

WHO IS EnergyUSA?

EnergyUSA is the unregulated gas marketing subsidiary of NiSource, Inc. EnergyUSA is focused on providing competitively priced energy services to industrial and commercial customers, as well as trading partners throughout the U.S. We are a value-added, customer oriented service provider focused on understanding and meeting end-user requirements. EnergyUSA is strategically positioned in the Midwest near the markets we serve in order to provide customers with highly reliable, competitively priced commodity and energy management services.

WHAT TYPES of innovative products and services do you offer to your customers?

EnergyUSA provides a wide variety of services:

- Price Risk, Energy, and Storage Management
- Financial Risk Assessment and Strategy Development
- Balancing & Aggregation Services
- Tariff & Energy Portfolio Analysis
- Educational Seminars, Monthly Newsletters, and Daily Market Updates
- End-Use Technology Recommendations
- Turnkey Fuel Management

IS ENERGYUSA financially stable?

EnergyUSA has the financial backing and clout of one of the largest energy holding companies in the U.S. NiSource, Inc., a publicly traded, Fortune 500 energy based holding company, is the largest gas distribution company in the U.S. east of the Rocky Mountains. NiSource also operates the fourth-largest gas pipeline company in the U.S.

WHAT DOES IT MEAN to “transport” gas?

When you purchase natural gas, the price is comprised of two components. The first component is the commodity price (the gas itself) and the other is the transportation price (the actual delivery of gas). Because of de-regulation, you can now purchase the commodity portion through a marketer such as EnergyUSA at an economical price and with an array of pricing options. The end-user will also pay the marketer to transport the gas to the utility piping system, but the utility is still responsible for, and invoices, the end-user for transporting the commodity from the point where the commodity enters the utility's piping system (the “city gate”) to the end-user's gas meter. Just so you know, transporting natural gas was enabled by Federal Energy Regulatory Commission (FERC) Order 636, which allowed for final de-regulation (or unbundling of services) in the gas industry.

WHAT HAPPENS WHEN someone transports gas?

The process of transporting gas means buying it from some point along the gas production and distribution pathway. Here's how it works: Gas is not created; it is extracted from the earth. There are a few central points for gas extraction. However, the most well known locations are the Gulf of Mexico, the “mid-continent” (Texas, Oklahoma, Kansas, Panhandle), and the Canadian Rockies. After the gas is extracted, it is cleaned (water and particulates removed) and pressurized (to reduce volume and facilitate transportation).

Gas leaving the processing facility is the first point of available gas purchase. This is commonly referred to as the *wellhead*. From the processing facility it is collected and moved into the large interstate transmission pipelines. Gas purchased here is known as *pipeline gas*. This gas is then delivered to various points of distribution, which are located in the many communities and towns throughout the U. S. The points of distribution are called *local distribution companies (LDCs)*, and the point of transfer from the pipeline to the LDC is called the *city gate*. At the *city gate*, the gas is odorized (the rotten egg smell is added) and then delivered to your facility at the meter. This is also called the *burnertip*.

As a purchaser of gas, you have the option of buying it at the wellhead, pipeline, city gate, or burnertip. The most frequently selected option for gas transport is the point where the pipeline delivers it to the LDC—the city gate.

WHAT EXPERIENCE does EnergyUSA have in servicing large and small transportation customers?

Incorporated in 1995, we are the oldest continually operating marketing company in the U.S. EnergyUSA is the successor organization to NESI Energy Marketing, NiSource's gas marketing organization that began serving transportation customers from its Midwest offices in 1984. From 1995 through mid-1999 we served customers as NESI Energy Marketing. Prior to that, we were known as NIPSCO Energy Trading (NETCO). We have a long and successful track record in marketing energy services to customers of all sizes behind Great Lakes city gates. EnergyUSA presently serves over 6,000 end-user accounts representing over 100 billion cubic feet per year of gas deliveries. Our products and services were designed with the customer in mind.

WHAT RISKS are associated with transporting gas?

The risks you will encounter vary based upon the level of service you select. In those services that focus solely on price, you obtain greater price savings by assuming a greater portion

of the delivery risk from transporting gas. Other services find EnergyUSA assuming greater portions of the risk associated with balancing, titled gas, penalties, and/or cashouts. Ultimately EnergyUSA can assume all of the risk, if you choose. Regardless of which level of service you choose, overall risk can be minimized if communication is concise at the onset of each month and continues throughout our relationship with you on a monthly basis. This communication level is especially important when unforeseen emergencies occur that affect your natural gas usage on any given day.

WHAT DO YOU MEAN BY HIGHLY RELIABLE natural gas supplies and does EnergyUSA offer significant advantages that minimize delivery risk?

Customers new to transporting commodities often take for granted that the commodity will arrive uninterrupted at their place of business. EnergyUSA's account managers understand that the delivery of commodities requires experienced professionals with the ability to handle both planned and unexpected delivery interruptions. EnergyUSA has built a team of people who are seasoned experts at commodity purchase and delivery.

Strengthening our ability to provide highly reliable natural gas deliveries are our transportation allocations on various pipelines. We own approximately 90 million cubic feet a day of firm transportation on pipelines feeding Illinois, Indiana, Ohio, Kentucky, Pennsylvania and Michigan city gates.

Our focus is squarely on providing the latest in financial and physical tools to reduce our customers' cost and ensure reliable deliveries. EnergyUSA recognizes that reliability starts and ends with an unwavering commitment to the customer.

HOW MUCH WILL I SAVE by transporting natural gas?

This is often a difficult question to answer. It depends on whether you are basing your savings on a comparison between transport gas and non-transport gas, or between two marketing companies. If you haven't transported before, your savings will likely be significant compared with your previous non-transportation rate. Keep in mind, however, that there are many different transportation rates, and not all of them result in double-digit percentage savings. If you have been transporting for a number of years, you likely do not base your savings on a comparison to a non-transportation rate. Instead, many customers base their savings on what their company paid for gas last year. EnergyUSA can help you reach or beat your budget, or target, by actively planning an effective energy strategy for your organization. We excel in this area of cost planning with our customers.

WHAT IS YOUR RELATIONSHIP with the LDC, and how does it impact the gas commodity options you can offer?

With the majority of the end-use customers EnergyUSA serves, we supply gas to the city gate AND manage the daily deliveries from the city gate to the burnertip. This requires a thorough understanding of the LDC's piping and transportation rates—and good working relationships with various LDC personnel. Each LDC will have its own characteristics and delivery requirements for getting gas from the city gate to your burnertip. When we set up your account, we begin by reviewing the transportation process with representatives from the LDC. This practice affords an excellent working relationship with the LDC and ensures uninterrupted gas flow to your meter.

EnergyUSA has excellent working relationships with our LDC partners. With various customer needs and varying daily nominations and allocations required of these LDCs, we stay in close contact with all key personnel. In addition, EnergyUSA makes it a point to keep in communication with LDC sales personnel who take care of our mutual customer. This allows us to facilitate billing, metering, and other customer issues promptly. On a monthly basis, EnergyUSA reviews our customers' LDC invoices for accuracy, and, more often than you might think—EnergyUSA requests corrections of the LDC invoice. Therefore, we work closely with the LDC billing representatives as well. EnergyUSA maintains a friendly relationship with the LDC, to ensure the customer, the LDC, and EnergyUSA all can efficiently and promptly resolve any necessary issues. Finally, know that the majority of EnergyUSA's sales personnel have utility and engineering backgrounds. We understand the customers' and the LDC's points of view.

WHAT RESPONSIBILITIES will I have if I switch tariffs?

Transporting gas will require switching to a new tariff behind your LDC. Most LDCs have different transportation tariffs, just as they have different non-transport tariffs for those customers who take gas from the LDC. One of our first responsibilities is to make sure we have set up your account on the correct tariff. EnergyUSA takes an extra step when setting up our customer accounts to make sure this is done smoothly. A working session is set where we review all of the potential tariffs for transporting gas with your LDC and ensure that your account is established on the correct tariff.

WHAT DOES IT COST to switch tariffs?

The costs vary from one LDC to another. Typically, the LDC will charge larger account fees. These may seem intimidating at first, but when you look at the bottom line, the net cost of

transporting gas for your company will result in substantial savings when you buy the commodity from a reliable, experienced, and professional energy marketer such as EnergyUSA.

WHAT IS THE DIFFERENCE between an energy marketer, broker, and manager?

These are frequently confused service provider definitions. Hopefully, these explanations will shed some light:

A **broker** is someone who finds a buyer and seller and links them together. Their job is to “broker” the deal without owning the product. Therefore, a broker supplies gas to an end user but never takes ownership of the commodity. The broker is a “middle-man” who does not need to commit financial or physical assets to supply a customer.

A **marketer** is responsible for selling its own product to a buyer. Unlike a broker, a marketer actually takes title to the product. A marketer will purchase pipeline, production, and storage assets in the market area it is supplying. EnergyUSA is an energy marketer.

A **manager** is someone who manages the purchasing, delivery, and receipt of the product. A common strategy today is for companies to outsource critical but non-core activities to experienced professionals. Such is the case with energy management. EnergyUSA also provides a variety of energy management services for our customers.

WHAT ARE THE ADVANTAGES of buying through a marketer versus the utility company?

The main advantage of buying through a marketer is that you have an array of pricing options at economical prices, which means REALIZED COST SAVINGS to your company. A utility company is a regulated entity—meaning that they must have the prices they are going to charge a customer each month pre-approved by their state’s Utility Regulatory Commission. Pricing options are limited and flexibility is hard to find. EnergyUSA, on the other hand, is a non-regulated entity and can price your natural gas daily and with a variety of pricing options that may result in SAVINGS for your company.

WILL I RECEIVE one or two bills?

Typically, you will receive two bills—one from your LDC for the transportation or delivery of the gas to your facility, and a second one from EnergyUSA for the commodity portion

of the gas. Remember, EnergyUSA only delivers the gas to the LDC’s city gate and from that point forward, the LDC is responsible for transporting the gas to your facility. Therefore, your LDC’s invoice will be for the transportation service they provide from the city gate to your facility, and EnergyUSA’s bill will be for the commodity cost of gas and the transportation costs to the LDC’s city gate. EnergyUSA does offer “burnertip” invoicing as an option. We can arrange to obtain and pay the LDC invoice on your behalf and include those fees in a single, monthly invoice. Ask us if this service is available in your area.

IN WHAT STATES do you currently sell retail gas?

EnergyUSA is fully licensed and approved to sell retail gas in Illinois, Indiana, Ohio, Pennsylvania, Kentucky, and Michigan.

I WANT ONE SUPPLIER for all my plants in the U.S. Can EnergyUSA supply all my plants?

Technically yes, but practically no. As a gas marketer, EnergyUSA has the ability to move gas anywhere in North America. However, our price competitiveness is strongest behind those gas pipelines and LDCs we discussed earlier. We do handle customer accounts on a national basis. However, we divide our relationship with those customers between a marketer and manager of their accounts.

For those facilities where we know we maintain a competitive advantage, we act as a marketer and supply gas behind those LDCs, leveraging our expertise in the Midwest. Where we do not hold a competitive advantage, we act as an energy manager, arranging for gas purchase and delivery to our customers’ facilities in exchange for a small management fee.

WHAT PURCHASING OPTIONS are available for my gas?

EnergyUSA provides a wide variety of pricing options to fit our customers’ energy strategy or tolerance to risk. Here are several of the more common pricing options:

Spot Pricing - Our most aggressive customers ask EnergyUSA to monitor the market and pick the most competitive monthly or daily price for the purchase of their gas each month. This process allows us to use our expertise in gas pricing when we service our customers’ needs. Spot pricing allows customers to follow the “ups and downs” of the gas market and sets the price of gas each month based on the best price available in the marketplace. This option attracts customers who lean toward lower pricing and are willing to assume a significant degree of pricing risk.

SUPPLY › SERVICE › SATISFACTION ›

Index Pricing - This option allows customers to set their price of gas based upon a published index. This ties EnergyUSA's performance to a known indicator of the gas market's trading activity. An example of a published index is Natural Gas Intelligence. Other indexes are available as well, all of which allow EnergyUSA the ability to tailor index pricing to suit the buying preferences of our customers.

Fixed Pricing - Fixed pricing is achieved by hedging the customer's position and locking in a price for some period into the future. EnergyUSA accomplishes this by purchasing futures contracts on the New York Mercantile Exchange, and financial transportation (more appropriately called "basis") to lock in prices and provide stability for our customers.

Fixed/Variable Pricing - Since fixed pricing rarely can meet all of a customer's needs, EnergyUSA typically uses a blend of fixed and spot or index variable pricing to service our customers' pricing needs. A common scenario with fixed/variable pricing is to fix the base load (the largest volume occurring in every operating month) and index the variable load (that part above the base load).

WHY SHOULD I CONSIDER anything but price?

Transporting gas is about more than just buying "the lowest price". The lowest price depends on what you are comparing the price against—last year, your budget, the monthly spot market, or a non-transport LDC tariff. Transporting gas involves the best combination of competitive price and price options, reliable supply, energy education, and customer service. These non-price issues are just as important as price.

A low price from one marketer may bring with it an undisclosed risk (i.e., LDC balancing costs or penalties) that can easily be overlooked if the marketer does not have sufficient expertise in managing gas flows to the LDC territory your plant is located behind. Are you prepared to risk a substantial penalty in exchange for a penny or two in savings on the front end? These penalties can frequently destroy any cost savings achieved when becoming a transporter of natural gas.

How much service do you expect from your account? A low price can leave you out in the cold when it comes to delivery of the product. At EnergyUSA we differentiate ourselves from the competition by serving our customers above and beyond the competition. And we do it while matching them with competitive pricing.

DO YOU currently supply electricity also?

Many of our customers request the delivery of electricity as well as gas. The U.S. electrical industry deregulation process has effectively ground to a halt in most areas. EnergyUSA will on a case-by-case basis consider delivering electricity to our customers along with natural gas and our other services. If you would like a briefing on electrical deregulation in your state, see your EnergyUSA representative to discuss this further.

CAN ENERGYUSA provide customer references?

Absolutely! We provide customized reference lists for our customers and would be happy to do so for you. Please contact a customer service representative at our office 800.531.1193.

WHAT PIPELINES AND LDCS do you access in the Midwest?

ANR Pipeline	Midwestern Gas Transmission Company
Citizens Gas & Coke Utilities	Natural Gas Pipeline Company of America
Columbia Gas of Ohio	North Coast Pipeline
Columbia Gas of Pennsylvania	North Shore Gas Company
Columbia Gas of Kentucky	Northern Border Pipeline Company
Columbia Gas Transmission Company	Northern Illinois Gas Company
Columbia Gulf Transmission Company	Northern Indiana Fuel and Light
Consumers Energy	Northern Indiana Public Service Company
Crossroads Pipeline Company	Ohio Valley Gas
Dominion East Ohio Gas Company	Oxford Natural Gas
Dominion Peoples PNG	Panhandle Eastern Pipeline Company
Dominion West Ohio Gas Company	Peoples Energy Services Corporation
DTE/MichCon	Tennessee Gas Pipeline
Duke Energy of Ohio (CGE)	Texas Eastern Transmission Company
Duke Energy of Kentucky (ULHP)	Texas Gas Transmission Company
Equitable Gas	Trunkline Gas Company
Great Lakes Gas Transmission Company	Vector Pipeline
KNG Energy	Vectren East
Kokomo Gas & Fuel Company	Vectren North
Michigan Gas Utilities (MGU)	Vectren South
	... And others