

**VIA: ELECTRONIC FILING**

August 15, 2017

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, Pennsylvania 17105-3265

Re: Columbia Gas of Pennsylvania, Inc.  
NiSource System Money Pool Agreement

Enclosed for filing pursuant to Chapter 21 of the Public Utility Code, 66 Pa.C.S. Chapter 21 is a System Money Pool Agreement among NiSource Inc. ("NiSource") and several of its subsidiaries, one of which is Columbia Gas of Pennsylvania, Inc. ("Columbia"). The purpose of the System Money Pool Agreement is to enable Columbia and its affiliates to establish a pool of funds from which they can borrow on a short-term basis.

On December 5, 2001, at Docket No. G-00010908, the Commission approved the currently-effective System Money Pool Agreement. Columbia is filing this revised System Money Pool Agreement as a result of NiSource's determination that NiSource Capital Markets ("Capital Markets") and NiSource Finance Corp. ("NiSource Finance"), both parties to the current System Money Pool Agreement, should be dissolved. The primary purpose of Capital Markets was to borrow funds to finance the activities of NiSource's non-utility subsidiaries. In March, 2000, in preparation of NiSource's acquisition of Columbia Energy Company and its many pipeline and public utility subsidiaries (approved by the Commission at Docket No. A-120700F003), NiSource Inc. formed NiSource Finance. NiSource Finance, as a wholly-owned finance company, functions as the issuer of debt and provider of liquidity to subsidiaries. NiSource Inc. no longer sees the need to continue incurring the administrative effort and cost to utilize a finance subsidiary, and instead would prefer to dissolve NiSource Finance and Capital Markets and have NiSource Inc. be the issuer of debt and loan proceeds to its subsidiaries.

The principal provisions and benefits of the System Money Pool Agreement are as follows:

The NiSource Inc. System Money Pool Agreement (the "Money Pool" or "Agreement") is an arrangement among NiSource Inc. and certain subsidiary companies (the "Participating Subsidiaries"), which permits efficient short-term financing and investing by pooling temporary excess cash of the Participating Subsidiaries and NiSource. As participants in the Money Pool, Participating Subsidiaries which have temporary excess cash ("Lenders") deposit such funds in the Money Pool. Money Pool funds may be invested in a portfolio of high quality short-term investments or lent to other Participating Subsidiaries ("Borrowers") on a short-term basis. While

all parties to the Agreement may participate in the Money Pool, NiSource may participate only as a Lender. Each Participating Subsidiary's cash position and the resultant amounts of its deposits or required borrowings, if any, are determined and tracked individually on a daily basis.

The Money Pool is to be administered by NiSource Corporate Services Company, as administrative agent for the parent company, NiSource. Funds are consolidated through bank accounts maintained by NiSource Corporate Services Company and, to the extent that the Lenders' deposits exceed the Borrowers' requirements, funds are invested in a portfolio of high quality short-term investments for the benefit of the Lenders.

At any time when the Borrowers' requirements exceed the Lenders' temporary excess cash balances, NiSource will borrow the required funds externally and then deposit these funds into the Money Pool. At no time does NiSource borrow from the Money Pool.

The interest rate charged to Borrowers from the Money Pool and paid to Lenders for deposits to the Money Pool (the "Money Pool Rate") is equal to the weighted average daily interest rate on (i) short-term external borrowings by NiSource plus (ii) earnings on external investments by NiSource. Therefore, during a given month, there could be any combination of NiSource borrowings and investments. The Money Pool Rate would be the composite of those transactions. In this manner, Money Pool Lenders receive an attractive return on their temporary excess cash investments, and Borrowers are charged a cost-effective interest rate on their borrowings.

NiSource temporary excess funds and Money Pool funds to the extent that such funds exceed the requirements of the Borrowers, are invested in accordance with Short-Term Investment Policy approved by the Finance Committee of the Board of Directors of NiSource.

When there are both Lenders (including NiSource) and Borrowers in the Money Pool at the same time, funds of each Lender are allocated pro rata to each Borrower. All borrowings and deposits through the Money Pool are documented in the records of the individual participants.

#### Benefits of the NiSource/Columbia Money Pool

- Enterprise-wide pooling of cash balances to reduce external borrowings. This improves credit ratios and reduces borrowing costs for all NiSource entities.
- Creates an Internal bank for subsidiaries. This reduces administrative costs and achieves a lower cost of funds for all NiSource entities.
- Reduced external borrowings resulting from Money Pool utilization represents a net cost savings versus maintaining investment balances at the subsidiary level.
- Money Pool automates funds flow throughout the entire enterprise by upstreaming all cash balances via zero balance bank accounts.
- Money Pool system is flexible and scalable.

Rosemary Chiavetta, Secretary

August 15, 2017

Page 3 of 3

- Money Pool interest rates advantageous to both lenders and borrowers.
- Intercompany financing (short-term) among the Participating Subsidiaries facilitated by one mechanism - the Money Pool. External financing activity in the commercial paper and bank credit market is conducted by only one entity - NiSource.
- Enterprise-wide cash concentration and cash management is optimized, as the entire enterprise's daily cash position flows upstream into the Money Pool. Daily borrowing decisions, and therefore pricing, are optimized at the Money Pool or parent level.
- Intercompany transactions among Money Pool participants are settled via "book entry," clearing against the Money Pool account. Intercompany movement of cash is, therefore, not necessary. Transactional cost savings result.

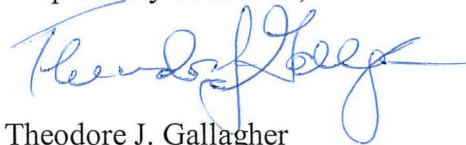
#### Financial Benefits from Money Pool Utilization

The Money Pool structure minimizes excess cash balances and external short-term investments at the subsidiary level. This is because excess cash balances of subsidiaries are pooled as Investments into the Money Pool where subsidiaries needing to borrow funds have access to these investment balances via the Money Pool. This has the beneficial effect of reducing external borrowings at the parent-holding company level.

As noted above, Money Pool interest rates are advantageous to both lenders and borrowers. Since NiSource's weighted average short-term borrowing balance is generally higher than its weighted average external investment balance, the money pool rate is generally higher than the investment rate Participating Subsidiaries could achieve on their own. For example, during the period of January 1, 2017 through July 31, 2017 the NiSource's weighted average short-term borrowing rate was 1.35%. During that same period its weighted average external investment rate was 0.54% and the weighted average money pool rate was 1.34%. Consequently Participating Subsidiaries are able to borrow short-term funds at rates that are equal to or lower than NiSource's external borrowing rate, taking advantage of NiSource's access to the debt markets, and Participating Subsidiaries are able to lend short-term funds at rates that are typically higher than NiSource or the Participating Subsidiary could invest at in the external markets.

If there any questions regarding this filing, please contact me.

Respectfully submitted,



Theodore J. Gallagher

Enclosure

**NISOURCE INC.  
SYSTEM MONEY POOL AGREEMENT**

This SYSTEM MONEY POOL AGREEMENT (this “Agreement”) is dated as of \_\_\_\_\_, 2017 and is entered into by and among NISOURCE INC., a Delaware corporation (“NiSource”), NISOURCE CORPORATE SERVICES COMPANY, a Delaware corporation and wholly-owned subsidiary of NiSource, as administrative agent (the “Administrative Agent”), and the other direct and indirect subsidiaries of NiSource listed on Attachment A to this Agreement (each an “Eligible Borrower” and, together with NiSource and the Administrative Agent, the “Parties”).

**RECITALS**

The Eligible Borrowers from time to time have need to borrow funds on a short-term basis. The Parties desire to establish a pool of funds (the “System Money Pool”), to be administered by the Administrative Agent, to coordinate such investments and borrowings in order to provide for certain of the short-term cash and working capital requirements of the Eligible Borrowers.

NOW THEREFORE, in consideration of the premises and the mutual promises set forth in this Agreement, the Parties agree as follows:

**ARTICLE I  
INVESTMENTS AND BORROWINGS**

**Section 1.1. Investments in System Money Pool.** Each Party will determine each day, on the basis of relevant factors determined in such Party’s sole discretion, the amount of funds it has available to invest in the System Money Pool, and will invest such funds in the System Money Pool. The amount of each Party’s investments in the System Money Pool shall be evidenced by the records of the Administrative Agent, which shall be conclusive and binding upon all Parties. Each Party may withdraw any of its invested funds from the System Money Pool at any time upon notice to the Administrative Agent.

**Section 1.2. Rights to Borrow.** All short-term borrowing needs of the Eligible Borrowers may be met by funds in the System Money Pool to the extent such funds are available. Each Eligible Borrower shall have the right to make short-term borrowings from the System Money Pool (each a “loan” or a “borrowing”) from time to time, subject to the availability of funds and the limitations and conditions set forth in this Agreement. Each Eligible Borrower may request loans from the System Money Pool from time to time during the period from the date of this Agreement until this Agreement is terminated by written agreement of the Parties; provided, that the aggregate amount of all loans requested by any Eligible Borrower under this Agreement shall not exceed the applicable borrowing limits set forth in applicable regulatory orders, resolutions of such Eligible Borrower’s shareholders and Board of Directors (or their equivalents), such Eligible Borrower’s governing corporate documents, and agreements binding upon such Eligible Borrower. No loans through the System Money Pool will be made to, and no borrowings through the System Money Pool will be made by, NiSource.

### **Section 1.3. Source of Funds.**

(a) Funds will be available through the System Money Pool from the following sources to be loaned to the Eligible Borrowers from time to time: (i) surplus funds in the treasuries of the Parties, and (ii) proceeds received by NiSource from the sale of commercial paper, borrowings from banks and other lenders, and other financing arrangements (“External Funds”), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such order as the Administrative Agent may determine will result in a lower cost of borrowing to Eligible Borrowers borrowing from the System Money Pool, consistent with the individual borrowing needs and financial standing of the Parties investing funds in the System Money Pool.

(b) Borrowing Parties will be deemed to borrow funds in the System Money Pool pro rata from each investing Party in the proportion that the total amount invested by such investing Party bears to the total amount then invested in the System Money Pool. On any day when more than one source of funds invested in the System Money Pool (e.g., surplus treasury funds of NiSource and other Parties and External Funds), with different rates of interest, is used to make loans through the System Money Pool, each borrowing Party will be deemed to borrow pro rata from each source of funds in the same proportion that the amount of funds invested by that source bears to the total amount of funds invested in the System Money Pool.

### **Section 1.4. Interest.**

(a) Borrowings from the System Money Pool shall accrue interest on their unpaid principal amount from the respective dates of such borrowings until such principal amount shall be paid in full. Investments of funds in the System Money Pool shall accrue interest on the unpaid principal amount of such investments from the respective dates of such investments until such principal amount shall be repaid in full. Interest shall be payable monthly in arrears and upon payment (including prepayment) in full of the unpaid principal amount of the loan or investment, as applicable.

(b) The interest rate for all borrowings from and investments in the System Money Pool shall be an interest rate (the “Composite Rate”), determined monthly, equal to the weighted average daily interest rate on (i) short-term external borrowings by NiSource plus (ii) earnings on external investments by NiSource.

**Section 1.5. Certain Costs.** The cost of compensating balances and/or commitment fees paid to banks to maintain credit lines by Parties investing External Funds in the System Money Pool shall initially be paid by the Party maintaining such credit line and shall be reported promptly to the Administrative Agent. These costs shall be retroactively allocated every month among the Eligible Borrowers based on the NiSource Corporate Services Convenience Billing Formula, which assigns such costs to all Eligible Borrowers based on a percentage that is determined by dividing the internal borrowing authorization of each Eligible Borrower by the total internal borrowing authorizations of all Eligible Borrowers.

**Section 1.6. Repayment.** Each Eligible Borrower receiving a loan under this Agreement shall repay the principal amount of such loan, together with all interest accrued on such

loan, on demand and in any event within one year of the date on which such loan was made. All loans made through the System Money Pool may be prepaid by the borrower without premium or penalty and without prior notice.

**Section 1.7. Form of Loans to Parties.** Loans to the Eligible Borrowers through the System Money Pool will be made pursuant to open-account advances; provided, that each Party investing funds in the System Money Pool shall at all times be entitled to receive upon demand one or more promissory notes evidencing any and all investments by such Party. Any such note shall: (a) be substantially in the form attached as Attachment B to this Agreement, (b) be dated as of the date of the initial borrowing, and (c) mature on demand or on a date agreed by the Parties to the transaction, but in any event within one year after the date of the applicable borrowing.

## **ARTICLE II OPERATION OF SYSTEM MONEY POOL**

**Section 2.1. The Administrative Agent.** NiSource Corporate Services Company is appointed to be the Administrative Agent for the System Money Pool with the duties prescribed in this Agreement. The Administrative Agent shall perform its duties under the authority of the appropriate officers of the Parties.

**Section 2.2. Duties of the Administrative Agent.** The Administrative Agent shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time under this Agreement, shall maintain records of all advances, interest charges and accruals, and interest and principal payments for purposes of this Agreement, and shall prepare periodic reports as to such matters for the Parties. Separate records shall be kept by the Administrative Agent for the System Money Pool established by this Agreement and any other money pool administered by it.

**Section 2.3. Investment of Surplus Funds in the System Money Pool.** Funds invested in the System Money Pool that are not required to fund System Money Pool loans (with the exception of funds required to satisfy the System Money Pool's liquidity requirements) will ordinarily be invested in one or more short-term investments in accordance with the NiSource Short-Term Investment Policy in effect from time to time.

**Section 2.4. Allocation of Interest Income and Investment Earnings.** The interest income and other investment earnings earned by the System Money Pool from loans to Eligible Borrowers and investment of surplus funds will be allocated by the Administrative Agent among the investing Parties in accordance with the proportion each investing Party's investment of funds in the System Money Pool bears to the total amount of funds invested in the System Money Pool and the cost of any External Funds provided to the System Money Pool by NiSource. Interest income and other investment earnings will be computed on a daily basis and settled once per month.

**Section 2.5. Event of Default.** If any Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or if any proceeding shall be instituted by or against any Party seeking to adjudicate it a bankrupt or insolvent, then the other Parties may declare the

unpaid principal amount of any loans to such Party, and all interest on such loans, to be due and payable and all such amounts shall become due and payable immediately.

**Section 2.6. Determinations by Administrative Agent are Conclusive.** The Administrative Agent is required or authorized by this Agreement to make various determinations, allocations and administrative decisions. When made by the Administrative Agent, all of such determinations, allocations and administrative decisions shall be conclusive and binding upon each of the Parties.

### **ARTICLE III MISCELLANEOUS**

**Section 3.1. Successor to Existing Agreement.** This Agreement replaces and supersedes the System Money Pool Agreement dated as of July 2, 2013 among NiSource (in its own capacity and as successor by merger to NiSource Finance Corp. and NiSource Capital Markets, Inc.), the Administrative Agent and the Eligible Borrowers (the “Existing Money Pool Agreement”). Upon the execution and delivery of this Agreement and subject to receipt of all applicable regulatory orders, all loans and other obligations outstanding, and all funds invested, under the Existing Money Pool Agreement will become loans and other obligations outstanding, and funds invested, under this Agreement. Upon delivery by an Eligible Borrower to the Administrative Agent of a promissory note in the form of Attachment B to this Agreement, the Administrative shall transfer to such note any balance owing by such Eligible Borrower under the Existing Money Pool and shall cancel the note, if any, delivered by such Eligible Borrower in connection with the Existing Money Pool.

**Section 3.2. Amendments.** No amendment to this Agreement shall be adopted except in a writing executed by the Parties; provided that NiSource may amend Attachment A from time to time in its sole discretion for the purpose of: (a) adding as a Party any wholly-owned direct or indirect subsidiary of NiSource, (b) reflecting any change in the name or type of legal entity of any Party hereto, or (c) reflecting the withdrawal by a Party pursuant to Section 3.3 of this Article.

**Section 3.3. Withdrawal by a Party.** A Party may voluntarily withdraw from this Agreement upon written notice to the Administrative Agent and satisfaction of such Party’s pre-withdrawal obligations, including, without limitation, payment of the unpaid principal amount and interest of any outstanding loans.

**Section 3.4. Legal Responsibility.** Parties shall not be liable for the obligations of any other Party under this Agreement. The rights, obligations and liabilities of the Parties under this Agreement are several in accordance with their respective obligations, and not joint. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective permitted successors and assigns.

**Section 3.5. Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Indiana.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the undersigned companies have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.

**NISOURCE INC.**

By: \_\_\_\_\_  
Name: Shawn Anderson  
Title: Treasurer and Chief Risk Officer

**NISOURCE CORPORATE SERVICES COMPANY**

By: \_\_\_\_\_  
Name:  
Title: President

**NORTHERN INDIANA PUBLIC SERVICE COMPANY**

By: \_\_\_\_\_  
Name:  
Title:

**BAY STATE GAS COMPANY  
(d/b/a COLUMBIA GAS OF MASSACHUSETTS)**

By: \_\_\_\_\_  
Name:  
Title:

**NISOURCE DEVELOPMENT COMPANY, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**NISOURCE ENERGY TECHNOLOGIES, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**COLUMBIA GAS OF KENTUCKY, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**COLUMBIA GAS OF MARYLAND, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**COLUMBIA GAS OF OHIO, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**COLUMBIA GAS OF PENNSYLVANIA, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**COLUMBIA GAS OF VIRGINIA, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**NISOURCE INSURANCE CORPORATION INC.**

By: \_\_\_\_\_  
Name:  
Title:

**CENTRAL KENTUCKY TRANSMISSION COMPANY**

By: \_\_\_\_\_  
Name:  
Title:

**LAKE ERIE LAND COMPANY**

By: \_\_\_\_\_  
Name:  
Title:

**NIPSCO ACCOUNTS RECEIVABLE CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

**COLUMBIA GAS OF OHIO RECEIVABLES CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

**COLUMBIA GAS OF PENNSYLVANIA RECEIVABLES CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

**NISOURCE CORPORATE GROUP, LLC**

By: \_\_\_\_\_  
Name:  
Title:

**NISOURCE GAS DISTRIBUTION GROUP, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**ATTACHMENT A**  
**(to System Money Pool Agreement)**

**Eligible Borrowers Participating in System Money Pool**

NiSource Corporate Services Company  
Northern Indiana Public Service Company  
Bay State Gas Company (d/b/a Columbia Gas of Massachusetts)  
NiSource Development Company, Inc.  
NiSource Energy Technologies, Inc.  
Columbia Gas of Kentucky, Inc.  
Columbia Gas of Maryland, Inc.  
Columbia Gas of Ohio, Inc.  
Columbia Gas of Pennsylvania, Inc.  
Columbia Gas of Virginia, Inc.  
NiSource Insurance Corporation, Inc.  
Central Kentucky Transmission Company  
Lake Erie Land Company  
NIPSCO Accounts Receivable Corporation  
Columbia Gas of Ohio Receivables Corporation  
Columbia Gas of Pennsylvania Receivables Corporation  
NiSource Corporate Group, LLC  
NiSource Gas Distribution Group, Inc.

**ATTACHMENT B**  
**(to System Money Pool Agreement)**

**FORM OF SYSTEM MONEY POOL NOTE**

[DATE]

\$ (See attached schedule for principal amount outstanding at any time.)

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_, a \_\_\_\_\_  
\_\_\_\_\_ (the "Company"), unconditionally promises to pay to the order of NiSource Inc. (the "Lender"), on demand, or on a date agreed to by the Company and the Lender (but in any case less than one year from the date of the applicable borrowing), at the offices of NiSource Corporate Services Company, as administrative agent (the "Administrative Agent"), in lawful money of the United States of America and in immediately available funds, the aggregate unpaid principal amount of all loans (that are posted on the schedule annexed to this Note and made a part of this Note) made by the Lender to the Company through the NiSource Inc. System Money Pool (the "System Money Pool") as permitted by applicable law.

The Company further agrees to pay in like money at such office accrued interest on the unpaid principal amount of this Note from time to time from the date of the applicable borrowing at an interest rate determined monthly by the Administrative Agent, to be equal to the Composite Rate (as defined in the System Money Pool Agreement, dated as of \_\_\_\_\_, 2017, among the Company, the Lender and the other parties to it, as amended, modified or supplemented from time to time). Interest shall be payable monthly in arrears and upon payment (including prepayment) in full of the unpaid principal amount of this Note.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of Indiana.

**IN WITNESS WHEREOF**, the undersigned, pursuant to due authorization, has caused this Note to be executed in its name and on its behalf by its duly authorized officer.

\_\_\_\_\_  
By: \_\_\_\_\_  
Name:  
Title: