

NISOURCE, INC.

TRANSMISSION PROVIDERS'

WRITTEN PROCEDURES IMPLEMENTING

THE FERC STANDARDS OF CONDUCT

Pursuant to 18 C.F.R. Section 358.7(d)

June 25, 2014

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I. Statement of Policy and Contact Information

It is the policy of the NiSource Transmission Providers, defined in Section II, to fully comply with the Federal Energy Regulatory Commission's ("Commission" or "FERC") Standards of Conduct for Transmission Providers ("Standards of Conduct"), contained in the Code of Federal Regulations (click to go to [18 CFR §358 – Standards of Conduct](#) online at eCFR.gov).

In furtherance of this policy, the NiSource Transmission Providers have prepared these written procedures for implementing the Standards of Conduct. These written procedures identify the NiSource Transmission Providers and their affiliates that employ marketing function employees, and describe how the NiSource Transmission Providers will comply with the various requirements included in the Standards of Conduct. Terms used in these written procedures have the meanings defined in §358.3 of the Regulations.

The NiSource Transmission Providers have distributed these written procedures to all transmission function employees, marketing function employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information, as required under §358.8(b)(2). These written procedures are also posted on the Internet website of each NiSource Transmission Provider, as required under §358.7(d).

The NiSource Transmission Providers have appointed Jerry L. Wood, Director Corporate Compliance, as their Chief FERC Compliance Officer, as required under §358.8(c)(2). Assisting the Chief FERC Compliance Officer are: Dorothy G. Rhoades, FERC Compliance Manager; Gordon L. Scott, FERC Compliance Manager; and Elizabeth Dousias, Compliance Manager. Included among their responsibilities are: (1) ensuring that the Standards of Conduct are distributed to employees required to receive the standards; (2) ensuring that employees and contractors receive appropriate training on compliance with the Standards of Conduct; (3) ensuring, as part of the training program, that appropriate documentation is retained to demonstrate that the NiSource Transmission Providers are in compliance with the Standards of Conduct; and (4) ensuring that Internet website postings required by the Standards of Conduct are implemented on a timely basis.

If any NiSource employee or customer or potential customer has any questions concerning these written procedures or the Standards of Conduct, or wishes to report any departure from or non-compliance with these written procedures or the Standards of Conduct, they should contact either the Chief FERC Compliance Officer or a FERC Compliance Manager. Such communications will be resolved as promptly as possible.

The Chief FERC Compliance Officer may be reached at:

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The FERC Compliance Managers may be reached at:

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The Compliance Manager may be reached at:

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II. Identification of Transmission Providers and Affiliates That Employ Marketing Function Employees

The NiSource Transmission Providers will promptly update the list of affiliates that employ or retain marketing function employees if new entities are acquired or created or if the activities of existing entities change to either bring them within or cause them to fall outside of the scope of the Standards of Conduct. To ensure that this occurs, the NiSource Corporate Secretary's Office will notify the FERC Compliance Managers with respect to the acquisition, creation, disposition or dissolution of any NiSource company or interest.

A. NiSource Transmission Providers

Company

Business

Northern Indiana Public Service Company (NIPSCO) Electric Utility

The Midcontinent Independent System Operator ("MISO") exercises functional control over the NIPSCO Transmission Provider's transmission facilities. NIPSCO continues to

own those facilities and to exercise certain day-to-day transmission operations under the direction of MISO.

Columbia Pipeline Group (CPG), consisting of:

Columbia Gas Transmission, LLC	Interstate Natural Gas Pipeline
Columbia Gulf Transmission Company	Interstate Natural Gas Pipeline
Crossroads Pipeline Company	Interstate Natural Gas Pipeline
Central Kentucky Transmission Company	Interstate Natural Gas Pipeline
Hardy Storage Company, LLC	Interstate Natural Gas Pipeline

Columbia Gas Transmission, LLC, is also partial owner of Millennium Pipeline Company, L.L.C., which is also an Interstate Natural Gas Pipeline. Please refer to Millennium’s Informational Postings on the Navigates EBB (<http://www.columbiapipeinfo.com/infopost/#>) for its Chief FERC Compliance Officer’s contact information and Standards of Conduct compliance information.

B. Affiliates that Employ Marketing Function Employees

The NiSource Affiliates that employ marketing function employees are:

<u>Company</u>	<u>Business</u>	<u>Reason(s)</u>
Energy Supply Services (ESS)	Division of NiSource Corporate Services Company (NCSC)	Buys, sells, trades, or administers energy in US energy markets
Energy Supply and Trading (ES&T)	Division of Northern Indiana Public Service Company (NIPSCO)	Wholesale marketing & sales

III. Non-Discrimination Requirements

NiSource Transmission Provider must strictly enforce tariff provisions relating to the sale or purchase of open access transmission service. If the applicable tariff provision permits the use of discretion (§358.4(a) and (b)), such discretion must be exercised in a fair and impartial manner that treats transmission customers in a non-discriminatory manner. Each NiSource Transmission Provider will process requests for transmission service in the same manner and time frame. A NiSource Transmission Provider must post on its Internet website notice of each waiver of a tariff provision that it grants in favor of an affiliate, unless such waiver has been approved by the Commission. The posting must be made within one business day of the act of a waiver. The NiSource Transmission Provider must also maintain a log of the acts of waiver, and must make it available to the Commission upon request. The records must be kept for a period of five years from the date of each act of waiver, as required under §358.7(i).

NiSource Transmission Provider may not give any preference to any person with respect to the sale or purchase of transmission service, through tariff provisions or otherwise (§358.4(c)). This includes, but is not limited to, issues of price, curtailments, scheduling, priority, ancillary services or balancing.

IV. Independent Functioning

Section 358.5 of the Commission's regulations sets forth the independent functioning rules that are applicable to the transmission function employees and the marketing function employees of Transmission Providers and their affiliates. This section requires that a Transmission Provider's employees that are engaged in transmission functions must function independently from marketing function employees (§358.5(b)).

In compliance with §358.5, NiSource Transmission Provider employees have been instructed that marketing function employees may not conduct transmission functions and may not have access to the system control center or similar facilities used for transmission operations that differs in any way from the access available to other transmission customers. In addition, transmission function employees have been instructed that they may not conduct marketing functions.

Consistent with these regulations, except in emergency circumstances affecting system reliability, NiSource Transmission Providers' transmission function employees will function independently of marketing function employees.

- A. Columbia Pipeline Group (CPG).** All CPG employees are organizationally separate from marketing function employees – *i.e.*, they are located within separate companies throughout the NiSource organization.

The CPG Transmission Providers have identified the employees engaged in assessing/determining the creditworthiness of customers or potential customers of the CPG Transmission Providers

Northern Indiana Public Service Company (NIPSCO). NIPSCO's marketing function employees are currently located in a different building than NIPSCO's transmission function employees, who are located in the EDCC and CISC buildings in Hammond, Indiana, and in the Southlake Complex in Merrillville, Indiana. NIPSCO's marketing function employees are precluded, by the use of keycards, from entering transmission function employee locations, and must request access to restricted areas through an intercom system. Visitors to transmission function employee locations are required to sign a visitor log upon entering and exiting the restricted area. NIPSCO's marketing function employees use a large conference room in the area occupied by transmission function employees in the EDCC building in Hammond, Indiana; however, they are required to sign the visitor log when they enter and exit the building. In addition, through the use of login procedures and passwords, NIPSCO's transmission function employees are the only employees with access to transmission related information located on NIPSCO's transmission provider computer system. NIPSCO's transmission function employees are unable to log into marketing information contained on the computer system. More details regarding employee-staffed facilities shared by NIPSCO transmission function employees and its marketing function employees can be found on NIPSCO's website.

V. No Conduit Rule

In compliance with §358.6(a), NiSource employees, contractors, consultants, and agents who are transmission function, marketing function, or are likely to become privy to transmission function information are instructed that they are prohibited from using anyone as a conduit for the disclosure of non-public transmission function information to marketing function employees.

VI. Transparency Rule

A. Contemporaneous Disclosure. NiSource Transmission Provider employees that disclose non-public transmission function information must immediately post the disclosed information on the Internet website (§358.7(a)). Excluded from this requirement is information disclosed under the requirements of §358.7(b), detailed in paragraph B below.

If the NiSource Transmission Provider discloses 1) non-public transmission customer information, 2) critical energy infrastructure information (CEII) as defined in §388.113(c)(1), or 3) any other information that the Commission by law has determined is to be subject to limited distribution, notice must be immediately posted on the NiSource Transmission Provider's Internet website stating that the information was disclosed (§358.7(b)).

B. Exclusion of Specific Transactions. As permitted by the FERC Standards of Conduct, the NiSource Transmission Provider's transmission function employees may have non-public communications with their marketing function employees, with respect to the affiliate's "specific request for transmission service" (§358.7(b)). The NiSource Transmission Provider is not required to contemporaneously disclose information related to these communications.

C. Voluntary Consent. If a non-affiliated transmission customer voluntarily consents in writing, a NiSource Transmission Provider may share the customer's information with its marketing function employees, as permitted under §358.7(c). However, in such cases, the NiSource Transmission Provider must post a notice on its Internet website that consent was received to share the information and a statement that the Transmission Provider did not provide any operational or rate preferences in exchange for the voluntary consent.

D. Posting Requirements. Each NiSource Transmission Provider has listed on its website: (a) the names and addresses of its affiliates that employ or retain marketing function employees (§358.7(e)(1)); (b) the employee-staffed facilities that are shared by transmission function employees and marketing function employees, including the type of facility shared and its address (§358.7(e)(2)); and (c) the job titles and job descriptions of its transmission function employees (§358.7(f)(1)). In addition, the NiSource

Transmission Providers have trained personnel to update their websites within seven days of any changes in the information described above, as required under §358.7(g)(1).

The NiSource Corporate Secretary's office will notify the FERC Compliance Managers about the formation of any new affiliates for purposes of determining whether a new affiliate employs marketing function employees. The Corporate Secretary's office also will provide notification of the dissolution of any affiliates so that these affiliates can be removed from the Transmission Provider's Internet website, if necessary. The NiSource Transmission Providers also will post information concerning any potential merger partners within seven days after the merger is announced, as required under §358.7(e)(3).

To comply with §358.7(f)(2), the Human Resources Department will, on a weekly basis, automatically generate a report identifying employee transfers to or from marketing function positions and transmission function positions within NiSource. The report will identify the name of the transferring employee, the respective titles held before and after the transfer, companies transferred to and from, and the effective date of the transfer. The weekly report will be posted on each of the NiSource Transmission Providers' Internet websites. Transfer information will remain active on the website for 90 days. In addition, a FERC Compliance Manager, or designee, will review the report to determine whether a transferred employee's access to any NiSource company database and/or computer system needs to be terminated. Upon review, if such action is necessary, a copy of the report will be sent to the appropriate system or application access owner to terminate access.

If an emergency occurs, such as an earthquake, flood, fire or hurricane, that severely disrupts a Transmission Provider's normal business operations, the posting requirements under §358.7 may be suspended by the NiSource Transmission Provider. If the disruption lasts longer than a month, the Commission must be notified, as required under §358.7(g)(2).

E. Exclusion for, and Recording of, Certain Information Exchanges. Transmission function employees and marketing function employees may exchange certain non-public transmission function information, despite the No Conduit Rule in §358.6 and the Independent Functioning Rule in §358.5(a), if the information exchanged falls under the exclusion, in §358.7(h)(2), that the non-public information is:

- Information pertaining to compliance with Reliability Standards approved by the Commission, and
- Information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units.

Except in emergency circumstances (as described above), a record of the exchange must be made as soon as practicable after the fact. If any NiSource employee is involved in, or becomes aware of, any such exchange of non-public information between a transmission function employee and a marketing function employee, he or she must immediately complete the "Standards of Conduct Deviation or Disclosure Report Form" (see Section

VIII. Forms), and e-mail it and relevant records, to a FERC Compliance Manager. (See Section I for contact information.) Relevant records include hand-written or typed notes, electronic records such as e-mails and text messages, and recorded telephone calls, to the extent applicable. Information related to the exchange must be retained for a period of five years and must be made available to the Commission, upon request.

VII. Implementation Requirements

- A. Effective Date.** NiSource Transmission Providers must be in full compliance with the FERC Standards of Conduct on the date they commence transmission transactions with an affiliate that engages in marketing functions, as required under §358.8(a).

- B. Training.** A training program has been developed to train identified employees and contractors on the FERC Standards of Conduct (§358.8(c)(1)). As permitted by the Commission's regulations, the training program may be conducted electronically, and is deployed to affected employees and contractors on an annual basis, and to new employees within the first 30 days of their employment. The electronic training program requires the participant to certify that he or she has completed the training. The electronic training tool and the FERC Compliance Managers, or designee, will keep a record of trained employees and contractors and will provide training to transferred employees in the identified groups who require Standards of Conduct training. In the case that training materials are provided in a live or paper format, a record of the training completion will be recorded in the electronic training tool.

- C. Chief FERC Compliance Officer.** See Section I of this document.

- D. Books and Records.** NiSource maintains separate books and records for the NiSource Transmission Providers and its affiliates that employ or retain marketing function employees, except that one set of books and records are maintained for NIPSCO. Records are maintained in accordance with §358.8(d) and are available for Commission inspection.

IX. Policies and Procedures

NiSource creates and updates additional and more detailed Policies and Procedures to comply with the Standards of Conduct. These are maintained and supplemented as necessary by the Chief FERC Compliance Officer and the FERC Compliance Managers, and they are available and published on the [FERC/NERC Compliance](#) site on MySource.