

RATE 245
RATE FOR GAS SERVICE
SUPPLIER AGGREGATION SERVICE (SAS)

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TO WHOM AVAILABLE

Available to marketers and brokers who: (1) have been designated as a qualified supplier and/or agent by Customers who have elected to receive service under Rates 211, 215, 221 and 225; (2) meet the qualification requirements specified in this Rate Schedule; and (3) have executed a Supplier Aggregation Service (SAS) Agreement with the Company (Choice Suppliers).

CHARACTER OF SERVICE

A Choice Supplier may aggregate individual Customers, on whose behalf the Choice Supplier is providing gas supply, for nomination, balancing and load management purposes at specified points of receipt on the Company's distribution system or at specified pipeline interconnections available to the Company on its upstream capacity.

Only Customers within the same transportation zone utilizing the same transportation service and utilizing the same nomination option may be aggregated.

Interstate pipeline and storage assets will be allocated to Choice Suppliers who will be required to pay for these assets, either through accepting the allocation and directly paying the pipeline or storage operator or choosing the Company's Asset Mitigation Option set out in the SAS Agreement.

AGREEMENT

A Choice Supplier desiring service under this Rate Schedule shall contact the Company to request service. As a condition of receiving service, the Choice Supplier shall execute a Supplier Aggregation Service Agreement.

NOMINATION OPTIONS UNDER SUPPLIER CHOICE DELIVERY SERVICE (SCDS) RIDER

The following Nomination Options are available under the SCDS Rider. A Choice Supplier may change options once per year with written notice to the Company.

Company Nomination Option

At the beginning of each month the Company shall provide to the Choice Supplier a good faith estimate of the daily delivery quantities that will be required for the month for Qualifying Customers served by said Choice Supplier under SCDS Rider. Such estimated daily delivery quantities may be changed by the Company no later than the time required for such nominations by the delivering pipeline(s), in order to adjust for Demand and weather variations.

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NOMINATIONS OPTIONS UNDER SUPPLIER CHOICE DELIVERY SERVICE (SCDS) RIDER
(continued)

Formula Option

The Choice Supplier shall use a formula, provided by the Company, to calculate daily City Gate delivery quantities required under the SCDS Rider. Such formula may be adjusted by the Company, in its sole discretion, at the beginning of each month and/or week. Choice Supplier shall be notified of any formula adjustments by the Company on a timely basis.

Choice Supplier Nomination Option

The Choice Supplier shall determine the daily delivery quantities.

Base Load Option

At the beginning of each month the Company shall provide to the Choice Supplier a good faith estimate of the average daily delivery quantities that will be required for the month for Qualifying Customers served by said Choice Supplier under the SCDS Rider. The daily estimates may be lowered by a Maximum Allowable Delivery Factor to ensure system integrity.

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Administration Charge

The Administration Charge under this Rate Schedule shall be \$1.50 per meter per month for General Service Customers and \$0.75 per meter per month for Residential Customers or \$500.00 per aggregation agreement per month, whichever is greater.

Imbalance and Overrun Charges

A Choice Supplier shall be billed on a monthly basis for under and over deliveries of nominated quantity of gas, authorized and unauthorized overrun capacity charges, as well as charges for unauthorized use of gas by the Choice Supplier's customers when the Choice Supplier fails to deliver adequate quantities of gas.

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Other Charges

A Choice Supplier shall be billed such other charges as may be applicable from time to time, including but not limited to charges related to the use and/or assignment of the Company's upstream capacity and an unaccounted for gas adjustment set forth in Appendix E for all gas delivered by Company on behalf of the Choice Supplier.

SUPPLIER PERFORMANCE REQUIREMENTS

The obligations that a Choice Supplier agrees to undertake in exchange for the right to sell gas supply under this Rate Schedule are delineated in the SAS Agreement. Choice Supplier shall be subject to reasonable standards of conduct and performance standards, as may be issued from time to time by the Commission, for suppliers that choose to make direct sales to customers electing service under the SCDS Rider to Rates 211, 215, and other Human Needs Customers.

Choice Supplier shall post either a cash deposit or irrevocable letter of credit from an issuer meeting the Company's approval in order to ensure Choice Supplier's performance of its contractual obligations. The Choice Supplier agrees that the Company shall have the right to access and apply the cash deposit or draw on the letter of credit in an amount equal to any payment obligations owing to the Company. In lieu of a cash deposit or letter of credit from the Choice Supplier, the Company may, in its sole discretion, agree to accept a parent guaranty from the Choice Supplier's parent company.

The amount of the cash deposit or irrevocable letter of credit will be based upon the maximum aggregate daily delivery obligation of the Choice Supplier for a ten (10) day average period.

Choice Supplier shall provide a written affidavit certifying to the Commission and, simultaneously, a copy to the Company, that it has adequate firm supplies under agreement to meet its customers' aggregate firm daily Demand and firm annual Demand.

In the event that there is a good faith dispute between the Choice Supplier and the Company as to whether the Choice Supplier satisfies the requirements of this provision, the Choice Supplier may file a complaint with the Commission asking the Commission to resolve the dispute with the Company as to whether it, in fact, is a "qualified supplier" within the meaning of the Tariff.

Alternatively, in lieu of filing a complaint with the Commission, the Choice Supplier and the Company may, by mutual agreement, seek a resolution of the good faith dispute through binding arbitration.

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DAILY IMBALANCE CASH-OUT PROVISIONS

The Choice Supplier shall be subject to the daily imbalance cash-out provisions included in this Rate Schedule.

Imbalances under SCDS Rider

Company Nomination Option

The Daily Imbalance Volume shall be the difference between the daily nomination requested by the Company from the Choice Supplier and the volume of gas actually delivered to the system by that Choice Supplier.

Formula Option

The Daily Imbalance Volume shall be the difference between the volume calculated in the formula using the Company's actual weather data and the volume tendered to the system by the Choice Supplier.

Choice Supplier Nomination Option

There are no daily nomination imbalances under this option.

Base Load Option

The Daily Imbalance Volume shall be the difference between the daily nomination requested by the Company from the Choice Supplier and the volume of gas actually delivered to the system by that Choice Supplier.

Daily Imbalances During Non-Critical Periods

If on any day the volume of gas delivered by the Choice Supplier differs from the nomination requested by the Company under the SCDS Rider, after adjustment for allowed balancing tolerances and fuel, such quantity of gas shall be subject to the following charges:

For Over-Deliveries (the Choice Supplier delivered volume is greater than the Company's requested volume) the Company will purchase gas from the Choice Supplier at the rates below:

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DAILY IMBALANCE CASH-OUT PROVISIONS (continued)

Daily Imbalances During Non-Critical Periods (continued)

Imbalance Level	Company Pays Choice Supplier
+ 0% to 4.99%	100% of the lesser of Daily Index or First of Month Index
+ 5% to 9.99%	90% of the lesser of Daily Index or First of Month Index
+10% to 20%	80% of the lesser of Daily Index or First of Month Index
Over + 20%	60% of the lesser of Daily Index or First of Month Index

For Under-Deliveries (the Choice Supplier's delivered volume is less than the Company's requested volume) the Choice Supplier will purchase gas from the Company at the rates below:

Imbalance Level	Choice Supplier Pays Company
- 0% to 4.99%	100% of the greater of Daily Index or First of Month Index
- 5% to 9.99%	110% of the greater of Daily Index or First of Month Index
-10% to 20%	120% of the greater of Daily Index or First of Month Index
Under - 20%	140% of the greater of Daily Index or First of Month Index

In addition to the charges above, Choice Supplier shall pay all costs, as determined by the Company, associated with managing the Choice Supplier's imbalances, including, but not limited to, all upstream and on-system capacity costs and supply costs.

The Daily Index price shall be the arithmetic average of the range of prices posted under the table City Gate, Pooling Point Prices as published in Gas Daily. Zone A will be the average for the month of the daily price posted in Gas Daily / Daily Chicago City-gate Midpoint Price. Zones B or E will be the average for the month of the daily price posted in Gas Daily / Daily Mich Con City-gate Midpoint Price. In the event this posting is unavailable, Company will establish a new Daily Index price.

The First of Month Index price shall be the arithmetic average of the "Prices of Spot Gas Delivered to Pipelines" for the first day of each Month appearing under the table "Upper Midwest" as published in the INSIDE FERC Gas Market Report. Zone A will be priced using the Chicago City-gate index, and Zones B or E will be priced using Mich Con City-gate index.

In the event a Choice Supplier fails to comply with an Operational Flow Order issued by an interstate pipeline that results in a pipeline penalty, the Choice Supplier shall be allocated the pipeline penalty. If a Choice Supplier fails to comply with an Operational Flow Order issued by the Company, the Company reserves the right to move the Choice Supplier to the Company's Asset Mitigation Option.

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DAILY IMBALANCE CASH-OUT PROVISIONS (continued)

Daily Imbalances During Critical Periods

For Over-Deliveries (the Choice Supplier delivered volume is greater than the Company's requested volume) the Company will purchase gas from the Choice Supplier at the rates below:

Imbalance Level	Company Pays Choice Supplier
+ 0% to .99%	100% of the lesser of Daily Index or First of Month Index
+ 1% to 4.99%	90% of the lesser of Daily Index or First of Month Index
+ 5% to 10%	80% of the lesser of Daily Index or First of Month Index
Over + 10%	60% of the lesser of Daily Index or First of Month Index

For Under-Deliveries (the Choice Supplier's delivered volume is less than the Company's requested volume) the Choice Supplier will purchase gas from the Company at the rates below:

Imbalance Level	Choice Supplier Pays Company
- 0% to .99%	100% of the greater of Daily Index or First of Month Index
- 1% to 4.99%	110% of the greater of Daily Index or First of Month Index
- 5% to 10%	120% of the greater of Daily Index or First of Month Index
Under - 10%	140% of the greater of Daily Index or First of Month Index

In addition to the above charges, Choice Supplier will pay the greater of \$6.00 per Therm or the applicable pipeline penalty charges.

Should the Choice Supplier be in an imbalance during a Critical Period which is opposite the Company's imbalance during the Critical Period, the Choice Supplier shall be assessed as follows:

- 1) The lesser of Daily Index or First of Month Index for all Over-Deliveries; or
- 2) The greater of Daily Index or First of Month Index for all Under-Deliveries.

If, at the request of the Company, the Choice Supplier assumes an imbalance beneficial to the Company, the Under- or Over-Deliveries shall be assessed at 100% of the Daily Index price.

The Daily Index price and the First of Month Index price shall be as defined above under Daily Imbalances during Non-Critical Periods.

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Extraordinary Imbalances and Recurring Unauthorized Use of System Gas Under the SCDS Rider

1) Correction for Extraordinary Circumstances

In the event that system supply gas is not available to satisfy under-delivery imbalances, the Company shall use its reasonable efforts to acquire replacement quantity of gas with gas from other sources. Under these circumstances, Choice Supplier shall be responsible for all costs incurred by the Company to obtain gas supply including, but not limited to, upstream and on-system capacity costs, supply costs plus an additional charge of \$6.00 per Therm for all short-fall quantity of gas.

2) Recurring Over-Deliveries

If Choice Supplier delivers excess quantity of gas for more than ten (10) days during any month, Choice Supplier shall provide documentation to the Company that it has contracted for a storage service for a minimum of two months. The Company shall determine, in its reasonable discretion, whether the contracted storage service is adequate to balance Choice Supplier's deliveries.

If Choice Supplier delivers excess quantity of gas for more than ten (10) days during any month, more than once within a twelve (12) month period, Choice Supplier shall be assigned Optional Storage Service, or an equivalent service (as determined by the Company) in the event Optional Storage Service is fully subscribed, based on the highest over-delivery on the days when the over-deliveries occurred. Choice Supplier shall be obligated to pay for Optional Storage Service as defined in the Optional Storage Service Rider.

3) Recurring Under-Deliveries

If Choice Supplier fails to deliver sufficient quantities of gas on more than three (3) days during any month, Choice Supplier shall provide documentation to the Company that it has contracted for satisfactory firm no-notice supply service for the next five (5) months. The Company shall determine, in its reasonable discretion, whether the contracted no-notice service is adequate to balance Choice Supplier's deliveries.

In the event Choice Supplier fails to deliver sufficient quantities of gas on more than three (3) days during any month, more than once within a twelve (12) month period, then Choice Supplier shall be assigned gas at a volume equal to the highest deficiency on the days when the delivery failures occurred priced at 140% of the greater of Daily Index or First of Month Index, and Choice Supplier shall be obligated to provide documentation of its contracted capacity and supply sufficient to serve the estimated load of its Qualifying Customers for the next twelve (12) calendar months.

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MONTHLY RECONCILIATIONS UNDER SCDS RIDER

Company Nomination Option

The Company shall reconcile on a monthly basis the nominated quantity of gas plus or minus storage injections or withdrawals for each Choice Supplier with the usage of that Choice Supplier's customers. Any difference as a result of this reconciliation shall be purchased either by the Company, if a positive result, or by the Choice Supplier, in the event of a negative result, at a price based on (1) the average for the month of the daily price posted in Gas Daily / Daily Chicago City-gate Midpoint Price for customers in Zone A, and (2) the average for the month of the daily price posted in Gas Daily / Daily Mich Con City-gate Midpoint Price for customers in Zones B or E. The bills for the monthly reconciliation shall be due and payable seventeen (17) days after being submitted.

Formula Option

The Company shall reconcile on a monthly basis the nominated quantities plus or minus storage injections or withdrawals for each Choice Supplier with the usage of that Choice Supplier's customers. Any difference as a result of this reconciliation shall be purchased either by the Company, if a positive result, or by the Choice Supplier, in the event of a negative result, at a price based on (1) the average for the month of the daily price posted in Gas Daily / Daily Chicago City-gate Midpoint Price for customers in Zone A, and (2) the average for the month of the daily price posted in Gas Daily / Daily Mich Con City-gate Midpoint Price for customers in Zones B or E. The bills for the monthly reconciliation shall be due and payable seventeen (17) days after being submitted.

Choice Supplier Nomination Option

Each month, the Company shall allocate monthly usage to daily usages based on the profile of NIPSCO General Sales volumes. The Company shall then reconcile on a daily basis the nominated volumes plus or minus storage injections or withdrawals for each Choice Supplier with the allocated daily usage of that Choice Supplier's customers. Any difference as a result of this reconciliation shall be purchased either by the Company, if a positive result, or by the Choice Supplier, in the event of a negative result, at a price defined in the Daily Imbalance Cash-out Provisions above. The bills for the monthly reconciliation shall be due and payable seventeen (17) days after being submitted.

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Base Load Option

The Company shall reconcile on a monthly basis the nominated quantity of gas for each Choice Supplier with the usage of that Choice Supplier's customers. Any difference as a result of this reconciliation shall be purchased either by the Company, if a positive result, or by the Choice Supplier, in the event of a negative result, at a price based on for customers in Zone A, the average for the month of the daily price posted in Gas Daily / Daily Chicago City-gate Midpoint Price and for customers in Zones B or E, the average for the month of the daily price posted in Gas Daily / Daily Mich Con City-gate Midpoint Price for the month being reconciled. The bills for the monthly reconciliation shall be due and payable seventeen (17) days after being submitted.

MONTHLY MINIMUM CHARGE

The monthly Minimum Charge under this Rate Schedule shall be the Administrative Charge.

RULES AND REGULATIONS

Service herein shall be subject to the Company Rules and IURC Rules.

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