

INDIANA RESIDENTIAL & SMALL COMMERCIAL TERMS AND CONDITIONS

For Natural Gas Supply Service in NIPSCO
Direct Energy Services, LLC

1. Agreement. These Terms and Conditions together with the Rate Plan Summary (defined below), which is incorporated herein by reference, constitute the agreement (“Agreement”) between you and Direct Energy Services, LLC (“Direct Energy”). “Rate Plan Summary” means, as applicable, either the section of the enrollment consent form/letter of agency entitled ‘*Rate Plan Summary*’ or the Schedule A accompanying these Terms and Conditions entitled ‘*Rate Plan Summary – Schedule A to Terms and Conditions*’.

2. Agreement to Purchase Natural Gas. You confirm that you are eligible to participate in the Northern Indiana Public Service Company (“NIPSCO”) CHOICE Program (“Program”) and have good credit standing with NIPSCO. Subject to Direct Energy’s acceptance of the Agreement and enrollment by NIPSCO, you agree to become a Direct Energy customer and appoint Direct Energy as your limited agent to perform the necessary tasks associated with your natural gas supply service and fulfill the terms of the Agreement. You authorize Direct Energy to obtain from NIPSCO your historical natural gas usage data for the last zero (0), twelve (12) or thirty-six (36) months, as may be available to NIPSCO. You affirm to Direct Energy that you have provided Direct Energy with your correct and complete name, address and contact information and that you do not have any outstanding balance with Direct Energy. You confirm that Direct Energy agrees to sell and deliver to you, and you agree to purchase and accept, the quantity of natural gas delivered to you at your address as set out in the Agreement, as measured and/or estimated by NIPSCO, all in accordance with the terms and conditions set forth in this Agreement. Your natural gas will continue to be delivered to you by NIPSCO.

3. Price, Billing and Payment Terms. During the Initial Term (defined below), you will pay Direct Energy for the natural gas commodity consumed and for interstate transport and storage at the rate(s) set forth in the Rate Plan Summary. Direct Energy may, from time-to-time at its discretion, change the interstate transport and storage rate without notice. During the Renewal Term (defined below) you will pay Direct Energy the rates established pursuant to Section 5 below. In each case, these rates include the natural gas commodity charge, transport and storage charges, and any applicable taxes. The rates from Direct Energy will exclude any utility related fees and/or charges. NIPSCO will send you a bill monthly (or on such other frequency as NIPSCO may determine) which will set forth the total natural gas commodity charge and interstate transportation and storage charge for services provided under this Agreement for that billing cycle. That bill will also contain other utility charges that are related to NIPSCO. Please contact NIPSCO directly to inquire about those charges. Your payment will be due to NIPSCO by the date specified in its bill.

4. Length of Agreement & End Date. The initial term of your service will begin on the meter read date that NIPSCO changes your natural gas supplier to Direct Energy and will continue for the number of

monthly billing cycles set forth in the Rate Plan Summary (the “Initial Term”). When the Initial Term expires, the Agreement will automatically renew on a month-to-month basis, as described in Section 5.

5. Renewal of Agreement. At the end of the Initial Term, the Agreement will automatically renew on a month-to-month basis (the “Renewal Term”) at a variable price per Therm with no early cancellation fee. (A “Therm” is the unit of measurement for natural gas provided under this Agreement and equals 100,000 British thermal units.) While taking service on a month-to-month basis, the rate for natural gas will be a variable rate that may be higher or lower each month and will be set in Direct Energy’s sole discretion. Direct Energy typically considers the following factors when setting variable rates:

- publicly available competitor pricing;
- strategic business objectives;
- customer retention or attrition;
- market volatility or uncertainty;
- anticipated customer usage;
- the cost of procuring gas including wholesale prices, ancillary service costs, capacity auctions, utility fees, transmission and distribution losses and storage costs;
- weather, supply congestion and infrastructure issues;
- legal or regulatory issues; and
- profit margin.

This list of factors is not exhaustive and no single factor will determine the rate. Some factors must be estimated or projected and the factors Direct Energy considers may be weighed differently each month. Direct Energy may amortize sudden cost increases over multiple billing cycles so that its customers do not bear the burden of such increases in a single month. In addition, Direct Energy seeks to acquire the majority of its anticipated natural gas supply in advance rather than from the spot market. **For all of these reasons, the variable rate may not correlate with changes in wholesale market prices or your local utility’s rates.** In addition, the variable rate may be higher than your local utility rate or other suppliers’ rates. When receiving service on a month-to-month basis, you may cancel by providing thirty (30) days’ written notice or calling using the contact information set forth in Section 17. We may cancel the Agreement by providing thirty (30) days’ written notice to you.

Direct Energy may send you a written notice prior to the end of the Initial Term (and any Renewal Term) setting out different renewal terms other than the above, and in that event, you will have an opportunity to either reject those revised terms and continue with the automatic renewal set out above, or to terminate the Agreement at the end of the Initial Term (or Renewal Term as applicable).

6. Process Customer May Use to Rescind Agreement Without Penalty. You have the right to rescind this Agreement, without paying an early cancellation fee or any other fees, by notifying Direct Energy of your decision to rescind within five (5) business days of the date you receive confirmation of enrollment and a copy of the Agreement. In addition, you may cancel this Agreement without paying an early cancellation fee or any other fees: (i) if a governmental authority legally requires termination of this Agreement

or terminates the CHOICE Program; or (ii) if Direct Energy becomes ineligible to participate as a supplier in the CHOICE Program.

7. Amount of Early Termination Fee and Method of Calculation.

In addition, subject to paying Direct Energy the early cancellation fee, if any, set forth in the Rate Plan Summary or as set forth in any amendment made in accordance with this Agreement, you may cancel this Agreement at any time (and thereby return your natural gas supply service to NIPSCO or choose another supplier). You agree to pay any such fee to us immediately, but in any event no later than ten (10) days after the date you receive an oral or written notice requesting payment. Any rescission or cancellation notice you provide to Direct Energy must be made by telephone or in writing using the contact information set forth in Section 17. The contact information for NIPSCO is set out in the Rate Plan Summary. **By entering into this Agreement, you specifically confirm that you understand your cancellation rights.**

8. Direct Energy's Right to Cancel Service. Direct Energy can cancel the Agreement if: (a) you provide or have provided fraudulent or misrepresented information; (b) you rescind any information release authorization provided to us, including any authorization under Section 2 of this Agreement; (c) we determine that your credit is inadequate; (d) you change your address or location; (e) a court, administrative agency, or NIPSCO takes any action that renders ineffective any material provision of the Agreement, prohibits material performance under the Agreement, or otherwise constitutes a material adverse change for Direct Energy; (f) a Force Majeure Event (as defined in Section 14 below) occurs that materially impacts our ability to perform our obligations under this Agreement; (g) you fail to pay, in full, all charges for natural gas supply service when due; (h) if any governmental authority legally requires termination of this Agreement or the CHOICE Program is terminated for any reason; (i) if Direct Energy becomes ineligible to participate as a supplier in the CHOICE Program; or (j) you otherwise breach the Agreement. You will not be charged early cancellation fees if the Agreement is cancelled under 8(f) above. You confirm that, by executing this Agreement, you understand that you may return to NIPSCO sales service if this Agreement is terminated by Direct Energy and that you can return to NIPSCO sales service or change suppliers at any time during the term of the Agreement subject to the terms and conditions of this Agreement.

9. NIPSCO's Right to Cancel Service. If you are having trouble paying, contact NIPSCO to see if it has a payment plan or other solution available to you. If you do not pay the total natural gas supply service charges on your bill, your natural gas supply service may be disconnected by NIPSCO. You could also incur late fees. The Agreement is automatically cancelled if NIPSCO disconnects you for any reason or returns you to service from NIPSCO, and in that case Direct Energy may charge you the early cancellation fee, if any, as set out in the Rate Plan Summary or as applicable to any renewal term (excluding automatic month-to-month renewals).

10. Effect of Cancellation. If this Agreement is cancelled for any reason, you will be responsible to pay for Direct Energy's service under this Agreement through the date that you are switched to another natural gas supplier by NIPSCO or your natural gas supply service is returned to NIPSCO. This will usually take one to two billing cycles but is dependent on NIPSCO. You will also be responsible to

pay the early cancellation fee, if applicable. **For clarity, upon cancellation you have the right to return your natural gas supply service to NIPSCO.** If cancelled due to non-payment, you will be required to re-establish eligibility and service with Direct Energy under a new agreement if you wish to continue service with us.

11. Relocation. You should notify both NIPSCO and Direct Energy of a change in your residence/service location at least thirty (30) days before such change. A final meter read will be made at your old address and your account will be finalized with both NIPSCO and Direct Energy. If you change your residence/service location within NIPSCO's service territory, then you may have the option of entering into a new natural gas supply contract with us for your new residence/service location.

12. Disputes. You should contact Direct Energy regarding any dispute related to the Agreement. Direct Energy will attempt to resolve the dispute in an efficient, fair and timely manner. Direct Energy will provide an acknowledgment of receipt your dispute within a reasonable time after such receipt. Direct Energy will then issue a report within thirty (30) days after initiation of the dispute. Direct Energy will report to you the results of its investigation of the dispute, and that report will be available to you upon request.

13. Title to Natural gas. Title to the natural gas will pass from Direct Energy to you when it is delivered by Direct Energy to NIPSCO.

14. Uncontrollable Forces. Direct Energy will make commercially reasonable efforts to provide your natural gas supply service, but does not guarantee a continuous supply of natural gas. Certain causes and events are out of Direct Energy's reasonable control and may result in interruptions in service. Direct Energy is not responsible for transmitting or distributing natural gas. Direct Energy is not liable for damages caused by acts of God, changes in laws, rules, or regulations or other acts of any governmental authority or NIPSCO, accidents, strikes, labor troubles, required maintenance work, inability to access the local distribution utility system, nonperformance by NIPSCO or any other cause beyond Direct Energy's reasonable control (any such occurrence, a "Force Majeure Event"). In addition, you may be required to pay additional or increased fees or charges that are generally beyond Direct Energy's reasonable control including, but not limited to, fees for switching, disconnecting, reconnecting or maintaining natural gas supply service or equipment, or transmission charges, that are imposed by law, rule, regulation, order or tariff. These charges or fees will be passed through to you and added to your price.

15. Amendments. If Direct Energy proposes to change any of the terms of the Agreement, you will receive written notice from Direct Energy. The notice will be sent to you at least thirty (30) days prior to the effective date of the proposed change to the Agreement. It will inform you of your right to accept the Agreement with the proposed terms or cancel the Agreement, and how you can contact Direct Energy to inquire about other natural gas plans. If you find the proposed change unacceptable, you can, without incurring the early cancellation fee (if any), cancel the Agreement and either choose another natural gas supplier or return to service from NIPSCO.

16. Limitations of Liabilities. Liabilities not excused by reason of a Force Majeure Event or otherwise will be limited to direct actual damages. Direct Energy will not be liable to you or any third party for consequential, incidental, punitive, exemplary or indirect damages.

Direct Energy is not liable for interruptions to, or shortages of, natural gas supply, nor is it liable for any resulting associated loss or damage. These limitations apply without regard to the cause of any liability or damage.

17. Contact Information.

Direct Energy: You may contact Direct Energy in one of the following ways: (a) call 1-800-651-3171, Monday through Friday 8:00 a.m. to 8:00 p.m. EST, and Saturday 8:00 a.m. to 5:00 p.m. EST (contact center hours subject to change without notice); or (b) write to Direct Energy at PO Box 180, Tulsa, OK 74101-0180 (be sure to include your account number(s)).

Direct Energy's internet domain address is:

<http://www.directenergy.com>. Answers to frequently asked questions can be found on Direct Energy's website.

NIPSCO: For utility customer service, outage, service interruption or emergency, please contact NIPSCO.

OUC: You have the right to contact the Indiana Office of Utility Consumer Counselor (OUC) with any questions, concerns or conflicts regarding this Agreement. The OUC is the State Agency with the statutory responsibility of representing consumers on all utility matters. The OUC can be contacted either at www.in.gov/ouc or by calling toll-free at 1-888-441-2494.

18. Direct Energy's Representations and Warranties; Limitation.

Direct Energy makes no representations or warranties other than those expressly set forth in the Agreement. DIRECT ENERGY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

19. Your Authorization to Release Your Information for Use and Sharing.

By entering into this contract, you authorize us to act on your behalf under your utility's tariffs in accordance with the rules and regulations of the state public utility commission ("PUC") where you take service. You further acknowledge that this contract provides authorization for your local utility to release all information regarding your energy supply account(s) to us so we can provide the services described herein. This information may include, but is not limited to, usage information, billing determinants, bill cycle, budget billing status, address, account type, tax exemption status, rate service class, load profile, demand data, meter number, special account exceptions, public assistance status, existence of medical emergencies or disability, tax status and eligibility for economic development or other incentives, standard service status, electronic interval data when available, credit information when applicable, and all other data and information permitted by law to be disclosed to us to provide our services.

We also obtain information about you as outlined in our privacy policy (posted on our website) such as when you voluntarily provide personal information to us, use our website or mobile applications, or when we add information about you to your account profile from publicly available sources.

We will maintain the confidentiality of your personal information including your name, address, telephone number, email, account numbers, energy usage and historic payment information as required by applicable PUC regulations as well as federal and state laws.

Our use and sharing of your information will be consistent with the purposes and uses disclosed in our privacy policy, as amended from

time to time and posted on our website. Your information may be disclosed if required by law, such as pursuant to a lawfully issued subpoena or other legal process. Further, you understand that your information may be disclosed to an affiliate or a third-party to provide services or products to you, and any disclosure of such information will be made under confidentiality obligations not to disclose such information and to use it solely for the purpose of providing services to you or improved products to us. This authorization also allows us to contact you about our other products and services and to share information about your account with any designated rewards partner or with any affiliate, third-party vendor or marketing partner we use to provide services and rewards to you. We reserve the right to share your information with our affiliates and marketing partners, to the extent permitted by law and/or as authorized when you provide your consent.

If you do not wish for us to use or share information about your account in the manner described above, you may cancel this contract by calling us at our contact information listed herein.

20. Choice of Law. The Agreement will be governed by Indiana law, without regard to its conflict of law principles.

21. Miscellaneous Provisions. The Agreement supersedes any previous promises, understandings and agreements. If any provision of the Agreement is deemed invalid, illegal or otherwise unenforceable, you agree that it shall be modified to the minimum extent necessary to render it valid, legal and enforceable. If a provision cannot be modified in a manner that would make it valid, legal and enforceable, the provision shall be severed from the Agreement, and all other provisions shall remain in full force and effect. Any failure or delay on our part to enforce any of the terms of the Agreement or to exercise any right under such terms shall not be considered a waiver of Direct Energy's right to enforce each and every such term, exercise such right or exercise any other right under the Agreement or otherwise. You may not assign the Agreement without Direct Energy's prior written consent. Direct Energy may assign this Agreement without your consent. After assignment, Direct Energy will have no further obligations under the Agreement. The Agreement is binding upon you and Direct Energy, and will further bind each of your successors and permitted assigns. There are no third-party beneficiaries to the Agreement. When used in the Agreement, "day" means a calendar day unless otherwise indicated.