

**ATTACHMENT C**

**ORDER APPROVING STIPULATION AND CONSENT AGREEMENTS**

(Issued August 2, 2004)

Dominion Resources, Inc.;  
Dominion Transmission, Inc.;  
Dominion Energy Clearinghouse;  
Northern Illinois Gas Company; and  
Columbia Gas Transmission Corporation

Docket No. IN04-2-000

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Columbia Gas Transmission Corp.

Docket No. IN04-2-000

**STIPULATION AND CONSENT AGREEMENT**

**I. INTRODUCTION**

The Enforcement Division of the Office of Market Oversight and Investigations (Enforcement) and Columbia Gas Transmission Corporation (Columbia) enter into this Stipulation and Consent Agreement (Agreement) to resolve all issues that are specifically addressed herein and all issues arising from all facts regarding Columbia provided to date to Enforcement in a non-public, formal investigation (investigation) that Enforcement conducted in Docket No. IN04-2-000, pursuant to Part 1b of the Commission's regulations, 18 C.F.R. Part 1b (2003).

**II. STIPULATION**

Enforcement and Columbia hereby stipulate and agree to the following:

A. Columbia, a Delaware corporation, is a wholly-owned subsidiary of the Columbia Energy Group, which in turn is a wholly-owned subsidiary of NiSource, Inc. Columbia is a large natural gas pipeline company that operates an extensive reticulated pipeline system that includes 12,750 miles of pipeline and 90 compressor stations. Columbia delivers an average of 3 Bcf per day of natural gas, with peak day deliverability of 8.5 Bcf, to 72 local distribution companies in 11 states. Columbia also owns and operates 39 underground storage fields in New York, Ohio, Pennsylvania and West Virginia that provide 246 Bcf of working capacity. Columbia operates approximately 7.5 percent of total working gas storage capacity in the United States. Storage contributes approximately 52 percent of Columbia's peak day deliverability.

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B. Every Thursday at 10:30 a.m. Eastern Time, the United States Department of Energy's Energy Information Agency (EIA) releases its Weekly Natural Gas Storage Report. The report sets forth the aggregate volumes of working natural gas inventories in underground storage facilities in the United States on an aggregate geographic basis as of the Friday immediately preceding the Thursday release of the report. According to EIA's Internet web site, changes in reported inventory levels reflect all events affecting working gas in storage, including injections, withdrawals and reclassifications between base and working gas.

C. Columbia does not actively trade NYMEX natural gas futures contracts and does not actively buy and sell natural gas on behalf of customers.

D. Columbia does not post on its Internet web site the information it provides to EIA concerning storage inventory information. Columbia does not post information concerning injection or withdrawal activity because of the no-notice nature of its firm storage service. Columbia provides its firm storage service on a no-notice basis, and Columbia's firm storage customers are not required to nominate in advance storage injections or withdrawals. Customers nominate flowing supply into the system and Columbia confirms receipts and deliveries to the customer. At the end of the gas day, any difference between actual receipts and actual deliveries is deemed either a storage injection or withdrawal. Columbia posts its total storage design capacity. Columbia's total working gas capacity can be inferred by adding the aggregate capacity contracted to all customers, as reflected on the posted Index of Customers, to any unsubscribed capacity that is posted.

E. Columbia employs customer service representatives who respond to questions regarding, among other things, how to nominate on Columbia's Internet web site, the status of customer nominations, whether and how customers can nominate capacity to alternate points,

billing matters relating to rates, volumes and charges, pipeline restrictions, pipeline construction, penalties, customer-specific storage accounts and storage ratchets. Columbia's customer service representatives also aggregate nominations at points that Columbia confirms with interconnecting pipelines, allocate the capacity and confirm with customers those allocations. Columbia has five lead customer service representatives who, in addition to undertaking the duties described in this paragraph, supervise three or four customer service representatives each, answer questions that these subordinate representatives refer to them, and perform occasional special assignments.

F. One lead customer service representative (Columbia Lead Customer Rep) provided Columbia's daily injection and withdrawal activity, expressed as a change from the previous day's inventory level (Columbia's non-public storage inventory information), to the following individuals: (1) the Director of Natural Gas Trading, Alliance for Cooperative Energy Services Power Marketing LLC, also known as ACES Power Marketing (APM); (2) the President of Interstate Gas Supply, Inc. (IGS); and (3) the Director, Asset Management and Marketing, who later became Director, Marketing, at Sequent Energy Management (Sequent) (collectively, Recipients). The Columbia Lead Customer Rep began providing Columbia's non-public storage inventory information to the Director of Natural Gas Trading for APM prior to 2001, including time when he was not employed by APM, to the President of IGS beginning in 2001 and to the Director at Sequent beginning in 2001 or 2002. The Columbia Lead Customer Rep stopped providing Columbia's non-public storage inventory information to the Recipients on or about October 26, 2003. Columbia's non-public storage inventory information that the Columbia Lead Customer Rep provided to the Recipients was not available to the public at the time she provided it. Based on the testimony of the Columbia Lead Customer Service Rep, she

obtained Columbia's non-public storage inventory information through her desktop computer. She had a right to access this information as a customer service representative. She also obtained this information at Columbia's daily morning operations meetings. An additional Columbia customer service representative occasionally provided Columbia's non-public storage inventory information to two of the Recipients. In 2003, Columbia collected revenue of \$1,032,664 either from APM or pertaining to transactions in which APM acted as agent for another shipper, \$30,246,351 either from IGS or pertaining to transactions in which IGS acted as agent for another shipper, and \$16,067,192 either from Sequent or pertaining to transactions in which Sequent acted as agent for another shipper.

G. Based on the testimony of the Columbia Lead Customer Rep and e-mails Enforcement reviewed, the Columbia Lead Customer Rep (1) communicated Columbia's non-public storage inventory information primarily by telephone to the Recipients until June 2002 and thereafter primarily by e-mail, (2) communicated Columbia's non-public storage inventory information for every day from June 1, 2002 through October 26, 2003, and (3) usually provided this information for the previous week prior to EIA's Thursday 10:30 a.m. release of its weekly report and prior to the Wednesday afternoon release by the America Gas Association (AGA) of its weekly storage report during the time prior to June 2002 when the AGA released a similar report. However, the activities recounted in this paragraph did not always occur due to the Columbia Lead Customer Rep's absences from her workplace or other reasons. Based on Enforcement's review of e-mails that the Columbia Lead Customer Rep sent to the Recipients, in the first ten months of 2003, the Columbia Lead Customer Rep sent 33 e-mails to the Recipients containing Columbia's non-public storage inventory information.

H. Columbia has a written policy against providing customers non-public

information. No manager or other person in authority at Columbia ever approved the disclosures or told the Columbia Lead Customer Service Rep that she could provide the non-public storage inventory information, nor did any manager or person in authority tell her that she could not provide the information. The Columbia Lead Customer Rep did not receive an emolument from Columbia or, to the best of Columbia's knowledge, from anyone because of her communication of Columbia's non-public storage inventory information to the Recipients. Columbia did not profit or realize any gain, directly or indirectly, from the Columbia Lead Customer Rep's communication of Columbia's non-public storage inventory information to the Recipients.

I. Based on a review of voice recordings between the Columbia Lead Customer Rep and Recipients, the Columbia Lead Customer Rep knew or should have known that the Recipients would be in a position to use the non-public storage inventory information she was providing them to help them better understand operational activity on Columbia's system or price-related commodity activity.

J. Inaccuracies in data responses attested to by the Columbia Lead Customer Rep hindered Enforcement's investigation of Columbia's activities. In recent months, Columbia has cooperated with Enforcement's efforts to resolve this matter in an expeditious manner.

### **III. COLUMBIA'S POSITION**

With respect to the facts recited in Section II of the Agreement and all issues arising from all facts regarding Columbia provided to Enforcement to date in the investigation, Columbia neither admits nor denies that it violated any provision of the Natural Gas Act, 15 U.S.C. § 717 *et seq.* (2000), the Natural Gas Policy Act of 1978, 15 U.S.C. § 3301 *et al.* (2000), or any provisions of the Commission's regulations.

**IV. PENALTIES AND REMEDIES**

For the purpose of settling any and all civil and administrative disputes, and in lieu of any other penalty or remedy that the Commission might assess or determine concerning any of the facts recited in Section II of the Agreement or all issues arising from any of the facts regarding Columbia provided to date to Enforcement in the investigation, Columbia agrees as follows:

A. Within thirty days after the date that the Commission order approving the Agreement, without modification, becomes final and non-appealable, Columbia shall pay to the United States Treasury a civil penalty in the sum of \$2,500,000 by wire transfer or by delivering a certified check made payable to Federal Energy Regulatory Commission, Lockbox 93938, Chicago, Illinois 60673.

B. Within thirty days after the date that the Commission order approving the Agreement, without modification, becomes final and non-appealable, Columbia shall post each Monday, unless Monday is a holiday, in which case Columbia shall post the following day, on its Internet web site, no later than 5:00 p.m. Eastern Time, the net aggregate storage inventory information that it provides to EIA on that day.

C. Within thirty days after the date that the Commission order approving the Agreement, without modification, becomes final and non-appealable, Columbia shall commence automatically recording, and continuously record for a period of one year, all telephone conversations between and among Columbia's customer service representatives, Columbia's lead customer service representatives, and the managers of Columbia's customer service representatives; and Columbia's customers. Columbia shall maintain all recordings created pursuant to this paragraph for a period of two years from the date when recording commences, after which time period Columbia may destroy the recordings. Prior to the allowed time of their

destruction, Columbia shall make these recordings available to the Commission or its staff upon request. Enforcement's intent is not to access the recordings in whole or part without a specific Enforcement purpose.

**V. TERMS**

A. Enforcement agrees that the Agreement is a full and complete settlement of all administrative or civil claims the Commission has or may have against Columbia, its subsidiaries and affiliates, or any of their officers, directors or employees, either before the Commission or in the courts, relating to the facts recited in Section II of the Agreement and all issues arising from all the facts regarding Columbia provided to date to Enforcement in the investigation.

B. Enforcement and Columbia agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of Enforcement or Columbia has been made to induce any other party to enter into the Agreement.

C. Unless the Commission issues an order approving the Agreement, without modification, the Agreement shall be null and void unless Enforcement and Columbia otherwise agree in writing.

D. As of the date the Commission issues an order approving the Agreement, without modification, the Agreement shall resolve as to Columbia, its agents, officers, directors and employees, both past and present, and the Commission shall release and be forever barred from bringing against Columbia, its agents, officers, directors or employees, both past and present, any and all administrative or civil claims or matters asserting any and all claims, liabilities, causes of action, demands, rights, alleged entitlements, obligations, known or unknown, asserted or not asserted, vested or unvested, without limitation, arising out of, related to, or connected with the



facts set forth in the Agreement and all issues arising from all facts regarding Columbia provided to date to Enforcement in the investigation.

E. Upon issuance of a Commission order approving the Agreement, without modification, all tolling agreements shall terminate and record preservation requirements imposed by Enforcement in this matter shall terminate.

F. With respect to the representations of the parties set forth herein, the undersigned representatives of Enforcement and Columbia, respectively, represent and warrant that they have read them and know the contents thereof, that all of the statements and matters set forth in this Agreement are true and correct to the best of their knowledge, information and belief, and that they understand that each has entered into this Agreement in express reliance on these representations and statements.

G. The Agreement binds Columbia and its agents, successors and assigns.

H. In connection with the payment of the civil penalty provided for herein, Columbia agrees that the Commission's order approving the Agreement without modification shall be a final and non-appealable order assessing a civil penalty under section 504 of the Natural Gas Policy Act (NGPA), 15 U.S.C. § 3414 (2000). With regard to such civil penalty, Columbia waives: a Notice of Proposed Penalty under section 504(b)(6)(E) of the NGPA, 15 U.S.C. § 3414(b)(6)(E); hearings pursuant to the applicable provisions of the NGPA; the filing of proposed findings of fact and conclusions of law; an Initial Decision by an Administrative Law Judge pursuant to the Commission's Rules of Practice and Procedure; post-hearing procedures pursuant to the Commission's Rules of Practice and Procedure; and judicial review by any court.

I. Columbia waives judicial review by any court of any Commission order approving the Agreement, without modification.

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J. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity, and accepts the Agreement on the entity's behalf.

K. The Agreement may be executed in counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one document.

Agreed to and accepted:

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Robert E. Pease  
Deputy Director, Investigations and Enforcement

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Date

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Glen L. Kettering  
President, Pipelines  
Columbia Gas Transmission Corporation

\_\_\_\_\_  
Date