

FILE

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

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PUCO

In the Matter of the Application of)
Columbia Gas of Ohio, Inc. for Approval of)
Tariffs to Recover Through An Automatic)
Adjustment Clause Costs Associated with)
the Establishment of an Infrastructure)
Replacement Program and for Approval of)
Certain Accounting Treatment)

Case No. 07-478-GA-UNC

PREPARED DIRECT TESTIMONY OF TIMOTHY MORBITZER

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PREPARED DIRECT TESTIMONY OF TIMOTHY MORBITZER

1. **Q: Please state your name and business address.**

2. A: Timothy J. Morbitzer, 707 S. Front Street, Columbus, Ohio 43206

3.

4. **Q: By whom are you employed and in what capacity?**

5. A: I am the Vice President of ABC Gas Repair, Inc., a family-owned gas line
6. repair and warranty company operating in Central Ohio since 1952.

7.

8. **Q: What are your responsibilities as Vice President?**

9. A: I manage the administrative end of our business. I supervise the company's
10. clerical staff of 6 employees, and am ultimately responsible for all
11. employment, sales and administrative functions. I manage the staffing issues
12. associated with our twelve primary and secondary technician employees. I
13. manage the company's financial, budgetary and supply issues. I supervise the
14. sales of our gas line warranties to the public, and oversee ongoing customer
15. relationships.

16.

17. **Q: What is your professional background?**

18. A: I have both an M.B.A. and B.A. from Ohio State University. Although
19. primarily trained in the executive functions of the company, I have also spent
20. time in the field learning the operational and technical end of the gas line
21. repair business as well. I have served as Vice President overseeing the
22. financial and business portion of the ABC Gas Repair, Inc., since 1992.

23.

1. Q: What is the purpose of your testimony in this proceeding?

2. A: To advocate against that part of the Columbia Gas IRP as would permit
3. Columbia to assume responsibility for maintaining residential service lines and
4. allow Columbia to assume ownership of the service lines as they are replaced
5. over time. I do not oppose that portion of the IRP by which Columbia seeks
6. authority to replace the plastic, field-assembled Type-A Risers that the PUCO
7. has identified as a source of imminent hazard to the public. Nor do I urge the
8. Commission to reject Columbia's plan to factor the costs of its riser
9. replacement program into its rate base. Instead, I urge the PUCO to recognize
10. that there is no need, and indeed a great deal of economic harm, that can
11. result from treating plastic risers and metal service lines identically. The
12. imminent hazards associated with the sudden catastrophic failure of Type-A
13. Risers simply does not exist in the context of steel service lines.

14. Unlike Type-A Risers, which need to be identified and replaced
15. immediately, steel service lines have been in use for the past approximately 80
16. years. They slowly decay after decades in the ground, eventually resulting in
17. slow leaks, which are routinely identified and eventually remediated in the
18. ordinary course of business. An entire industry has developed over time, and
19. functions well today, on the notion that steel service lines eventually develop
20. slow leaks and need to be replaced with modern plastic inserts. That industry,
21. and the associated contractual and property ownership rights of its
22. participants, are directly and unnecessarily at risk by the Columbia's plan to
23. acquire maintenance and ownership rights in the service lines.

1. **Q: Please explain the business of ABC Gas Repair, Inc.**

2. **A: We are in the business of repairing residential and commercial natural gas**
3. **pipng and selling warranties to maintain primarily residential gas lines and**
4. **associated facilities. Purchasers of our warranties enjoy comprehensive**
5. **coverage from the curb to the meter, and inside the residences to the**
6. **appliances. We support 18 full-time employees, most of who have been with**
7. **us for many years. Ten of our primary and secondary service technicians are**
8. **OQ Certified by the Department of Transportation. The remaining two**
9. **service technicians will be certified later this year, pending the completion of**
10. **training.**

11. **The majority of our warranty sales are offered through Realtors when a**
12. **home is on the market. Typically, the home seller will purchase the warranty**
13. **directly from us to be transferred to the home buyer at closing. The warranty**
14. **is presented as an extra inducement to facilitate the sale. The buyer has an**
15. **extra measure of comfort knowing that if any of the lines inside or outside the**
16. **house develops a leak, they have only one telephone call to make and we'll**
17. **get the problem fixed for them. We typically have 12,000-15,000 warranties**
18. **in place in Central Ohio at any given time. We work closely with the Board**
19. **of Realtors in our service area, to the benefit of both of our industries, as well**
20. **as the home buyers and sellers. These warranties are such a significant**
21. **feature within the real estate market that the Columbus Board of Realtors**
22. **features them on its standard, pre-printed contract. The home buyer gets a**
23. **copy of the warranty and some explanatory materials at the time of closing.**

1. Because of the volume of materials changing hands at the closing, we send
2. them a follow-up letter 30 days after closing, reminding them that they have
3. full coverage in the event of a gas leak, and again giving them all of our
4. contact information. Attached as Exhibits to this testimony are sample copies
5. of our warranty and consumer educational materials.

6.

7. **Q: How do the terms of your warranty service benefit consumers in Central**
8. **Ohio?**

9. **A:** The warranty covers the gas line from the main at the street across the
10. property to the meter, and then from the meter inside the residence to the gas
11. appliances. It includes repairs to the gas appliances and associated venting. It
12. also includes lines back out to outdoor facilities, such as gas supplied barbecue
13. pits. In essence, our warranty provides a streamlined solution to all residential
14. natural gas leaks—wherever on the property the leak occurs. Whether inside
15. or outside, on a service line or an appliance, the consumer need only make one
16. call. This becomes particularly important because the consumer will typically
17. not be able to tell exactly where the leak is coming from at the outset. With
18. our warranty, they do not have to worry about figuring out where the leak is
19. occurring. As I understand it, even under the proposed IRP program, there
20. would be some consumer confusion about what facilities Columbia would
21. take ownership of. With our warranty program, the customer does not lose
22. ownership of any portion of their property, but has all leak issues covered—
23. wherever the leak occurs, inside or out.

1. **Q: What sort of notices do warranty-holders get to reduce consumer**
2. **confusion?**

3. **A: The warranty is a twelve month term, and is fully renewable. Approximately**
4. **90 days before the policy is set to expire, we send the homeowner a brochure**
5. **inviting them to renew their warranty, and again explaining the broad scope**
6. **and advantages of coverage. If the customer opts not to renew, we'll send**
7. **them a termination notice once the policy lapses. That notice again explains**
8. **the broad scope and advantages of coverage. Thus, over the course of a year,**
9. **the homeowner will receive as many as four separate mailings from us**
10. **reminding them of the benefits of our warranties. First, they'll receive the**
11. **warranty itself at closing. Then, our follow-up reminder notice 30 days later.**
12. **Near the end of the policy term, they'll get a renewal invitation. Should they**
13. **decide not to renew prior to lapse, we'll give them another chance at**
14. **termination. Generally, 12%-15% renew their coverage, with as many as 10%**
15. **opting to maintain their coverage in perpetuity.**

16. **Q: Why is it that, unlike catastrophic plastic riser failures, leaks in steel service**
17. **lines do not present imminent risks of public hazard?**

18. **A: Steel service lines were in use from the turn of the last century through the late**
19. **1970's. Depending upon soil conditions, they can last anywhere from 15 to**
20. **upward of 90 years. There is a predictable rate of decay across the population**
21. **of steel service lines. We can reasonably project the percentage of lines in the**
22. **ground today that will maintain their integrity for another fifty years or longer.**

23.

1. Decaying steel service lines are not a safety threat. They are planned
2. for. When they occur, they are typically not repaired on an imminent basis.
3. Generally, when a steel service line develops a leak over time, whatever
4. minimal gas escapes does so through pinprick-sized holes into a diffuse area,
5. not immediately flush against the residence itself. This stands in marked
6. contrast with the sudden, catastrophic failures seen in Type-A Risers, where
7. the full volume of gas is blowing back down into a confined area at the base
8. of the residence.

9. When a Type-A Riser catastrophically fails, the gas must be shutoff
10. immediately—regardless of time of day or night or season of the year. By
11. contrast, when a leak is detected in a steel service line, gas service is generally
12. not interrupted on the spot. Again, because there is no immediate public
13. hazard associated with the gradual decay of a steel service line, the line can
14. remain in operation for up to even as much as 30 days, until the line can be
15. replaced at the property owner's convenience. Although we send one of our
16. OQ certified technicians to inspect the site right away upon being notified of a
17. potential leak, generally, the repair process could be postponed by several
18. days so as not to unduly inconvenience the homeowner.

19. Instead of a catastrophic pullout with blowing gas right at the site of the
20. residence, as you would see in a Type-A Riser failure, the typical evidence
21. suggesting a leak in a steel service line would include nothing more than a
22. faint odor of gas, or perhaps an area of dead grass along the lawn at the site of
23. the buried leak. In virtually every instance, such leaks are sufficiently diffuse

1. as to not be combustible. Far from requiring an immediate shutdown and
2. replacement, these leaks are typically dealt with by following up at a
3. convenient date in the following few days.

4. As the FUCO staff noted in its report last November, "the risk
5. associated with metallic riser leaks is lower, since they tend to have very slow
6. leaks underground that do not result in an incident. In contrast, a failed
7. plastic riser can blow full gas pressure against a structure and cause significant
8. damage." Although the staff report was specifically looking at the slow leaks
9. of metallic risers, rather than metallic service lines, the dynamic is the same.
10. Steel service lines decay slowly, eventually developing a slow and diffuse leak,
11. that can be remediated in due time in the ordinary course of business. By
12. contrast, plastic Type-A Risers fail unexpectedly, catastrophically, and in so
13. doing, create an immediate public hazard requiring an immediate termination
14. of service until the riser is replaced.

15. **Q: Does this conclude your prepared testimony?**

16. **A:** Yes it does.

17.

18.

19.

20.

21.

22.

23.

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing Prepared Direct Testimony of Timothy Morbitzer was served by regular mail, this 23rd day of October, 2007, upon the following:

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/s/ 
Carl A. Aveni, II

ATTACHMENT 1

**COLUMBUS BOARD OF REALTORS STANDARD
REAL ESTATE PURCHASE CONTRACT**

(Including Gas Line Warranty Provision At Section 5.2)

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The CBR/CBA purchase contract shall be printed in 11 point Arial font, and all deviations in the standard form must be printed in 12 point or larger courier font in bold. Use of courier font in bold denotes deviation from the standard CBR/CBA purchase contract. All deletions from the standard form are to be noted by "strike-out".



Real Estate Purchase Contract

It is recommended that all parties be represented by a REALTOR® and an Attorney



Date: _____

The undersigned Buyer agrees to buy and the undersigned Seller agrees to sell, through the Broker referred to below, upon the following terms, the premises located in the State of Ohio, County of _____, tax parcel no. _____ described as:

1. Terms:

1.1 Purchase price shall be \$ _____

1.2 Lender Pre-Approval:

Buyer shall deliver a written lender's pre-approval letter for said premises, to the Seller and/or Seller's Broker, within _____ (not applicable if the number of days is not inserted) calendar days after written acceptance of this contract. The lender's pre-approval letter shall state that the Buyer's credit report has been reviewed and all information provided meets lender's guidelines necessary for approval, subject to an appraisal, standard qualifications and final underwriting approval.

The Buyer's delivery of said lender's pre-approval letter is confirmation that the Buyer has made loan application and that the loan terms are acceptable to the Buyer.

If the Buyer does not deliver a copy of the lender's pre-approval letter to the Seller and/or Seller's Broker within the stated time period, this contract shall terminate and the earnest money deposit shall be returned to the Buyer pursuant to paragraph 10.

1.3 Loan Commitment:

The Buyer's obligations are contingent upon the Buyer obtaining a (write in type of loan: Conventional, FHA, VA) _____ loan commitment within _____ (not applicable if the number of days is not inserted) calendar days after written acceptance of this contract. Within the stated time period, the Buyer shall deliver to the Seller and/or Seller's Broker a written notification from the Buyer's lender that the loan commitment has been obtained. The delivery of the written notification to the Seller and/or Seller's Broker that a loan commitment has been obtained shall satisfy this contingency.

If, at the expiration of the stated time period, the Buyer has not delivered the written notification referenced above, or has not waived this contingency in writing, this contract shall terminate and the earnest money deposit shall be returned to the Buyer pursuant to paragraph 10.

1.4 Additional Terms and Conditions:

2. Taxes and Assessments:

2.1 At closing, Seller shall pay or credit on purchase price: (a) all delinquent taxes, including penalty and interest; (b) all assessments which are a lien on the premises as of the date of the contract; (c) all agricultural use tax recouplements for years prior to the year of closing; (d) all other unpaid real estate taxes and community development charges imposed pursuant to Chapter 349 of the Ohio Revised Code which are a lien for years prior to closing and a portion of such taxes and community development charges for the year of closing shall be prorated through the date of closing, based on a 365 day year and, if undetermined, on the most recent available tax rate and valuation, giving effect to applicable exemptions, recently voted millage, change in valuation, etc., whether or not certified. These adjustments shall be final, except for the following: (none if nothing inserted) _____.

2.2 The community development charge, if any, applicable to the premises was created by a covenant in an instrument recorded at (insert county) _____, Vol. _____, Page number _____ or Instrument number _____. (Note: If the foregoing blanks are not filled in and a community development charge affects the premises, this contract may not be enforceable by the Seller or binding upon the Buyer pursuant to Section 349.07 of the Ohio Revised Code.)

2.3 Buyer and Seller understand that real estate taxes and assessments are subject to retroactive change by the governmental authority. The real estate taxes for the premises, for the current year, may change as a result of the transfer of the premises or as a result of a change in the tax rate.

2.4 Seller warrants that no improvements or services (site or area) have been installed or furnished, nor notification received from public authority or owner's association of future improvements of which any part of the costs may be assessed against the premises, except the following: (none if nothing inserted)

3. Fixtures and Equipment:

3.1 The consideration shall include any fixtures, including but not limited to: built-in appliances; heating, central air conditioning, and humidifying equipment and their control apparatus; stationary tubs; pumps; water softening equipment (unless leased); roof antennae; attached wall-to-wall carpeting and attached floor coverings; curtain rods and window coverings (excluding draperies and curtains); attached mirrors; all light fixtures; bathroom, lavatory and kitchen fixtures; storm and screen doors and windows, awnings, blinds and window air conditioners, whether now in or on the premises or in storage; garage door openers and controls; attached fireplace equipment; security systems and controls (unless leased); smoke alarms, satellite TV reception system and components; all exterior plants and trees, all landscaping lights and controls; and the following:

3.2 The following shall be excluded: (none if nothing inserted)

4. Inspections And Tests:

4.1 The Broker strongly recommends that the Buyer conduct inspections and/or tests. The Buyer and the Seller understand and agree that the Broker neither warrants nor assumes responsibility for the physical condition of the premises.

Buyer shall be responsible for the repair of any damages caused by the Buyer's inspections and tests; which repairs shall be completed in a timely and workmanlike manner at Buyer's expense.

4.2 Seller shall cooperate in making the premises reasonably available for inspections and/or tests.

4.3 Specified Inspection Period: Buyer shall have _____ (not applicable if the number of days is not inserted) calendar days after the date of written acceptance of the contract by both parties to have inspections, environmental inspections and/or tests completed. This time period shall be known as the Specified Inspection Period. The number of days for the Specified Inspection Period is a specific time frame agreed upon by the Seller and the Buyer. The number of days cannot be modified or waived except by a written agreement signed by both parties.

All requests to remedy shall be submitted to the Seller or Seller's Broker within the Specified Inspection Period. Time is of the essence in completing any of the inspections, tests and/or reports.

The Buyer, at Buyer's expense, shall have the right to have any and all inspections, tests and/or reports conducted, including but not limited to:

- a. Confirmation of the insurability of the premises with an insurance company of the Buyer's choice.
- b. Inspection of the premises and all improvements, fixtures and equipment.
- c. A pest inspection for termite and wood destroying insects with a report provided on a FHAVA approved form by a licensed Ohio Certified Pest (Termite) Control Applicator.
- d. Inspection of the gas lines on the premises.
- e. Inspection of the waste treatment systems and/or well systems by a local health authority or state EPA approved laboratory of the Buyer's choice.
- f. Inspection or testing for mold, radon and any other environmental test.
- g. A lead-based paint inspection and test.

With respect to housing constructed prior to January 1, 1978, the Buyer must be provided with the pamphlet entitled "Protect Your Family from Lead in Your Home" and the "Lead-Based Paint and Lead-Based Hazard Disclosure Form." Every Buyer of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning.

Lead poisoning in young children may produce permanent neurological damage including learning disability, reduced intelligence quotient, behavioral problems and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Seller of any interest in residential real property is required to provide the Buyer with any information on lead-based paint hazards from risk assessments or inspections in the Seller's possession and notify the Buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

4.4 If the Buyer is not, in good faith, satisfied with the condition of the premises as disclosed by the Buyer's inspections, tests and/or reports provided for in paragraph 4.3, then the Buyer may elect to proceed under one of the following provisions, 4.4(a) or 4.4(b):

4.4(a) Agreement to Remedy Period: On or before the end of the Specified Inspection Period, the Buyer shall deliver to the Seller or the Seller's Broker, a written request to remedy, signed by the Buyer, stating the unsatisfactory conditions, along with a written copy of the inspections, tests and/or reports, specifying the unsatisfactory conditions.

The Buyer and Seller shall have _____ calendar days, after the end of the Specified Inspection Period, to reach a written agreement regarding remedying the unsatisfactory conditions. This time period shall be known as the Agreement to Remedy Period. The number of days for the Agreement To Remedy Period is a specific time frame agreed upon by the Seller and the Buyer. The number of days cannot be modified or waived except by a written agreement signed by both parties. In the event the Buyer and Seller do not reach a written agreement regarding remedying the unsatisfactory conditions within the Agreement to Remedy Period, and the Buyer and Seller have not executed a written extension

of the Agreement to Remedy Period, this contract shall terminate. Upon termination of the contract under this provision, the earnest money deposit shall be returned to the Buyer pursuant to paragraph 10.

OR

Prior to the end of the Agreement to Remedy Period, the Buyer can waive such request to remedy, in writing, and proceed with the contract.

The commencement of the Agreement to Remedy Period does not obligate the Seller to reach an agreement with the Buyer.

The delivery by the Buyer of a written request to remedy any unsatisfactory conditions does not preclude the Buyer from later delivering a notice of termination as contemplated by paragraph 4.4(b) below during the Agreement to Remedy Period, unless the Buyer and Seller have reached a signed agreement regarding the Buyer's written request to remedy.

OR

4.4(b) Notice of Termination: Within the Specified Inspection Period or as provided in paragraph 4.4(a), the Buyer may terminate this contract by delivering written notice of termination to the Seller or Seller's Broker, along with a written copy of the inspections, tests and/or reports, specifying the unsatisfactory conditions. Upon termination, the earnest money deposit shall be returned to the Buyer pursuant to paragraph 10.

IT IS NOT THE INTENTION OF THIS PROVISION TO PERMIT THE BUYER TO TERMINATE THIS AGREEMENT FOR COSMETIC OR NON-MATERIAL CONDITIONS. FAILURE OF THE BUYER TO DELIVER WRITTEN NOTICE PURSUANT TO PARAGRAPHS 4.4(a) OR 4.4(b) CONSTITUTES ACCEPTANCE OF THE CONDITION OF THE PREMISES AND SHALL BE A WAIVER OF THE BUYER'S RIGHT TO TERMINATE PURSUANT TO THIS PROVISION.

5. Warranties:

5.1 Home Maintenance Plan: The Seller, at the Seller's expense not to exceed \$ _____, shall provide a home maintenance plan from _____ (not applicable if plan name not inserted). The Broker may receive compensation in connection with the sale of the home maintenance plan.

5.2 Gas Line Warranty: The Seller at the Seller's expense not to exceed \$ _____ (not applicable if the dollar amount is not inserted) shall provide a gas line warranty from a gas line repair company. Seller may obtain the gas line warranty from a vendor of the Seller's choice, unless Buyer specifies a specific vendor hereafter: _____.

6. Deed:

6.1 The Seller shall convey to the Buyer marketable title in fee simple by transferable and recordable general warranty deed, with release of dower, if any, or fiduciary deed, as appropriate, free and clear of all liens and encumbrances not excepted by this contract, and except the following: (none if nothing inserted.) _____.

7. Title Insurance:

7.1 The Seller shall furnish and pay for an owner's title insurance commitment and policy in the amount of the purchase price, with a copy of subdivision or condominium plat. The title evidence shall be certified to within thirty (30) calendar days prior to closing with endorsement as of 8:00 AM on the business day prior to the date of closing, all in accordance with the standards of the Columbus Bar Association, and shall show in Seller marketable title, in fee simple, free and clear of all liens and encumbrances except: (a) those created by or assumed by the Buyer; (b) those specifically set forth in this contract; (c) zoning ordinances; (d) legal highways; and (e) covenants, restrictions, conditions and easements of record which do not

unreasonably interfere with present lawful use. At closing, the Seller shall sign an affidavit with respect to off record title matters in accordance with the community custom.

7.2 If title to all or part of the premises is unmarketable, as determined by Ohio law with reference to the Ohio State Bar Association's Standards of Title Examination, or is subject to liens, encumbrances, easements, conditions, restrictions or encroachments, other than those excepted in this contract, the Seller shall, within thirty (30) calendar days after the Seller receives written notice thereof, remedy or remove any such defect, lien, encumbrance, easement, condition, restriction or encroachment or obtain title insurance without exception therefor.

7.3 If required by the Buyer's lender, the Buyer shall pay any expense incurred in connection with the mortgagee title insurance issued for the protection of the Buyer's lender. If the Buyer or Buyer's lender wants a survey, it will be at the Buyer's expense.

8. Utility Charges, Condominium Charges, Interest, Rentals, and Security Deposits:

8.1 Through the date of possession, the Seller shall pay all accrued utility charges and any other charges that are or may become a lien on the premises.

8.2 Adjustments shall be made through the date of closing for: (a) rentals; (b) interest on any mortgage assumed by the Buyer; and (c) condominium or other association periodic charges.

8.3 Security deposits shall be transferred to the Buyer.

9. Damage or Destruction of Premises:

9.1 Risk of loss to the premises and appurtenances occurring prior to closing shall be borne by the Seller. If any part of the premises covered by this contract shall be substantially damaged or destroyed from the date of written acceptance of this contract through the date and time of closing, the Seller shall give a written notice to the Buyer and/or Buyer's Broker that the damage or destruction has occurred. Such notice must include all pertinent information regarding insurance policies and claims covering the premises that has been damaged or destroyed. The written notice shall be delivered within two (2) calendar days from the date of the discovery of the damage or destruction. The Buyer may (a) proceed with the transaction and be entitled to all insurance money, if any, payable to Seller under all policies covering the premises, or (b) rescind the contract, by giving written notice to Seller and/or Seller's Broker within ten (10) calendar days after the Seller and/or Seller's Broker has delivered written notice to the Buyer and/or Buyer's Broker of such damage or destruction and thereby release all parties from liability, in which event the earnest money deposit shall be returned to the Buyer pursuant to paragraph 10.

9.2 Failure by the Buyer to so notify the Seller and/or Seller's Broker in writing, within the ten (10) calendar days, shall constitute an election by the Buyer to proceed with the transaction.

9.3 Failure by the Seller to provide the required written notice to the Buyer and/or Buyer's Broker shall result in the Buyer, upon discovery of the damage or destruction, having the right to: insurance proceeds; reimbursement for repairs; or rescind this contract, in which case, the earnest money deposit shall be returned to the Buyer pursuant to paragraph 10.

10. Earnest Money Deposit:

Broker acknowledges receipt of the sum of \$ _____
by cash or check (check # _____) which shall be held, deposited and disbursed pursuant to
paragraph 10.

Brokerage _____, By _____, Date _____

10.1 The Buyer has deposited with a Broker the sum receipted for in the Earnest Money Deposit box in paragraph 10.

10.2 If no contract shall have been entered into, then upon the Buyer's written request, the earnest money deposit shall be returned to the Buyer.

10.3 Upon acceptance of this contract by both parties in writing, the Broker shall deposit the earnest money deposit in its trust account. Subject to collection by the Broker's depository, the earnest money deposit is to be disbursed as follows:

- a. The earnest money deposit shall be applied on the purchase price or returned to the Buyer when the transaction is closed.
- b. If any written contingency is not satisfied or waived, or if the Seller fails or refuses to perform or if the Buyer rescinds this contract pursuant to paragraph 9(b), the earnest money deposit shall be returned to the Buyer. If the Buyer fails or refuses to perform, the earnest money deposit shall be paid to the Seller. In any event the following will apply:

The party requesting the return or payment of the earnest money deposit shall submit a written request, specifying the contingency that has not been satisfied or waived or the reason for the request, to the Broker holding the earnest money deposit. Within two (2) calendar days (excluding weekends and legal holidays) after receiving the request to return or pay the earnest money deposit, the Broker shall advise the other party and/or Broker in writing that the earnest money deposit shall be returned or paid in accordance with the request, unless the other party delivers written objection to the Broker within ten (10) calendar days after delivery of the written notice by the Broker.

If the Broker **does not** receive any written objection from the other party within the ten (10) calendar day period, then the Broker shall return or pay the earnest money deposit in accordance with the terms of the request.

If the Broker **does** receive a written objection from the other party within the ten (10) calendar day period, then the Broker is required to and shall retain the earnest money deposit until (i) Buyer and Seller have settled the dispute in writing, (ii) disposition has been ordered by a final court order, or (iii) Broker deposits the amount with a court pursuant to applicable court procedures.

10.4 The return or payment of the earnest money deposit shall in no way prejudice the rights of the Seller, Buyer or Broker in any action for damages or specific performance.

11. NOTICES TO THE PARTIES:

11.1 Professional Advice and Assistance: The parties acknowledge and agree that the purchase of real property encompasses many professional disciplines. While the Broker possesses considerable general knowledge, the Broker is not an expert on matters of law, tax, financing, surveying, structural conditions, hazardous materials, environmental conditions, inspections, engineering, etc. The Broker hereby advises the parties, and the parties acknowledge that they should seek professional expert assistance and advice in these and other areas of professional expertise.

In the event the Broker provides to the parties names of companies or sources for such advice and assistance, the parties additionally acknowledge and agree that the Broker does not warrant, guarantee, or endorse the services and/or products of such companies or sources.

11.2 Ohio Fair Housing Law: It is illegal, pursuant to the Ohio Fair Housing Law, Division (H) of Section 4112.02 of the Revised Code and the Federal Fair Housing Law, 42 U.S.C.A. 3601, to refuse to sell, transfer, assign, rent, lease, sublease, or finance housing accommodations, refuse to negotiate for sale or rental of housing accommodations, or otherwise deny or make unavailable housing accommodations because of race, color, religion, sex, familial status as defined in Section 4112.01 of the Revised Code,

ancestry, disability as defined in that section, or national origin or to so discriminate in advertising the sale or rental of housing, in the financing of housing, or in the provision of real estate brokerage services.

It is illegal, for profit, to induce or attempt to induce a person to sell or rent a dwelling by representations regarding the entry into the neighborhood of a person or persons belonging to one of the protected classes.

11.3 Residential Property Disclosure Form: With respect to the sale of real property that has from one to four dwelling units, most Sellers will be required to provide the Buyer with a completed Property Disclosure Form complying with the requirements of Ohio law. If such disclosure is required, but is not provided, by the time the Buyer enters into this agreement, the Buyer may be entitled to rescind this agreement by delivering a document of rescission to the Seller or the Seller's Broker, provided such document of rescission is delivered prior to all three of the following dates: (a) The date of closing; (b) 30 days after the Seller accepted the Buyer's offer; and (c) within 3 business days following the receipt by the Buyer or the Buyer's Broker of the Property Disclosure Form or amendment of that form.

11.4 Ohio's Sex Offender Registration and Notification Law: If a sex offender resides in the area, Ohio's Sex Offender Registration and Notification Law requires the local sheriff to provide written notice to certain members of the community. The notice provided by the sheriff is a public record and is open to inspection under Ohio's Public Records Law.

The Buyer acknowledges that any information disclosed may no longer be accurate. The Buyer assumes responsibility to obtain accurate information from the sheriff's office. The Buyer shall rely on the Buyer's own inquiry with the local sheriff's office and shall not rely on the Seller or any Broker involved in the transaction.

12. Miscellaneous:

12.1 The Buyer has been given the opportunity to examine the premises and, in making this offer shall rely solely upon the Buyer's inspections and/or tests with reference to the condition, character and size of the premises.

12.2 This contract constitutes the entire agreement and there are no representations, oral or written, which have not been incorporated herein.

12.3 Time is of the essence regarding all provisions of this contract. Whether or not so stated elsewhere in this contract, no deadline or time period under this contract can be modified or waived except by written agreement signed by both parties. Repetition of this provision in any given paragraph of this contract is intended for emphasis only, and shall not reduce the effect of this paragraph as to any other provision of this contract.

12.4 All representations, covenants and warranties of the parties, contained in this contract, shall survive the closing.

12.5 Term Definition: The term "Broker" shall include, without limitation, Broker and/or Broker's agents and shall include collectively, except where the context clearly indicates otherwise, both the Seller's Broker and the Buyer's Broker, if different.

12.6 Signatures: Only original manual signatures or facsimile signatures (which includes faxes, PDF and scanned documents sent by e-mail) shall be valid for purposes of this contract and any amendments or any notices to be delivered in connection with this contract. Only original, manually signed documents shall be valid for deeds or other documents to be delivered at closing. This paragraph cannot be waived except by a manually signed agreement of the parties.

13. Closing and Possession:

13.1 Closing: This contract shall be performed and this transaction closed on or before _____ unless the parties agree in writing to an extension.

Premises Address: _____

13.2 Possession: Seller is entitled to possession through _____.
At the time the Seller delivers possession, the premises will be in the same condition as the date of acceptance of this contract, except as provided in paragraph 9, and normal wear and tear excepted.

13.3 Debris and Personal Property: The Seller shall remove all debris and personal property not included in this contract by the date and time of the Buyer's possession.

14. Duration of Offer:

This offer shall be open for acceptance through: _____

The undersigned Buyer agrees to the terms and acknowledges the receipt hereof:

The undersigned Seller agrees to the terms and acknowledges the receipt hereof:

Signature: _____

Signature: _____

Print Name: _____

Print name: _____

Date Signed: _____

Date Signed: _____

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Date Signed: _____

Date Signed: _____

Address: _____

Address: _____

Phone #: _____

Phone #: _____

Deed to: _____

Attorney: _____

Attorney: _____

Ofc. # _____ Fax #: _____

Ofc. #: _____ Fax #: _____

Broker: _____

Broker: _____

Broker Number: _____

Broker Number: _____

Ofc. #: _____ Fax #: _____

Ofc. #: _____ Fax #: _____

Address: _____

Address: _____

Agent: _____

Agent: _____

Agent File Number: _____

Agent File Number: _____

Home #: _____ Fax #: _____

Home #: _____ Fax #: _____

ATTACHMENT 2

**ABC GAS REPAIR GAS SYSTEM PROTECTION
PLAN**

ABC Gas Repair



707 South Front St.
Columbus, Ohio 43206

ORDERED BY:

YOUR PLAN NUMBER

EFFECTIVE DATE

Amount Due **\$0.00**

Please make checks payable to "ABC Gas Repair"

PROPERTY ADDRESS

NUMBER OF LIVING UNITS

Your Gas System Protection Plan coverage will begin as of the "Effective Date" set forth above and continue for twelve (12) months after your closing. The coverage under this Plan is set forth below as follows:

Gas System Protection Plan

This Plan covers repairs and alterations to natural gas lines, valves and meters not owned by or the responsibility of the local gas distribution company, vents for natural gas appliances (excluding range and dryer vents), connected natural gas appliances sold with the property and restoration of the property (excluding asbestos removal, repair or replacement of chimneys, grass, shrubs, trees and landscape plants) which are necessary because of natural gas leakage on the property. If such repairs or alterations involve excavation that necessitates breaking blacktop or concrete surfaces, ABC will repair these surfaces only if specified under local permitting requirements up to \$300 if located in a public easement that was damaged due to our repair work. These expenses will apply toward the \$3000 Guarantee maximum.

Any earth removed for trenching will be backfilled into the trench and left mounded subject to limitations from current weather and soil conditions. Any repairs identified as necessary by a home inspection company may be subject to third-party confirmation. This Plan will pay up to \$3,000 per Plan Period for covered natural gas related repairs or replacement.

This Plan covers only the property (or the number of units) specifically identified herein. Please retain this document for your records. It is the official copy of your warranty agreement.

TERMS AND CONDITIONS

YOUR BENEFITS FROM THIS PLAN

This Plan is between ABC Gas Repair, Inc. (hereinafter referred to as "we," "us," "our" and "ABC") and the Plan Purchaser shown on the Plan (hereinafter referred to as "you" and "your"). We are located at 707 S. Front Street, Columbus, OH 43206. Our telephone number is 614-443-0300. All covered repairs will be serviced by a certified repairer as described in the Plan.

WHAT IS COVERED UNDER YOUR PLAN

Your Plan covers the cost of parts and labor to repair or replace the items covered by this Plan. Those items that are covered by this Plan are indicated in the Plan. This Plan provides parts and labor coverage for gas system repairs.

WHAT TO DO WHEN YOU REQUIRE SERVICE

If you suspect a gas leak, leave the house immediately and call your local gas company from another location. To file a claim, call ABC at 614-443-0300. An ABC representative will be available to take your claims from 7 a.m. to 7 p.m., 7 days a week. We will not pay for any services performed without our prior authorization. Notice of any gas line problem or concern must be given to us immediately upon discovery and during the coverage period.

LIMIT OF LIABILITY AND CONDITIONS

1. This Plan provides coverage for which payment is to be made on or before the real estate purchase closing date.
2. All residential housing units including, but not limited to, single-family homes, condominiums and town homes are eligible for coverage.
3. ABC shall not be responsible for consequential, indirect or direct damages, injury or illness caused by delays, non-availability of parts, failure to service, labor difficulties and other conditions beyond our control. We reserve the right to use qualified contractors to fulfill all or any part of our obligation under the terms of this Plan. We have the sole right to determine whether to remedy by repair or replacement.
4. This Plan does not cover alteration, modification, addition to or deletion from the covered gas line and it does not cover performance of routine maintenance.

6. This Plan does not cover any materials, parts or labor required as a result of abuse, negligence or use not intended by the manufacturer, improper service or maintenance by a party other than us or one of our authorized servicers, vandalism, freezing, misuse, natural catastrophe or acts of God, power or water fluctuations, flooding, riots, acts of war, military unrest, insurable causes, damages which occur as a result of manufacturer's defects, modifications, improper installation, alterations, unauthorized repair, consequential or inconsequential damage, gas lines not connected to appliances at the time of closing, any leaks or defects incurred or existing prior to execution of this Plan or cleaning or scheduled maintenance. Failures due to physical damage or repairs to correct rust corrosion are not covered.

6. Any service or repair covered by this Plan does not include costs associated with hazardous material treatment, removal, recovery or disposal. This Plan does not cover disconnection or installation of any appliance(s). This Plan does not cover the cost of opening or closing walls, floors or ceilings.

7. ABC shall not be responsible for charges for service or parts provided without our prior authorization. ABC will not reimburse the property owner for expenses incurred by the property owner in making any repairs or alterations covered by this Plan.

8. This Plan will pay up to \$3,000.00 per Plan Period (twelve months from the closing date) for covered repairs or replacements and continues thereafter so long as you make timely payments. Coverage may be canceled for nonpayment. Your account must be in good standing (current) to receive repair service under this program. You may cancel the Warranty Programs at any time by discontinuing payment. You have 30 days from the date you enroll in the Warranty Programs to cancel and receive a full refund of any payments you have made. ABC may modify the Warranty Programs by giving you 30 days' written notice and may terminate the Warranty Programs for nonpayment within 30 days of the payment due date and with 90 days' written notice for any other reason. If ABC cancels the program for reasons other than nonpayment, you will be reimbursed the pro rata share of any amount you paid for any portion of the warranty period subject to cancellation less the cost of repairs incurred since enrollment.

9. Property owner shall be solely responsible for making gas lines accessible to ABC and for determining that a repair addressable under this Plan exists. ABC may charge the property owner a reasonable dispatch fee in the event that ABC dispatches repair personnel to the property at the request of the property owner or its agents under this Plan and (1) ABC determines that no gas leak or other problem addressable under this Plan exists; or (2) ABC cannot access gas lines due to obstructions such as, but not limited to, unexposed piping due to flooring, finished walls, cabinets or hearths.

10. By enrolling, you represent that there are no pre-existing leaks or damage to your gas system and authorize the local gas distribution company to provide ABC with any information about your account.

11. This Plan is not valid for systems other than natural gas.

CENTRAL AIR CONDITIONER COVERAGE

Covered Parts

The Plan covers reasonable and customary labor to repair or replace most parts for one electric central air conditioner including: bearings/shafts, belts and pulleys, blower assembly, blower motor, blower pulleys, capacitors, circuit boards, condenser motor/offs, contactor switches, delay timers, fan belt, fan controls, fan relays, fuses (internal), limit controls, motors, operating relays, Schrader valves, thermostats (standard), transformers.

Exclusions

The Plan does not cover compressors, chillers, or auxiliary equipment such as air ducts, air filters, electronic air cleaners, asbestos coverings, condenser and evaporator coils, balancing of system, refrigerant, energy saving thermostat, humidifiers, reversing valves, and circuit breakers.

The Plan does not cover systems exceeding five tons capacity, electric heat pumps, geothermal heat pumps, or gas cooling systems (including ammonia).

ATTACHMENT 3

**CUSTOMER NOTICES AND RENEWAL
INFORMATION**



You're ready if your gas lines break

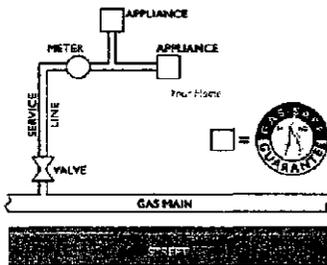


WHAT IS THE GAS-SAFE GUARANTEE?

The Gas-Safe Guarantee is your ticket to peace of mind. It protects you from paying for expensive repairs to your natural gas system—from the gas company's line at the street to your house, the gas piping inside your house, gas appliances, venting for those appliances and air conditioners.

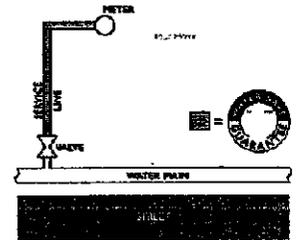
DO I REALLY NEED IT?

A few homeowners will never experience gas line problems for as long as they live in their houses. Most are not as lucky. If there is a gas leak, you are solely responsible for repairs. You are not protected by the gas company, most homeowners insurance or most other types of home warranty.



WHAT IS THIS PROTECTION WORTH?

It's the most affordable way to protect your biggest investment. Most repair companies would charge more just for a service call. Figure in parts and labor and the average repair can exceed \$1,500. And then you're left hoping nothing else goes wrong.



Welcome and Surprise!

WE'VE BEEN COVERING YOUR GAS LINES SINCE YOU MOVED IN

We're ABC Gas Repair, the folks who've been protecting your home from any and all gas pipeline repair costs. Your real estate agent chose our coverage and included it in your closing package when you bought your home. What may not have been included is our Water-Safe Guarantee, which protects you from any underground water pipeline repair costs. We wanted to give you an opportunity to add this coverage to further protect your home. At \$35 a year, it's a more than affordable safeguard.

Your gas system coverage is for a period of one year (from your closing date) and then it must be renewed. We'll contact you prior to that expiration date to remind you to enroll in our Gas-Safe Guarantee program. In the meantime, if you'd like to purchase our Water-Safe Guarantee, call 800-274-6709 or, locally, 614-224-6709. Or log onto www.covermylines.com.

"Do I really need this coverage?" you may be asking yourself. It's tough to say. No one can predict if or when a gas or water line will break. What is pretty safe to predict, though, is that if you don't have coverage, surely something will go wrong—isn't that the way it always is?

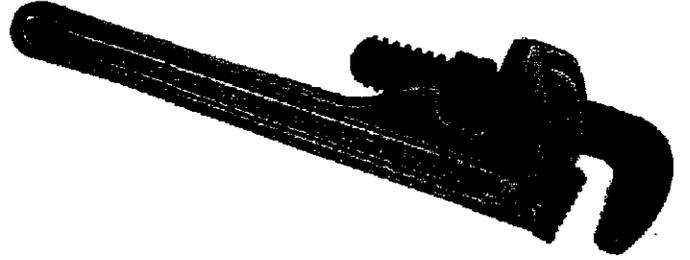
Typical gas and water line repairs can cost more than \$1,500. And these are repairs NOT covered by most homeowners insurance or home warranties. Having your lines guaranteed just makes sense.

Sincerely,
Tim Morbitzer



To learn more or to enroll, call 800-274-6709 or, locally, 614-224-6709. Or log onto www.covermylines.com.

"Your company went over and above the call of duty to make sure our situation was remedied and that our family was safe and comfortable. For this we are so grateful. We will certainly recommend your company to others"
-Dawn W., Columbus



These repairs are not covered by most homeowners insurance.

Leaks in gas and water lines can happen at any time.

Underground gas and water lines on your property are your responsibility.

ABC Gas Repair
707 South Front St.
Columbus, Ohio 43206



**The cost of a gas or water line
repair can be more than
\$1,500**



RENEWAL NOTICE

The gas line coverage that you received when you bought your home must be renewed annually.

Your first year of coverage was provided at your closing and was in effect for twelve (12) months thereafter. To avoid any lapse in coverage, please submit payment by the date below.

Policyholder and covered address:

Please return by:

**RENEWAL
NOTICE**

**COVERAGE INCLUDES INSIDE &
OUTSIDE GAS LINES, GAS FURNACE,
GAS WATER HEATER, AND AIR
CONDITIONER**

YOU CURRENTLY HAVE COVERAGE

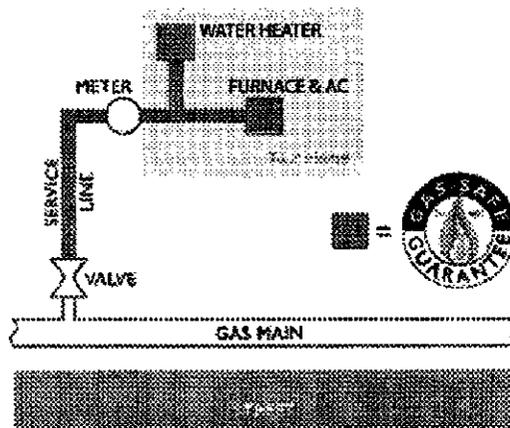
Most homeowners are under the mistaken impression that gas pipelines are covered by their homeowners' insurance or other home warranties. They're not. If something goes wrong it could mean repairs costing more than \$1,500.

For just \$85 we will continue to protect you from paying for expensive repairs to your natural gas piping, gas appliances like your furnace & water heater, and air conditioner for a full year*—a small price to pay for peace of mind.

*Subject to original terms & conditions received at closing. Please contact us to request a copy.

Please contact us with any questions:
(800) 274-6709 or locally 224-6709

ABC Gas Repair, Inc. 707 South Front St. Columbus, Ohio 43206



**The gas line coverage I received at my closing is about to expire—
PLEASE RENEW!**

Please retain top portion for your records and return bottom portion with your payment.

**RENEW THE ANNUAL
COVERAGE ON MY NATURAL GAS
LINES, GAS APPLIANCES AND AIR
CONDITIONER.**

TOTAL NOW DUE \$85 per living unit
 **ADD COVERAGE FOR MY WATER
PIPELINE FOR ONLY \$35**

(For single family homes only. Coverage under Water-Safe Guarantee begins thirty (30) days after an enrollment is processed.)

Covered Address

Return by
Promo Code:

METHOD OF PAYMENT (check only one)

- I have enclosed a check for 1 year of coverage. (Please make your check payable to ABC Gas Repair and enclose it with this form.)
- Charge my Visa Mastercard for the annual fee.



ABC Gas Repair
707 South Front Street
Columbus, Ohio 43206

CARD NUMBER

EXPIRATION DATE

CARDHOLDER NAME



RENEWAL NOTICE

The gas line coverage that you received when you bought your home must be renewed annually.

Your first year of coverage was provided at your closing and was in effect for twelve (12) months thereafter. To avoid any lapse in coverage, please submit payment by the date below.

Policyholder and covered address:

«AddressBlock»

Please return by: «Return»

FINAL NOTICE

COVERAGE INCLUDES INSIDE & OUTSIDE GAS LINES, GAS FURNACE, GAS WATER HEATER, AND AIR CONDITIONER

YOU CURRENTLY HAVE COVERAGE

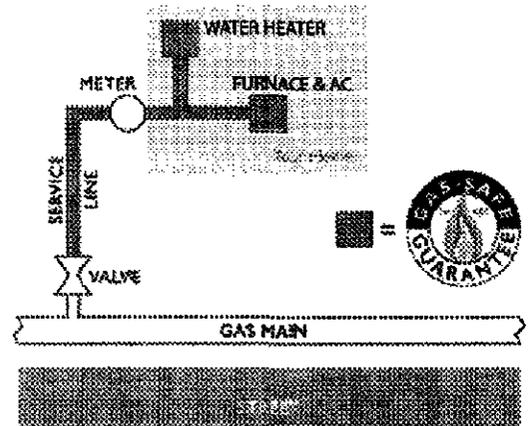
Most homeowners are under the mistaken impression that gas pipelines are covered by their homeowners' insurance or other home warranties. They're not. If something goes wrong it could mean repairs costing more than \$1,500.

For just \$85 we will continue to protect you from paying for expensive repairs to your natural gas piping, gas appliances like your furnace & water heater, and air conditioner for a full year*—a small price to pay for peace of mind.

*Subject to original terms & conditions received at closing. Please contact us to request a copy.

Please contact us with any questions:
(800) 274-6709 or locally 224-6709

ABC Gas Repair, Inc. 707 South Front St. Columbus, Ohio 43206



The gas line coverage I received at my closing is about to expire— PLEASE RENEW!

Please retain top portion for your records and return bottom portion with your payment.

RENEW THE ANNUAL COVERAGE ON MY NATURAL GAS LINES, GAS APPLIANCES AND AIR CONDITIONER.

TOTAL NOW DUE \$85 per living unit

ADD COVERAGE FOR MY WATER PIPELINE FOR ONLY \$35

(For single family homes only. Coverage under Water-Safe Guarantee begins thirty (30) days after an enrollment is processed.)

Covered Address
«AddressBlock»

Return by «Return»

Promo Code: «Promo»

METHOD OF PAYMENT (check only one)

I have enclosed a check for 1 year of coverage. (Please make your check payable to ABC Gas Repair and enclose it with this form.)

Charge my Visa Mastercard for the annual fee.



ABC Gas Repair
707 South Front Street
Columbus, Ohio 43206

CARD NUMBER

EXPIRATION DATE

CARDHOLDER NAME



Notice of cancellation

«AddrBlock»

«FirstName» «LastName»:

This is to notify you that your Gas-Safe or Water-Safe Guarantee has been CANCELLED for the property at «c1ServiceAddress». You no longer have this coverage in place. There are several reasons that a policy could be cancelled, including a request from the property owner, non-payment of fees or failure to renew coverage.

If this policy has been cancelled unintentionally, you may re-enroll by filling out the form below. Your coverage will begin again after the required 30-day period.

If the cancellation was intentional, we appreciate your past patronage and hope you will consider enrolling in our coverage in the future.

This is your final notification. You will not receive additional reminders concerning this coverage.

Sincerely,
ABC Gas Repair

707 S. Front Street Columbus, Ohio 43206

www.covermylines.com

staff@abcgas.com

(800) 274-6709

YES, ENROLL ME IN GAS-SAFE AND WATER-SAFE GUARANTEES!

By enrolling, I understand that I am purchasing a warranty program and not an insurance policy. Also, I certify that there are no pre-existing conditions affecting my Natural Gas System and/or Buried House Lines. Coverage begins thirty (30) days after a telephone or mail enrollment is processed.

«AddrBlock»

«c1ServiceAddress»

PLEASE SIGN ME UP FOR:

- ___ Gas-Safe Guarantee for an annual fee of \$85 per living unit
- ___ Number of living units
- ___ Water-Safe Guarantee for an annual fee of \$35 per living unit

METHOD OF PAYMENT (check only one)

- ___ I have enclosed a check for 1 year of coverage. (Please make your check payable to ABC Gas Repair and enclose it with this form)
- ___ Charge my Visa Mastercard for the annual fee.

CARD NUMBER _____

EXPIRATION DATE _____

CARDHOLDER NAME _____

Source code: REN

Rev 08-09-07