

evidencing all, or a portion, of the consideration given.²³

X. Expenditures on Development Activities

NiSource requests a continuation of its authority under the November 1, 2000 Order to make expenditures on Development Activities, as defined above, in an aggregate amount of up to \$250 million. NiSource proposes a "revolving fund" concept for permitted expenditures on Development Activities: The revolving fund concept would be that, to the extent expenditures on Development Activities are made for a Nonutility Subsidiary which then becomes an EWG or FUCO, or qualifies as an "energy-related company" under rule 58, the amount expended will cease to be an expenditure for Development Activities and will, instead, be counted as part of the "aggregate investment" in the entity under rule 53 or 58, as applicable.

XI. Sales of Services and Goods Among Subsidiaries

The Nonutility Subsidiaries request an exemption under section 13(b) from the at cost standards of rules 90 and 91, to the extent necessary, to provide services and sell goods to one another at fair market prices, determined without regard to cost, where the Nonutility Subsidiary purchasing the service or good is: (i) A FUCO or foreign EWG that derives no part of its income, directly or indirectly, from the generation, transmission, or distribution of electric energy for sale within the U.S.; (ii) an EWG that sells electricity at market-based rates, that have been approved by the Federal Energy Regulatory Commission ("FERC"), *provided that* the purchaser is not Northern Indiana; (iii) a "qualifying facility" ("QF"), within the meaning of the Public Utility Regulatory Policies Act of 1978, as amended ("PURPA"), that sells electricity exclusively (a) at rates negotiated at arms length to one or more industrial or commercial customers purchasing electricity for their own use and not for resale, and/or (ii) to an electric utility company (other than Northern Indiana) at the purchaser's "avoided cost," as

determined in accordance with PURPA regulations; (iv) a domestic EWG or QF that sells electricity at rates based upon its cost of service, as approved by FERC or any state public-utility commission having jurisdiction, *provided that* the purchaser is not Northern Indiana; or (v) a Rule 58 Subsidiary or any other Nonutility Subsidiary that (a) is partially owned by NiSource, *provided that* the ultimate purchaser of the goods or services is not a Utility Subsidiary, NiSource Services (or any other entity within the NiSource system whose activities and operations are primarily related to the provision of goods and services to Utility Subsidiaries), (b) is engaged solely in the business of developing, owning, operating and/or providing services or goods to Nonutility Subsidiaries, described in clauses (i) through (iv) immediately above, or (c) does not derive, directly or indirectly, any material part of its income from sources within the U.S. and is not a public-utility company operating within the U.S.

XII. Activities of Energy-Related Subsidiaries Outside the U.S.

NiSource, on behalf of any current or future Nonutility Subsidiaries, requests authority for its Nonutility Subsidiaries to engage in certain "energy-related" activities outside the U.S. Such activities may include: (i) The brokering and marketing of electricity, natural gas and other energy commodities ("Energy Marketing"); (ii) energy management services ("Energy Management Services"), including the marketing, sale, installation, operation and maintenance of various products and services related to energy management and demand-side management, including energy and efficiency audits; facility design and process control and enhancements; construction, installation, testing, sales and maintenance of (and training client personnel to operate) energy conservation equipment; design, implementation, monitoring and evaluation of energy conservation programs; development and review of architectural, structural and engineering drawings for energy efficiencies, design and specification of energy consuming equipment; and general advice on programs; the design, construction, installation, testing, sales and maintenance of new and retrofit heating, ventilating, and air conditioning, electrical and power systems, alarm and warning systems, motors, pumps, lighting, water, water-purification and plumbing systems, and related structures, in connection with energy-related needs; and the provision of

services and products designed to prevent, control, or mitigate adverse effects of power disturbances on a customer's electrical systems; and (iii) engineering, consulting and other technical support services ("Consulting Services") with respect to energy-related businesses, as well as for individuals. Such Consulting Services would include technology assessments, power factor correction and harmonics mitigation analysis, meter reading and repair, rate schedule design and analysis, environmental services, engineering services, billing services (including consolidation billing and bill disaggregation tools), risk management services, communications systems, information systems/data processing, system planning, strategic planning, finance, feasibility studies, and other similar services.

NiSource requests authority for Nonutility Subsidiaries to engage in Energy Marketing activities in Canada. NiSource also requests the Commission to reserve jurisdiction over Energy Marketing activities outside of Canada, pending completion of the record. Further, NiSource requests authority for Nonutility Subsidiaries to provide Energy Management Services and Consulting Services anywhere outside the United States. NiSource asks the Commission to reserve jurisdiction over other activities of Nonutility Subsidiaries outside the United States, pending completion of the record. In addition, NiSource requests authorization for Nonutility Subsidiaries to engage in "gas-related company" activities outside the United States, subject to certain proposed limitations and a request for reservation of jurisdiction. Specifically, NiSource requests approval for Nonutility Subsidiaries to engage in the development, exploration and production of natural gas and oil in Canada and to invest up to \$300 million in the equity securities or assets of new or existing companies that derive substantially all of their income from such activities. NiSource also requests approval for Nonutility Subsidiaries to invest, directly or indirectly, through other Subsidiaries, in natural gas pipelines or storage facilities located outside the U.S. Investments in the entities would count against the \$300 million investment limitation. NiSource requests the Commission (i) to reserve jurisdiction over the proposed exploration and production activities in foreign countries, other than Canada, pending completion of the record.

²³ Applicants state that each transaction would be carried out in compliance with all applicable U.S. or foreign laws and accounting requirements and any transaction structured as a sale would be carried out for a consideration equal to the book value of the equity securities being sold. The Commission has authorized other registered holding companies to carry out future reorganizations of their nonutility businesses without further approval. See *Columbia Energy Group, Inc., et al.*, Holding Co. Act Release No. 27099 (Nov. 5, 1999).