

**COLUMBIA GAS OF KENTUCKY, INC.  
ACCOUNTS RECEIVABLE PURCHASE AGREEMENT**

This Agreement made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, (“Agreement”) by and between \_\_\_\_\_, located at \_\_\_\_\_ (“Supplier”) and Columbia Gas of Kentucky, Inc. (“Company”), 290 W. Nationwide Blvd., Columbus, OH 43215.

**WHEREAS**, the Company has instituted a service regulated by the Public Service Commission of Kentucky (“Commission”) pursuant to which it offers gas transportation service to residential, small commercial and industrial customers under its Small Volume Gas Transportation Service (“SVGTS”) tariff.

**WHEREAS**, the SVGTS program contemplates, among other things, that (i) the Company’s customers will secure their gas supplies competitively, through a retail natural gas supplier that has been approved to supply natural gas in Kentucky and is eligible to provide service on the Company’s system (ii) the Company’s customers will continue to use the Company to transport their gas supplies and (iii) the Company is the supplier of last resort;

**WHEREAS**, the SVGTS program provides that the Company may purchase the accounts receivable from participating suppliers;

**WHEREAS**, the Supplier is participating in the SVGTS program, and the Supplier assigns to the Company its accounts receivable and the Company has agreed to purchase the Supplier’s accounts receivable in accordance with the terms and conditions hereof;

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

1. **Definitions.** The following capitalized terms will have the following meanings when used in this Agreement:
  - a. “Accounts Receivable” means the uncollected amounts that are justly due and owing from Customers in payment for the natural gas sold to these Customers by the Supplier. This term does not include any Company distribution charges, applicable Kentucky sales tax or late payment fees charged to the Customer and added to the Customer’s bill.
  - b. “Customer” means the Company’s customers who are both participating in the SVGTS program and who are being provided natural gas by the Supplier. Under no circumstances will the term “Customer” include the Company’s customers who are not participating in the Customer SVGTS program or who are not being provided natural gas by the Supplier.
  - c. “Customer Base” means the entire group of Customers for which the Supplier is providing natural gas.
  - d. “Contract” means a contract between Supplier and a Customer under the SVGTS program that complies with all provisions of the SVGTS tariff.

e. "Small Volume Aggregation Service Agreement" means any and all agreements between the Supplier and the Company and/or all applicable tariffs of the Company as approved by the Commission, which govern the relationship between the Supplier and the Company. The Small Volume Aggregation Service Agreement is hereby incorporated by reference and made part of this Agreement.

2. Purchases. Under this Agreement, the Company agrees to purchase from the Supplier, and the Supplier agrees to sell and assign to the Company, the Supplier's Accounts Receivable arising from gas commodity sales to its Customers in accordance with the terms and conditions of this Agreement including the following requirements:

- a. The Company shall make purchases beginning in the calendar month corresponding to the commencement date of this Agreement (see Paragraph 3, below) and shall make purchases each month thereafter through the remainder of the term of this Agreement. The purchase made in any particular month shall consist of the Customer indebtedness incurred during the most recently completed billing cycle for each particular Customer. For illustration purposes only, if a Customer's billing cycle is the fifteenth (15<sup>th</sup>) day of Month One to the fifteenth (15<sup>th</sup>) day of Month Two, in Month Two, the Company shall purchase that Customer's Accounts Receivable that is billed in Month Two.
- b. Irrespective of Paragraph a. above, in no case shall the Company purchase the Accounts Receivable for any Customer's indebtedness incurred prior to that Customer's enrollment with the Supplier. Under no circumstance shall the Company purchase the Accounts Receivable for any Customer or Customers who did not participate in the SVGTS program for the month being purchased.

3. Term. The initial term of this Agreement shall commence upon the execution date of this Agreement and shall continue through March 31, 2014, unless cancelled by either party giving to the other not less than thirty (30) days prior written notice of the termination prior to the next expiration date. If any person or entity successfully challenges Company's right to purchase Accounts Receivable through the Public Service Commission of Kentucky or State or Federal Court, if applicable, or retain amounts collected from Customers as a result of Supplier's sale and assignment of the Accounts Receivable under this Agreement, or if Supplier is no longer certified to supply natural gas in Kentucky or eligible to supply service on the Company's system, the Company may, at its sole discretion, terminate any further obligation to purchase Accounts Receivable under this Agreement and Company, in any such instance, may upon written notice to Supplier, require Supplier to immediately repurchase, in whole or in part, uncollected Accounts Receivable previously purchased by the Company hereunder, for the same amount paid by the Company. Notwithstanding the foregoing, the remainder of this Agreement shall remain in full force and effect in the event Company exercises this option.

4. Price. The Company shall purchase the Supplier's Accounts Receivable at a two percent (2 %) discount of the total amount billed by the Supplier for its total Customer Base for providing natural gas supplies to the Customer Base for that month. The Company shall calculate the amount due the Supplier by first adding together all of the bills for natural gas sold to Customers in the Supplier's Customer Base, and multiplying that total amount (excluding sales tax and late payment charges) by ninety eight percent (98%). This calculation methodology shall be effective for all Accounts Receivable purchases made during the initial terms as well as all subsequent terms of this Agreement.

5. Payment. Beginning with Accounts Receivable purchased in the initial month of the term of this Agreement (see Paragraph 3, above), and continuing on a monthly basis for the remainder of the term, Supplier directs the Company to make payment to it for the Accounts Receivable being purchased by the last business day of the following calendar month for 98% of the Supplier's revenues from previous billing month less the cost of billing and any other outstanding balances Supplier owes Columbia.. Subject to the provisions of Paragraphs 3, 8, and 10, said monthly payment shall be made to the Supplier by the Company regardless of whether any particular Customer or Customers in the Supplier's Customer Base pays their bill(s).

6. Sales Tax Responsibility / Indemnification. The Company is fully responsible for all Kentucky tax deficiencies and audits regarding the Supplier's sale of the natural gas commodity to the Customer as well as the Company's charges related to the distribution of the natural gas to the Customer. The Company is responsible for remitting the tax to the State of Kentucky. The Company acknowledges that it is responsible for collecting and maintaining Kentucky sales tax exemption certificates from the Customers as to which Customers are not required to pay the sales tax.

7. Late Payment Fees. The Company shall be entitled to collect and retain from the Customers any and all late payment fees specified in the tariff.

8. Adjustments. The Company reserves the right to adjust the Supplier's account with regard to Accounts Receivables purchases for up to two (2) years after the original billing date for any individual Customer's bill at issue for accounting or billing errors, Customer billing disputes, or any other necessary or appropriate adjustment.

9. Additional Actions. Supplier agrees to provide Company with any additional documents and take any additional steps that Company may request to perfect Company's interest in the Accounts Receivable being sold and assigned to Company pursuant to this Agreement.

10. Right of Set-Off. If the Supplier owes the Company any sum under this Agreement or any other arrangement whatsoever, the Company shall have the rights of recoupment and set-off, with respect to any payments for Accounts Receivable purchased, as against all amounts owed to the Company by Supplier. In calculating the payment due the Supplier under this Agreement, said amounts owed by Supplier to the Company shall be deducted from the amount to be paid to the Supplier (see Paragraph 4).

11. Binding Agreement. This Agreement shall be binding upon the parties hereto, their heirs, executors, administrators, successors, and assigns.

12. Assignment. This Agreement may be assigned only with the prior written consent of the

Company.

13. Notice and Payments. All notices to and payments to Supplier which are provided for in this Agreement shall be duly delivered to the post office address as follows:

Supplier

Supplier's legal name: \_\_\_\_\_  
Address : \_\_\_\_\_  
Contact name: \_\_\_\_\_  
Telephone number: \_\_\_\_\_  
Email: \_\_\_\_\_

Company

Columbia Gas of Kentucky Inc.  
Attn: Choice Program Management  
290 W. Nationwide Blvd.  
Columbus, Ohio 43215  
Email: [Choice@nisource.com](mailto:Choice@nisource.com)

14. Governing Law. This Agreement is entered into in and shall be construed in accordance with the laws of the State of Kentucky, without regard to its choice of law principles. The parties hereto agree that any and all actions, suits or claims with respect to this Agreement shall be brought in a state or federal court located in the State of Kentucky or before the Commission, if appropriate. This Agreement shall not be interpreted either more or less favorably toward any party by virtue of the fact that such party or its counsel was responsible or principally responsible for the drafting of all or a portion hereof.

15. Amendment/Waiver. Provisions of this Agreement shall be changed, waived, discharged or terminated only by an instrument in writing signed by authorized representatives of all parties. Notwithstanding any other provision to the contrary, no waiver by a party of any default of any of the obligations contained in this Agreement to be performed by another party shall be construed as a waiver of any succeeding default or breach of the same, or any other obligation or condition.

16. Headings. All headings contained in this Agreement are for convenience only and shall not, in any way, affect the meaning of any provision hereof.

17. Counterparts. This Agreement may be executed or amended in one or more counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which together shall constitute one instrument.

18. Signatures. Facsimile signatures of the parties on this instrument and any amendment thereto, shall be legally binding.

19. Invalid or Unenforceable Provisions. If any provision of this Agreement is found by a

court of competent jurisdiction to be invalid such provision shall be deemed modified so as to be no longer invalid and, all of the remaining provisions of this Agreement shall remain in full force and effect.

20. Recitals. The recitals set forth in this Agreement are an integral part hereof and shall have the same contractual significance as any other language contained in this Agreement.

21. No Joint Venture. Nothing in this Agreement shall be deemed to constitute a joint venture, partnership, corporation or any other entity taxable as a corporation or otherwise.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

Supplier Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Columbia Gas of Kentucky, Inc  
290 W Nationwide Blvd.  
Columbus, OH 43215

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: Kylia Davis  
Title: Manager Choice &  
Transportation Support Services  
Date: \_\_\_\_\_