transfer or ACH Number and Bank information, as applicable, will provided by Billing Entity to Columbia to facilitate payment confirmations.*

- 10.4 **Severability.** In the event that any term or provision of this Agreement is determined to be invalid or unenforceable, it is the intent of the parties that a court of competent jurisdiction shall reform such term or provision to produce its nearest enforceable economic equivalent in keeping with the express intent of the parties herein, and the remainder of this Agreement shall continue in full force and effect.
- 10.5 **Waiver.** No term or provision hereof shall be deemed waived and no performance excused hereunder unless prior waiver or consent shall be given in a writing signed by the party against whom it is to be enforced. Any waiver of any default by either party, whether express or implied, shall not constitute a waiver of the same or a different default on a separate occasion.
- 10.6 **Assignment.**
- (a) Billing Entity may not assign any of its rights and obligations hereunder, in whole or in part without the prior written consent of Columbia, which shall not be unreasonably withheld.
  - (b) Columbia may assign any of its rights and obligations hereunder, in whole or in part, to any Affiliate without the prior written consent of Billing Entity; provided, however, that: (i) notice shall be given to Billing Entity of each such assignment; and, (ii) any assignee may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement; provided further, however, that no action or consent by Billing Entity shall be required for such assignment of this Agreement, so long as such assignee has agreed in writing to be bound by all of the obligations of Columbia hereunder.
  - (c) Except as set forth in the foregoing subsections of this Section 10.6, neither party shall assign this Agreement without the prior written consent of the other party to this Agreement, which consent shall not be unreasonably withheld. This

Agreement shall be binding upon and inure to the benefit of the parties hereto and their permitted successors and assigns.

**10.7 Sale or Abandonment of Customers.** In the event that Columbia sells, transfers, ceases to serve or abandons any customers for whom Columbia is providing Billing Services for Billing Entity pursuant to this Billing Agreement, Columbia's obligation to continue providing Billing Services with respect to such customers shall terminate effective with the sale, transfer, cessation of service to or abandonment of such customers.

**10.8 CHOICE OF LAW.** THIS AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY WITHOUT RESPECT TO ITS CHOICE OF LAW RULES. THE PARTIES CONSENT AND SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL OR STATE COURTS LOCATED IN FAYETTE COUNTY, KENTUCKY FOR CLAIMS OF LEGAL OR EQUITABLE RELIEF RELATIVE TO OR ARISING FROM THIS AGREEMENT.

**10.9 Alternative Dispute Resolution.** Without delaying or limiting a party's right to seek any equitable relief under this Agreement and subject to Section 6.3, the parties agree as follows regarding dispute resolution.

(a) **Step Negotiations.** The parties shall attempt in good faith to resolve any controversy or claim arising out of or relating to this Billing Agreement or the interpretation or breach hereof ("Controversy") promptly by negotiation, as follows. Either party may give the other party written notice of any Controversy not resolved in the normal course of business. Executives of both parties at levels at least one level above the personnel who have previously been involved in the Controversy (the "Executives") shall meet at a mutually acceptable time and place within ten (10) days after delivery of such notice, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the Controversy. If the matter has not been resolved within thirty (30) days from the referral of the Controversy to Executives, or if no meeting of Executives has taken place within fifteen (15) days after such referral, either party may initiate mediation as provided hereinafter. If a negotiator intends to be accompanied at a meeting by an attorney, the other negotiator shall be given at least three (3) business days' notice of such intention and may also be accompanied by an attorney. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence. Nothing contained herein shall limit either party's rights and remedies as set forth in this Billing Agreement.

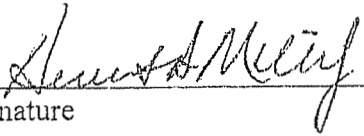
(b) **Mediation.** In the event that any Controversy arising out of or relating to this Billing Agreement is not resolved in accordance with the procedures provided above, such Controversy shall be submitted to mediation to mutually agreeable mediators from the American Arbitration Association. The mediation shall be

administered at the location closest to Columbia's headquarters. The mediation shall take place at Columbia's facilities unless otherwise agreed to by the parties. If the mediation process has not resolved the Controversy within thirty (30) days of the submission of the matter to mediation, or such longer period as the parties may agree to, the mediation process will cease with the parties reserving all rights to legal or equitable relief consistent with Section 10.8 above.

- 10.10 Amendments.** This Agreement may not be modified or amended except in a writing signed by a duly authorized representative of Columbia and Billing Entity. No oral statement shall, in any manner or degree, modify or otherwise affect the terms and conditions of this Agreement.
- 10.11 Entire Agreement.** This Agreement, including the attached exhibit, constitutes the entire agreement between the parties with respect to the subject matter hereof. All prior agreements, representations, statements, negotiations and undertakings are merged herein.
- 10.12 Construction.** The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person(s) or entities other than the parties to it, nor shall any provision give any third person(s) or entity any right of subrogation or action over or against any party to this Agreement.
- 10.13 Counterparts.** This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Facsimile and pdf. signatures shall be as binding and considered in all manner and respects as original signatures.
- 10.14 Regulatory Approvals.** This Billing Agreement shall be subject to any valid laws, rules, regulations, and orders of any jurisdictional regulatory agency including, but not limited to, Columbia's receipt of any necessary state regulatory approvals.
- 10.15 Survival.** The provisions of Articles 7, 8, and 9 and Sections 3.7, 4.3, 5.3 (three (3) years), 5.4, 10.4, 10.5, 10.8, 10.9, 10.12 and 10.15 of this Agreement shall survive the expiration or any termination of this Billing Agreement.

Executed this 1<sup>st</sup> day of August, 2011.

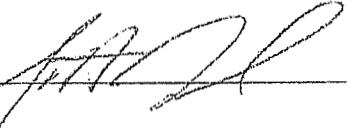
ON BEHALF OF COLUMBIA GAS OF  
KENTUCKY, INC.

  
Signature

Herbert A. Miller, Jr.  
Printed name

President  
Title

ON BEHALF OF NISOURCE RETAIL  
SERVICES, INC.

  
Signature

Scott MacDonato  
Printed name

President  
Title

**EXHIBIT 1**

**Third Party Billing System IT Baseline Support Services For Existing System and Billing (New) System**

<p><b><i>Application Support and Maintenance:</i></b></p> <ol style="list-style-type: none"><li>1) Maintenance<ul style="list-style-type: none"><li>• Application/Database Maintenance Activities</li><li>• Supporting software upgrades/releases</li></ul></li><li>2) Break Fix (not working as designed)<ul style="list-style-type: none"><li>• Incident Management activities<ul style="list-style-type: none"><li>◦ Problem Tickets - Severity 1, 2, 3</li></ul></li><li>• Production abends &amp; responsiveness</li></ul></li><li>3) Production Support<ul style="list-style-type: none"><li>• Application performance monitoring</li><li>• General support housekeeping</li><li>• Operational Table Configurations (e.g. Load balancing)</li><li>• Application data collection, analysis and reporting</li></ul></li></ol> <p><b><i>Administrative Tasks:</i></b></p> <ol style="list-style-type: none"><li>1) Operational Management (Steady State)<ul style="list-style-type: none"><li>• Maintain policies, procedures, and manuals</li><li>• Change Management related activities</li><li>• Incident Management related activities</li><li>• Integration support</li></ul></li><li>2) Discovery Process<ul style="list-style-type: none"><li>• Reviewing Requests and Preparing Estimates</li></ul></li><li>3) Project Management</li><li>4) Internal Service Requests<ul style="list-style-type: none"><li>• Develop policies, procedures, and manuals</li><li>• Change Management related activities</li></ul></li><li>5) Internal Audit Support</li><li>6) User Support (questions from the business)</li><li>7) Disaster Recovery activities</li><li>8) Business Continuity activities</li></ol> <p><b><i>Management &amp; Administration:</i></b></p> <ol style="list-style-type: none"><li>1) SLAs , Metrics, and Reporting</li><li>2) SOX Compliance activities</li></ol>
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**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED OCTOBER 17, 2011**

**Data Request No. 2:**

Explain whether the arrangement with CRS, and the terms thereof, are exclusive to Columbia and CRS or if Columbia would have the discretion, and the willingness, to enter into a similar arrangement with a non-affiliated entity that wanted to offer services similar to those of CRS.

**Response:**

The billing agreement between Columbia and CRS is a template for the agreement for similar services that Columbia might provide to any other entity. Columbia maintains the discretion to enter into similar arrangements with other entities that might want to offer services similar to those offered by CRS.



**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED OCTOBER 17, 2011**

**Data Request No. 3:**

Explain whether CRS uniforms or vehicles display the word "Columbia" without the words "Retail Services" also being shown. If yes, provide the exact wording shown on the vehicles or uniforms without abbreviations unless abbreviations are what are used on such items.

**Response:**

CRS will be working with local contractors to perform the services according to the Customer Agreement. As such, these contractors will not have the words "Columbia" imprinted on their trucks and uniforms due to their relationship with CRS. Rather, CRS will coordinate the service work to be performed between the contractor and customer. CRS Service Delivery representatives will work with each customer to let them know the name of the contractor doing the work and the time and date the contractor will be doing the work. The contractors will carry their own identification and present it to the customers prior to performing the work.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED OCTOBER 17, 2011**

**Data Request No. 4 (a):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph of the Authorization Form.

- a. Provide a copy of CRS's Customer Agreement referred to in the last paragraph of the Authorization Form.

**Response:**

Please see attached Customer Agreement, also referred to as Terms and Conditions, referenced in the last paragraph of the Authorization form.

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
DATED OCTOBER 17, 2011**

**Data Request No. 4 (b):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph of the Authorization Form.

- b. Provide a copy of any agreements or information provided to those customers who do not qualify for billing on their monthly utility statements.

**Response:**

As stated in Attachment D, if CRS is unable to qualify for billing on the customer's monthly utility statement we would send the customer a separate invoice for the annual amount of the bill. A customer could not qualify for billing on the monthly statement if the customer is on a special payment plan or if the customer's utility account is not current at the time of enrollment.

In some circumstances, the Columbia of Kentucky billing system could reject a billing request. This could happen if a customer is set up on a special payment plan or if the customer's utility account is not current at the time of the enrollment. Attachment D does specify to the customer, "If we are unable to include charges on your utility bill, you may receive a separate invoice from Columbia Retail Service for the annual amount of the plans."

# Customer Agreement

Effective November 1, 2011

**Disclaimer**  
THE PREAUTHORIZED TRANSFER PAYMENT PROGRAM IS PROVIDED ON AN "AS IS" BASIS WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND CRS DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED.

**4. General Definitions**  
Building means a detached structure containing one or more Households.  
Cash Value Payment (CVP) means a payment made directly to the Customer based on the value of an appliance. The value will be calculated by discounting the rolling 12-month coverage limit for the appliance by a fixed percentage for each year the appliance has been in service. The Company will set the fixed percentage for each appliance based on its expected useful life. Customers that receive the CVP are not eligible for a refund or any additional service on the appliance. However, they may apply the coverage to a different or new appliance. The CVP shall not exceed the maximum coverage for the appliance or Plan.  
Equipment means covered appliances, pipes, lines and wires.  
High-Efficiency Furnace or Boiler means a furnace or boiler with a condensate system to drain water from the appliance, typically into a floor drain or sump pit in the basement.  
Household means a unique individual residential segment of a Building with one kitchen.  
Plan and Service Plan mean the particular service contracts in which the Customer is enrolled. Each Service Plan is limited to a single Household.  
The Company refers to Columbia Retail Services.

**5. Binding Arbitration**  
To the extent permitted by law, and except for claims for bodily injury or property damage, the Customer and the Company agree to submit any claim or dispute that arises from or relates to this Agreement, applicable Terms and Conditions and/or a Service Plan that they cannot otherwise resolve to mandatory, binding arbitration. The arbitration shall be governed by the Federal Arbitration Act and conducted in accordance with the American Arbitration Association Consumer Procedures. (Information about the arbitration process and procedures is available at [www.adr.org](http://www.adr.org).) Claims that are subject to arbitration may also be brought in small claims court by either party. However, the Customer and Company agree that neither party is entitled to join or consolidate claims or disputes, or to act as a representative or member of a class in an arbitration or small claims court proceeding.

Claims or disputes that arise from or relate to a commercial (non-residential) customer and any claims for bodily injury or property damage that arise from or relate to this Agreement, applicable Terms and Conditions and/or a Service Plan shall not be arbitrated.

COLUMBIA RETAIL SERVICES (CRS) IS AN AFFILIATE OF COLUMBIA GAS OF KENTUCKY BUT IS NOT THE SAME COMPANY. CRS IS NOT REGULATED BY THE KENTUCKY PUBLIC SERVICE COMMISSION AND YOU DO NOT HAVE TO BUY CRS PRODUCTS OR SERVICES IN ORDER TO CONTINUE TO RECEIVE QUALITY REGULATED SERVICES FROM COLUMBIA GAS OF KENTUCKY.

If you have any questions, please call Columbia Retail Services toll-free at 1-866-590-2953 or visit [esp-columbia.com](http://esp-columbia.com).

Thank you for your business!

**Columbia Retail Services**  
A NISource Company

8000

12-month period. All covered appliances shall be defined at the time of enrollment and must be listed in the enrollment confirmation letter. Appliances that are not specifically listed in the enrollment confirmation letter, or for which the customer has received a Cash Value Payment, will not be covered by the Plan.

**Exclusions and Limitations**  
Exclusions include, but are not limited to: (a) hardware including cabinets, trim, wind, and non-operational components that are not electrical or mechanical; (b) charges for disconnection and reinstallation of unit; (c) accessories, consumable items and peripheral equipment; (d) scratching, denting, rust, corrosion, and scorching; (e) improper use of electrical source or replacement of fuses (except thermal fuses); (f) delivery, unpacking, removal or reinstallation of unit; and (g) ice makers.

**3. Terms of Authorization for Checking Account**  
**Direct Debit Option**  
Your access to and use of Columbia Retail Services's preauthorization transfer payment program is subject to the following terms, and conditions of authorization ("Terms of Authorization") and all applicable laws. These Terms of Authorization apply exclusively to your access to, and use of, preauthorization transfer payment and do not alter in any way the terms and conditions of any other agreement you may have with CRS for products, services, or otherwise. YOU MUST AGREE TO THESE TERMS OF AUTHORIZATION TO ENROLL IN THE PREAUTHORIZED TRANSFER PAYMENT PROGRAM. If you choose to use the preauthorization transfer method of payment for the CRS Program you are enrolling in, your signature on the Official Acceptance Form will serve as acknowledgment that you have reviewed and accepted these Terms of Authorization. Please retain these Terms of Authorization for your records.

**Authorization**  
By selecting preauthorized transfer as your payment method and signing the Official Acceptance Form, you hereby authorize your bank or financial institution to make preauthorized electronic bill payments to CRS by debiting the account for which you provided information on the Official Acceptance Form. This authorization will remain in effect until you notify CRS in writing to cancel it. Confirmation of your enrollment in the Program can take up to one month.

**Rejection of Automatic Payments**  
If your bank or financial institution rejects any specific transfer for any reason, CRS may charge a return fee.

**Cancelling Authorization**  
You may cancel authorization for the automatic transfer by notifying CRS in writing to NISource Retail Services, d/b/a Columbia Retail Services, P.O. Box 509, Portsmouth, NH 03802 or by calling 1-866-590-2953. It may take up to one month for your un-enrollment from the preauthorized transfer payment Program to be effective.

**Variation of Payment**  
The transfers made through the Program may vary. If there is a variation in the monthly amount to be transferred, CRS will provide you a notice of the amount to be transferred in such transfer at least ten (10) days prior to the date of such transfer. You will have the ability to stop payment on such transfer up to three (3) days prior to the date of such transfer.

**2.3 Cooling**  
**Central A/C Basic - Covered Parts/Service**  
The Plan covers the following parts for one electric Standard-Efficiency central air conditioner up to a maximum of \$1,500 for parts and labor per rolling 12-month period: bearing/shaft, belt and pulley; blower assembly; blower motor; blower pulley; capacitor; circuit board; condensate pump, trap, and drain line; condenser motor/fan; contactor switch; delay timer; fan belt; fan control; fan relay; internal fuse (excluding circuit breakers); limit control; motor; line set; operating relay; service valve; schrader valve; thermostat; and transformer.

**Central A/C Premium**  
The Plan covers parts and labor included in Central A/C Basic for one electric Standard-Efficiency or High-Efficiency central air conditioner up to a maximum of \$2,500 per rolling 12-month period.

The Plan also provides a Cash Value Payment when the unit fails as a result of an Excluded Part listed below and the Customer has been enrolled in the Plan for more than 90 days.

**Heat Pump Basic - Covered Parts/Service**  
The Plan covers one attached Standard-Efficiency (backup) Furnace and one Standard-Efficiency Heat Pump up to a maximum of \$2,000 for parts and labor per rolling 12-month period. This includes all parts, labor, and brands included in Central A/C Basic and Furnace or Boiler Basic plus: contractor; defrost control; defrost sensor; delay timer; high-pressure switch; and low-pressure switch.

**Heat Pump Premium - Covered Parts/Service**  
The Plan covers parts and labor included in Heat Pump Basic for one Standard-Efficiency (backup) Furnace and one Standard-Efficiency or High-Efficiency Heat Pump up to a maximum of \$3,000 for parts and labor per rolling 12-month period.

The Plan also provides a Cash Value Payment when the unit fails as a result of an Excluded Part listed below and the Customer has been enrolled in the Plan for more than 90 days.

**Exclusions and Limitations**  
Exclusions include, but are not limited to:

**Excluded Parts:** Compressor; condenser and evaporator coil; reversing valve; solenoid valve.

**Other Exclusions:** Air ducts; air filters; balancing of system; circuit breakers; electronic air cleaners; geothermal heat pumps; humidifiers; natural gas powered cooling equipment (including ammonia); systems exceeding five tons capacity; and unit replacement.

**Excluded Brands:** Sears Kenmore.

**2.4 ApplianceCare**  
**ApplianceCare Basic - Covered Parts/Service**  
The Plan covers parts and labor for up to five kitchen and laundry appliances—refrigerator, range (or separate stovetop and oven), dishwasher; clothes washer; and clothes dryer—up to a maximum of \$500 per appliance per rolling 12-month period. Coverage is subject to a limit of \$1,000 per household for all appliances per rolling

**3. Terms of Authorization for Checking Account**

**Direct Debit Option**  
Your access to and use of Columbia Retail Services's preauthorization transfer payment program is subject to the following terms, and conditions of authorization ("Terms of Authorization") and all applicable laws. These Terms of Authorization apply exclusively to your access to, and use of, preauthorization transfer payment and do not alter in any way the terms and conditions of any other agreement you may have with CRS for products, services, or otherwise. YOU MUST AGREE TO THESE TERMS OF AUTHORIZATION TO ENROLL IN THE PREAUTHORIZED TRANSFER PAYMENT PROGRAM. If you choose to use the preauthorization transfer method of payment for the CRS Program you are enrolling in, your signature on the Official Acceptance Form will serve as acknowledgment that you have reviewed and accepted these Terms of Authorization. Please retain these Terms of Authorization for your records.

**Authorization**  
By selecting preauthorized transfer as your payment method and signing the Official Acceptance Form, you hereby authorize your bank or financial institution to make preauthorized electronic bill payments to CRS by debiting the account for which you provided information on the Official Acceptance Form. This authorization will remain in effect until you notify CRS in writing to cancel it. Confirmation of your enrollment in the Program can take up to one month.

**Rejection of Automatic Payments**  
If your bank or financial institution rejects any specific transfer for any reason, CRS may charge a return fee.

**Cancelling Authorization**  
You may cancel authorization for the automatic transfer by notifying CRS in writing to NISource Retail Services, d/b/a Columbia Retail Services, P.O. Box 509, Portsmouth, NH 03802 or by calling 1-866-590-2953. It may take up to one month for your un-enrollment from the preauthorized transfer payment Program to be effective.

**Variation of Payment**  
The transfers made through the Program may vary. If there is a variation in the monthly amount to be transferred, CRS will provide you a notice of the amount to be transferred in such transfer at least ten (10) days prior to the date of such transfer. You will have the ability to stop payment on such transfer up to three (3) days prior to the date of such transfer.

When a service call is placed, the Company will promptly arrange for a qualified technician to repair covered equipment.

Emergency "no heat" service is available 24 hours per day, 7 days per week. However, actual response times may be affected by factors beyond the Company's control such as weather conditions and workload.

The Company will pay for covered repairs only if they are performed and authorized by Company representatives at the Company's express request. The Customer is responsible for the cost of repairs that are not covered by the Plan or that are performed by technicians hired directly by the Customer. The Company will only cover the costs of covered repairs that it can verify are completed. At its discretion, the Company may use qualified contractors to fulfill all or any part of its obligation under the terms of this Agreement or a Plan(s).

In Kentucky, upon the failure of the Company to fulfill or pay any claim under a Plan within 60 days after the claim has been filed with the Company, the holder of the Plan shall be entitled to make a direct claim against Travelers Casualty and Surety Company of America, by writing Attention: Claims, One Tower Square, Hartford, NJ 06183 or by calling 1-866-277-4275.

#### 1.2. Eligibility for Service

This Customer Agreement describes Terms and Conditions for all available Plans. Some of the Plans described in this Customer Agreement may not be available in all areas the Company serves. The individual Plan(s) the Customer has enrolled in are listed in the enrollment confirmation letter. The Customer may also confirm active enrollment in individual Plan(s) by calling the Company. The Plans cover equipment at the service address(es) specified in the enrollment confirmation letter.

In order to be covered by a Plan, all equipment must: (a) be installed to meet local, state and federal codes; (b) satisfy manufacturer requirements for safe and proper operation; and (c) be in good working condition at the time of enrollment. By permitting the Customer to enroll in a Plan, the Company does not make any express or implied warranties concerning the Customer's existing equipment or conditions. The Company may refuse to provide service or deny enrollment under the Plan if eligibility requirements are not met. At its discretion, the Company also reserves the right to deny reinstatement in a Plan.

Customers must prepay for each Plan. Coverage under the Plan will commence after issuance of the first bill, after receipt of the first payment, or 15 days after enrollment, whichever is latest. Coverage under the Plan is suspended at the end of the pre-paid period in the event of non-payment. The Customer must be current on all payments in order to be covered under the Plan. If the Plan is suspended for non-payment, coverage under the Plan will be reinstated 15 days after payment is received. Any repairs that may be needed prior to the commencement date or while the Plan is suspended for non-payment are not covered by the Plan.

To the extent permitted by law, the Customer will be subject to a late payment charge of \$5.85 or 1.5% per month (A.P.R. 18%), whichever is greater, for all amounts in arrears.

If the covered Household has more than one appliance of a particular type, (e.g., two furnaces) and only one Plan covering that type of appliance, the Plan will only cover repairs to the first appliance that requires service.

#### 1.3. Cancellation/Renewal

New Customers may cancel their initial enrollment in a Plan with no obligation within 30 days of the date that this Agreement is mailed to the Customer or the enrollment date, whichever is later, and obtain a full refund less the cost of any service calls made during this period.

Except as provided in the preceding paragraph, Customers with: Furnace, Boiler, Heat Pump, and Central Air Conditioning Plans have a minimum term of one year. No refunds will be provided with respect to such Plans or early cancellation and Customers on monthly payment Plans will continue to be responsible for monthly fees for the remaining term of such Plans. All other plans may be canceled by the Customer at any time with a thirty (30) day notice.

The Company may cancel the Customer's Service Plan(s) with or without cause by providing notice of cancellation. In this case, the Company will mail written notice to the Customer at least 5 days prior to cancellation except where such cancellation is for non-payment, material misrepresentation or a substantial breach by the Customer relating to the covered appliance or its use. The Company shall refund all unapplied Customer payments.

To ensure uninterrupted coverage, Plans will renew automatically unless notification of non-renewal is received prior to the renewal date.

#### 1.4. Customer Responsibilities

Some Plans include service call fees. In these cases the Customer is responsible for paying these fees directly to the Company or its contractor, as directed.

To arrange for repairs, the Customer is required to call the Company and to provide Company representatives with safe and reasonable access to all appliances and lines (inside and/or outside). The Company will cover the costs incurred by Company representatives performing work that is expressly authorized by the Company. The Company will not reimburse the Customer directly for the cost of any repairs.

#### 1.5. General Exclusions

The Plans do not cover pre-existing conditions. The Company shall not be responsible for repairing equipment if the Company is unable to obtain the part(s). In addition, the Plans do not cover repair of any appliances, parts or controls other than those specifically covered by each Plan and will not cover the cost of adding new components to equipment. The Plans are not for the benefit of anyone other than the Company and the Customer.

**Preventive Maintenance:** The Plans do not cover preventive maintenance or any work intended to prevent equipment failure from occurring in the future, such as seasonal pilot re-lighting, tune-ups, inspections or replacing filters.

**Abnormal Conditions:** The Plans do not cover any materials, parts or labor for repairs which are required as a result of abnormal conditions or events such as: (a) earthquakes, hurricanes, tornados, flooding, fire, or freezing; (b) damage induced by animals, vandalism, owner or operator negligence or misuse; (c) repairs by a third party or the Customer; and (d) a manufacturer's recall, defect or retrofit.

**Limitation of Liability:** To the fullest extent allowed by law, the Company shall not be liable for any special, exemplary, punitive, indirect, consequential or incidental damages or lost profits incurred by the Customer, or anyone else, even if advised of the possibility thereof. To the fullest extent allowed by law, the Company's liability under this Agreement, the Terms and Conditions, the Plan(s) and/or arising from or relating to the services provided hereunder is limited to three times the amount paid under the Plan(s) by the Customer during the previous 12 months. The Company will not be liable for damages or losses incurred by the Customer or anyone else caused by or relating to unavoidable delays, failure to service, unavailability of parts, equipment failure, weather conditions, work stoppage, strike or other circumstances beyond the Company's control.

**Hazardous Materials:** The Plans do not include services which involve the handling, disturbance, or disposal of hazardous or toxic materials, such as lead, asbestos or anti-freeze.

**Code Compliance:** The Plans do not cover bringing non-complying equipment into compliance with local, state, or federal codes. In addition, the Plans do not cover the overhaul or replacement of residential appliances.

**Gaining Access:** The Plans do not cover the cost of gaining access to inaccessible appliances, piping or wires or restoration costs such as plaster, drywall, paint, or concrete except as provided in the Terms and Conditions applicable to a specific Plan.

#### 1.6. Severability

If any provision of the Agreement, the Terms and Conditions, or a Plan shall be deemed unlawful, void, or for any reason unenforceable, then that provision shall be deemed severable from the remaining provisions, which shall remain in full force and effect. Headings/captions are for convenience only. The waiver or failure of the Company to exercise any right in connection with the Plan or these Terms and Conditions shall not be deemed a waiver or any further right thereof.

#### 2. Additional Terms and Conditions Applicable to Specific Plans

##### 2.1 Furnace or Boiler Basic - Covered Parts/Service

The Plan covers the following parts and brands for one furnace, boiler, or space heater up to a maximum of \$1,500 per rolling 12-month period.

**Covered Brands:** The Plan covers major brands of Standard-Efficiency furnaces, boilers, or space heaters that are not listed in Appendix A.

**Covered Parts/Service:** Air Scoop; aquastat; auto water fill valve; back flow preventer; balancing valve; bearing; blower assembly; blower motor; blower pulley; burner (if available); capacitor; circuit board; circulator; condensate pump; coupler; drain line and trap; draft-off valve; draft inducer (internal); expansion tank (including draining); fan; fan assisted motor and assembly; fan belt; fan control; flame sensor switch; flow check valve; gas valve (on furnace or boiler); ignition control (pilot/primary control, sensor/wiring); internal fuse (excluding circuit breaker); limit control; low water cutoff; operating relay; pilot (standing) and safety assembly; pressure regulator (air/gas); purge valve; pressure gauge; pressure regulator (air/gas); purge valve; relay; relief valve (30 lb. pop); switch (emergency, non-automatic); thermocouple; thermostat; transformer; vent damper & vent valve (at boiler); zoned forced hot air components including dampers; and zone valve and operator.

#### Furnace or Boiler Premium

The Plan covers parts and labor included in Furnace or Boiler Basic for one furnace or boiler up to a maximum of \$2,500 per rolling 12-month period, plus additional brands as indicated below.

The Plan also provides a Cash Value Payment when the unit fails as a result of an Excluded Part listed below and the Customer has been enrolled in the Plan for more than 90 days.

**Covered Brands:** The Plan covers most major brands of Standard-Efficiency and High-Efficiency Furnaces or Boilers.

**Covered Parts:** All covered parts listed in Basic plus ECM or equivalent motor.

#### Exclusions and Limitations

Exclusions include, but are not limited to:

**Excluded Parts:** Boiler sections and heat exchangers.

**Excluded Brands:** Celtic/Hydro Pulse, HY-TECH/Paloma Pak, Myson, Voyager/Munchkin, and Sears Kenmore.

**Other Exclusions:** Air ducts and vents; air filters; balancing the system; heating air bound systems; chimney maintenance or repairs; draining and refilling of boiler; fuel oil appliances; electronic air cleaners; gas appliances rated at inputs of 400,000 BTU/hr or more; hanging units; humidifiers; piping (water, gas, flue, etc.); radiators; tankless hot water heating systems; units located on a roof; and unit replacement.

#### 2.2 Water Heater

##### Water Heater Basic - Covered Parts/Service

The Plan covers the following parts for one Standard-Efficiency Water Heater (tank-based) up to a maximum of \$500 for parts and labor per rolling 12-month period: expansion tank; gas valve; heating element; ignition control; induced draft motor; main burner; pilot assembly; regulator; safety controls; T&P relief valve; thermocouple; thermostat; and tubing.

##### Water Heater Premium

The Plan covers parts and labor included in Water Heater Basic for one Standard-Efficiency or High-Efficiency water heater (tank-based) up to a maximum of \$1,000 per rolling 12-month period.

The Plan also provides a Cash Value Payment when the unit fails as a result of an Excluded Part listed below and the Customer has been enrolled in the Plan for more than 90 days.

#### Exclusions and Limitations

Exclusions include, but are not limited to:

**Excluded Parts:** Water heater tank.

**Other Exclusions:** Anode rod, flushing and tankless or tankless coil water heater heating systems.

**Excluded Brands:** Sears Kenmore.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED OCTOBER 17, 2011**

**Data Request No. 1 (a):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph before the manager's signature.

- a. Given that the letter includes the statement, "[c]overage costs can be conveniently added to your Columbia Gas bill," confirm whether this means that the letter will go only to Columbia customers.

**Response:**

Yes, this letter will only go to Columbia Gas customers.

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
DATED OCTOBER 17, 2011**

**Data Request No. 1 (b):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph before the manager's signature.

- b. If the letter will go only to Columbia customers, confirm whether this means that Columbia Retail Services ('CRS') has obtained, or will be obtaining, Columbia's customer list.

**Response:**

The sample letter in Attachment D will go only to Columbia customers. Columbia Retail Services will be obtaining the customer list from Columbia Gas of Kentucky minus any "Do Not Solicit" customers in accordance with the terms established by a billing agreement, dated August 8, 2011, between NiSource Retail Services (dba Columbia Retail Services) and Columbia Gas of Kentucky.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED OCTOBER 17, 2011**

**Data Request No. 1 (c):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph before the manager's signature.

- c. If providing its customer list to CRS is part of its arrangement with CRS, provide the terms, monetary or otherwise, under which Columbia is providing said customer list.

**Response:**

Please see the Billing Agreement attached to Columbia's response to Request No. 1 (e); and specifically page 5, Article 4.1.



**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
DATED OCTOBER 17, 2011**

**Data Request No. 1 (d):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph before the manager's signature.

- d. Explain how Columbia will be compensated by CRS for the cost of the billing service it will be providing CRS.

**Response:**

Please see the Billing Agreement attached to Columbia's response to Request No. 1 (e); and specifically page 5, Article 3.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED OCTOBER 17, 2011**

**Data Request No. 1 (e):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph before the manager's signature.

- e. Describe, generally, what steps Columbia has taken to ensure that it and its customers will not be subsidizing CRS.

**Response:**

The only involvement that Columbia has with CRS is provision of the billing service for customers and the opportunity for CRS to purchase Columbia's customer list. The provision of these services is set forth in the Billing Agreement, attached hereto. Columbia will not perform any service work, crew or customer service functions.

## BILLING AGREEMENT

This Agreement is made and entered into as of the 8th day of August, 2011 ("Effective Date"), between Columbia Gas of Kentucky, Inc., a Kentucky Corporation, with offices located at 2001 Mercer Road, Lexington, Kentucky 40512-4241, hereinafter "Columbia," and NiSource Retail Services, Inc., a Delaware Corporation, with offices located at 100 International Drive, Suite 175, Portsmouth, New Hampshire 03801, hereinafter "Billing Entity."

### RECITALS

WHEREAS, Billing Entity seeks access to Columbia's bills for the purpose of billing value added services that are mutually acceptable to the parties and designed to help residential and small commercial customers manage energy related risk and usage, including offering service plans for the repair of heating and cooling systems, water heaters, appliances, and pipes and wires; and equipment leasing services (collectively, "Covered Products and Services"); and,

WHEREAS, Columbia has agreed to provide non-exclusive access to its bills for the billing of Covered Products and Services.

**NOW THEREFORE** in consideration of the mutual promises and covenants contained in this Agreement, Columbia and Billing Entity agree to the following terms and conditions:

### ARTICLE 1 SERVICES TO BE PERFORMED

- 1.1 Description of Services.** During the term of this Agreement, Columbia shall provide Billing Entity with the billing services described in this Section 1.1 (collectively, the "Billing Services") with respect to the Covered Products and Services.
- (a) Columbia agrees to include a line item to appear on its bills that reflects the charge for Billing Entity subscriptions, except as otherwise required by any regulatory authority having jurisdiction over the Columbia. Notwithstanding the foregoing, Columbia may bill for Billing Entity subscriptions on a separate page within its bills.
  - (b) Beginning Effective Date and continuing on a monthly basis for the Initial Term (as defined below) and any subsequent Renewal Period (as defined below), Columbia will remit, via wire transfer, a payment to Billing Entity that reflects the subscription revenue and any collections for appropriate taxes collected by Columbia for the preceding month. This payment will be made no later than ten (10) business days following the end of the previous month. The amount of taxes required to be collected will be determined by Billing Entity, and Billing Entity shall include such tax amount with any subscription charges to be billed by Columbia under this Agreement.

- (c) The payment remitted to Billing Entity will not include subscription revenue for those customers who make payment in an amount that is insufficient to fully satisfy amounts due on their Columbia bill for the gas commodity and gas delivery services, including, but not limited to, past due amounts, late charges and the like. Any amount received in excess of the total amount due on their Columbia bill for the gas commodity and gas delivery services, including, but not limited to, past due amounts, late charges and the like will be remitted to Billing Entity, but only up to the total amount due to Billing Entity as of that billing. If Columbia is providing Billing Services for more than one entity (each a “billing entity”) for any individual customer, in those instances where an individual customer’s payment is sufficient to satisfy their Columbia bill for the gas commodity and gas delivery services, including, but not limited to, past due amounts, late charges and the like, but insufficient to fully compensate each billing entity for its monthly subscription revenue, then the payment remitted by Columbia will include each billing entity’s prorata share of the subscription revenue for the month.
- (d) The products and services billed by Columbia for Billing Entity will be identified by Billing Entity as to the nature of the product and service, by way of code or other identifying characteristic. Offerings that provide coverage for a single line of coverage will have a unique code identifier. Billing Entity warrants and covenants that the coverage offered through its Covered Products and Services will not be denied to a customer solely because the customer carries overlapping plans and coverage offered by any other billing entity for which Columbia provides Billing Services. Billing Entity warrants and covenants that such coverage offered through its Covered Products and Services will be in addition to any other plans and coverage sold by any other billing entity to a customer for which Columbia provides Billing Services. Columbia will bill Billing Entity on a cost causation basis for any Billing Services that result in incremental business costs, including but not limited to excessive bill weight, additional bill pages and printing services.
- (e) By the tenth (10<sup>th</sup>) business day of the month, Columbia will promptly provide a listing of those customers for whom subscription revenue was collected and remitted for the preceding month.
- (f) Billing Entity, and not Columbia, will be responsible for the applicable taxes on the subscription revenue that is collected and remitted, and Billing Entity shall indemnify, defend and hold Columbia harmless against claims for same.
- (g) If Billing Entity owes Columbia any fees or costs that have not been timely paid hereunder, Columbia will have the right to set-off such fees and costs against the subscription revenue collected on behalf of Billing Entity.
- (h) Columbia will not interrupt or discontinue service to customers solely for non-payment of amounts owed to Billing Entity and Billing Entity shall be responsible for collection efforts for non-payment of subscription revenue, equipment lease payments, and other service charges, taxes and fees associated with Covered Products and Services.

- 1.2 **Certain Definitions.** As used in this Agreement, (a) the term “Affiliate” means, with respect to any Person, any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, and (b) the term “Person” means and includes an individual, a corporation, a partnership, a limited liability company, a limited liability partnership, a joint venture, a trust, an unincorporated association, a government or political subdivision of or agency thereof or any other entity.
- 1.3 **Regulatory Restrictions.** Subject to the provisions of the first sentence of Section 4.2 hereof, Billing Entity acknowledges and agrees that the rights granted to Billing Entity under this Agreement are subject to limits, restrictions or modifications with respect to the Billing Services and the provision of customer lists (including any charges therefore) required by any regulatory body with authority over Columbia.

## ARTICLE 2 TERM OF AGREEMENT

- 2.1 **Term.** This Agreement shall be effective as of the Effective Date and shall continue in effect for an initial term that ends on September 30, 2014 (the “Initial Term”) and year to year thereafter (each a “Renewal Period”), subject to the right of either party to terminate this Agreement at the end of the Initial Term or any Renewal Period upon providing the other party at least ninety (90) days prior written notice to be effective upon expiration of the then-current term. Notwithstanding any Renewal Period, this Agreement shall terminate on September 30, 2028.

## ARTICLE 3 FEES AND CHARGES

- 3.1 **Entry Fee.** Billing Entity shall pay Columbia, within thirty (30) days of Billing Entity’s receipt of an invoice, a one-time Entry Fee to cover Columbia’s information technology costs incurred to develop and implement the new computer systems contemplated in this Billing Agreement, hereinafter referred to as the “Billing System.” If the Billing Entity has not previously paid an Entry Fee or equivalent charges to an Affiliate of Columbia to cover Columbia’s information technology costs incurred to develop and implement the then existing computer systems, the Entry Fee shall be \$200,000. If Billing Entity has paid the aforementioned \$200,000 Entry Fee or equivalent charges, the Entry Fee for Kentucky shall be \$21,000. Billing Entity will be solely responsible for the costs of any modifications that it must make to its information technology systems in order to implement this Billing Agreement, including, but not limited to, implementation of the Billing System.
- 3.2 **Billing Fee.** During the term of this Agreement, Columbia will invoice Billing Entity on a monthly basis, and Billing Entity shall pay to Columbia monthly in arrears equal installments of the annual fee of \$15,000 (the “Annual Fee”). Billing Entity shall remit monthly installments of the Annual Fee directly to Columbia. Payment of the Annual Fee supports baseline support services provided by Columbia to Billing Entity as defined in

Exhibit 1 of this Agreement. In addition to the Annual Fee, and any Modification Fee and Entry Fee, Columbia will invoice Billing Entity each month, and Billing Entity shall pay to Columbia each month, a fee of \$0.05 for each customer billed during such month by Columbia (the "Monthly Fee").

- 3.3 Columbia will invoice Billing Entity on a monthly basis, and Billing Entity shall pay within ten (10) days of receipt of an invoice to Columbia the fees due for that billing period, and any arrearages. Columbia may net the amount owed to Columbia from any amounts due Billing Entity and issue a net invoice/statement for any amounts past-due at the time the Columbia payment is due to Billing Entity.
- 3.4 **Modification of Systems.** Until the Billing System is operational, Columbia shall continue to provide Billing Services to the Billing Entity and such services will be provided using the same information technology systems, interfaces and reports that were used prior to the execution of this Billing Agreement for any entity that was billing on such platform prior to January 1, 2010 ("existing system"). Once the Billing System is operational, Columbia will only provide baseline support for the existing system and will not provide development of new functionality or services under the existing system and any resources for new development, functionality or services will be dedicated to the Billing System. Once the Billing System is operational, if Billing Entity or any other billing entity requests service, which includes enhancements to the existing system, beyond the baseline support services, provided for in any agreement with Columbia under the existing system, such will only be provided in the event such entity agrees to promptly move to the Billing System and enters into a Billing Agreement of substantially this form and content.

In addition, if Billing Entity requests enhancements to the Billing System (or the existing system) beyond those necessary and useful to make the Billing System or existing system functional for the contemplated services, Billing Entity will be responsible for the costs of those enhancements; provided, however, any functionality created under this provision will be made available to all current billing entities and each billing entity that receives the benefits of such enhancements will share in the cost of those enhancements.

- (a) If Billing Entity requests service beyond the baseline support services specified in Exhibit 1 of this Agreement, or requests enhancements to the Billing System, and if Columbia agrees to provide such additional services or enhancements, Columbia will invoice Billing Entity a Modification Fee for the actual costs of such services or enhancements, and Billing Entity shall pay to Columbia the Modification Fee. If Columbia develops new information technology systems and interfaces applicable to Billing Services, and if: (1) Billing Entity desires to utilize such new information technology systems and interfaces; or, (2) Columbia requires Billing Entity to utilize such new information technology systems and interfaces, then Columbia and Billing Entity agree to execute an amendment to this Billing Agreement in order to set forth the parties' agreement with respect to such enhanced information technology systems and interfaces and the related Entry Fee. Should Columbia require Billing Entity to utilize new information

technology systems and interfaces, and should Billing Entity refuse to do so, then such refusal shall be considered an Event of Default under Section 6.1(b) of this Billing Agreement.

- 3.5 Regulatory Fee Adjustments.** The Entry, Monthly, Annual Fee, Customer list and any other fees and charges contemplated in this Agreement shall be subject to adjustments required, directed or ordered by any regulatory body with jurisdiction over Columbia, to the extent such regulatory body requires, directs orders or determines (through disallowance of costs, imputation of revenue or otherwise), that any such fee(s) are not sufficient to compensate Columbia for the services provided hereunder (the "Regulatory Adjustments"). Subject to the provisions of the first sentence of Section 4.2 hereof, and in addition to the other fees set forth herein, Billing Entity shall pay Columbia any increased fees consistent with or resulting from the Regulatory Adjustments. Columbia shall notify Billing Entity in writing in advance of the institution of any such Regulatory Adjustment and Billing Entity shall have 30 days to provide Columbia written notice of its refusal to accept such Regulatory Adjustment, which refusal shall be considered an Event of Default under Section 6.1(b) of this Billing Agreement. Billing Entity shall pay Columbia for any increases in the foregoing fees resulting from a Regulatory Adjustment, in the absence of a rejection of such Regulatory Adjustment as provided in this Section.
- 3.6 Other Fee Adjustments.** Notwithstanding anything to the contrary in this Agreement, upon at least one hundred and twenty (120) days' prior written notice, Columbia may adjust any fee(s) to be charged under this Agreement for the upcoming Renewal Period.
- 3.7 Payment Terms.** All invoices delivered to Billing Entity shall be paid no later than ten (10) business days after receipt thereof. All invoices delivered to Billing Entity under this Agreement shall be addressed and delivered to Billing Entity at the invoicing address set forth in Section 10.3 (but without copies to the other persons noted therein).
- 3.8 Accounts Receivable.** Billing Entity agrees to provide Columbia with any additional documents and take any additional steps that Columbia may request to perfect Columbia's interest in the any Accounts Receivable resulting from this Agreement, and Billing Entity hereby authorizes the filing of UCC-1 financing statements to perfect Columbia's interest.

#### **ARTICLE 4 OBLIGATIONS AND COVENANTS**

- 4.1 Customer Lists and Related Fees.** Columbia will provide Billing Entity with updated Columbia customer lists minus any customer "Do Not Solicit" information upon Billing Entity's reasonable request, it being Columbia's understanding that disclosure of such customer information is not confidential for purposes of disclosure to an affiliate. All customer list data provided under this Section 4.1 is subject to the withholding of any information required under Columbia's privacy policies, applicable statutes and regulations, including privacy or similar laws, all as in effect from time to time, or as required by any regulatory body with authority over Columbia. By way of example and

not limitation, Columbia may in the exercise of its business judgment voluntarily institute, expand or otherwise modify its current or any future privacy policies and practices so as to limit the scope of customer information provided to Billing Entity by, among other things: (i) providing customers opportunities to “opt out” of having their information provided to (some or all) third party service providers; and, (ii) providing to Billing Entity information only about customers who “opt in” to having their information provided to (some or all) third party service providers. Billing Entity shall pay Columbia a fee of \$0.02 for each customer name on each list provided to Billing Entity, which shall be invoiced to Billing Entity in accordance with Section 3.7. In addition, Columbia shall provide Billing Entity with weekly lists of all “new connects” and “mover” customers for a flat fee of \$130 per month, to be invoiced to Billing Entity each month with the invoice for the monthly portion of the Annual Fee pursuant to Section 3.2.

**4.2 Initiation of Regulatory Proceedings.** Unless otherwise permitted herein, Columbia will not initiate any proceeding before any regulatory authority, the primary purpose of which would materially and adversely affect the right or authority of Columbia to continue its Billing Services hereunder. Notwithstanding the foregoing, Columbia may participate in or defend against any regulatory proceeding initiated by any entity.

**4.3 Data Privacy.** With regard to any customer data provided by Columbia to Billing Entity, Billing Entity shall: (a) use commercially reasonable and customary security and care to protect such data; (b) comply with all legal and regulatory requirements regarding the protection, use, storage, loss and disposal of such data; and, (c) provide timely certifications to Columbia as requested regarding Billing Entity’s use and secure storage and disposal of such data; provided, however, that such obligations and covenants shall be in addition to the other data privacy obligations set forth herein. Billing Entity, at its sole cost and expense, shall, upon discovery of any breach of security or unauthorized access affecting customer data provided by Columbia, immediately: (i) notify Columbia of any loss or unauthorized disclosure, possession, use or modification of such data or any suspected attempt at such activity or breach of Billing Entity’s security measures; (ii) investigate and take required corrective action in response thereto, including, but not limited to, making any necessary customer notifications; and, (iii) provide assurance to Columbia’s reasonable satisfaction that such activities or breach or potential breach shall not reoccur. Billing Entity expressly agrees to use any customer data provided by Columbia only for marketing and solicitation efforts related to the Covered Products and Services. Billing Entity shall not sell or provide such customer data provided by Columbia to any party, affiliated or otherwise, for any purpose not directly related to the Covered Products and Services.

## ARTICLE 5 REPRESENTATIONS AND WARRANTIES

**5.1 Authority.**

(a) Columbia represents and warrants to Billing Entity that: (i) it has full power and authority to enter into this Agreement and to perform its obligations hereunder;



and, (ii) its execution and delivery of this Agreement have been duly authorized by all requisite corporate action and is, therefore, binding upon it. Columbia makes no other warranties, express or implied, with respect to its provision of Billing Services or its performance hereunder.

- (b) Billing Entity represents and warrants to Columbia that: (i) it has full power and authority to enter into this Agreement and to perform its obligations hereunder; (ii) its execution and delivery of this Agreement have been duly authorized by all requisite limited liability company or corporate action, as applicable, and is, therefore, binding upon it; and (iii) it is qualified to conduct the business of offering the Covered Products and Services and it carries and shall maintain all authorizations, licenses and permits necessary to carry on such business.

**5.2 Development and Review of Informational Materials.** Billing Entity shall be responsible for developing, producing, and printing all informational materials for the Covered Products and Services, and shall provide such materials to Columbia (at the notice address identified in Section 10.3), giving Columbia an opportunity to review and provide comments on such materials in advance of any distribution to Columbia's customers. Columbia has ten (10) business days to provide any feedback to Billing Entity from receipt of such materials or the materials are deemed acceptable. All such promotional materials shall include appropriate disclaimers satisfactory to Columbia in its sole discretion. Billing Entity recognizes and agrees that Columbia has no responsibility for the content or quality of any of Billing Entity's marketing materials.

**5.3 Insurance.** Billing Entity shall, during the term of this Agreement and for a period of three (3) years thereafter, maintain the following insurance coverage with respect to the Covered Products and Services it offers and provides, and shall include Columbia as an Additional Insured (excluding Workers Compensation):

Comprehensive General Liability, including Products and Completed Operations, and Contractual Liability with limit of \$2,000,000, combined single limit.

Comprehensive Automobile Liability with limit of \$2,000,000 combined single limit.

Excess Comprehensive General and Automobile Liability with limit of \$2,000,000, excess of \$2,000,000.

Workers Compensation coverage with Statutory Limits.

Prior to the marketing or provision of Covered Products and Services, Billing Entity shall furnish certified copies of all insurance policies intended to meet the requirements of this Article. Properly executed Certificates of Insurance, including the required amendatory riders and endorsements, may be substituted for certified copies of insurance policies provided that such certificates contain a positive statement of compliance with the terms of this Agreement. An authorized representative of the insurance company shall execute the aforementioned certificates.

Billing Entity waives all rights against Columbia and its agents, affiliates, successors, assigns, representatives, officers, directors, and employees for recovery of damages to the extent these damages are covered by the automobile liability, commercial general liability, or excess liability insurance obtained by Billing Entity.

In the event that Billing Entity elects to perform any portion of the Covered Products and Services through the use of subcontractors, Billing Entity shall remain fully responsible for all actions and/or inactions of its subcontractors. Billing Entity shall require subcontractors to maintain insurance coverage that is commercially reasonable, having regard for the nature of the services to be performed by such subcontractors. Billing Entity assumes all liability for its subcontractors' failure to maintain such insurance coverage.

- 5.4 **Subcontractors.** To the extent that Billing Entity employs subcontractors to market or provide Covered Products and Services to Columbia customers, Billing Entity shall use due diligence to determine that its subcontractors are reputable and qualified, and Billing Entity shall be fully responsible for the actions and inactions of its subcontractors. Billing Entity shall promptly provide Columbia with the names and duties of its subcontractors. Columbia shall have the right, but not the obligation, to review such subcontractor lists and request additional information from Billing Entity regarding subcontractors. Columbia, for good cause, may require Billing Entity to cease using a particular subcontractor for the marketing and/or provision of Covered Products and Services.

## ARTICLE 6 TERMINATION

- 6.1 **Events of Default.** Any of the following events or conditions shall constitute an event of default (an "Event of Default") under this Agreement:
- (a) Billing Entity fails to pay any amount due to Columbia for a period of thirty (30) days after written notice;
  - (b) Any party at any time fails to observe, satisfy or perform any material term, obligations or agreement contained in this Agreement, and such party fails to cure the same within sixty (60) days after written notice from the other party of such breach, provided that, in the event any regulatory or other governmental authority requires Columbia to limit, restrict or otherwise modify the Billing Services or its provisions of customer lists (including, but not limited to, any charges therefore), then notwithstanding the definition of Billing Services in this Agreement, compliance by Columbia with the terms of any such regulatory or other legal requirement (such requirement to be promptly forwarded to Billing Entity) will not constitute an Event of Default under this Agreement;
  - (c) Billing Entity operates its business in such a way that causes material harm or damage to Columbia's name, reputation or trademark, or to that of any of its

Affiliates', as such harm or damage is determined by Columbia in its discretion, and Billing Entity fails to cure the same within sixty (60) days after written notice from Columbia; or,

- (d) Billing Entity becomes insolvent, or a petition in bankruptcy has been filed by or against it, or it has made an assignment for the benefit of creditors, or a receiver has been appointed or applied for by it.

**6.2 Termination by Billing Entity.** In the event of: (a) an Event of Default on the part of Columbia; or, (b) a material increase in costs to Billing Entity that results from Regulatory Adjustments, Billing Entity may terminate this Agreement by giving written notice to Columbia. Any dispute between the parties regarding the propriety of any such termination by Billing Entity shall immediately be submitted to mediation pursuant to Section 10.9(b).

**6.3 Termination by Columbia.** In the event of an Event of Default on the part of Billing Entity, Columbia may terminate this Agreement by giving written notice to Billing Entity. Any dispute between the parties regarding the propriety of any such termination by Columbia shall immediately be submitted to mediation pursuant to Section 10.9(b) and during such mediation process the parties shall continue to perform their respective obligations under this Agreement. Notwithstanding the foregoing, Columbia may at any time terminate this Agreement, if required to do so by a court of competent jurisdiction or regulatory body having jurisdiction over Columbia and such termination shall not be subject the mediation process set forth in Section 10.9(b).

**6.4 Termination by Either Party.** Consistent with Section 2.1, either party may terminate this Agreement without cause at the end of the Initial Term or any Renewal Period upon providing the other party at least ninety (90) days prior written notice.

## ARTICLE 7 LIMITATION OF LIABILITY

**7.1 Liability for Errors or Omissions in Billing.** Columbia shall establish regular and reasonable internal measures to verify the accuracy of all bill processing services performed pursuant to this Billing Agreement. Billing Entity shall notify Columbia of all errors, omissions or inaccuracies in any bills rendered by Columbia within five (5) business days of learning of such errors. In the event of any material errors, omissions or inaccuracies in such bills due to Columbia's error or omission, Billing Entity's sole remedy shall be to require Columbia to re-bill such incorrectly billed accounts. The parties shall cooperate to determine the most efficient and cost effective manner by which to implement such corrective action.

**7.2 Limitation of Liability.** COLUMBIA SHALL NOT BE LIABLE TO THE BILLING ENTITY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE LOSS OR DAMAGE OF ANY KIND, INCLUDING LOST PROFITS (WHETHER OR NOT SUCH PARTY HAD BEEN

ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE), BY REASON OF ANY NEGLIGENT ACT OR OMISSION IN ITS PERFORMANCE UNDER THE AGREEMENT.

- 7.3 **Force majeure.** Neither party shall be liable for any failure of performance due to causes beyond its reasonable control, including, but not limited to, the following: acts of God, terrorism, fire, explosion, vandalism, storm or other similar occurrence; any law, order, regulation, direction, action or request of the United States government or any other government (including state and local governments) or of any dependent agency, commission, court, bureau, corporation or other instrumentality of any one or more of said governments; or of any civil or military authority; national emergencies; insurrections; riots; wars; strikes, lockouts or work stoppages or other labor difficulties; or supplier failures, shortages, breaches or delays. If such failure of performance shall be: (a) for thirty (30) days or less, then this Agreement shall remain in effect and Columbia shall be excused from its obligations of remitting payments hereunder to the extent its obligations relate to the performance so interfered with, for the period of such failure of performance; or, (b) more than thirty (30) days, then either party may cancel the affected services upon notice to the other party with no liability on the part of either party.
- 7.4 **Essential Basis of Bargain.** EACH PARTY ACKNOWLEDGES AND AGREES THAT THE WARRANTY DISCLAIMERS AND LIMITATIONS OF LIABILITY SET FORTH IN THIS AGREEMENT REFLECT AN AGREED ALLOCATION OF RISK BETWEEN THE PARTIES (INCLUDING THE RISK THAT A CONTRACT REMEDY MAY FAIL OF ITS ESSENTIAL PURPOSE AND CAUSE A CONSEQUENTIAL LOSS) AND THAT THE SAME FORM AN ESSENTIAL BASIS OF THE BARGAIN BETWEEN THE PARTIES.

## ARTICLE 8 INDEMNIFICATION

- 8.1 **Indemnification by Billing Entity.** Billing Entity shall defend, indemnify and hold Columbia and its employees, officers, directors, Affiliates, agents, successors, assigns and representatives free and harmless from and against any loss damage, claim, cause of action or other liability claimed by third parties (including, without limitation, reasonable attorneys' fees and court costs) relating to or arising out of: (a) any third-party claims of loss or damage as a result of any breach by Billing Entity of this Agreement; or, (b) any claims of loss or damage made by third parties as a result of any Covered Product and Services marketed or provided by Billing Entity or its subcontractors; or (c) any claims of loss or damage made by a third party based upon any theory or cause of action asserting that Columbia or its Affiliates are functioning as a debt collector on behalf of Billing Entity by performance of Billing Services.

**ARTICLE 9  
CONFIDENTIALITY**

9.1 **Use and Protection of Confidential Information.** “Confidential Information” means: (a) any information regarding the Billing Services that is not generally known in the relevant industry or which affords possessors of the information a commercial or business advantage; (b) any information concerning a party’s trade secrets, methods, processes, or procedures such as the products, packages, pricing or specific customers group of any Billing Entity; (c) any information obtained through the purchase of customer information lists from Columbia; or, (d) any other confidential, financial or business information of a party which the Receiving Party, as defined in Section 9.2, learns during the course of its performance of this Agreement. During the term of this Agreement and following its expiration or termination, each party shall take the same measures to maintain the confidentiality of the Confidential Information of the other party as it takes to protect its own proprietary or confidential information and in no case less than commercially reasonable measures. Each party agrees not to exploit or use the other party’s Confidential Information except in connection with the Billing Services as permitted by this Agreement, and each agrees to take by instruction, agreement or otherwise, all reasonable precautions to maintain the confidentiality of and to prevent unauthorized disclosure or communication of the other party’s Confidential Information. Each party agrees that it will not use or disclose all or any portion of any Confidential Information of the other party to any person or entity other than its employees and Affiliates, and then only for purposes of: (a) Billing Entity’s marketing energy-related service plan products and services and leasing services consistent with this Agreement and with any proposed assignment contemplated by Section 10.6 of this Agreement; and (b) Columbia’s performance hereunder.

9.2 **Not Confidential.** For purposes of this Article 9, the party furnishing information to the other party is referred to as the “Disclosing Party”, and the party receiving information is referred to as the “Receiving Party”. Notwithstanding anything else contained herein, the obligation of confidentiality in this Article 9 does not apply to any information which: (a) is or becomes known publicly through no fault of the Receiving Party; (b) is required to be disclosed by Receiving Party pursuant to law, regulation or judicial decree; (c) is learned by the Receiving Party from a third party which is not bound by an obligation of confidentiality; or, (d) was already known to the Receiving Party prior to receipt from the Disclosing Party.

**ARTICLE 10  
MISCELLANEOUS**

10.1 **Nature of Relationship Between Parties.** The parties acknowledge and agree that Columbia shall act hereunder solely as an independent contractor for Billing Entity, and that no party is an agent for the other party. Nothing contained in this Agreement shall be construed to constitute any party as a partner, joint-venturer, employee or agent of any other party, it being intended that the parties shall be, and shall at all times remain,

independent contractors as to one another responsible for their own actions. Billing Entity shall not refer to Columbia on Billing Entity's website, in any marketing materials, or otherwise publicize or disclose its relationship with Columbia without the prior written approval of Columbia. Billing Entity shall not refer to any of Columbia's Affiliates on Billing Entity's website, in any marketing materials, or otherwise publicize or disclose its relationship, if any, with such affiliates without the prior written approval of such affiliates.

**10.2 Headings.** Headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

**10.3 Notices.** All notices and other communications hereunder shall be in writing and shall be deemed effective upon receipt (or a party's refusal to accept receipt), when mailed certified U.S. Mail, return receipt requested; delivered personally; sent by facsimile (receipt of which is confirmed in writing); or sent by an overnight courier service, such as Federal Express, to the party at the address below. Any party may send any notice or other communication hereunder to the intended recipient at the address set forth below using any other means but no such notice or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient and the intended recipient has acknowledged receipt. Any party may change the address to which notices and other communications hereunder are to be delivered by giving the other party notice in the manner set forth herein.

Notices:

Columbia Gas of Kentucky, Inc.  
200 Civic Center Drive  
Columbus, Ohio 43215  
Attn: Director Meter to Cash  
Phone: (614) 460-6316  
Fax: (614) 460-4264

Notices:

NiSource Retail Services, Inc.  
100 International Drive, Suite 175  
Portsmouth, New Hampshire  
03801  
Attn: Scott MacDonald, President  
Phone: (603) 422-8500  
Fax: (603) 422-8570

With a copy to:

Columbia Gas of Kentucky, Inc.  
2001 Mercer Road  
Lexington, KY 40512-4241  
Attn: Director Regulatory Affairs  
Phone: (859) 288-0242  
Fax: (859) 288-0258

Payment Confirmations:

Columbia Gas of Kentucky, Inc.

Payment Confirmations/Invoices:

NiSource Retail Services, Inc.

200 Civic Center Drive  
Columbus, Ohio 43215  
Attn: Manager, Cash  
Phone: (614) 460-4824  
Fax: (614) 460-6851

100 International Drive, Suite 175  
Portsmouth, New Hampshire 03801  
Attn: Elizabeth Foley  
Phone: (603) 422-8504  
Fax: (603) 422-8570

Duns, U.S. Federal Tax ID ,Wire Transfer or ACH Number and Bank information, as applicable, will provided by Columbia to Billing Entity to facilitate payment confirmations.

Duns, U.S. Federal Tax ID ,Wire Transfer or ACH Number and Bank information, as applicable, will provided by Billing Entity to Columbia to facilitate payment confirmations.

**10.4 Severability.** In the event that any term or provision of this Agreement is determined to be invalid or unenforceable, it is the intent of the parties that a court of competent jurisdiction shall reform such term or provision to produce its nearest enforceable economic equivalent in keeping with the express intent of the parties herein, and the remainder of this Agreement shall continue in full force and effect.

**10.5 Waiver.** No term or provision hereof shall be deemed waived and no performance excused hereunder unless prior waiver or consent shall be given in a writing signed by the party against whom it is to be enforced. Any waiver of any default by either party, whether express or implied, shall not constitute a waiver of the same or a different default on a separate occasion.

**10.6 Assignment.**

(a) Billing Entity may not assign any of its rights and obligations hereunder, in whole or in part without the prior written consent of Columbia, which shall not be unreasonably withheld.

(b) Columbia may assign any of its rights and obligations hereunder, in whole or in part, to any Affiliate without the prior written consent of Billing Entity; provided, however, that: (i) notice shall be given to Billing Entity of each such assignment; and, (ii) any assignee may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement; provided further, however, that no action or consent by Billing Entity shall be required for such assignment of this Agreement, so long as such assignee has agreed in writing to be bound by all of the obligations of Columbia hereunder.

(c) Except as set forth in the foregoing subsections of this Section 10.6, neither party shall assign this Agreement without the prior written consent of the other party to this Agreement, which consent shall not be unreasonably withheld. This

Agreement shall be binding upon and inure to the benefit of the parties hereto and their permitted successors and assigns.

**10.7 Sale or Abandonment of Customers.** In the event that Columbia sells, transfers, ceases to serve or abandons any customers for whom Columbia is providing Billing Services for Billing Entity pursuant to this Billing Agreement, Columbia's obligation to continue providing Billing Services with respect to such customers shall terminate effective with the sale, transfer, cessation of service to or abandonment of such customers.

**10.8 CHOICE OF LAW.** THIS AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY WITHOUT RESPECT TO ITS CHOICE OF LAW RULES. THE PARTIES CONSENT AND SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL OR STATE COURTS LOCATED IN FAYETTE COUNTY, KENTUCKY FOR CLAIMS OF LEGAL OR EQUITABLE RELIEF RELATIVE TO OR ARISING FROM THIS AGREEMENT.

**10.9 Alternative Dispute Resolution.** Without delaying or limiting a party's right to seek any equitable relief under this Agreement and subject to Section 6.3, the parties agree as follows regarding dispute resolution.

(a) **Step Negotiations.** The parties shall attempt in good faith to resolve any controversy or claim arising out of or relating to this Billing Agreement or the interpretation or breach hereof ("Controversy") promptly by negotiation, as follows. Either party may give the other party written notice of any Controversy not resolved in the normal course of business. Executives of both parties at levels at least one level above the personnel who have previously been involved in the Controversy (the "Executives") shall meet at a mutually acceptable time and place within ten (10) days after delivery of such notice, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the Controversy. If the matter has not been resolved within thirty (30) days from the referral of the Controversy to Executives, or if no meeting of Executives has taken place within fifteen (15) days after such referral, either party may initiate mediation as provided hereinafter. If a negotiator intends to be accompanied at a meeting by an attorney, the other negotiator shall be given at least three (3) business days' notice of such intention and may also be accompanied by an attorney. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence. Nothing contained herein shall limit either party's rights and remedies as set forth in this Billing Agreement.

(b) **Mediation.** In the event that any Controversy arising out of or relating to this Billing Agreement is not resolved in accordance with the procedures provided above, such Controversy shall be submitted to mediation to mutually agreeable mediators from the American Arbitration Association. The mediation shall be

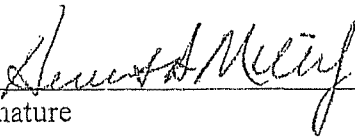


administered at the location closest to Columbia's headquarters. The mediation shall take place at Columbia's facilities unless otherwise agreed to by the parties. If the mediation process has not resolved the Controversy within thirty (30) days of the submission of the matter to mediation, or such longer period as the parties may agree to, the mediation process will cease with the parties reserving all rights to legal or equitable relief consistent with Section 10.8 above.

- 10.10 Amendments.** This Agreement may not be modified or amended except in a writing signed by a duly authorized representative of Columbia and Billing Entity. No oral statement shall, in any manner or degree, modify or otherwise affect the terms and conditions of this Agreement.
- 10.11 Entire Agreement.** This Agreement, including the attached exhibit, constitutes the entire agreement between the parties with respect to the subject matter hereof. All prior agreements, representations, statements, negotiations and undertakings are merged herein.
- 10.12 Construction.** The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person(s) or entities other than the parties to it, nor shall any provision give any third person(s) or entity any right of subrogation or action over or against any party to this Agreement.
- 10.13 Counterparts.** This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Facsimile and pdf. signatures shall be as binding and considered in all manner and respects as original signatures.
- 10.14 Regulatory Approvals.** This Billing Agreement shall be subject to any valid laws, rules, regulations, and orders of any jurisdictional regulatory agency including, but not limited to, Columbia's receipt of any necessary state regulatory approvals.
- 10.15 Survival.** The provisions of Articles 7, 8, and 9 and Sections 3.7, 4.3, 5.3 (three (3) years), 5.4, 10.4, 10.5, 10.8, 10.9, 10.12 and 10.15 of this Agreement shall survive the expiration or any termination of this Billing Agreement.

Executed this 1<sup>st</sup> day of August, 2011.

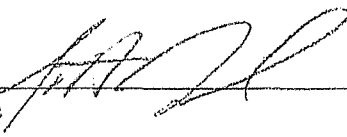
ON BEHALF OF COLUMBIA GAS OF  
KENTUCKY, INC.

  
Signature

Herbert A. Miller, Jr.  
Printed name

President  
Title

ON BEHALF OF NISOURCE RETAIL  
SERVICES, INC.

  
Signature

Scott Macdonald  
Printed name

President  
Title

## EXHIBIT 1

### Third Party Billing System IT Baseline Support Services For Existing System and Billing (New) System

#### ***Application Support and Maintenance:***

- 1) Maintenance
  - Application/Database Maintenance Activities
  - Supporting software upgrades/releases
- 2) Break Fix (not working as designed)
  - Incident Management activities
    - Problem Tickets - Severity 1, 2, 3
  - Production abends & responsiveness
- 3) Production Support
  - Application performance monitoring
  - General support housekeeping
  - Operational Table Configurations (e.g. Load balancing)
  - Application data collection, analysis and reporting

#### ***Administrative Tasks:***

- 1) Operational Management (Steady State)
  - Maintain policies, procedures, and manuals
  - Change Management related activities
  - Incident Management related activities
  - Integration support
- 2) Discovery Process
  - Reviewing Requests and Preparing Estimates
- 3) Project Management
- 4) Internal Service Requests
  - Develop policies, procedures, and manuals
  - Change Management related activities
- 5) Internal Audit Support
- 6) User Support (questions from the business)
- 7) Disaster Recovery activities
- 8) Business Continuity activities

#### ***Management & Administration:***

- 1) SLAs , Metrics, and Reporting
- 2) SOX Compliance activities

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED OCTOBER 17, 2011**

**Data Request No. 2:**

Explain whether the arrangement with CRS, and the terms thereof, are exclusive to Columbia and CRS or if Columbia would have the discretion, and the willingness, to enter into a similar arrangement with a non-affiliated entity that wanted to offer services similar to those of CRS.

**Response:**

The billing agreement between Columbia and CRS is a template for the agreement for similar services that Columbia might provide to any other entity. Columbia maintains the discretion to enter into similar arrangements with other entities that might want to offer services similar to those offered by CRS.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED OCTOBER 17, 2011**

**Data Request No. 3:**

Explain whether CRS uniforms or vehicles display the word "Columbia" without the words "Retail Services" also being shown. If yes, provide the exact wording shown on the vehicles or uniforms without abbreviations unless abbreviations are what are used on such items.

**Response:**

CRS will be working with local contractors to perform the services according to the Customer Agreement. As such, these contractors will not have the words "Columbia" imprinted on their trucks and uniforms due to their relationship with CRS. Rather, CRS will coordinate the service work to be performed between the contractor and customer. CRS Service Delivery representatives will work with each customer to let them know the name of the contractor doing the work and the time and date the contractor will be doing the work. The contractors will carry their own identification and present it to the customers prior to performing the work.

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
DATED OCTOBER 17, 2011**

**Data Request No. 4 (a):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph of the Authorization Form.

- a. Provide a copy of CRS's Customer Agreement referred to in the last paragraph of the Authorization Form.

**Response:**

Please see attached Customer Agreement, also referred to as Terms and Conditions, referenced in the last paragraph of the Authorization form.

## Customer Agreement

Effective November 1, 2011

2.3 Cooling  
**Central A/C Basic - Covered Parts/Service**  
 The Plan covers the following parts for one electric Standard-Efficiency central air conditioner up to a maximum of \$1,500 for parts and labor per rolling 12-month period: bearing/shaft; belt and pulley; blower assembly; blower motor; blower pulley; capacitors; circuit board; condensate pump; trap, and drain line; condenser motor/fan; contactor switch; delay timer; fan belt; fan control; fan relay; internal fuse (excluding circuit breakers); limit control; motor; line set; operating relay; service valve; schrader valve; thermostat; and transformer.

**Central A/C Premium**  
 The Plan covers parts and labor included in Central A/C Basic for one electric Standard-Efficiency or High-Efficiency central air conditioner up to a maximum of \$2,500 per rolling 12-month period.

The Plan also provides a Cash Value Payment when the unit fails as a result of an Excluded Part listed below and the Customer has been enrolled in the Plan for more than 90 days.

**Heat Pump Basic - Covered Parts/Service**  
 The Plan covers one attached Standard-Efficiency (backup) Furnace and one Standard-Efficiency Heat Pump up to a maximum of \$2,000 for parts and labor per rolling 12-month period. This includes all parts, labor, and brands included in Central A/C Basic and Furnace or Boiler Basic plus: contactor; defrost control; defrost sensor; delay timer; high-pressure switch; and low-pressure switch.

**Heat Pump Premium - Covered Parts/Service**  
 The Plan covers parts and labor included in Heat Pump Basic for one Standard-Efficiency (backup) Furnace and one Standard-Efficiency or High-Efficiency Heat Pump up to a maximum of \$3,000 for parts and labor per rolling 12-month period.

The Plan also provides a Cash Value Payment when the unit fails as a result of an Excluded Part listed below, and the Customer has been enrolled in the Plan for more than 90 days.

### Exclusions and Limitations

Exclusions include, but are not limited to:

**Excluded Parts:** Compressor; condenser and evaporator coil; reversing valve; solenoid valve.

**Other Exclusions:** Air ducts; air filters; balancing of system; circuit breakers; electronic air cleaners; geothermal heat pumps; humidifiers; natural gas powered cooling equipment (including ammonia); systems exceeding five tons' capacity; and unit replacement.

**Excluded Brands:** Sears Kenmore.

### 2.4 ApplianceCare

#### ApplianceCare Basic - Covered Parts/Service

The Plan covers parts and labor for up to five kitchen and laundry appliances - refrigerator, range (or separate stovetop and oven), dishwasher, clothes washer, and clothes dryer - up to a maximum of \$500 per appliance per rolling 12-month period. Coverage is subject to a limit of \$1,000 per household for all appliances per rolling

**Disclaimer**  
 THE PREAUTHORIZED TRANSFER PAYMENT PROGRAM IS PROVIDED ON AN "AS IS" BASIS WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND CRS DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED.

### 4. General Definitions

Building means a detached structure containing one or more Households.

Cash Value Payment (CVP) means a payment made directly to the Customer based on the value of an appliance. The value will be calculated by discounting the rolling 12-month coverage limit for the appliance by a fixed percentage for each year the appliance has been in service. The Company will set the fixed percentage for each appliance based on its expected useful life. Customers that receive the CVP are not eligible for a refund or any additional service on the appliance. However, they may apply the coverage to a different or new appliance. The CVP shall not exceed the maximum coverage for the appliance or Plan.

Equipment means covered appliances, pipes, lines and wires.

High-Efficiency Furnace or Boiler means a furnace or boiler with a condensate system to drain water from the appliance, typically into a floor drain or sump pit in the basement.

Household means a unique individual residential segment of a Building with one kitchen.

Plan and Service Plan mean the particular service contracts in which the Customer is enrolled. Each Service Plan is limited to a single Household.

The Company refers to Columbia Retail Services.

### 5. Binding Arbitration

To the extent permitted by law, and except for claims for bodily injury or property damage, the Customer and the Company agree to submit any claim or dispute that arises from or relates to this Agreement, applicable Terms and Conditions and/or a Service Plan that they cannot otherwise resolve to mandatory, binding arbitration. The arbitration shall be governed by the Federal Arbitration Act and conducted in accordance with the American Arbitration Association Consumer Procedures. Information about the arbitration process and procedures is available at [www.adr.org](http://www.adr.org). Claims that are subject to arbitration may also be brought in small claims court by either party. However, the Customer and Company agree that neither party is entitled to join or consolidate claims or disputes, or to act as a representative or member of a class in an arbitration or small claims court proceeding.

Claims or disputes that arise from or relate to a commercial (non-residential) customer and any claims for bodily injury or property damage that arise from or relate to this Agreement, applicable Terms and Conditions and/or a Service Plan shall not be arbitrated.

COLUMBIA RETAIL SERVICES (CRS) IS AN AFFILIATE OF COLUMBIA GAS OF KENTUCKY BUT IS NOT THE SAME COMPANY. CRS IS NOT REGULATED BY THE KENTUCKY PUBLIC SERVICE COMMISSION AND YOU DO NOT HAVE TO BUY CRS PRODUCTS OR SERVICES IN ORDER TO CONTINUE TO RECEIVE QUALITY REGULATED SERVICES FROM COLUMBIA GAS OF KENTUCKY.

If you have any questions, please call

Columbia Retail Services toll-free at  
 1-866-590-2953 or visit [esp-columbia.com](http://esp-columbia.com).

Thank you for your business!

### IMPORTANT:

This pamphlet contains the terms and conditions for all Extra Service Protection (E.S.P.™) service plans available. Please review the sections that apply to the specific service plan you are enrolled in. Only the sections specific to your coverage(s) apply.

### 1. TERMS AND CONDITIONS APPLICABLE TO ALL PLANS COMPANY RESPONSIBILITIES

1.1 The Plans (i.e., service contracts) cover specific residential equipment in individual Households and are available to the owner of the property, or to tenants who furnish a lease or other satisfactory proof that they are responsible for the repair or such equipment ("Customer"). Terms, Conditions, and pricing are subject to change with prior notice.

Each Plan covers only the repair (not the replacement, overhaul, or preventive maintenance) of selected residential appliances that fail as a result of normal wear and tear, as described in this Agreement. Enrollment in a Plan constitutes the Customer's acceptance and agreement to the applicable Terms and Conditions. The Customer's enrollment confirmation letter contains important information, is an integral part of this Agreement, and is incorporated herein by reference.

The Company commitment is that services rendered will be free from defects in workmanship and material and that all the parts used will be new and merchantable. Parts may be replaced with an equivalent make, type or style.

If parts are not available, or if the Company is unable to successfully repair the appliance on line, the Company will provide the Customer with a full refund of all fees paid for the current Service Plan year.

When a source call is placed, the Company will promptly arrange for a qualified technician to repair covered equipment.

Emergency "no heat" service is available 24 hours per day, 7 days per week. However, actual response times may be affected by factors beyond the Company's control such as weather conditions and workload.

The Company will pay for covered repairs only if they are performed and authorized by Company representatives at the Company's express request. The Customer is responsible for the costs of repairs that are not covered by the Plan or that are performed by technicians hired directly by the Customer. The Company will only cover the costs of covered repairs that it can verify are completed. At its discretion, the Company may use qualified contractors to fulfill all or any part of its obligation under the terms of this Agreement or a Plan(s).

In Kentucky, upon the failure of the Company to fulfill or pay any claim under a Plan within 60 days after the claim has been filed with the Company, the holder of the Plan shall be entitled to make a direct claim against Travelers Casualty and Surety Company of America, by writing: Attention: Claims, One Tower Square, Hartford, NJ 06183 or by calling 1-866-277-4275.

#### 1.2. Eligibility for Service

This Customer Agreement describes Terms and Conditions for all available Plans. Some of the Plans described in this Customer Agreement may not be available in all areas the Company serves. The individual Plan(s) the Customer has enrolled in are listed in the enrollment confirmation letter. The Customer may also confirm active enrollment in individual Plan(s) by calling the Company. The Plans cover equipment at the service address(es) specified in the enrollment confirmation letter.

In order to be covered by a Plan, all equipment must: (a) be installed to meet local, state and federal codes; (b) satisfy manufacturer requirements for safe and proper operation; and (c) be in good working condition at the time of enrollment. By permitting the Customer to enroll in a Plan, the Company does not make any express or implied warranties concerning the Customer's existing equipment or conditions. The Company may refuse to provide service or deny enrollment under the Plan if eligibility requirements are not met. At its discretion, the Company also reserves the right to deny reinstatement in a Plan.

Customers must prepay for each Plan. Coverage under the Plan will commence after issuance of the first bill, after receipt of the first payment, or 15 days after enrollment, whichever is latest. Coverage under the Plan is suspended at the end of the pre-paid period in the event of non-payment. The Customer must be current on all payments in order to be covered under the Plan. If the Plan is suspended for non-payment, coverage under the Plan will be reinstated 15 days after payment is received. Any repairs that may be needed prior to the commencement date or while the Plan is suspended for non-payment are not covered by the Plan.

To the extent permitted by law, the Customer will be subject to a late payment charge of \$5.85 or 1.5% per month (A.P.R. 18%), whichever is greater, for all amounts in arrears.

If the covered Household has more than one appliance of a particular type (e.g., two furnaces) and only one Plan covering that type of appliance, the Plan will only cover repairs to the first appliance that requires service.

#### 1.3. Cancellation/Renewal

New Customers may cancel their initial enrollment in a Plan with no obligation within 30 days of the date that this Agreement is mailed to the Customer or the enrollment date, whichever is later, and obtain a full refund less the cost of any service calls made during this period.

Except as provided in the preceding paragraph, Customers with Furnace, Boiler, Heat Pump, and Central Air Conditioning Plans have a minimum term of one year. No refunds will be provided with respect to such Plans for early cancellation and Customers on monthly payment Plans will continue to be responsible for monthly fees for the remaining term of such Plans. All other Plans may be cancelled by the Customer at any time with a thirty (30) day notice.

The Company may cancel the Customer's Service Plan(s) with or without cause by providing notice of cancellation. In this case, the Company will mail written notice to the Customer at least 5 days prior to cancellation except where such cancellation is for non-payment, material misrepresentation or a substantial breach by the Customer relating to the covered appliance or its use. The Company shall refund all unapplied Customer payments.

To ensure uninterrupted coverage, Plans will renew automatically unless notification of non-renewal is received prior to the renewal date.

#### 1.4. Customer Responsibilities

Some Plans include service call fees. In these cases the Customer is responsible for paying these fees directly to the Company or its contractor, as directed.

In order to arrange for repairs, the Customer is required to call the Company and to provide Company representatives with safe and reasonable access to all appliances and lines (inside and/or outside). The Company will cover the costs incurred by Company representatives performing work that is expressly authorized by the Company. The Company will not reimburse the Customer directly for the cost of any repairs.

#### 1.5. General Exclusions

The Plans do not cover pre-existing conditions. The Company shall not be responsible for repairing equipment if the Company is unable to obtain the part(s). In addition, the Plans do not cover repair of any appliances, parts or controls other than those specifically covered by each Plan and will not cover the cost of adding new components to equipment. The Plan(s) are not for the benefit of anyone other than the Company and the Customer.

**Preventive Maintenance:** The Plans do not cover preventive maintenance or any work intended to prevent equipment failure from occurring in the future, such as seasonal pilot re-lighting, tune-ups, inspections or replacing filters.

**Abnormal Conditions:** The Plans do not cover any materials, parts or labor for repairs which are required as a result of abnormal conditions or events such as: (a) earthquakes, hurricanes, tornadoes, flooding, fire, or freezing; (b) damage induced by animals, vandalism, owner or operator negligence or misuse; (c) repairs by a third party of the Customer; and (d) a manufacturer's recall, defect or retrofit.

**Limitation of Liability:** To the fullest extent allowed by law, the Company shall not be liable for any special, exemplary, punitive, indirect, consequential or incidental damages or lost profits incurred by the Customer, or anyone else, even if advised of the possibility thereof. To the fullest extent allowed by law, the Company's liability under this Agreement, the Terms and Conditions, the Plan(s) and/or arising from or relating to the services provided hereunder is limited to three times the amount paid under the Plan(s) by the Customer during the previous 12 months. The Company will not be liable for damages or losses incurred by the Customer or anyone else caused by or relating to unavoidable delays, failure to service, unavailability of parts, equipment failure, weather conditions, work stoppage, strike or other circumstances beyond the Company's control.

**Hazardous Materials:** The Plans do not include services which involve the handling, disturbance, or disposal of hazardous or toxic materials, such as lead, asbestos or anti-freeze.

**Code Compliance:** The Plans do not cover bringing non-complying equipment into compliance with local, state, or federal codes. In addition, the Plans do not cover the overhaul or replacement of residential appliances.

**Gaining Access:** The Plans do not cover the cost of gaining access to inaccessible appliances, piping or wires or restoration costs such as plaster, drywall, paint, or concrete except as provided in the Terms and Conditions applicable to a specific Plan.

**1.6. Severability**  
If any provision of the Agreement, the Terms and Conditions, or a Plan shall be deemed unlawful, void, or for any reason unenforceable, then that provision shall be deemed severable from the remaining provisions, which shall remain in full force and effect. Headings/ captions are for convenience only. The waiver or failure of the Company to exercise any right in connection with the Plan or these Terms and Conditions shall not be deemed a waiver of any further right thereof.

#### 2. Additional Terms and Conditions Applicable to Specific Plans

##### 2.1 Heating

**Furnace or Boiler Basic - Covered Parts/Service**  
The Plan covers the following parts and brands for one furnace, boiler, or space heater up to a maximum of \$1,500 per rolling 12-month period.

**Covered Brands:** The Plan covers major brands of Standard-Efficiency furnaces, boilers, or space heaters that are not listed in Appendix A.

**Covered Parts/Service:** Air Scoop; aquastat; auto water fill valve; back flow preventer; balancing valve; bearing; blower assembly; blower motor; blower pulley; burner (if available); capacitor; circuit board; circulator; condensate pump; coupler; drain line and trap; drain-off valve; draft inducer (internal); expansion tank (including draining); fan; fan assisted motor and assembly; fan belt; fan control; flame sensor switch; flow check valve; gas valve (on furnace or boiler); ignition control (pilot/primary control, sensor/wiring); internal fuse (excluding circuit breaker); limit control; low water cutoff; operating relay; pilot (standing) and safety assembly; pilot tubing; pressure regulator; pressure assembly; pressure regulator (air/gas); pressure valve; relay; relief valve (30 lb. pop); switch (emergency, triomatic); thermocouple; thermostat; transformer; vent damper & vent valve (at boiler); zoned forced hot air components including dampers; and zone valve and operator.

#### Furnace or Boiler Premium

The Plan covers parts and labor included in Furnace or Boiler Basic for one furnace or boiler up to a maximum of \$2,500 per rolling 12-month period, plus additional brands as indicated below.

The Plan also provides a Cash Value Payment when the unit fails as a result of an Excluded Part listed below and the Customer has been enrolled in the Plan for more than 90 days.

**Covered Brands:** The Plan covers most major brands of Standard-Efficiency and High-Efficiency Furnaces or Boilers.

**Covered Parts:** All covered parts listed in Basic plus ECM or equivalent motor.

**Exclusions and Limitations**  
Exclusions include, but are not limited to:

**Excluded Parts:** Boiler sections and heat exchangers.

**Excluded Brands:** Celtic/Hydro Pulse; HY-TECH/ Paloma Pak; Mysen; Voyager/Munchkin; and Sears Kenmore.

**Other Exclusions:** Air ducts and vents; air filters; balancing the system; bleeding air bound systems; chimney maintenance or repairs; draining and refilling of boiler; fuel oil appliances; electronic air cleaners; gas appliances rated at inputs of 400,000 BTU/hr or more; hanging units; humidifiers; piping (water, gas, flue, etc.); radiators; tankless coil water heating systems; units located on a roof; and unit replacement.

#### 2.2 Water Heater

##### Water Heater Basic - Covered Parts/Service

The Plan covers the following parts for one Standard-Efficiency Water Heater (tank-based) up to a maximum of \$500 for parts and labor per rolling 12-month period: expansion tank; gas valve; heating element; ignition control; induced draft motor; main burner; pilot assembly; regulator; safety controls; T&R relief valve; thermocouple; thermostat; and tubing.

#### Water Heater Premium

The Plan covers parts and labor included in Water Heater Basic for one Standard-Efficiency or High-Efficiency water heater (tank-based) up to a maximum of \$1,000 per rolling 12-month period.

The Plan also provides a Cash Value Payment when the unit fails as a result of an Excluded Part listed below and the Customer has been enrolled in the Plan for more than 90 days.

#### Exclusions and Limitations

Exclusions include, but are not limited to:

**Excluded Parts:** Water heater tank.

**Other Exclusions:** Anode rod, flushing and tankless or tankless coil water heater heating systems.

**Excluded Brands:** Sears Kenmore.



**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED OCTOBER 17, 2011**

**Data Request No. 4 (b):**

Refer to Attachment D to the August 12, 2011 application, the sample letter to customers and, specifically, the last paragraph of the Authorization Form.

- b. Provide a copy of any agreements or information provided to those customers who do not qualify for billing on their monthly utility statements.

**Response:**

As stated in Attachment D, if CRS is unable to qualify for billing on the customer's monthly utility statement we would send the customer a separate invoice for the annual amount of the bill. A customer could not qualify for billing on the monthly statement if the customer is on a special payment plan or if the customer's utility account is not current at the time of enrollment.

In some circumstances, the Columbia of Kentucky billing system could reject a billing request. This could happen if a customer is set up on a special payment plan or if the customer's utility account is not current at the time of the enrollment. Attachment D does specify to the customer, "If we are unable to include charges on your utility bill, you may receive a separate invoice from Columbia Retail Service for the annual amount of the plans."