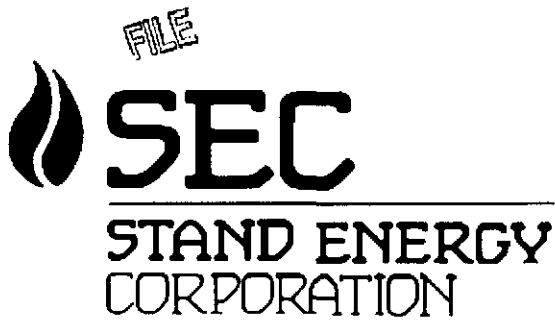


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September 21, 2011

VIA UPS NEXT DAY AIR

Public Utilities Commission of Ohio
Docketing Division
13th Floor
180 East Broad Street
Columbus, OH 43215-3793

Re: Case No. 10-2395-GA-CSS

Ladies and Gentlemen:

Enclosed for filing are an original and ten copies of Stand Energy Corporation's Motion for Leave to file an Amended Complaint naming Columbia Gas of Ohio, Inc. and NiSource Corporate Services, Inc. as parties.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Dosker".

John M. Dosker
General Counsel

Enclosures

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician TK Date Processed SEP 22 2011

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Complaint of)

The Office of the Ohio Consumers')
Counsel, et al.,)

Complainants,)

v.)

Interstate Gas Supply d/b/a Columbia)
Retail Energy,)

Respondent.)

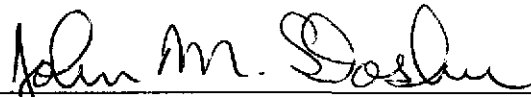
Case No. 10-2395-GA-CSS

RECEIVED-DOCKETING DIV
2011 SEP 22 AM 10:52
PUCO

**STAND ENERGY CORPORATION'S MOTION FOR LEAVE TO FILE
AN AMENDED COMPLAINT NAMING COLUMBIA GAS OF OHIO, INC.
AND NISOURCE CORPORATE SERVICES, INC., AS PARTIES.**

Stand Energy Corporation, by and through the undersigned counsel, and pursuant to OAC 4901-1-12, R.C. 4905.04 and R.C. 4905.26 moves the Commission for an Order granting Stand Energy leave to file an Amended Complaint joining Columbia Gas of Ohio, Inc. and NiSource Corporate Services, Inc. as parties to this proceeding. A Memorandum in support is attached. The proposed Amended Complaint is tendered herewith.

Respectfully submitted,



John M. Dosker
General Counsel
Stand Energy Corporation
1077 Celestial Street, Suite 110
Cincinnati, Ohio 45202-1629
(513) 621-1113 (Phone)
jdosker@stand-energy.com (e-mail)

CERTIFICATE OF SERVICE

I hereby certify that a true copy of "*Stand Energy Corporation's Motion For Leave to File an Amended Complaint Naming Columbia Gas of Ohio, Inc. and NiSource, Inc. as Parties*" was served this 21st day of September, 2011 by regular U.S. Mail upon the following:

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JOHN M. DOSKER

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Complaint of)

The Office of the Ohio Consumers'
Counsel, et al.,)

Complainants,)

v.)

Interstate Gas Supply d/b/a Columbia
Retail Energy,)

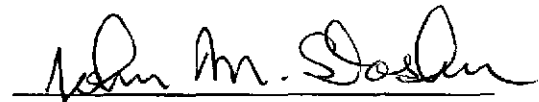
Respondent.)

Case No. 10-2395-GA-CSS

**STAND ENERGY CORPORATION'S MEMORANDUM SUPPORTING ITS MOTION
FOR LEAVE TO FILE AN AMENDED COMPLAINT NAMING COLUMBIA GAS
OF OHIO, INC. AND NISOURCE CORPORATE SERVICES, INC. AS PARTIES.**

Stand Energy Corporation, by and through the undersigned counsel, and pursuant to OAC 4901-1-12, R.C. 4905.04 and 4905.26 submits the following Memorandum in support of its' Motion for an Order granting Stand Energy leave to file an Amended Complaint joining Columbia Gas of Ohio, Inc. and NiSource Corporate Services, Inc. as parties to this proceeding.

Respectfully submitted,



John M. Dosker
General Counsel
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Cincinnati, Ohio 45202-1629
(513) 621-1113 (Phone)
jdosker@stand-energy.com (e-mail)

PROCEDURAL POSTURE

On October 21, 2010, The Ohio Consumers' Counsel, Stand Energy Corporation, Border Energy, Inc. Northeast Ohio Public Energy Council and Ohio Farm Bureau Federation filed the Complaint herein against Interstate Gas Supply d.b.a. Columbia Retail Energy.

On November 8, 2010, MX Energy filed a Motion to Intervene. On March 16, 2011, Border Energy withdrew from the case citing expenses associated with pursuing claims against IGS. On May 13, 2011, MX Energy, Inc. withdrew from the case. On September 13, 2011 a Prehearing Conference and Settlement Conference was held. During the Prehearing Conference the Hearing Examiner stated that this case had been pending for almost a year and that it was the Hearing Examiner's hope that the scheduled October 4th hearing date would be kept.

While Stand Energy would generally agree that resolving pending cases is the best practice, this case has been considerably delayed by a bill filed in the Ohio State Legislature this year to essentially emasculate and silence the Ohio Office of Consumers' Counsel. Significant portions of that Bill became law and the Office of Consumers' Counsel no longer has a call center and many former staff members were released to meet the new budget figures. It is generally agreed that all of this political activity was directly related to and caused by the filing of this Complaint case. All of this political activity distracted the parties from pursuing this case because of the uncertainty surrounding the OCC's level of participation. The Complainants were waiting to see who would continue prosecution of the case and to what degree. Because Stand Energy is not able to determine which parties are interested in pursuing this Complaint and with time being of the essence, Stand Energy elected to tender this Amended Complaint.

FACTS SUPPORTING AMENDMENT TO JOIN ADDITIONAL PARTIES

Stand Energy has determined that the best result Complainants can obtain in this action against IGS is a "cease and desist" order from the Commission against IGS. Unfortunately, such an Order would not in any way prevent NiSource Corporate Services from "licensing" the brand and logo of the Columbia Operating Companies (including but not limited to Columbia Gas of Ohio) in the future because NiSource Corporate Services is not a party to this case. Nor would a cease and desist order against IGS require Columbia Gas of Ohio to object in the future if NiSource Corporate Services unveils new, additional or further plans to license or sell the Columbia brand name and/or logo again, because Columbia Gas of Ohio is not a party to this case.

The grounds for joining Columbia Gas of Ohio, Inc. and NiSource Corporate Services, Inc. as parties to this Complaint case, as are more fully discussed herein, in addition to addressing all of the claims of all the parties, are that the continued expansion of the Columbia Gas of Ohio CHOICE program is an essential component of Columbia Gas of Ohio Inc.'s long-term plans to exit the merchant function in Ohio. The plan was set forth 12 years ago in 1999 by Columbia Gas of Ohio CEO Bob Skaggs in his own handwriting. Bob Skaggs is now CEO of NiSource, Inc. In addition, the licensing of the *Columbia Retail Energy* name and logo to IGS Energy is in direct contradiction to previous written statements and commitments made by NiSource relative to its intention to protect and defend its valuable corporate brands. These facts, when added to the previous history of special treatment of IGS by Columbia Gas of Ohio and other NiSource subsidiaries, including but not limited to Columbia Gas Transmission require amendment of the Complaint to add them as parties. (See, Stipulation and Consent Agreement, FERC Docket No. IN04-2, (August 2, 2004) Article IV,

finding that IGS was receiving preferential treatment from Columbia Gas Transmission by improper sharing of gas storage inventory information). Query: Why would a completely "unrelated" pipeline share information with a single marketer in a very competitive retail natural gas market (IGS) thereby risking FERC sanctions?

The motion for leave to amend the complaint and this memorandum are necessary to request leave to join NiSource Corporate Services, Inc. and Columbia Gas of Ohio, Inc. as parties to this case in order to establish the Commission's personal jurisdiction over all necessary parties without whom the subject matter of the complaint(s) is not fully resolved and complete relief cannot be afforded to any party. The failure to join NiSource Corporate Services and Columbia Gas of Ohio could imperil Columbia Gas of Ohio's natural gas customers as well as the level of competition behind the Columbia Gas of Ohio service territory, all of which would be in derogation of the stated public policy of Ohio.

I.

COLUMBIA GAS OF OHIO, INC'S FAILURE TO OBJECT TO NISOURCE CORPORATE SERVICES, INC'S LICENSING OF THE NAME *COLUMBIA RETAIL ENERGY* TO A SINGLE SUPPLIER IN A COMPETITIVE MARKET IS A BREACH OF THE COLUMBIA GAS OF OHIO, INC. STANDARDS OF CONDUCT CONTAINED IN COLUMBIA'S PUCO TARIFF NO.2.

Attached hereto as Exhibit 1 are the "Standards of Conduct" incorporated into Columbia Gas of Ohio's filed PUCO Tariff No. 2, which apply to the operation of the CHOICE program. As filed and approved tariffs, these Standards of Conduct carry the force of law and adherence to them by Columbia Gas is required as a matter of law. Paragraphs 3, 12 and 13 of the *Standards of Conduct* have relevance to the facts alleged in the Complaint:

3) Company may not, through a tariff provisions or otherwise, give any Retail Natural Gas Supplier or Governmental Aggregator or any Retail Natural Gas Supplier's or Governmental Aggregator's customer preference in matters, rates, information, or charges relating to transportation service including, but not limited to, scheduling, balancing, metering, storage, standby service or curtailment policy. For purposes of Company's Customer CHOICE Program, any ancillary service provided by Company, e.g., billing and envelope service, that is not tariffed will be priced uniformly for all Retail Natural Gas Suppliers of Governmental Aggregators and available to all equally.

* * *

12) If Company offers any Retail Natural Gas Supplier or any Retail Natural Gas Supplier's customers a discount or fee waiver for transportation services, balancing, meters or meter installation, storage or any other service offered to Retail Natural Gas Suppliers, Company must, upon request, prospectively offer such discounts or fee waivers to all similarly situated Retail Natural Gas Suppliers or Retail Natural Gas Suppliers' Customers under similar terms and conditions.

* * *

13) Columbia Gas of Ohio's name or logo will not be used in its marketing affiliate's promotional material, unless the promotional material discloses in plain, legible or audible language, on the first page or at the first point where Columbia Gas of Ohio's name or logo appears, that its marketing affiliate is not the same company as Columbia Gas of Ohio. Columbia Gas of Ohio is also prohibited from participating in exclusive joint activities with its marketing affiliate including advertising, marketing, sales calls or joint proposals to any existing or potential customers. (Emphasis added).

Stand Energy submits that by remaining silent when NiSource Corporate Services, Inc. agreed to license the use of the name and logo *Columbia Retail Energy* to IGS, that Columbia Gas of Ohio, Inc. violated both the spirit and the letter of its own tariff containing the *Standards of Conduct*. *Standard of Conduct* number three (3) prohibits giving any "Retail Natural Gas Supplier preference in matters . . ." The license to use the name and logo *Columbia Retail Energy* was not offered to any other Retail Natural Gas Supplier in Ohio, Virginia, Pennsylvania, Maryland or Kentucky. The license was sold to IGS without being offered to competitors in any of the five Columbia Distribution Territories. *Standard of Conduct* number twelve (12) indicates the commitment to provide similar services under

similar terms and conditions to avoid any "preference" to any supplier. That commitment was not kept in this instance. NiSource showed clear bias and preference toward IGS in this instance. *Standard of Conduct* thirteen (13) commits not to use its name or logo by its (then existing marketing affiliate which no longer exists) without appropriate disclaimers. Also, Columbia is "prohibited from participating in exclusive joint activities with its marketing affiliate or joint proposals to any existing or potential customers." The license at issue between NiSource Corporate Services, Inc. and IGS Energy clearly is exactly the relationship expressly prohibited by the Standards of Conduct, except IGS is the marketer instead of Columbia's former marketing arm. Surely the prohibition should be deemed to apply to any exclusive relationship with a marketer in a competitive environment. (This is especially true considering the fact that the marketing company at issue, IGS Energy, was originally formed by the former President of Columbia Gas of Ohio).

IGS is the largest Retail Natural Gas Supplier participating in the Columbia Gas of Ohio CHOICE program. Marvin White, the co-founder of IGS Energy was the past President of Columbia Gas of Ohio. Bob Skaggs, the current Chairman of NiSource, Inc. previously had attained the position of President of Columbia Gas of Ohio - the same position once occupied by Marvin White. Further, and perhaps most importantly - there will be testimony at the hearing herein that Bob Skaggs indicated twelve years ago that his goal for Columbia Gas of Ohio was to exit the merchant function and concentrate on non-traditional revenue sources because, as a utility, they were not allowed to make money selling gas. Attached hereto and incorporated herein as if fully set forth as Stand Energy Exhibit 2 are nine (9) pages of Mr. Skaggs' handwritten notes of his plan to exit the merchant function which appears to require increasing CHOICE participation levels each year to support the exit plan. Mr. Skaggs desire

for NiSource to continue down the path to exit the merchant function at least twelve years earlier, is likely one of the reasons he would have approved the licensing of the established brand name and logo of *Columbia* to IGS Energy in the first place - to increase CHOICE participation levels. With Columbia Gas of Ohio CHOICE participation not increasing but stagnant, NiSource and Columbia Gas of Ohio were apparently willing to take extraordinary measures to increase CHOICE participation, including but not limited to licensing their own protected brand name and logo of *Columbia* to IGS in exchange for money.

Columbia Gas of Ohio, Inc. should reasonably have objected to the licensing of the name Columbia and the logo to IGS at any price. Columbia did not object which amounts to a violation of its own tariff by inaction. Columbia Gas of Ohio had a duty to protect its own good name and a duty to protect competition within its service territory in Ohio. Stand Energy Corporation should be allowed to file an Amended Complaint to include Counts against Columbia Gas of Ohio, Inc. pursuant to 4901-1-10(2), "*Any public utility, railroad or private motor carrier against whom a complaint is filed*" shall be a proper party to a Commission proceeding. (emphasis added).

II.

NISOURCE CORPORATE SERVICES, INC.'S LICENSING OF THE BRAND NAME AND LOGO OF COLUMBIA TO IGS ENERGY IS AN INDIRECT VIOLATION BY THE PARENT COMPANY OF THE PUCO TARIFF OF ITS SUBSIDIARY. THE LICENSE DIRECTLY AFFECTS COMPETITION IN THE COLUMBIA CHOICE MARKET AND DIRECTLY AFFECTS COLUMBIA GAS OF OHIO CUSTOMERS WHO MAY NOT REALIZE THE TRUE IDENTITY OF THEIR GAS SUPPLIER IS IGS ENERGY. THEREFORE, IF NISOURCE CORPORATE SERVICES IS NOT JOINED AS A PARTY IT WILL HAVE SUCCEEDED IN EVADING REGULATORY REVIEW OF THE CONDUCT COMPLAINED OF IN THIS COMPLAINT.

A survey of most if not all public utility holding company Security and Exchange Commission filings evidences that utility holding companies, including but not limited to

NiSource, Inc., are extremely well-versed in "externalizing the risk of liability" by creating dozens of legally separate subsidiary entities. This is true, even though NiSource and the other parent companies derive profit from the very activities that generate the risk that they expend so much time, money and energy seeking to avoid.

If NiSource Corporate Services, Inc. is allowed to avail itself of the privileges and immunities of doing business and making profits in the State of Ohio on its own and through its subsidiary Columbia Gas of Ohio, Inc, then NiSource Corporate Services, Inc. should also be required to answer for its conduct that affects Columbia Gas of Ohio natural gas customers and affects competition among gas suppliers within the State of Ohio. Equity demands NiSource Corporate Services, Inc. be joined as a party.

III.

"THE POWER OF THE LOCAL BRAND"

Attached hereto and incorporated herein as if fully set forth is Stand Energy Exhibit 3, the Cover and page 9 of a NiSource Quarterly Magazine which states in part:

With local brands harder to find in this era of mergers, we as consumers tend to value them more as a result. **The trust that customers place in familiar companies is precisely why NiSource is committed to maintaining local brands in NiSource and former Columbia markets.** . . . Indeed, the new NiSource is the premier competitor in the energy business corridor from the Gulf of Mexico through Chicago to the Northeast, and its local brands are a strength and source of in-depth local market knowledge. Such resources make the company formidable and daunting competition to any challenger attracted to the same markets. The NiSource-Columbia merger presents the opportunity to leverage products, services and knowledge from individual companies across 3.6 million gas and electric customers," Landini explained. **"And it is the local brands that have the power to propel us in that direction."** (NiSource Quarterly Magazine, Winter 2000/2001 Issue, page 9, emphasis added).

Stand Energy Exhibit 3 shows clearly that NiSource understands the value of the Columbia brands it acquired in the merger and believed "leveraging" those brands was one of

the keys to the post-merger growth strategy of NiSource. The fact that NiSource disregarded this position and decided to license the brand name and logo of Columbia Gas of Ohio, Inc. to IGS is a clear indication that Columbia Gas of Ohio was essentially the "alter ego" of NiSource in this decision. In other words, Columbia Gas of Ohio had no say in the matter. If this case were about obtaining a financial judgment against NiSource, the "corporate veil" of NiSource would be "pierced" as a result of NiSource's conduct and liability for any financial judgment would flow to the shareholders of NiSource.

Therefore, the ratepayers of Columbia Gas of Ohio as well as the Competitors of IGS, should be afforded the same right to join necessary parties in this regulatory forum as would be available in a Federal or State Court action against the same parties. NiSource is making profits from its activities in Ohio. Where is the harm in requiring NiSource Corporate Services, Inc. to answer for the consequences of its conduct in Ohio? This Commission can and should exercise jurisdiction over NiSource Corporate Services, Inc. and should enter an Order granting Stand Energy leave to file the tendered Amended Complaint herein.

IV.

THE PUCO HAS EXCLUSIVE JURISDICTION OVER COMPLAINTS

"Upon complaint in writing against any public utility by any person, firm, or corporation, or upon the initiative or complaint of the public utilities commission, that any rate, fare, charge, toll, rental, schedule, classification, or service, or any joint rate, fare, charge, toll, rental, schedule, classification, or service rendered, charged, demanded, exacted, or proposed to be rendered, charged, demanded, or exacted, is in any respect unjust, unreasonable, unjustly discriminatory, unjustly preferential, or in violation of law, or that any regulation, measurement, or practice affecting or relating to any service furnished by the public utility, or in connection with such service, is, or will be, in any respect unreasonable, unjust, insufficient, unjustly discriminatory, or unjustly preferential, or that any service is, or will be, inadequate or cannot be obtained, and, upon complaint of a public utility as to any matter affecting its own product or service, if it appears that reasonable grounds for complaint are stated, the commission shall fix a time for hearing and shall notify complainants

and the public utility thereof. The notice shall be served not less than fifteen days before hearing and shall state the matters complained of. The commission may adjourn such hearing from time to time. The parties to the complaint shall be entitled to be heard, represented by counsel, and to have process to enforce the attendance of witnesses." **R.C. 4905.26**

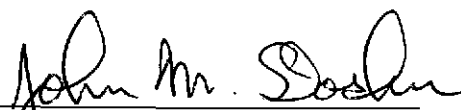
The Ohio Supreme Court agrees with the General Assembly on this point and recognizes that, "the commission with its expert staff technicians familiar with the utility commission provisions" is best suited to resolve disputes involving utilities. **Kazmaier Supermarket, Inc. v. Toledo Edison Co.** (1991), 61 Ohio St.3d 147, 153.

The Second District Court of Appeals recently opined that, "The General Assembly enacted R.C. 4901.01 et seq. to regulate the business activities of public utilities and created the PUCO to administer and enforce these provisions". (Citing, **Kazmaier, supra**). Because of the comprehensive nature of this statutory scheme, "[t]he commission has exclusive jurisdiction over various matters involving public utilities, such as rates, and charges, classifications, and service, effectively denying to all Ohio courts (Except the Supreme Court) any jurisdiction over such matters." **Russell v. AT&T Corp.**, 2008-Ohio-3489 (OHCA2) Paragraph 7, (Citations Omitted).

CONCLUSION

The Public Utilities Commission of Ohio should exercise jurisdiction over Columbia Gas of Ohio, Inc. and NiSource Corporate Services, Inc. and enter an Order granting Stand Energy leave to file an Amended Complaint herein naming those companies as parties.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "John M. Dosker", written over a horizontal line.

John M. Dosker
General Counsel
Stand Energy Corporation
1077 Celestial Street, Suite 110
Cincinnati, Ohio 45202-1629
(513) 621-1113 (Phone)
jdosker@stand-energy.com (e-mail)

SECTION VII
PART 22 - STANDARDS OF CONDUCT

22.1 Standards of Conduct

In operation of the Company Customer CHOICESM Program, the Company will adhere to the following Standards of Conduct for Marketing Affiliates and Internal Merchant Operations:

- 1) Company must apply any tariff provision relating to transportation services in the same manner to the same or similarly situated persons if there is discretion in the application of the provision.
- 2) Company must strictly enforce a tariff provision for which there is no discretion in the application of the provision.
- 3) Company may not, through a tariff provision or otherwise, give any Retail Natural Gas Supplier or Governmental Aggregator or any Retail Natural Gas Supplier's or Governmental Aggregator's customers preference in matters, rates, information, or charges relating to transportation service including, but not limited to, scheduling, balancing, metering, storage, standby service or curtailment policy. For purposes of Company's Customer CHOICESM Program, any ancillary service provided by Company, e.g. billing and envelope service, that is not tariffed will be priced uniformly for all Retail Natural Gas Suppliers or Governmental Aggregators and available to all equally.
- 4) Company must process all similar requests for transportation in the same manner and within the same approximate period of time.
- 5) Company shall not disclose to anyone other than a Columbia Gas of Ohio employee, or employee of NiSource performing services for Columbia Gas of Ohio, any information regarding an existing or proposed gas transportation arrangement, which Company receives from the following sources:
 - a) a customer or Retail Natural Gas Supplier or Governmental Aggregator
 - b) a potential customer or Retail Natural Gas Supplier or Governmental Aggregator
 - c) any agent of such customer or potential customer, or
 - d) a Retail Natural Gas Supplier, Governmental Aggregator or other entity seeking to supply gas to a customer or potential customer, unless such customer, agent, or Retail Natural Gas Supplier or Governmental Aggregator authorizes disclosure of such information.
- 6) If a customer requests information about Retail Natural Gas Suppliers, Company should provide a list of all Retail Natural Gas Suppliers operating on its system and currently enrolling Customers, but shall not endorse any Retail Natural Gas Supplier nor indicate that any Retail Natural Gas Supplier will receive a preference.
- 7) To the maximum extent practicable, Company's operating employees and the operating employees of its marketing affiliate must function independently of each other. This includes complete separation of the Company's procurement activities from the affiliated marketing company's procurement activities.

Filed Pursuant to PUCO Entries dated July 6, 1989 in Case No. 89-500-AU-TRF and April 29, 2004 in Case No. 02-2903-GA-ATA.

Issued: May 17, 2004

Effective: May 17, 2004

Issued By
J. W. Partridge Jr., President

SECTION VII
PART 22 - STANDARDS OF CONDUCT

- 8) *Company shall not condition or tie its agreements for gas supply or for the release of interstate pipeline capacity to any agreement by a Retail Natural Gas Supplier, customer or other third party in which its marketing affiliate is involved.*
- 9) *Company and its marketing affiliate shall keep separate books of accounts and records.*
- 10) *Neither Company nor its marketing affiliate personnel shall communicate to any customer, Retail Natural Gas Supplier or third party the idea that any advantage might accrue for such customer, Retail Natural Gas Supplier or third party in the use of Company's service as a result of that customer's, Retail Natural Gas Supplier's or other third party's dealing with its marketing affiliate.*
- 11) *Company shall establish a complaint procedure for issues concerning compliance with these standards of conduct. All complaints, whether written or verbal, shall be referred to Columbia's General Counsel or his/her designee. The General Counsel or his/her designee shall orally acknowledge the complaint to the complainant within five (5) working days of receipt. The General Counsel or his/her designee shall prepare a written statement of the complaint which shall contain the name of the complainant and a detailed factual report of the complaint, including all relevant dates, companies involved, employees involved, and specific claim. The General Counsel or his/her designee shall communicate the results of the preliminary investigation to the complainant in writing within thirty (30) days after the complaint was received including a description of any course of action, which was taken. The General Counsel or his/her designee shall keep a file with all such complaint statements for a period of not less than three years.*
- 12) *If Company offers any Retail Natural Gas Supplier or any Retail Natural Gas Supplier's customers a discount or fee waiver for transportation services, balancing, meters or meter installation, storage or any other service offered to Retail Natural Gas Suppliers. Company must, upon request, prospectively offer such discounts or fee waivers to all similarly situated Retail Natural Gas Suppliers or Retail Natural Gas Suppliers' customers under similar terms and conditions.*
- 13) *Columbia Gas of Ohio's name or logo will not be used in its marketing affiliate's promotional material, unless the promotional material discloses in plain, legible or audible language, on the first page or at the first point where Columbia Gas of Ohio's name or logo appears, that its marketing affiliate is not the same company as Columbia Gas of Ohio. Columbia Gas of Ohio is also prohibited from participating in exclusive joint activities with its marketing affiliate including advertising, marketing, sales calls or joint proposals to any existing or potential customers.*

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J. W. Partridge Jr., President

Stand Energy Exhibit 2

(1)

Settlement Scenarios

Two Year Deal ('02-'03)

Substantive Flavor

- Extend deal
- Address pre-'04 transition costs
- Additional deals required

Risk/Reward

- Measured risks
- Depreciation capture
- Firm-up '02-'03

Ten Year "Kitchen Sink" Deal

- "Macro" deal
- Measured M/F exit
- Deal reopeners

- Moderate-high risk
- Firm-up '02-'03
- Depreciation capture
- GSM potential

Intermediate Deal ('00-'06)


- Relatively quick M/F exit
- One deal only
- Same as ten year deal, but COH exits M/F earlier

- Relatively low risk
- Firm-up '02-'03
- Depreciation capture
- GSM potential

Threshold Consideration

Do we address COH's merchant function (M/F) role??

→ If no, move towards 2 year deal and position for next deal.

→ If yes,  Exit scenario → move towards intermediate deal.
Stay scenario → move towards kitchen sink approach

Baseline

The substance of the two year deal provides the nucleus for larger deals.

Columbia Gas[®]
of Ohio

Two Year Deal
'02-'04

"Term Sheet"

Status quo/
address pre-'04
transition costs

Premise:

- Continue current deal
- Address Transition Cost Pool via depreciation, customer surcharge, and other means
- A vanilla -- status quo -- approach, relatively speaking
- Set stage for next deal, or series of deals

Deal Structure/ Primary Dimensions

- Shift Transition Cost Pool true-up to '04
- Extend existing revenue streams to '04
- Target certain depreciation amounts to Transition Cost Pool ('04)
- "Fence" stranded cost exposure, e.g., assignment trigger(s)
- Retain some sort of Transition Cost surcharge
- Introduce 2-part balancing rate (or any other mechanisms to moderate transition cost pool)
- Seek miscellaneous tariff changes
- Eliminate/negotiate upcoming GCR audits
- Freeze base rates thru '04

Fence - Possible
Assignments of
Capacity at a
point.

Other Key Elements

- Retain current TCO Ks
- Retain traditional GCR/traditional M/F role

@ 50% level we may
still be able to
fund the pool.

Upside Opportunities

- Portion of depreciation reserve and rate change
- Continuation of mitigation deal thru '04
- Benefits of tariff changes

⊕ Refer to original strawman

Ten Year "Kitchen Sink" Deal ('00-'09) ⊛

"Term Sheet"

Slow,
measured
risk MIF
exit

- Premise : • "Macro" → Transition-Exit Plan
- Robust CHOICE market with defined exposure - balanced risk backdrop
 - MIF thru '09
 - Build-off current deal and address MIF and TCO re-contracting

Deal Structure/
Primary Dimensions

- See "Two Year" Deal for basic structure thru '04
- "Fence" transition cost annually post '04
- Fixed GCR -- with new TCO K -- '04/'05 thru MIF exit '10
- Migrate to SFV '04-'05
- Continue SOLR
- Freeze base rates thru '09

Other Key Elements

- Restructure current TCO Ks (as early as '00)
- Move to fixed GCR at '04, or earlier

Upside Opportunities

- Portion of depreciation reserve and depreciation rate change
- Continuation of mitigation deal thru '04
- GSM upside ('04-'09)
- Benefits of tariff changes

⊛ Refer to original strawman

Intermediate Term Deal ('00-'06)



"Term Sheet"

- Premise :
- Five year exit plan
 - Build-off current deal and outline complete M/F exit

Quick, low risk M/F exit

Deal Structure / Primary Dimensions

- "Match" stranded costs and depreciation amounts (thru '03)
- Extend contract mitigation arrangement for two years
- "Fence" stranded cost exposure, e.g., assignment trigger(s)
- Exit M/F → '04-'06 period
- Assume SOLR/balancing role → '04/'06 forward
- Seek miscellaneous tariff changes
- Eliminate/negotiate upcoming GCR audits
- Introduce mechanisms to moderate transition costs.

Other Key Elements

- Retain current GCR thru '03
- Restructure TCO K for SOLR/Balancing role

Upside Opportunities

- Portion of depreciation reserve
- Portion of depreciation rate change
- Continuation of mitigation deal ('02-'03)
- SOLR/Balancing upside
- Benefits of tariff changes

(*) Refer to original strawman

Pro Forma Time Line

(5)

Mid-April

- 2000 Team
 - Settlement Scenarios
 - Tactical Packages
- GSM/Financial/Regulatory Model - for decision-making

May

- GCR Audit resolution
- Selected one-on-ones
- Team 2000 deliverables

June

- Launch formal Collaborative discussions

July

- Depreciation Study

August

- Ongoing Collaborative discussions

September

- Ongoing Collaborative discussions

October

- Conceptual Agreement reached

November

- File Deal
- Strike Deal (Thanksgiving)

December

- PUCO Approval

Make The Deal

Close The Deal

ONLY

Front-End Deal

Part of
Mandatory M/F
Exit - AGL
style

102-207-
SOLR-
Rate- COM
or
Bld

Upside Opportunities

- 199-'04 — Deprec Pat's
Deprec Rate Δ
- 199-'04 — Enhanced & Mitig
- '05-'10 — Deprec Rate Δ
Fixed GCR/
Banking-Balancing

→ Migrate to SFV

•TCO X max'd at 502('04) → to fiber of 202-('10)

if choice μ_k doesn't materialize we can ratchet-up μ_k , but also reset/adjust GCR

- If CHOICE grow rate exceeds 5%/yr mandatory assignment (incremental) @ new TCO rates

• COH-SOLR → '05-'10

- Beyond 10 - COH will be SOLR or we'll bid it (assumed to be 10-200 K level)

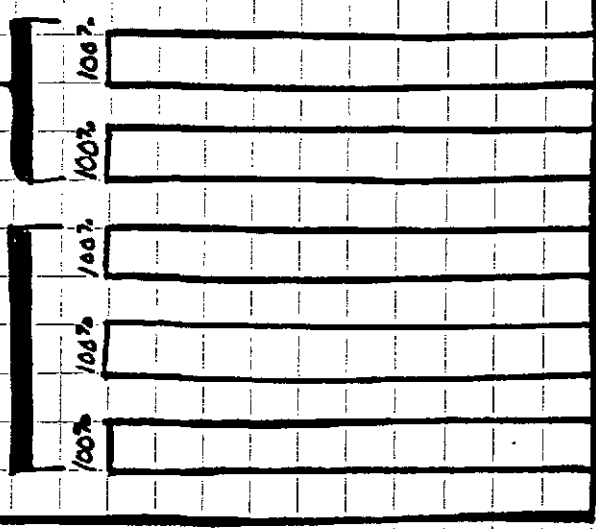
- TCO K ratchet (↓) '02-'04 or note mitigation opportunity is enhanced

radio migration opportunity is enhanced

Realignment of TCO's K's

TCO K Levels

Basic K Mitigation



New TCO K's Pricing

50%

5% Annual/Cumulative Ratchet

Point of Mandatory MIP Exit

Call or Bid SOLR K Level

Key Elements

- Retain Current TCO K
- Retain Traditional GCR
- Obtain "Enhanced" TCO Mitigation Arrangement ('02-'03) as guide preque for K extension & new pricing

Migration to SFV

Fixed GCR → ← Fixed GCR

- New TCO K's and pricing
- Annual/cumulative ratchets

- Align with (a) 2 Fixed GCR periods and (b) intro of SFV R/D

- COH provides balancing & SOLR services
- At minimum, COH is SOLR (or bids it)

CONCEPTUAL ONLY

Back-End Deal

Upside Opportunities

- '99-'04 - Enhanced K Mitig.
- '05-'10 - Fixed GCR/GSM
- '11 → • SOLR

CONCEPTUAL ONLY

"MACRO"
Potential Earnings Stream (\$/Mils) (Pre-Tax)

Source	199	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	Total
Basic K Mitigation	30	20	20	20	20								110
Enhanced Mitigation					10								25
Depreciation Pot	10	8	6	4	2								30
Depreciation Rate	7	6	5	5	5	5	5	5	5	5	5	5	63
Fixed GOR/GSM						20	20	20	20	20	20	20	140

vs. value of new Ks for TCO
out of ~\$150M

Total 47 34 31 44 37 25 25 25 25 25 25 25 25 = ~370

"Steady State" ~ \$25M/Annually
~\$30-45/Annually
Five Year Plan

Considerations

- Caps/Triggers on participation rates \rightarrow fencing transition costs
- Feasibility of "enhanced" TCO mitigation arrangement ('02-'03)
 \rightarrow Possible restatement of CO₂ balancing rate
- ~8 year M/F exit plan — politically/practically doable
- Feasibility of negotiating 2 deals — — Collaborative (Front-End) and TCO (Back-End) — — (a) simultaneously and (b) over a 10 yr. period
- Feasibility/practicality — — agreeing to fixed GCR(s) \rightarrow 4 years out in time
- Feasibility of migrating to SFV over 10 year period
- Negotiate one deal '99-'04; then negotiate second deal

NiSource News



**Pulling together to create
the new NiSource**

Inside

On the Fast Track: The Merger at a Glance
**Leadership Summit 2000: Building Blocks
for Growth of a New Company**

To Lead and Inspire

The Power of the Local Brand

11-01, 11-01, Done!

**Natural Gas Prices Will Heat Up
This Winter**

Will the Weather Outside Be Frightful?

NiSource Reaches Out to Customers

Across NiSource

NiSource™

Delivering life's essential resources

The POWER of the Local Brand

We all have local brands that we recognize and depend on, such as a favorite grocery store, specialty store — even a utility company.

When a larger company acquires that business, we're often disappointed to find they change the name and the way they treat us as customers. Chances are, the new company fails to understand our needs. Perhaps it even fails to provide the service or product it used to offer so reliably.

With local brands harder to find in this era of mergers, we as consumers tend to value them more as a result. The trust that customers place in familiar companies is precisely why NiSource is committed to

maintaining local brands in NiSource and former Columbia markets. As with previous acquisitions, each company will retain its local identity, carrying the designation, "A NiSource Company."

"The local brand speaks to its customers with a strong connection developed over many years," said Peg Landini, vice president of Customer Service and Marketing for Energy Distribution in the new NiSource. "It's important to maintain the power of that brand while we begin to identify it with a larger family of capabilities."

Indeed, the new NiSource is the premier competitor in the

energy business corridor from the Gulf of Mexico through Chicago to the Northeast, and its local brands are a strength and source of in-depth local market knowledge. Such resources make the company formidable and daunting competition to any challenger attracted to the same markets.

"The NiSource-Columbia merger presents the opportunity to leverage products, services and knowledge from individual companies across 3.6 million gas and electric customers," Landini explained. "And it is the local brands that have the power to propel us in that direction."