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DOCKETING DIVISION
Public Utilities Commission of Ohio

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

Application **Not** for an Increase in Rates,
Pursuant to Section 4909.18 Revised Code

In the Matter of the Application of Columbia Gas of Ohio, Inc. to Establish the Columbia Customer Choice Program.	))))	**Case No. 96-1113-GA-ATA**

1. APPLICANT RESPECTFULLY PROPOSES: (Check applicable proposals)

X New Service
__ Change in Rule or Regulation
__ New Classification
__ Reduction Rates
__ Change in Classification
__ Correction of Error
X Other, not involving increase in rates:
__ Various related and unrelated textual revision, without change in intent

2. DESCRIPTION OF PROPOSAL:

Columbia Gas of Ohio, Inc. ("Columbia") proposes to establish the Columbia Customer Choice Program[1] ("the Program") and make transportation service available to residential small commercial, and commercial human needs customers, beginning in its Toledo service area. Columbia proposes to establish initial rates and charges for residential, small commercial, and commercial human needs customers utilizing natural gas transportation services provided by Columbia. The proposed rates and charges are, therefore, "first-filed" rates and charges within the

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[1] As used herein, Columbia and Columbia Gas are registered trademarks of The Columbia Gas System, Inc. Customer Choice is a service mark of Columbia Gas of Ohio, Inc.

meaning of Ohio Revised Code §4909.18, as interpreted and applied by both this Commission and the Supreme Court of Ohio.

As part of its ongoing Collaborative process, Columbia has discussed this proposal with the members of the Columbia Collaborative who have reviewed it. In some instances, changes were made to address the concerns raised by the various parties. However, due to the time constraints of needing to begin the educational process as soon as possible, not all matters have been completely resolved. The Collaborative will continue to meet in an attempt to resolve any of those remaining items as well as any other pertinent matters. Columbia remains committed to resolving those items through the Collaborative, if possible. Nonetheless, Collaborative members have the right to file comments, as discussed below, on this proposal, to the extent that disputes remain.

Columbia will solicit the participation of natural gas marketers to act as the suppliers of natural gas to individuals who elect to participate in transportation service. Marketers are each natural gas marketers engaged in the purchase and sale of natural gas, including the sale of natural gas to customers currently taking gas transportation service from Columbia.

Columbia and Marketers will enter into aggregation service agreements (an example of which is attached hereto as Exhibit C-4), under the terms of which Marketers will deliver to Columbia volumes of natural gas for redelivery to residential, small commercial, and commercial human needs customers in the Toledo, Ohio area. Such aggregation service agreements will include a reference to the customers included in the marketer's full requirements aggregation pool and will obligate the marketer to comply with all provisions of the Columbia Customer Choice Program, as detailed in the attached Program description (attached hereto as Exhibit C-1, and incorporated herein by reference) and the tariffs filed herein (attached hereto as Exhibit B, and incorporated herein by reference) for implementation of the Full Requirements Aggregation Service and rate schedules FRSGTS and FRGTS.

Columbia requests that the Commission approve this Program as soon as possible. While the actual delivery of natural gas will not begin until April 1, 1997, prompt approval of this Application is required so that the preceding winter months (November 1997 - March 1997) can be used to implement the important phases of the Program that must precede actual delivery of natural gas.

The first, and perhaps one of the most significant tasks, is the implementation of customer education. Columbia proposes that an educational program, which will include various media publications, public meetings, and special bill inserts by Columbia, commence in November 1996 and continue through March 1997. During the same period of time, Columbia will implement a "shadow billing" program in order to identify and resolve operational issues that can be dealt with before actual natural gas delivery begins. Beginning in mid-January, 1997, participating marketers will be able to advertise their services, further attempt to educate customers about residential, small commercial, and commercial human needs transportation, and sign-up customers for service.

Columbia proposes that the Program be approved on a permanent basis with the understanding that the participation of all customers throughout the state of Ohio will be phased-in over time, depending upon the results of the initial phase of the Program in Toledo. At such time that a decision is made to expand the Program to customers in Ohio outside the Toledo area, Columbia will file a supplemental application and seek approval from this Commission.

All customers will be eligible under the terms of the Columbia Customer Choice program described herein, subject to certain limitations as described below:

a) Only residential, small commercial, and commercial human needs customers in the Toledo area will be eligible for participation in the first phase of the Program. All educational and marketing efforts will be targeted at this area during the start-up period and the first phase.

b) PIPP customers will be pooled into one aggregation and marketers will bid for the ability to serve the entire PIPP aggregation pool.

Columbia will not place restrictions on the means used by the marketers to sign-up customers, with the exception of requiring that certain information be included in marketer advertising and literature, as described in the paragraph below. However, Columbia will require that the marketer provide Columbia with a list of all customers signed up for service with that marketer, and such listing shall include: (1) the customer's name, (2) the customer's account number, and (3) the signature of the Columbia account customer. The marketer must provide the information required in items (1) and (2) by suitable electronic means, and the marketer must subsequently provide a copy of the actual document signed by the Columbia account customer. Upon receipt of such listing, Columbia will verify the listing by comparing it with its own customer database, and will then provide the marketer with a monthly volumetric profile and a daily sendout curve for all of the listed customers in the aggregate. Marketers may add customers on a monthly basis, by providing the information listed above, and Columbia will modify the volumetric profile and daily sendout curve in accordance with the additional customers.

In recognition of the confusion that may result if customers are bombarded with various types and sources of information, Columbia has established some guidelines for participating marketers that will ensure that customers receive certain information. All participating marketers will be required to include the following basic information in any advertisements or literature that are directed to customers: (1) marketer's name, address, and telephone number, (2) an explanation of the marketer's dispute resolution procedure, and (3) price terms and billing terms. Marketers may solicit customers and obtain customer service sign-ups orally, but they must subsequently obtain the written signature of the customer, and as stated above must provide such written authorization to Columbia. Columbia will not place any requirements or restrictions upon the overall length of the agreement into which the marketer and the customer may enter. However, any agreement between a marketer and a customer must contain a provision which allows the customer to terminate the agreement with the marketer upon 60 days notice to Columbia and the marketer and payment of a $10 fee to Columbia. Upon such termination, the customer shall have the option to enter into an agreement with another marketer or to return to sales service from Columbia.

Also, in an attempt to ensure the fairness, reliability, and quality of this Program, Columbia is seeking approval of Standards of Conduct for company participation and a Code of Conduct for marketer participation, set forth in the Program description and tariff sheets attached hereto.

Columbia will not require that marketers take capacity assignment in order to serve their customers. Therefore, there is the possibility that marketers will contract for their own capacity, thus leaving the capacity and the costs associated with such capacity that Columbia has obtained stranded. In order to recover these stranded costs, Columbia is proposing to establish two Stranded Costs Recovery Riders, one of which is applicable to all residential transportation customers, and one of which is applicable to all commercial transportation customers.

Columbia proposes to establish a GCR Transition Rider which shall be applied to all volumes transported under rate schedules FRSGTS and FRGTS for pass through of Columbia's Quarterly Actual Cost Adjustment, Balance Adjustment and Refund Adjustment during the first twelve months customers elect service under Columbia's Customer Choice Program. This rider will pass through to new transportation customers those gas cost adjustments that relate back to the period during which such customers were sales customers. Any remaining stranded costs will be recovered from sales customers through the GCR.

Columbia will experience a shortfall in its recovery of excise taxes associated with the cost of gas during the first twelve months a customer moves from historic sales service to transportation service. This occurs due to 1) the Department of Tax Division's collection of taxes based upon a historic twelve month period versus the use of a collection year period; and 2) the fact that during the collection period, Columbia's transportation rates paid by customers that switch from Columbia's tariff sales service to transportation service will not include any excise taxes associated with the cost of gas. Columbia proposes the establishment of a Stranded Excise Tax Recovery Rider to recover the shortfall that Columbia will experience in its recovery of excise taxes associated with the cost of gas during the first twelve months a customer moves from historic sales service to transportation service.

Both of the Stranded Costs Recovery Riders, the GCR Transition Rider, and the Stranded Excise Tax Recovery Rider are more fully explained and defined in the Program description and tariff sheets attached hereto. The magnitude of each of these riders is directly proportional to the number of customers who leave sales service and migrate to transportation service. Therefore, the exact rate of each of these riders cannot be determined at this time. By March 15, 1997, Columbia will file revised tariff sheets which will include the rates for each rider listed above. Also, because customers may migrate from sales service to transportation service, and then revert back to sales service from Columbia, the amount of the riders may change over time. Therefore, after its revised filing on March 15, 1997 as explained above, Columbia will thereafter include in its regular GCR filings any changes in the rider rates.

A balancing fee will also be instituted under the Program proposed by Columbia. The balancing fee of $.35 (thirty-five cents) will be charged to participating marketers for whom Columbia will provide a daily balancing service. Such fee is explained in more detail in the Program description and tariff sheets attached hereto. Columbia will hereafter include in its regular GCR filings any changes in the balancing fee.

Under the proposed Program, a marketer will be able to terminate service to its customers for non-payment. Such customers will automatically revert to tariff sales service with Columbia and at that time, all Commission rules and regulations relating to termination of service will apply to the customer's newly established service relationship with Columbia.

In Case No. 85-800-GA-COI, the Commission promulgated guidelines for gas transportation programs. Parts of the proposed program may not be consistent with the transportation guidelines — e.g., the requirements for backup service, the required offering of firm and interruptible transportation rates, and the implicit requirement of individual agreements between Columbia and each transportation customer. To the extent that there are any discrepancies between the transportation guidelines and the program proposed herein, Columbia requests that the any conflicting provisions of the guidelines be waived.

In order to expedite the process by which this application may be approved, Columbia has served this Application upon all members of its Collaborative and upon all marketers known to operate in Columbia's service territory. Columbia requests that the Commission require that comments be filed by interested parties by no later than October 31, 1996. If the Collaborative is able to reach agreement on any of the outstanding matters, then any comments to an amended filing would be due within seven days of that amendment being filed. Further, in order to proceed with efforts at resolution of any issues, Columbia requests that the Commission promptly schedule a conference involving all interested parties, including a Commission staff member, during which parties may discuss, and attempt to resolve, outstanding issues. In order to begin timely implementation of the Program, Columbia respectfully requests that the Commission approve this application as soon as possible, and by no later than November 27, 1996.

3. **TARIFFS AFFECTED**: See Exhibit B

4. **Attached hereto and made a part hereof are**:

_X_ Exhibit A - existing schedule sheets (to be superseded) if application

_X_ Exhibit B - proposed schedule sheets

_X_ Exhibit C-1

a. if new service is proposed, describe; (See attached Program description)

b. if new equipment is involved, describe (preferably with a picture, brochure, etc.) and where appropriate, a statement distinguishing proposed service from existing services;

c. if proposed service results from customer requests, so state, giving if available, the number and type of customers requesting proposed service.

_ Exhibit C-2 - if a change of classification, rule or regulation is proposed, a statement explaining reason for change.

_ Exhibit C-3 - statement explaining reason for any proposal not covered in Exhibits C-1 or C-2.

X Exhibit C-4 - aggregation service agreement to be used in the implementation of the new service.

5. This application will not result in an increase in any rate, joint rate, toll, classification, charge or rental.

6. Applicant respectfully requests that the Commission approve: the proposed Program; the proposed tariff sheets, to become effective on the date, subsequent to filing, to be shown on the proposed schedule sheets which will be filed with the Commission, and to be in the form of the schedule sheets in Exhibit B; and, the requested waivers from the Commission's transportation guidelines. Columbia also respectfully requests that the Commission set a deadline of October 31, 1996 for the filing of comments, promptly schedule a conference, and approve the Program by November 27, 1996, for the reasons stated herein.

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AFFIDAVIT

STATE OF OHIO	)	
	)	ss:
FRANKLIN COUNTY	)	

John W. Partridge, Jr. and Andrew J. Sonderman, being first duly cautioned and sworn, depose and say that they are Senior Vice President and Secretary respectively of Columbia Gas of Ohio, Inc., Applicant herein, that the statements and schedules submitted herewith contain proposed revisions to existing schedule sheets, establish the facts and grounds upon which this Application is based, and that the data and facts set forth herein are true to the best of their knowledge and belief.

John W. Partridge, Jr.
Senior Vice President

Andrew J. Sonderman
Secretary

Sworn to before me and subscribed in my presence this 16th of Oct, 1996.

Janet E. Brookbank
Notary Public

SEAL

NOTARIAL SEAL
STATE OF OHIO

JANET E. BROOKBANK
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES NOV. 4, 2000

EXHIBIT A

EXISTING SCHEDULE SHEETS

constraints and without adversely affecting the Company's ability to provide reliable service to its firm customers. Such areas shall be shown on maps maintained by the Company, as modified from time to time due to changes in operating conditions.

W. "**Account**" includes all gas consumption which (1) is consumed by the same individual, governmental, or corporate entity, including subsidiaries and affiliates, and (2) occurs on property which is either contiguous or is separated by no more than the width of a public or private right-of-way.

43. REQUIREMENTS FOR TRANSPORTATION SERVICE

(A) **Conditions of Service.** All transportation customers or their agents must have a personal computer which is capable of receiving notices from Company of any consumption limitations or interruptions imposed pursuant to Parts 47 or 48, twenty-four hours a day, seven days a week. Pursuant to Part 49, all transportation customers must either subscribe to (1) Volume and Banking Balancing Service or (2) be placed on a daily cash out provision. Customer's election in this regard shall be set forth in Customer's Service Agreement.

(B) **Daily Measuring Device.** All customers that are required by Part 49 to install a daily measuring device, or who elect to install a daily measuring device, must pay all costs associated with the purchase and installation of a daily demand reading meter (i.e., a meter equipped with an electronic measurement (EM) or automatic meter reading (AMR) device) and associated telemetering equipment. Such customers shall also provide and pay for a dedicated telephone line and the AC electric power necessary to operate such electronic measurement and telemetering equipment. The meter, electronic measurement device (EM or AMR), and associated telemetering equipment shall be and remain the property of the Company. All customers/customer groups without daily measurement devices are subject to the issuance of Operation Flow Orders pursuant to Part 63. All customers/customer groups with daily measurement devices are subject to the issuance of Operation Matching Orders pursuant to Part 64.

(C) **Electronic Bulletin Board.** Customer or Customer's agent shall have access to Company's Electronic Bulletin Board.

43a. SERVICE AGREEMENT

Before commencing service hereunder, Customer shall execute a service agreement in the form contained herein. The service agreement shall set forth: (1) the point(s) of receipt at which Company will accept delivery of Customer's gas; (2) the point(s) at which Company will redeliver gas to Customer's facilities; (3) Customer's maximum daily and annual transportation volumes; (4) daily meter reading service election and (5) the specific services and levels of such services for which customer has contracted.

EXHIBIT B

PROPOSED TARIFFS

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

Billing Adjustments

41a. The following adjustment(s) to the billing rates are applicable to all customers served under rate schedules FRSGTS and FRGTS:

(a) GCR Transition Rider

(b) Interim Emergency and Temporary PIP Plan Tariff Schedule Rider.

(c) Temporary Base Rate Revenue Rider

(d) FERC Order 636 Transition Costs

(e) Stranded Costs Recovery Rider

(f) Stranded Excise Tax Recovery Rider

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

constraints and without adversely affecting the Company's ability to provide reliable service to its firm customers. Such areas shall be shown on maps maintained by the Company, as modified from time to time due to changes in operating conditions.

W. **"Account"** includes all gas consumption which (1) is consumed by the same individual, governmental, or corporate entity, including subsidiaries and affiliates, and (2) occurs on property which is either contiguous or is separated by no more than the width of a public or private right-of-way.

X. **"Demand Curve"** means an equation relating the Daily Demand of a Customer Group to such explanatory variables as the daily temperature and the impacts of weekday, weekends and holidays. This equation will include daily temperature as an explanatory variable only during the heating months. Columbia will utilize a weather service vendor to provide the temperature data, both forecast and actual, and will provide these temperature data to the marketers. The projected values of the explanatory variables and the demand curve equation together provide the projected Daily Demand of the marketer's aggregate group. Columbia calculates the weighted average temperature for each Columbia Transmission operating area, based on the temperature for the individual weather stations. The demand curve uses this weighted average temperature.

Y. "Daily Demand" means customer or customer group demand on any day.

Z. "Day" means 24 hour period beginning at 8:00 a.m.

AA. "Columbia Customer Choice Program" means gas transportation service provided under Columbia's FRSGTS and FRGTS rate schedules in combination with Columbia's Full Requirements Aggregation Service.

BB. "Marketer" means gas supplier under the Columbia Customer Choice Program.

CC. "Residential Customer" means customer using gas in a single-family residential dwelling or unit for space heating, air conditioning, cooking, water heating, incineration,refrigeration, laundry drying, lighting, incidental heating, or other domestic purposes. Includes a tenant billed for natural gas consumption or use by other tenants at the same premises.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

DD. "Commercial Customer " is a customer using gas through a single meter in commercial activities such as apartment buildings, rooming and boarding dwellings, residential hotels, multifamily row housing, doubles, duplexes, combination commercial and residential accounts be considered commercial if usage is half or more than half of the total service, and for all other situations where gas is supplied to consumers in two or more dwelling units designed for the primary purposes of residences. Includes warehousing, distributing or selling commodities, providing professional services, wholesale and retail stores, offices, office buildings, hotels, clubs, lodges, associations, restaurants, railroad and bus stations, banks, laundries, dry cleaners, mortuaries, garages for commercial activity, gasoline stations, theaters, bowling alleys, billiard parlors, motor courts, camps, bars, grills, taverns, retail bakeries, private hospitals, private schools, churches, religious and charitable institutions, governmental agencies or the like.

EE. "Industrial Customer" means a customer using gas primarily in a process which either involves the extraction of raw or unfinished materials in another form or product through the application of heat or heat treating, steam agitation, evaporation, baking, extraction, drying, distilling, etc.

FF. "Flowing Supply" means gas delivered from sources other than storage, generally via of firm or interruptible transportation capacity.

GG. "Design Temperature" means the coldest daily temperature for which Columbia plans capacity and supply.

HH. "Design Demand" means customer demand on a day with Design Temperature.

43. REQUIREMENTS FOR TRANSPORTATION SERVICE

(A) **Conditions of Service.** All transportation customers or their agents must have a personal computer which is capable of receiving notices from Company of any consumption limitations or interruptions imposed pursuant to Parts 47 or 48, twenty-four hours a day, seven days a week. Pursuant to Part 49, all transportation customers must either subscribe to (1) Volume and Banking Balancing Service or (2) be placed on a daily cash out provision. Customer's election in this regard shall be set forth in Customer's Service Agreement.

(B) **Daily Measuring Device.** All customers that are required by Part 49 to install a daily measuring device, or who elect to install a daily measuring device, must pay all costs associated with the purchase and installation of a Daily Demand reading meter (i.e., a meter equipped with an electronic measurement (EM) or automatic meter reading (AMR) device) and associated telemetering

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

equipment. Such customers shall also provide and pay for a dedicated telephone line and the AC electric power necessary to operate such electronic measurement and telemetering equipment. The meter, electronic measurement device (EM or AMR), and associated telemetering equipment shall be and remain the property of the Company. All customers/customer groups without daily measurement devices are subject to the issuance of Operation Flow Orders pursuant to Part 63. All customers/customer groups with daily measurement devices are subject to the issuance of Operation Matching Orders pursuant to Part 64.

(C) **Electronic Bulletin Board.** Customer or Customer's agent shall have access to Company's Electronic Bulletin Board.

43a. **SERVICE AGREEMENT**

Before commencing service hereunder, Customer shall execute a service agreement in the form contained herein. The service agreement shall set forth: (1) the point(s) of receipt at which Company will accept delivery of Customer's gas; (2) the point(s) at which Company will redeliver gas to Customer's facilities; (3) Customer's maximum daily and annual transportation volumes; (4) daily meter reading service election and (5) the specific services and levels of such services for which customer has contracted. This provision does not apply to a customer that signs a service agreement with a marketer for service under Columbia's Customer Choice Program.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

FULL REQUIREMENTS SMALL GENERAL TRANSPORTATION SERVICE (FRSGTS)

APPLICABILITY

Applicable in all of Lucas County and within the municipalities of Perrysburg, Rossford, Walbridge, Moline, Stony Ridge, Northwood, Genoa and Millbury served by Columbia.

AVAILABILITY

Available to any residential or commercial customer that meets the following requirements:

A. The customer must be part of a Customer Group, as the term is defined herein;

B. The Customer Group consists of either (1) a minimum of 200 residential customers; or (2) a group of commercial customers with at least 20,000 Mcf of annual throughput; the Customer Group is served by a single marketer; and the Marketer must executed an "Full Requirements" aggregation service agreement with Columbia;

C. The Marketer must have acquired, or agreed to acquire, an adequate supply of natural gas of a quality acceptable to Columbia, including allowances for (1) retention required by applicable upstream transporters; and (2) lost and unaccounted-for gas to be retained by Columbia. The marketer has made, or has caused to be made, arrangements by which gas supply can be transported directly to specified receipt points on the Columbia's distribution system; and,

D. The customer consumes less than 300 Mcf per year between September 1 and August 31. Annual consumption for Customers served hereunder will be reviewed each August 31st. All customers who use less than 300 Mcf annually, participating in Columbia's Percentage of Income Payment Plan, will be served under this rate schedule.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

CHARACTER OF SERVICE

Service provided under this schedule shall be considered firm service.

DELIVERY CHARGE

The maximum rates for all Customer-owned volumes delivered by Columbia to Customer's facility where gas is being consumed are:

All gas delivered per account per month $1.5828 per Mcf
A customer charge of $6.50 per account per month

The minimum rate shall not be less than the variable cost of providing service hereunder plus some contribution to fixed costs. Unless otherwise agreed by Columbia and Customer, Customer shall pay the maximum rate for all volumes delivered hereunder.

BILLING ADJUSTMENTS

For all gas delivered hereunder, the bill shall be computed to reflect applicable billing adjustments as set forth in Part 41a of the Columbia's Rules and Regulations governing the distribution and sale of gas.

UNACCOUNTED-FOR GAS

Columbia will retain a percentage of all volumes delivered to it for the account of Customer to offset gas which is unaccounted-for in transporting these volumes. The unaccounted-for percentage is based on the Columbia's system wide average for the twelve (12) months ending August 31 of each year and is placed in effect as soon as practicable following the determination of the percentage.

LATE PAYMENT CHARGE

Upon next scheduled billing date, one and one-half percent (1-1/2%) will be applied to the unpaid balance of $2,000 or more, as provided in Part No. 40 of the Columbia's Rules and Regulations governing the distribution and sale of gas.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

FULL REQUIREMENTS GENERAL TRANSPORTATION SERVICE (FRGTS)

APPLICABILITY

Applicable in the area of all of Lucas County and within the municipalities of Perrysburg, Rossford, Walbridge, Moline, Stony Ridge, Northwood, Genoa and Millbury served by the Company.

AVAILABILITY

Available to any residential or commercial customer that meets the following requirements:

A. The customer must be part of a Customer Group, as the term is defined herein;

B. The Customer Group consists of either (1) a minimum of 200 residential customers: or (2) a group of commercial customers with at least 20,000 Mcf of annual throughput; the Customer Group is served by a single Marketer; and the Marketer must have executed an "Full Requirements" aggregation service agreement with Columbia;

C. The Marketer must have acquired, or agreed to acquire, an adequate supply of natural gas of a quality acceptable to Columbia, including allowances for (1) retention required by applicable upstream transporters; and (2) unaccounted-for gas to be retained by Columbia. The marketer has made, or has caused to be made, arrangements by which gas supply can be transported directly to specified receipt points on the Columbia's distribution system; and,

D. The customer consumes at least 300 Mcf but less than 2,000 Mcf per year between September 1 and August 31 or is a commercial human needs customer. Annual consumption for Customers served hereunder will be reviewed each August 31st. All customers who use at least 300 Mcf but less than 2,000 Mcf annually, participating in Columbia's Percentage of Income Payment Plan, will be served under this rate schedule.

CHARACTER OF SERVICE

Service provided under this schedule shall be considered firm service.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

DELIVERY CHARGE

Columbia will charge the following maximum rates for all Customer-owned volumes delivered by Columbia to Customer's facility where gas is being consumed:

First 25 Mcf per account per month $1.5250 per Mcf
Over 25 Mcf per account per month $1.4427 per Mcf

A customer charge of $16.50 per account per month, regardless of gas consumed.

The minimum rate shall not be less than the variable cost of providing service hereunder plus some contribution to fixed costs. Unless otherwise agreed by Columbia and Customer, Customer shall pay the maximum rate for all volumes delivered hereunder.

BILLING ADJUSTMENTS

For all gas delivered hereunder, the bill shall be computed to reflect applicable billing adjustments as set forth in Part 41a of the Columbia's Rules and Regulations governing the distribution and sale of gas.

UNACCOUNTED-FOR GAS

Columbia will retain a percentage of all volumes delivered to it for the account of Customer to offset gas which is unaccounted-for in transporting these volumes. The unaccounted-for percentage is based on the Columbia's system wide average for the twelve (12) months ending August 31 of each year and is placed in effect as soon as practicable following the determination of the percentage.

LATE PAYMENT CHARGE

Upon next scheduled billing date, one and one-half percent (1-1/2%) will be applied to the unpaid balance of $2,000 or more, as provided in Part No. 40 of the Columbia's Rules and Regulations governing the distribution and sale of gas.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

SECTION VI - Full Requirements Aggregation Service

67. AGGREGATION SERVICE

(A) **Availability.** This service is available to Marketers delivering gas, on a firm basis, to the Company's city gates on behalf of customers receiving transportation service from the Company under Rate Schedules FRSGTS and FRGTS. Service hereunder allows marketers to deliver to the Company, on an aggregated basis, those natural gas supplies that are needed to satisfy the requirements of customer groups participating in Columbia's Customer Choice Program.

(B) **Aggregation Pool.** Marketers will be allowed to establish one or more customer pools for aggregation purposes. Customers within an aggregation pool must be located within the same Columbia Gas Transmission Corporation operating area. The aggregation pool referred to herein shall mean the Customer Group the marketer establishes for provision of service under the Company's FRSGTS and FRGTS rate schedules.

(C) **Aggregation Agreement.** Before commencing service hereunder, marketer(s) must have executed a service agreement with the Company and must provide for each Customer Group: (1) a list of all customers included in the Customer Group; and (2) a copy of the consent form between each customer and the marketer. One master agreement will be allowed for multiple aggregations.

The benefits and obligations of this service agreement shall begin when the Company commences to supply gas service. It shall inure to and be binding upon the successors and assigns, survivors and executors or administers as the case may be, or the original parties thereto, respectively, for the full term thereof. However, no agreement for service may be assigned or transferred without the written consent of or approval of the Company which shall not be unreasonably withheld.

(D) **Requirements for Participation.** Marketers desiring to participate in the Columbia Choice Customer Choice will be evaluated to establish credit levels acceptable to the Company. Marketers not meeting the necessary credit level will be required, at Columbia's option, to provide additional security in the form of a letter of credit, surety bond, cash deposit, and/or appropriate guaranty to participate.

In order for Columbia to complete the evaluation, marketers will be required to provide the following information:

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

SECTION VI- Full Requirements Aggregation Service

1. Current financial statements prepared in the last 12 months;
2. Most recent annual report, 10K or 10Q;
3. List of parent company and other affiliates;
4. Names, addresses, and telephone numbers of 3 trade references; and
5. Names, addresses, and telephone numbers of banking institution contacts.

Evaluations will be based on standard credit factors such as previous customer history, Dun & Bradstreet financial and credit ratings, trade references, bank information, unused line of credit, and financial information. Columbia shall have sole discretion to determine credit worthiness based on the above criteria but will not deny credit worthiness without reasonable cause.

A fee of $50.00 will be assessed for each evaluation. Columbia reserves the right to conduct evaluations during the course of the program when information has been received by Columbia that indicates the credit worthiness of a marketer may have deteriorated or that the marketer's program is exceeding the credit level previously approved by Columbia.

(E) **Code of Conduct:** Each marketer participating in the Columbia's Choice Program shall:

1. communicate to its customers, in clear understandable terms, the customers' rights and responsibilities under their agreements with the marketer as participants in the Columbia Customer Choice Program.

2. Include pricing and payment terms that are clear and understandable, and are included within the same paragraph of the written agreement between the customer and the marketer;

3. refrain from engaging in communications or practices which are fraudulent, deceptive, or misleading;

4. deliver gas to Columbia on behalf of its customers in accordance with the requirements of the Columbia Customer Choice Program; and

5. undergo a credit evaluation, at the Marketer's expense, to assure that the marketer is sufficiently credit-worthy to protect against damages resulting from any failure to deliver gas in accordance with the requirements of the program, and to assure payment of any PUCO-approved charges for any such failure.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

SECTION VI- Full Requirements Aggregation Service

6. adhere to all of The Columbia's Customer Choice program procedures promulgated by Columbia.

If a marketer fails to deliver gas in accordance with the requirements of the Columbia Choice Program, thereby not complying with Part 67E(3) above, Columbia shall have the discretion to suspend temporarily such marketer's participation in the Columbia Customer Choice Program, pending further review of the marketer's failure by the review panel, as described below. If the Marketer is suspended or expelled from Columbia's Customer Choice program, customers in the marketer's pool shall revert to Columbia sales service, unless and until said customer joins another customer pool.

A review panel shall be established, consisting of one representative each from Columbia, the PUCO, OCC and two marketers. The panel may, upon a majority vote of the representatives present, exclude any marketer from further participation, either temporarily or permanently, in the Columbia Customer Choice Program for any failure to comply with the foregoing Code of Conduct.

(F) **Customer Sign-Up Procedure.** Customers participating in the Columbia's Customer Choice Program, must execute a "Customer Consent Form" which states that the customer has agreed to participate in the Program and signed a written agreement with the marketer which states the terms and conditions covering the customer's gas supply purchase. The format of the consent form may be designed by the marketer but must include the information shown on Original Sheet No. 83. Marketers must provide a copy of each completed and executed Customer Consent Form to Columbia no later than 45 days after the marketer has notified Columbia of the customer's intent to participate in the program. Marketers will provide a computer spreadsheet listing all of their accounts via electronic means suitable to Columbia. The listing shall include customers' account numbers, service addresses and account names. Accounts must be listed in alphabetical order. The marketer will be responsible for verifying the eligibility of each customer.

Columbia will verify the listing with its database and then provide the marketer a normalized monthly volumetric profile and Demand Curve for the customers in the aggregate as well as an exceptions report. In the event that a customer attempts to join more than one Customer Pool, with more than one marketer, the computer listing first processed by Columbia will be used to determine which Customer Pool the customer will be assigned.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

SECTION VI- Full Requirements Aggregation Service

Any incomplete submittal will be returned to the marketer for completion.

Marketers will be provided with a diskette listing their customers no later than the 20th of the month prior to the program start date. Columbia will provide an accompanying letter listing the capacity assignment and the demand curve.

The written agreement between the marketer and the customer must contain the following information in order for the marketer to participate in the program:

1) The marketer's customer service address and telephone number;

2) A statement describing the marketer's dispute resolution procedure;

3) Provide Columbia and the customer at least 30 days notice prior to discontinuing service to any customer for any reason.

4). An agreement to permit residential customers to leave the Marketer's Customer Pool and join any other Customer Pool, or revert back to sales service from Columbia, as long as the customer provides at least 60 days notice to the Marketer and Columbia and pays a $10 switching fee to Columbia.

5) A clear presentation of the terms of the gas purchase agreement, including the price, billing and payment terms.

The written agreement between the Marketer and the customer may be terminated for (1) for non-payment of the customer gas cost provided the marketer has given no less than a thirty (30) day notice of termination of service; or (2) a customer switches to another marketer.

(G) Optional Assignment of Capacity. Marketers participating in Columbia's Choice Program may elect the assignment of firm capacity under Columbia Gas Transmission's rate schedules Firm Transportation Service (FTS), Firm Storage Service (FSS) including Storage Service Transportation (SST) and Columbia Gulf Transmission Corporation's Rate Schedules FTS-1 and FTS-2. Capacity is offered in the same proportion as contracted for by the Company to serve its existing peak day requirements. Total capacity offered will be equal to the customer group peak day demand as estimated by the Company. Marketers may elect to take less than the maximum capacity offered.

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SECTION VI - Full Requirements Aggregation Service

Marketers may elect the assignment of firm transportation and storage capacity, provided capacity is assigned in accordance with the following provisions:

(1) Each Customer Group must be located within a single Columbia Gas Transmission operating area for purposes of assignment.

(2) Assignment of firm capacity on Columbia Gulf Transmission will be provided only if the Marketer accepts an equal amount of firm transportation capacity on Columbia Gas Transmission Corporation, adjusted for retention. Marketers that elect Columbia Gulf FTS-2 must also elect Columbia Gulf FTS-1.

(3) The Marketers must elect at least the minimum storage capacity required for daily balancing as determined by the Company to be eligible for assignment of firm storage capacity.

(4) Firm Storage Service Capacity (FSS) will be assigned in the same ratio of seasonal contract quantity (SCQ) to maximum daily storage quantity (MDSQ) as contained in the Company's contract with Columbia Gas Transmission Corporation. Marketers must also elect equal levels of Columbia Gas Transmission Corporation's SST capacity and MDSQ. Marketers which elect storage assignment must meet minimum prescribed storage inventory of 98% at November 1; a minimum inventory level of 30% at February 11th; and a minimum of 2% on April 1. Marketers must pre-authorize Columbia Gas Transmission Corporation to provide this inventory information to the Company on these dates.

(5) Capacity assignment, if any, will be for a period of twelve months.

(6) Marketers assigned capacity are subject to the terms and conditions of the tariffs of those transmission companies on whose facilities capacity was assigned.

(7) A marketer which elects assignment of storage capacity may serve the daily demands of its customers through any combination of Flowing Supply and storage withdrawals, subject only to limitations of the pipeline tariffs. A marketer which does not elect storage assignment must instead serve the demands of its customers through the Daily Balancing Option described in Section (67J). Columbia may recall capacity to resume service to customers in any instance where a marketer fails to serve the daily demands of its customers.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

SECTION VI - Full Requirements Aggregation Service

The Company will adjust, at the marketer's request, firm transportation capacity assignments monthly to reflect changes in peak day requirements resulting from gains or losses of customers. The Company will adjust, at the marketer's request, the assignment of storage capacity five days prior to close of bidding for the November billing month, to be effective November 1. If the storage assignment changes on November 1, Columbia and the marketer will make a corresponding inventory transfer at the applicable LIFO rate, plus excise taxes. If additional customers join a marketer's Customer Pool, so that the assignment to the marketer increases, the marketer will pay Columbia for the storage capacity charges Columbia incurred during the period April through October on the incremental capacity, including both FSS and SST. If the Marketer looses customers so that storage capacity is returned, Columbia will pay the Marketer the storage capacity charges it incurred on the returned capacity during the period April through October reduced for those costs already by the Marketer from its customers.

(H) RETURN OF CAPACITY AND STORAGE INVENTORY. If a Marketer who has elected storage capacity assignment in the prior year elects, effective April 1, to return the storage capacity to Columbia, the Marketer may choose how to dispose of any inventory remaining in storage. The Marketer will have the option to sell the inventory to Columbia at 95 percent of the difference of 1) the Mid-Atlantic City Gate Columbia Gas Price Index reported in the first Gas Daily published in April, minus 2) Columbia Gas Transmission Corporation SST commodity and fuel charges.

If the Marketer elects to quit the Columbia Customer Choice Program on April 1, Columbia shall have the right to recall any capacity assigned to the Marketer, and the Marketer shall have the right to return the capacity. The Marketer will have the option to sell the inventory to Columbia at 95 percent of the difference of 1) the Mid-Atlantic City Gate Columbia Gas Price Index reported in the first Gas Daily published in April, minus 2) Columbia Gas Transmission Corporation SST commodity and fuel charges.

If the Review Panel excludes a Marketer from further participation in the Columbia Customer Choice Program and that Marketer has previously elected capacity assignment, then Columbia will recall the capacity, but the Marketer remains responsible for the payment of the demand charges for the capacity for the remainder of the 12-month period. Columbia shall have the option to buy the storage inventory held by the marketer for its Customer Group. Columbia's purchase price will equal 95 percent of the difference of 1) the Mid-Atlantic City Gate Columbia Gas Price Index reported in the first Gas Daily published on the day the Review Board issues its decision, minus 2) Columbia Gas Transmission Corporation SST commodity and fuel charges.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

SECTION VI - Full Requirements Aggregation Service

(I) **REASSIGNMENT OF CAPACITY.** Marketers may reassign capacity subject to recall by the Company. The assignee shall remain subject to all operational flow orders and recall provisions invoked by Columbia. The assignee continues to be responsible to Columbia for payment of all upstream pipeline charges associated with the assigned capacity, including, but not limited to demand and commodity charges, shrinkage, injection and withdrawal charges, GRI charges, cash outs, transition costs, pipeline overrun, actual cost adjustments and all other applicable charges.

(J) **DAILY BALANCING OPTION.** Marketers which do not elect assignment of minimum storage requirements for daily balancing purposes must contract with Columbia for daily balancing service in accordance with the following provisions:

(1) Deliveries will be made pursuant to a demand curve for each customer group. Marketers must deliver to the city gate each day the volume projected by that demand curve, unless otherwise directed by Columbia. Columbia may revise the demand curve as it deems necessary. Columbia will provide daily balancing service for the difference between actual demand and the demand projected by the Demand Curve. Any marketer which fails to deliver gas volumes in accordance with the projected demand curve may be excluded from participation in the program.

(2) Marketers that subscribe for this service will be billed the Optional Balancing Charge rate per Mcf set forth on Original Sheet No. 88 on all volumes delivered to the customer group each billing month. This rate will be updated concurrent with the Company's Gas Cost Recovery filings to reflect changes in the rates of those suppliers whose services underlie the provision of this service.

(3) Columbia may modify downward the demand curve during the billing months of October and November to provide for deliveries by the marketer of less gas than the projected consumption level of the customer group.

Columbia may modify the Demand Curve upward during the months of May through August to offset underdeliveries in the months of October and November. Columbia will notify Marketers by April 15 of all volumes to be delivered in excess of the Demand Curve requirements during the months of May through August.

Marketers which elect this service are subject to Operational Flow Orders issued

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

SECTION VI- Full Requirements Aggregation Service

by Columbia as described in Part 67M of this tariff. Columbia may suspend from this program any marketer which does not comply with an Operational Flow Order.

(K) **MEASUREMENT OF DELIVERED VOLUMES.** Monthly volumes billed to participating customers shall be considered actual volumes delivered, whether the meter reading is actual or calculated.

(L) **QUARTERLY RECONCILIATION.** Columbia will reconcile imbalances on a quarterly basis. Using metered consumption data, Columbia will calculate for each Marketer the difference between (1) the marketer's deliveries for the prior quarter and (2) the actual consumption of the Marketer's aggregate Customer Group, both calculated at the city gate. The calculation will consider any adjustment from a prior quarter. The Marketer will have the option as to how the imbalance will be made up. However, the Marketer must declare its choice in the aggregation agreement. The choices are 1) to be paid or billed for the imbalance at the average for the three months of the quarter of the midrange of the Mid-Atlantic Citygate Columbia Gas price index reported in the first Gas Daily published each month or 2) exchange gas with Columbia via a storage inventory transfer or delivery over the next 30 days.

(M) **OPERATIONAL FLOW ORDERS**

Marketers are subject to the Company's issuance of operational flow orders which will direct each marketer to adjust scheduled volumes to match the Customer Group's estimated usage. However, on days with projected temperature colder than the design winter peak day temperature, the Marketer will have two options. The Marketer may: 1) deliver to Columbia the volume of gas equal to the projected demand; or 2) the marketer may deliver to Columbia only that volume equal to the design peak day demand, and rely on Columbia to acquire the incremental volume, the difference of the projected demand minus the design peak day demand. If the Marketer selects the second option, the Marketer will pay Columbia for its costs in obtaining the incremental supply. Failure of the Marketer to deliver volume in accordance with their selected option shall be grounds for expulsion from Columbia's Customer Choice Program.

Failure to comply with an Operational Flow Order will result in the billing of the following charges to the OFO shortfall which is to be defined as the difference between the daily OFO volume and actual daily deliveries:

(1) the payment of a gas cost equal to the highest incremental cost paid by Columbia on the date of non-compliance;

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(2) one month's demand charges on the OFO shortfall. This charge shall not be imposed more frequently than once in any thirty day period; and

3) the payment of all other charges incurred by Columbia on the date of the OFO shortfall.

(N) **Standards of Conduct.** In operation of the Columbia Customer Choice Program, the Company will adhere to the following Standards of Conduct for Marketing Affiliates and Internal Merchant Operations:

(1) Columbia must apply any tariff provision relating to transportation service in the same manner to the same or similarly situated persons if there is discretion in the application of the provision.

(2) Columbia must strictly enforce a tariff provision for which there is no discretion in the application of the provision.

(3) Columbia may not, through a tariff provision or otherwise, give its marketing affiliate or customers of its affiliate preference over non-affiliated gas suppliers or customers in matters relating to transportation service including, but not limited to, scheduling, balancing, metering, storage, standby service or curtailment policy.

(4) Columbia must process all similar requests for transportation in the same manner and within the same approximate period of time.

(5) Columbia shall not disclose to anyone other than a Columbia Gas of Ohio employee any information regarding an existing or proposed gas transportation arrangement, which Columbia receives from (i) a customer or supplier, (ii) a potential customer or supplier, (iii) any agent of such customer or potential customer, or (iv) a marketer or other entity seeking to supply gas to a customer or potential customer, unless such customer, supplier, agent, or marketer authorizes disclosure of such information.

(6) If a customer requests information about marketers, Columbia should provide a list of all marketers operating on its system, but shall not endorse any Marketer no indicate that any Marketer will receive a preference because of a corporate relationship.

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(7) To the extent Columbia provides its marketing affiliate information related to the transportation, sales, or marketing of natural gas, including but not limited to Columbia customer lists, it must provide that information, upon request, to all potential shippers, affiliated and non-affiliated, on its system, under similar terms and conditions.

(8) To the maximum extent practicable, Columbia's operating employees and the operating employees of its marketing affiliate must function independently of each other. This includes complete separation of the gas or natural gas Company's procurement activities from the affiliated marketing company's procurement.

(9) Columbia shall not condition or tie its agreements for gas supply or for the release of interstate pipeline capacity to any agreement by a gas supplier, customer or other third party in which its marketing affiliate is involved.

(10) Columbia and its marketing affiliate shall keep separate books of accounts and records.

(11) If Columbia offers its affiliate or a customer of its affiliate a discount, rebate or fee waiver for transportation services, balancing, meters or meter installation, storage, standby service or any other service offered to shippers, it must offer discounts, rebates or fee waivers to all similarly situated non-affiliated suppliers or customers to all similarly situated non-affiliated suppliers or customers under similar terms and conditions.

(12) Neither Columbia nor its marketing affiliate personnel shall communicate to any customer, supplier or third party the idea that nay advantage might accrue for such customer, supplier or third party in the use of Columbia's service as a result of that customer's supplier's or other third party's dealing with its marketing affiliate.

(13) Columbia shall establish a complaint procedure for issues concerning compliance with these standards of conduct. All complaints, whether written or verbal, shall be referred to the general counsel of Columbia. The general counsel shall orally acknowledge the complaint within five (5) working days of receipt. The general counsel shall prepare a written statement of the complaint which shall contain the

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION
AND SALE OF GAS

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name of the complainant and a detailed factual report of the complaint, including all relevant dates, companies involved, employees involved, and specific claim. The general counsel shall communicate the results of the preliminary investigation to the complainant in writing within thirty (30) days after the complaint was received including a description of any course of action which was taken. The General Counsel shall keep a file with all such complaint statements for a period of not less than three years.

(O) OTHER RULES AND REGULATIONS

Except to the extent superseded herein, Section I through V of the Company's Rules and Regulations Governing the Distribution and Sale of Gas and such other Commission rules are as applicable shall apply to all gas transportation service provided hereunder.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION
AND SALE OF GAS

SECTION VI- Full Requirements Aggregation Service

CUSTOMER CONSENT FORM

I have signed a written agreement for the purchase of natural gas supply containing the terms and conditions of my service with my Marketer, ________________________. I understand and agree to those terms, and agree to participate in the program as a transportation delivery service customer. My Marketer is entitled to obtain my historic and current gas usage data from Columbia Gas.

______________________________ ______________________

Signature of Customer Date

____

Print or Type Name

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS

68. GCR Transition Rider

APPLICABILITY:
Applicable to all customers served under rate schedules FRSGTS and FRGTS.

GCR TRANSITION RIDER
Each customer shall pay a surcharge of $ per Mcf that shall be applied to all volumes transported under rate schedules FRSGTS and FRGTS for pass through of Columbia's Quarterly Actual Cost Adjustment, Balance Adjustment and Refund Adjustment during the first twelve months each customer participates in Columbia's Customer Choice Program. These rates will be updated concurrent with Gas Cost Recovery filings to reflect changes in the Quarterly Actual Cost, Balance Refund Adjustments.

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69. Stranded Costs Recovery Rider

APPLICABILITY:

Applicable to all residential customers served under rate schedules FRSGTS and FRGTS.

STRANDED COSTS RECOVERY RIDER

A surcharge of $ per Mcf shall be applied to all volumes transported for recovery of stranded capacity costs resulting from the Columbia Choice Program. These rates will be updated concurrent with the Company's Gas Cost Recovery filings to reflect changes in supplier rates.

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70. Stranded Costs Recovery Rider

APPLICABILITY:

Applicable to all commercial customers served under rate schedules FRSGTS and FRGTS.

STRANDED COSTS RECOVERY RIDER

A surcharge of $ per Mcf shall be applied to all volumes transported for recovery of stranded capacity costs resulting from the Columbia Customer Choice Program. These rates will be updated concurrent with the Company's Gas Cost Recovery filings to reflect changes in supplier rates.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION
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71. Stranded Excise Tax Recovery Rider

APPLICABILITY:
Applicable to all customers served under rate schedules FRSGTS and FRGTS.

STRANDED EXCISE TAX RECOVERY RIDER
A surcharge of $ per Mcf shall be applied to all volumes transported under rate schedules FRSGTS and FRGTS. This surcharge recovers excise taxes paid by the Company, but not recovered, as a result of customers switching from sales to transportation as part of Columbia's Customer Choice Program.

RULES AND REGULATIONS GOVERNING THE DISTRIBUTION
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72. Optional Balancing Service

APPLICABILITY:

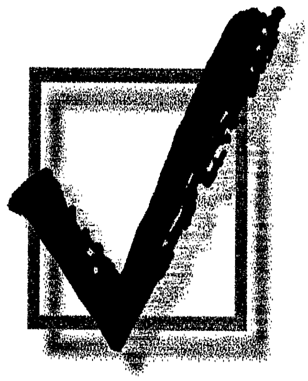
Applicable to all Marketers participating in Columbia's Customer Choice Program that elect to contract for Columbia's Operational Balancing Service.

RATE:

$.35 per Mcf for all volumes delivered to the Marketer's Customer Group during the billing month. These rates will be updated concurrent with the Company's Gas Cost Recovery filings to reflect changes in supplier rates.

EXHIBIT C-1

DESCRIPTION OF NEW SERVICE



COLUMBIA

Customer Choice

PROGRAM

COLUMBIA GAS
of Ohio

COLUMBIA CUSTOMER CHOICE PROGRAM

PROGRAM SCOPE

General

Columbia Gas of Ohio has filed an application with the Commission for approval to offer residential, small commercial, and commercial human needs transportation program to be effective April 1, 1997. Assuming approval of the program on a timely basis, Columbia will use the period November 1996 through March 1997 to educate the public about the program. Marketers will begin in mid-January 1997 to promote their products and services and to sign up customers so that the customers can begin taking service effective April 1, 1997.

The initial phase of the program will be limited to COH's Toledo market area which has approximately 158,500 residential customers, 11,500 small commercial customers (small commercial customers are defined as those using less than 2000 Mcf per year), and 650 commercial human needs customers. The initial phase will be expanded in future periods until all residential, small commercial, and commercial human needs customers of COH are eligible for the program. Columbia will convene a meeting of the Collaborative group each September to provide a critique of the program and to discuss its proposed plans for expansion of the program.

Eligibility

All residential, small commercial, and commercial human needs customers within the prescribed market area are eligible to participate in the program. PIPP customers will have a special program.

All marketers will be eligible to participate provided they meet the following criteria:

a. Marketer must meet certain credit-worthiness standards. Columbia will charge a $50 processing fee to cover the cost of a credit check.

b. Marketer must agree to participate in Columbia's Full Requirements Aggregation Service, as set forth in its tariffs.

c. 1) Marketer must have a minimum of 200 residential customers to participate in the residential program, or

Eligibility (continued)

(2) Marketer must have a minimum volume of 20,000 Mcf/yr to participate in the small commercial and commercial human needs program.

d. Marketer must agree to provide firm services to this market as set forth in Columbia's tariff. Reliability is a major emphasis of the program.

e. Marketer must agree to a Code of Conduct as set forth in Columbia's tariff. Columbia will also agree to a Standards of Conduct as set forth in its tariff.

f. Marketer must agree to flow gas in accordance with any OFO's issued by Columbia.

g. Marketer must agree to let a transporting customer switch back to Columbia or to another marketer at any time provided that the customer gives Columbia a minimum of 60 days notice and pays Columbia a $10 switching fee.

After nine months from when the program begins, Columbia will review the issue of whether maximum market share limitations should be placed on marketers. Its review will be based on actual experience to date. COH will then meet with the Collaborative group as soon as possible to discuss the issue.

Customer Protection

A written contract between the customer and marketer is required. (Columbia will not review the contract.) Items to be included in the contract include:

a. Marketer's customer service address and telephone number

b. A statement describing the marketer's dispute resolution procedure

c. A clear presentation of the terms of the gas purchase agreement (e.g., one year), the price, billing, and payment terms.

A marketer may terminate service to its customers for non-payment by giving a 30-day written notice. The customer would then revert to tariff service from Columbia and normal PUCO rules apply with respect to termination of service.

A Review Panel shall be established, consisting of one representative each from Columbia, the PUCO, the OCC, and 2 marketers who are participating in the program. The Panel shall meet periodically, as needed, to review customer and marketer complaints and to take such actions as necessary to minimize future problems. The Panel shall also have the right to, upon majority vote of representatives present, exclude any marketer from further participation, either temporarily or permanently, in the Columbia Customer Choice Program for failure to comply with the marketer Code of Conduct.

Sign-Up Procedure

The marketer is required to provide Columbia a copy of a written consent form executed by the customer whose name is on the gas bill. At a minimum, the consent form is to indicate that the customer has a written agreement with the marketer, desires to participate in this program, and authorizes the marketer to obtain gas usage data on their account from Columbia.

Customers may be added monthly. The Marketer will provide Columbia a listing of all participating customers via suitable electronic means. Columbia will verify the listing with its customer database and then provide the marketer with a normalized monthly volumetric profile and daily sendout curve for the customers in the aggregate.

Billing Options

The marketer may choose from 2 options in rendering a bill to the customer.

Option 1 - The marketer may opt to bill the customer the gas cost and have Columbia bill the customer the base rate transportation cost. (Customer receives 2 bills.) In this event:

a) Columbia is responsible for collection of the transportation bill, including arrearages;
b) marketer is responsible for collection of the gas cost bill, including arrearages.

Option 2 - The marketer may opt for Columbia to bill the total cost. In this event, Columbia:

a. is responsible for the collection of arrearages and total cost;
b. Columbia will include a statement on the bill indicating the marketer's participation in the program.
c. In the event that the customer does not pay the full amount billed, amounts remitted by the customer will first be applied to amounts billed for Columbia's transportation service.

All PIPP customers must be billed using Option 2.

Gas Supply Procedures

The marketer will have the option of whether or not to take assignment of COH's storage and firm transportation (FT).

Those marketers opting for assignment will receive storage and FT in the same ratio as COH's peak day design for residential customers (currently 28% FT and 72% storage). The storage would be assigned from Columbia Transmission (TCO) FSS storage service and the FT from TCO and Columbia Gulf (Gulf). Marketers may flow gas in the manner they choose but must abide by the tariffs of TCO and Gulf. Marketers will be billed by TCO and Gulf for this capacity.

Those marketers opting not to take storage assignment will be required to pay COH a $.35 per Mcf balancing fee on all throughput which will be credited to the GCR customers. They will also be required to schedule gas in accordance with the daily sendout curve provided by Columbia.

There will be a true-up between marketer deliveries and customer consumption on a quarterly basis. The marketer will have the option as to how the imbalance will be made up. However, the marketer must declare their choice in the Aggregation Service Agreement. The choices are 1) to be paid or billed for the imbalance at the average for the three months of the quarter of the midrange of the Mid-Atlantic Citygate Columbia Gas price index reported in the first *Gas Daily* published each month or 2) to exchange gas with COH via a storage inventory transfer or delivery of gas over the next 30 days.

Although significant emphasis will be placed on the marketer to provide the service as required, in the event the marketer can not provide the total supply, Columbia will continue to have the obligation to make up the difference. Marketers who do not perform satisfactorily may be terminated from the program.

Stranded Costs

Columbia is proposing a sharing of the stranded costs between transporting customers and non-transporting customers by customer class. Specifically, the total stranded cost of the customer class will be divided by the total throughput of the customer class to calculate a cost per Mcf. The transporting and non-transporting customers will then be charged accordingly. The charge will apply regardless of whether a marketer takes any capacity assignment.

The transporting customers will then pay their share of the stranded cost through a surcharge. The GCR customers will be credited the transportation surcharge plus the GCR will include the remaining stranded cost.

Customer
Education Program

Customer Education Program

Goal

To educate Toledo-area customers about residential transportation as a concept, and specifically about the program to be introduced in the Toledo area.

Strategy

The intended strategy is to emphasize customer choice, with any specific performance guarantees left to individual marketers. Customers will be reassured that Columbia will retain its traditional obligation to serve. The educational campaign also is intended to prepare customers for contacts from marketers without mentioning specific marketers by name and leaving all marketing activities to the individual companies.

Time-Line

COH will launch a grassroots effort aimed at community and customer groups and other stakeholders in November and December 1996 as preparation for intensive media-driven campaign with direct-mail piece to begin in early January 1997. COH's intensive campaign will continue through March 1997, with marketer education and marketing campaigns to begin in mid-January 1997. COH will conduct continuing maintenance campaigns following initial roll out.

Communications/Education Media (External)

a. Bill inserts

b. Bill messages

c. Local customer contact number

d. Newspaper ads

e. Radio spots

f. Direct-mail brochures

g. Community leader/weatherization partner briefings

Communications/Education Media (External) - continued

h. Community meetings

I. Senior citizen presentations

j. Speakers Bureau

k. Service club presentations

Communications/Education Media (Internal)

a. Training for COH customer contact representatives; also make training available, if requested, for PUCO, OCC, and Toledo Utilities Department customer contact personnel

b. Q&A sheets for customer contact reps and others

c. DIS news items

d. UPDATE articles

e. Employee meetings

News Media Contacts

a. Seek editorial support from Toledo Blade (preliminary contacts to describe concept have been positive)

b. News releases

c. News conference/media event to unveil program/settlement

d. TV news/talk segments

e. TV public affairs programs

f. Radio news/talk programs

g. Radio public affairs programs

Action Items

a. Seek input from City of Toledo, Lucas County (including Toledo suburbs), PUCO, OCC, and other stakeholders on communication/education strategy and implementation

b. Seek input from public relations/advertising consultants on concept and focus

c. Seek input from customers through additional focus groups or roundtables

d. Refine strategy and develop specific time-line

e. Confirm name for program

f. Develop budget

g. Develop communications plan for remainder of Columbia customers

h. Monitor response to and results of program through customer surveys and polls

Credit Worthiness Standard

CREDIT WORTHINESS STANDARD

Marketers desiring to participate in the **Columbia Customer Choice Program** will be evaluated to establish acceptable credit levels in order to participate. Marketers not meeting the necessary credit level will be required to provide additional security in the form of a letter of credit, surety bond, cash deposit, and/or appropriate guaranty to participate.

In order for Columbia to complete the evaluation, marketers will be required to provide the following information:

a. Current financial statements prepared in the last 12 months;
b. Most recent annual report, 10K or 10Q;
c. List of parent company and other affiliates;
d. Names, addresses, and telephone numbers of 3 trade references; and
e. Names, addresses, and telephone numbers of banking institution contacts.

The evaluation will be based on standard credit factors such as previous customer history, Dun & Bradstreet financial and credit ratings, trade references, bank information, unused line of credit, and financial information. Columbia shall have sole discretion to determine credit worthiness based on the above criteria but will not deny credit worthiness without reasonable cause.

A fee of $50.00 will be assessed for each evaluation. Columbia reserves the right to conduct evaluations during the course of the program when information has been received by Columbia that indicates the credit worthiness of a marketer has deteriorated or that the marketer's program is exceeding the currently approved credit level.

The required information, as listed above, along with a check for $50.00 made payable to "Columbia Gas of Ohio", should be sent to:

Mr. Mark Ward
Dir., Gas Transportation Services
Columbia Gas of Ohio
200 Civic Center Drive
Columbus, Ohio 43215

Customer Sign-Up Procedures

CUSTOMER SIGN-UP PROCEDURE

In order for a customer to participate in the Columbia Customer Choice Program, the customer must execute a "Customer Consent Form" (Attachment A) on a document supplied by the marketer. The Customer Consent Form states that the customer has agreed to participate in the Program and has signed a written agreement with the marketer which states the terms and conditions covering the customer's gas supply purchase. The format of the consent form may be designed by the marketer but must include the information shown in Attachment A.

The written agreement between the marketer and the customer must contain the following information in order for the marketer to participate in the program:

a) The marketer's customer service address and telephone number;

b) A statement describing the marketer's dispute resolution procedure;

c) A clear presentation of the terms of the gas purchase agreement (e.g., one year), the price, billing, and payment terms.

Information to be included in Columbia's Education Program:

a) A statement that Columbia will not terminate or interrupt the delivery of gas to the customer as a result of any dispute between the marketer and the customer;

b) A statement that the marketer and the gas purchase agreement between the marketer and customer is not currently subject to regulation by the Public Utilities Commission of Ohio;

c) A statement that the marketer must provide not less than a 30-day written notice of termination of the agreement for non-payment purposes to the customer before the marketer can stop supplying gas under the agreement. If such notice is given, Columbia will accept the customer back as a system supply customer.

d) A statement that an existing customer may make an initial selection of a marketer without any switching fee, but that Columbia will charge $10 for any subsequent switches to or between marketers or switches back to Columbia sales service.

Marketer Submission of Customer Information to Columbia

Marketers must provide a copy of each completed and executed Customer Consent Form to Columbia no later than 45 days after the marketer has notified Columbia of the customer's intent to participate in the program. Marketers will provide a computer spreadsheet listing of all their accounts via suitable electronic means. The listing shall include customers' account numbers, service addresses, and account names. Accounts must be listed in alphabetical order. The marketer will be responsible for verifying the eligibility of each customer.

Columbia will verify the listing with its database and then provide the marketer a normalized monthly volumetric profile and daily sendout curve for the customers in the aggregate as well as an Exceptions report. In the event that a customer signs on with more than one marketer, the computer listing first processed by Columbia will be used to determine the marketer to whom they will be assigned.

Any incomplete submittal will be returned to the marketer for completion.

Marketers will be provided with a diskette listing their customers and related assigned capacity no later than the 20th of the month prior to the program start date.

The following is an example of the sequence of events leading to customer billing:

April 1 -	Marketer provides Columbia with a listing of residential, small commercial and commercial human needs customers who have executed an agreement with the marketer to switch to transportation service.
April 20 -	Columbia provides the marketer with a normalized monthly volumetric profile and daily sendout curve for the customers in aggregate.
May 1 -	Marketer begins flowing gas for the aggregate.
May 1 to - May 30	Customers receive their first GTS bill in accordance with their normal billing cycle.

Attachment A

SAMPLE CUSTOMER CONSENT FORM

I have signed a written agreement for the purchase of natural gas supply containing the terms and conditions of my service with my Marketer, ________________________. I understand and agree to those terms, and agree to participate in the program as a transportation delivery service customer. My Marketer is entitled to obtain my historic and current gas usage data from Columbia Gas.

______________________________ ______________________________
Signature of Customer Date

____
Print or type name

(This Customer Consent Form will be forwarded to Columbia Gas)

Code of Conduct

STANDARDS OF CONDUCT FOR COH MARKETING AFFILIATES

1. COH must apply any tariff provision relating to transportation service in the same manner to the same or similarly situated persons if there is discretion in the application of the provision.

2. COH must strictly enforce a tariff provision for which there is no discretion in the application of the provision.

3. COH may not, through a tariff provision or otherwise, give its marketing affiliate or customers of its affiliate preference over non-affiliated gas suppliers or customers in matters relating to transportation service including, but not limited to, scheduling, balancing, metering, storage, standby service or curtailment policy.

4. COH must process all similar requests for transportation in the same manner and within the same approximate period of time.

5. COH shall not disclose to anyone other than a COH employee any information regarding an existing or proposed gas transportation arrangement, which COH receives from (I) a customer or supplier, (ii) a potential customer or supplier, (iii) any agent of such customer or potential customer, or (iv) a marketer or other entity seeking to supply gas to a customer or potential customer, unless such customer, supplier, agent, or marketer authorizes disclosure of such information.

6. If a customer requests information about marketers, COH should provide a list of all marketers operating on its system, but shall not endorse any marketer nor indicate that any marketer will receive a preference because of a corporate relationship.

7. To the extent COH provides its marketing affiliate information related to the transportation, sales, or marketing of natural gas, including but not limited to COH customer lists, it must provide that information, upon request, to all potential shippers, affiliated and non-affiliated, on its system, under similar terms and conditions.

8. To the maximum extent practicable, COH's operating employees and the operating employees of its marketing affiliate must function independently of each other. This includes complete separation of the gas or natural gas company's procurement activities from the affiliated marketing company's procurement.

9. COH shall not condition or tie its agreements for gas supply or for the release of interstate pipeline capacity to any agreement by a gas supplier, customer or other third party in which its marketing affiliate is involved.

10. COH and its marketing affiliate shall keep separate books of accounts and records.

11. If COH offers its affiliate or a customer of its affiliate a discount, rebate or fee waiver for transportation services, balancing, meters or meter installation, storage, standby service or any other service offered to shippers, it must, upon request, prospectively offer discounts, rebates or fee waivers to all similarly situated non-affiliated suppliers or customers under similar terms and conditions.

12. Neither COH nor its marketing affiliate personnel shall communicate to any customer, supplier or third party the idea that any advantage may accrue to such customer, supplier or third party in the use of COH's service as a result of that customer's, supplier's or other third party's dealing with its marketing affiliate.

13. COH shall establish a complaint procedure for issues concerning compliance with these standards of conduct. All complaints, whether written or verbal, shall be referred to the general counsel of COH. The general counsel shall orally acknowledge such complaint within five (5) working days of receipt. The general counsel shall prepare a written statement of the complaint which shall contain the name of the complainant and a detailed factual report of the complaint, including all relevant dates, companies involved, employees involved, and the specific claim. The general counsel shall communicate the results of the preliminary investigation to the complainant in writing within thirty (30) days after the complaint was received including a description of any course of action which was taken. The General Counsel shall keep a file with all such complaint statements for a period of not less than three (3) years.

Marketers' Code of Conduct

Each marketer participating in the Columbia Customer Choice Program shall:

a. communicate to its customers, in clear understandable terms, the customers' rights and responsibilities under their agreements with the marketer as participants in the Columbia Customer Choice Program. It is especially important that the pricing and payment terms be clear and understandable and are included within the same paragraph of the written agreement between the customer and the marketer;

b. refrain from engaging in communications or practices which are fraudulent, deceptive, or misleading;

c. deliver gas to Columbia on behalf of its customers in accordance with the requirements of the Columbia Customer Choice Program; and

d. undergo a credit check, at the marketer's expense, to assure that the marketer is sufficiently creditworthy to protect against damages resulting from any failure to deliver gas in accordance with the requirements of the program, and to assure payment of any PUCO-approved charges for any such failure.

e. adhere to the sign-up procedure;

f. give Columbia and the customer at least 30 days notice prior to the end of the customer contract term of the marketer's intent to discontinue service to the customer;

g. agree to permit residential customers to switch back to Columbia or to another marketer providing the customer gives Columbia at least 60 days notice and pays a $10 switching fee to Columbia.

If a marketer fails to deliver gas in accordance with the requirements of the Columbia Customer Choice Program, thereby not complying with provision (c.) above, Columbia shall have the discretion to suspend temporarily such marketer's participation in the Columbia Customer Choice Program, pending further review of the marketer's failure by the review panel, as described below.

A review panel shall be established, consisting of one representative each from Columbia, the PUCO, the OCC, and 2 marketers participating in the program. The panel may, upon a majority vote of representatives present, exclude any marketer from further participation, either temporarily or permanently, in the Columbia Customer Choice Program for any failure to comply with the foregoing Code of Conduct.

Rates

Rates

Columbia's Billing Rates

Customers which elect to participate in this transportation program will be billed all applicable transportation service charge rates (base rates) excluding any administrative charge which may apply. Further, participating customers will be billed all applicable riders (GCR Transition Rider, Interim Emergency and Temporary PIP Plan Tariff Schedule Rider, Temporary Base Rate Revenue Rider, FERC Order 636 Transition Costs, Stranded Costs Recovery Rider, Stranded Excise Tax Recovery Rider).

Marketer Billing Rates

Marketers which elect to continue all billing by Columbia shall have the following billing options:

a. Fixed rate per Ccf (provided by the marketer each month, which will be applied to the customer's consumption to determine the applicable charges.[1]

b. Flat amount per month (a flat amount per month provided by the marketer will establish the applicable charge).[1] (Budget customers would not have the gas cost portion adjusted during the year.)

c. Credit reduction from tariff rates (a volumetric credit from the existing GCR rates plus existing GCR rates will establish the applicable charge).[1]

d. Other options proposed by marketers will be considered by Columbia.

Customers must be grouped by pricing option. During the first year of this program, no proration will occur with all volume read being Columbia or Marketer depending on who has the customer at the time of billing.

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1 All marketer billing rates should include applicable sales taxes.

<u>Budget Payment Plan</u>

- Columbia will make available to customers that elect transportation service its Budget Payment Plan. Columbia must do the total billing for any customer that elects this option. Budget Payment Plan estimates will be calculated based upon the Marketer's estimated percent of change for the budget payment plan period (calculated bill based on rates in effect at August vs. estimated average bill for the year). Marketers must provide an estimated percent of change for provision of this option. Marketers who choose to have customers billed a flat amount per month for the gas cost will not have the gas cost portion adjusted during the year. Each month Columbia will forward to the Marketer gas revenues based on actual deliveries to the customer and the marketers current month billing rate.

<u>PIPP Transportation Service</u>

All PIPP customers of COH will be aggregated into one pool. Columbia will develop a monthly volumetric profile and daily sendout curve for the group. Columbia will then request bids from marketers to supply the entire group. Columbia will then select the lowest bid and this price plus the Ra, Ba, Aa adjustments will replace the GCR for these customers. All billing of the PIPP customers will be done by Columbia.

<u>Excise Taxes</u>

Columbia will experience a shortfall in its recovery of excise taxes associated with the cost of gas during the first twelve months a customer moves from historic sales service to transportation.

This occurs due to 1) the Department of Tax Division's collection of taxes based on a historic twelve month period versus the use of a collection year period; and 2) the fact that during the collection period, Columbia's transportation rates paid by customers that switch from Columbia's tariff sales service to transportation service will not include any excise taxes associated with the cost of gas.

Columbia has proposed the use of a "Stranded Excise Tax Recovery Rider" to recover this shortfall. This shortfall will be calculated by multiplying the excise tax differential included in Columbia's current rates times the actual sales volumes delivered to the customer during the tax base period. This amount will be deferred, and recovered by Columbia over an extended period of time through the Rider charged to the customers that switch to transportation service.

Development of the COH Charge for Daily Balancing

Background

Pipelines require a daily balance between customers' consumption and the supply delivered to the pipeline for those customers. In the COH transportation program, COH will require each marketer to provide balancing for its customer aggregate. The marketer has two balancing options. First, the marketer may elect assignment of Transmission Company (TCO) Firm Storage Service (FSS), in which case the no-notice feature of FSS will provide the balancing. Alternatively, the marketer may elect to have COH provide the balancing. In the latter case, COH will itself use its contracted FSS capacity to provide the balancing, and will charge the marketer for its costs, shown in the attachment that follows. Based on current TCO FSS costs, the balancing charge is $0.3502/MCF, applied to the billed consumption of the marketer's aggregate customer group. This charge will vary as TCO alters its FSS and Storage Service Transportation (SST) rates, and will be updated as part of COH's quarterly GCR filings.

Uncertainty of Projected Demand

COH bases its balancing charge primarily on the FSS/SST capacity it must reserve to provide the balancing: as shown in the Attachment that follows, the demand cost of the capacity represents $0.3476, over 99 percent, of the total $0.3502 charge. COH calculates the necessary capacity as follows. First, COH uses historical daily demand and temperature data to determine the uncertainty of the projected daily demand of firm customers. The uncertainty has two sources: (1) the uncertainty of the temperature forecast, and (2) the variation in customer demand, even on two days that have the same temperature. The first factor is the larger source of uncertainty: the uncertainty of the temperature forecast is about 7.4 degrees Fahrenheit, and the temperature sensitivity of COH's firm demand is about 26,000 Dth/degree, so the temperature forecast uncertainty alone is 7.4 degrees * 26,000 Dth/degree = 192,000 Dth.

Line 2 of the attachment shows that the total uncertainty, including both factors, is 225,765 Dth/day for all of COH's firm customers, 11 percent of the projected 1996/97 peak day demand of 2,131,300 Dth. This uncertainty has a confidence level of 28/30; that is, on 28 days out of 30, the projected daily COH system firm demand is within 225,765 Dth of the actual demand. On one day of 30, the projected demand exceeds the actual demand by more than 225,765 Dth. Likewise, on one day out of 30, the projected demand is too low by more than 225,765 Dth.

Storage Capacity Required for Balancing

Line 5 shows that the resulting uncertainty for a average residential customer is 0.137 Dth/day. The marketer will deliver gas volume equal to the projected daily demand for the customer, and COH must have the storage capacity to inject or withdraw 0.137 Dth if the projection is too high or too low, respectively. Given this injection and withdrawal requirement, the required storage capacity and cost follow directly from TCO's tariff. The balancing needs are symmetric: 0.137 Dth injection or withdrawal. For geological and engineering reasons, TCO's storage service, used to provide the balancing, is asymmetric: the daily withdrawal capacity exceeds the daily injection capacity by a ratio of about 10:1. The column titled "Contract Capacity" on the attachment shows that COH must contract for 0.724 Dth/day of withdrawal capacity in order to have 0.137 Dth/day of injection capacity. In fact, 0.724 Dth of withdrawal capacity provides less than 0.137 Dth of injection capacity in the months of October and November, but COH will circumvent this problem by having the marketer deliver less gas than projected customer consumption in these two months.

The Cost

Having determined the necessary capacity, COH calculates the balancing charge by applying TCO capacity rates, shown in the attachment. The attachment shows the required capacity for an average residential customer, but the resulting unit rate, $0.3502/MCF, applies to all customer classes.

Columbia Gas of Ohio, Inc.
Small Customer Transportation Program
Calculation of the Balancing Charge for a Residential Customer with Average Annual Demand

182,416 MMCF	1. Annual Tariff Sales, Normal Weather
225,765 Dth/day	2. Uncertainty of Daily Demand
4,838 MDth	3. System Volume Stored for Oct/Nov Underdeliveries
111 MCF	4. Annual Average Demand of a Residential Customer
0.137 Dth/day	5. Demand Uncertainty of the Customer. Uncertainty = (2) * (4) / (1)
2.9 Dth	6. Customer Volume Stored for Oct/Nov Underdeliveries (3) * (4) / (1)

Service	Contract Capacity Dth		Unit Rate $/Dth	Number of Months	Annual Cost
Firm Storage Service FSS					
Max Daily Storage Quantity MDSQ	0.724	1/	$1.647	12	$14.309
Seasonal Storage Quantity SCQ	41.2	2/	$0.0316	12	$15.621
Storage Service Transportation SST	0.137	3/	$6.991	9	$8.639
Injection and Withdrawal Commodity Charges					
Injection	2.9	4/	$0.0154	1	$0.045
FSS Retention @ 0.16% * $2	2.9	4/	$0.0032	1	$0.009
Withdrawal	2.9	4/	$0.0154	1	$0.045
SST Commodity	2.9	4/	$0.0155	1	$0.046
SST Retention @ 2.41% * $2	2.9	4/	$0.0482	1	$0.142
Inj/With Commodity Subtotal					$0.287
Total Annual Balancing Charge					$38.856
Annual Sales MCF					111
Unit Balancing Charge $/MCF					$0.3502
Inj/With Commodity Portion					$0.0026
Demand Portion					$0.3476

Notes on Calculations of Contract Capacity:
1/ MDSQ = SCQ / 56.9 days, per COH's FSS contract.
2/ SCQ = Daily Uncertainty * 30 days * 10, per TCO's FSS tariff for December.
3/ SST Contract Capacity = Daily Uncertainty, from Line 5 above.
4/ From Line 6, above.

Note: The balancing charge calculation above is based on projected Columbia Transmission FSS and SST rates. The balancing charge will vary depending on the actual rates in effect each month.

Supply Procedures

Gas Supply Procedures

Optional Assignment of Storage and Transportation Capacity

Capacity Options - Columbia will offer the marketers assignment of portions of its (1) Columbia Transmission firm storage service (FSS) capacity, including storage service transportation (SST), (2) Columbia Transmission firm transportation (FT) capacity, (3) Columbia Gulf FTS-1 capacity, and (4) Columbia Gulf FTS-2 capacity. The assignments would have terms of 12 months. Each marketer has the option to accept assignment of any combination or none of these four capacities. However, if the marketer elects Columbia Gulf FTS-1 capacity, the marketer must also elect an equal volume, adjusted for shrinkage, of Columbia Transmission firm transportation capacity. Likewise, a marketer who elects Columbia Gulf FTS-2 capacity must elect an equal volume, adjusted for shrinkage, of FTS-1 capacity.

Assignment Term: 12 Months - Assignments of storage capacity, including both FSS and SST, have terms of 12 months, extending from April 1 until the following March 31. Firm transportation assignments in effect during any of the five winter months, November through March, must also have a term of 12 months. Any marketer who leaves the program before the end of the 12 month period would pay Columbia for the firm transportation capacity charges for the balance of the 12 months. Firm transportation capacity assignments in effect only during summer months need not have 12 months terms: the marketer may relinquish such capacity before the ensuing winter begins.

Volume and Mix of Capacity Offered - In March of each year, each marketer will estimate the number of customers it will serve the following winter, and Columbia will project the peak day demand of the marketer's aggregate customer group for that winter. Columbia will base its projection on the consumption history of the current members of marketer's customer group, and on projected additions to that group. Columbia projects peak day demand based on design peak day conditions.

Effective April 1 of each year, Columbia will offer the marketer a mix of Columbia's firm transportation and storage capacity. The storage capacity offered will equal the peak day demand projected for the marketer's aggregate customer group for the following winter, multiplied times the fraction of storage in Columbia's peak day portfolio of storage and firm transportation capacity. Currently this fraction is 72 percent. Likewise, the firm transportation capacity offered will equal the customer group's projected peak day demand times the firm transportation fraction, currently 28 percent. If the firm transportation capacity offer is less than the firm transportation capacity assigned to the marketer for any portion of the previous winter, and if the marketer has not held that capacity for the required 12 months, then the marketer must continue to hold the higher winter level until the completion of the required 12 month period.

The storage that Columbia offers the marketer will have the same ratio of seasonal contract quantity (SCQ) to maximum daily storage quantity (MDSQ) as Columbia's FSS contract with Columbia Transmission. The marketer must elect equal levels of SST capacity and MDSQ.

Optional Assignment of Storage and Transportation Capacity (continued)

The marketer will have the option to elect less than the full volume of storage assignment that Columbia will offer. However, the marketer must elect at least the minimum volume required to provide daily balancing, or else elect no storage assignment at all. See the section titled "Daily Balancing Options and Costs".

To the extent that some marketers decline Columbia's offer of capacity, Columbia may offer additional capacity to other marketers on a recallable basis. Columbia intends to recall the capacity if marketers fail and Columbia must resume service to their customers.

Marketers who elect assignment of Columbia Transmission capacity can flow gas as they choose, but must abide by the conditions of the Columbia Transmission tariffs. Similarly, marketers who elect Columbia Gulf capacity must abide by the conditions of the Columbia Gulf tariffs. Marketers must abide by Operational Flow Orders (OFOs) issued by Columbia, Columbia Transmission, and Columbia Gulf.

Adjustments to Capacity Assignment - If the marketer's aggregate customer group gains members during the year, Columbia will make corresponding adjustments in the firm transportation and storage capacities offered. Columbia will adjust the firm transportation capacity as frequently as monthly, subject to the restriction that the marketer's election of firm transportation capacity for any winter month must continue for 12 months.

Columbia will adjust the storage assignment only twice annually, on April 1 and November 1. If the storage assignment changes on November 1, Columbia and the marketer will make a corresponding inventory transfer at the average cost of summer storage injections, including transportation costs. Columbia must collect an excise tax on inventory transfers to a marketer. If the assignment to the marketer increases, the marketer will pay Columbia for the storage capacity charges Columbia incurred during April through October on the incremental capacity, including both FSS and SST, but reduced for storage capacity costs already recovered from the customers during the April through October period. Likewise, if the marketer returns storage capacity to Columbia, Columbia will pay the marketer the capacity charges it incurred, again reduced for costs the marketer already recovered from its customers.

The marketer may contract for storage volumes on November 1 for customers the marketer projects it will sign up over the ensuing winter. If the marketer fails to sign up the projected number of customers, the marketer will be responsible for payment of all storage related costs for the full capacity for which it contracted effective November 1.

Optional Assignment of Storage and Transportation Capacity (continued)

Capacity Return to Columbia. Inventory Sale - If a marketer who has elected storage capacity assignment in the prior year elects effective April 1 to return the storage capacity to Columbia, the marketer may choose how to dispose of any inventory remaining in storage. The marketer will have the option to sell the inventory to Columbia at 95 percent of the difference of 1) the midrange Mid-Atlantic Citygate Columbia Gas price index reported in the first *Gas Daily* published in April, minus 2) TCO SST commodity and fuel charges.

If a marketer elects to quit the program on April 1, Columbia shall have the right to recall any capacity assigned to the marketer, and the marketer shall have the right to return the capacity. The marketer may choose how to dispose of any inventory remaining in storage. If the storage returns to Columbia, the marketer will have the option to sell the inventory to Columbia at 95 percent of the difference of 1) the midrange Mid-Atlantic Citygate Columbia Gas price index reported in the first *Gas Daily* published in April, minus 2) TCO SST commodity and fuel charges.

If the Review Panel excludes a marketer from further participation and that marketer has previously elected capacity assignment, then Columbia will recall the capacity, but the marketer remains responsible for the payment of demand charges for the capacity for the remainder of the 12-month period. Columbia shall have the option to buy any storage inventory held by the marketer for its customer group. Columbia's purchase price will equal 95 percent of the difference of 1) the midrange Mid-Atlantic Citygate Columbia Gas price index reported in the *Gas Daily* published on the day that the Review Panel issues its decision, minus 2) TCO SST commodity and fuel charges. The marketer has the option to sell to Columbia at this price.

Reassignment of Capacity

The marketer may reassign capacity, subject to recall by Columbia. The marketer remains subject to all operational flow orders and recall provisions invoked by Columbia. The marketer remains responsible to Columbia for all pipeline capacity charges, including any Order 636 transition charges, and GRI and ACA surcharges.

Daily Balancing Options and Costs

Need for Daily Balancing - Weather affects customer demand, particularly the demand of residential and small commercial customers. Customer daily demand has uncertainty because weather forecasts are imprecise and because customer usage patterns differ, even on days with the same temperature. Therefore, marketer service to customers requires no-notice daily balancing of the difference between gas supplied by the marketer and the customers' actual gas consumption. Each quarter, the marketers and Columbia will reconcile the difference between supply and consumption, as discussed in the section titled "Quarterly Reconciliation".

Daily Balancing Options and Costs (continued)

Balancing for Marketers Who Elect Storage - If the marketer elects assignment of Columbia Transmission storage, such storage can provide daily balancing for the marketer; therefore, Columbia will charge no balancing fee. After each gas day, Columbia will provide both the marketer and Columbia Transmission the estimated actual demand of the marketer's aggregate customer group. Columbia will base its estimate on the actual temperature experienced, and on other weather or consumption data. The no-notice feature of the Columbia Transmission storage will provide the balancing for the estimated actual demand.

Balancing for Marketers Who Do Not Elect Storage - If the marketer elects no storage assignment, Columbia will provide the daily balancing service. Columbia will provide the marketer a demand versus temperature equation ("demand curve") for its aggregate customer group. During the months of October through April, Columbia will also provide a temperature forecast, available 24 hours in advance for the gas day beginning at 8 a.m. The marketer must deliver to the city gate each day the volume projected by the demand curve, unless otherwise directed by Columbia. Columbia may revise the demand curve as it deems necessary. Columbia may expel from the program any marketer who fails to deliver the volume projected by the demand curve. Columbia will provide the daily balancing for the difference between actual and projected demand, and will charge a fee for the balancing service. Columbia will base its fee on the costs it incurs to provide the balancing service. Columbia may revise the fee based on changes in those costs. The discussion in the "Rates" tab presents the derivation of the daily balancing charge.

Minimum Storage Volume for Daily Balancing - The marketer will have the option to elect less than the full volume of storage assignment that Columbia will offer. However, the marketer must elect at least the minimum volume required to provide daily balancing, or else elect no storage assignment at all. Any intermediate election will require that Columbia and Columbia Transmission share the balancing responsibilities, resulting in unacceptable operating complexities. Thus, the marketer will have four options for storage assignment: (1) the full volume offered, (2) the minimum volume required for daily balancing, (3) any intermediate level between the first and second levels, or (4) none.

Columbia will determine the minimum volume of storage capacity required for daily balancing. Columbia will base this determination on the uncertainty of temperature forecasts and customer demand, and on the balancing limitations in the TCO FSS tariff.

Service on Days Colder than Design - On days with projected temperature colder than the design winter peak day temperature, the marketer's aggregate customer group will have projected demand in excess of the design peak day demand. Columbia will offer two options to all participating marketers to serve customers on such days. The marketer must select its option when it executes its Aggregation Agreement. The two options are as follows: (1) The marketer may deliver to Columbia the volume of gas equal to the projected demand. (2) Alternatively, the marketer may deliver to Columbia only that volume equal to the design peak day demand, and rely on Columbia to acquire the incremental volume, the difference of the projected demand minus the design peak day demand. If the marketer selects the second option, the marketer will pay Columbia for its costs in obtaining the incremental supply. Failure of the marketer to deliver gas volumes, in accordance with their selected option, shall be grounds for expulsion.

Measurement of Delivered Volumes

Monthly volumes billed to participating customers shall be considered actual volumes delivered, whether the meter reading is actual or calculated. Columbia will not revise estimated actual daily customer demands based on subsequent actual meter readings. Columbia will revise the estimate of the supply provided by the marketer if Columbia Transmission adjusts the volumes nominated by the marketer. As described in the Quarterly Reconciliation section, Columbia and the marketer will reconcile any imbalance between consumption and supply once each quarter.

Operational Requirements

Deliveries by Operating Area - The marketer must deliver volumes for its customer aggregate specifically to the appropriate Columbia Transmission Ohio operating area, which is area 7 for Toledo. Roughly 80 percent of Columbia's firm demand, including both Toledo and Columbus, is in operating area 7.

(Note: When the transportation program expands to include Steubenville, the marketer must deliver gas to the Ohio portion of operating area 8, as distinguished from the Western Pennsylvania portion of operating area 8.)

Minimum Inventory Levels - Marketers who elect storage assignment must meet minimum storage inventory levels on three dates during the winter season: a minimum of 98 percent on November 1; a minimum of 30 percent on February 11; and a minimum of 2 percent on April 1. The marketer must pre-authorize Columbia Transmission to provide the inventory data to Columbia on these dates.

Operational Flow Orders - Marketers must respond to Operational Flow Orders (OFOs) issued by Columbia. Marketers who do not respond to the OFO will pay a pro-rata share of any penalty incurred by Columbia. Columbia may expel from the program any marketer who does not completely comply with an OFO.

If the marketer signs up fewer customers than projected, the marketer's aggregate customer group may have less peak day demand than the peak day capacity the marketer has elected. In this case, Columbia shall have the right to require the marketer to deliver supplies under that capacity on critical days. Columbia will reimburse the marketer for the commodity delivered through a subsequent storage inventory transfer or through flowing gas supplies.

Columbia may issue OFOs directing marketers to underdeliver gas, that is, to deliver less gas than indicated by the demand curve. The underdeliveries would protect against (1) an over-supplied pipeline system and (2) costs and/or penalties for exceeding storage injection or inventory limits.

Underdeliveries in October and November - During the months of October and November, Columbia Transmission has severe storage injection limitations, which affect daily operations. In order to reduce the daily balancing fee for those marketers for whom it provides daily balancing, Columbia will modify the demand curves of those marketers downward in the months of October and November. During these two months, each of those marketers will deliver less gas than the projected consumption of its aggregate customer group. To compensate for these planned

Underdeliveries in October and November (continued)

underdeliveries, the marketer shall deliver equivalent volumes during the preceding months of May through August, at a constant daily rate. Columbia will notify the marketer by April 15 of the volumes to be delivered during the months May through August. If necessary, Columbia may adjust these volumes to recognize changes in the marketer's aggregate customer group.

Quarterly Reconciliation

Columbia willreconcile imbalances on a quarterly basis. Using metered consumption data, Columbia will calculate for each marketer the difference between (1) the marketer's deliveries for the prior quarter and (2) the actual consumption of the marketer's aggregate customer group, both calculated at the city gate. The calculation would consider any adjustments from a prior quarter. The marketer will have the option as to how the imbalance will be made up. However, the marketer must declare their choice in the aggregation agreement. The choices are 1) to be paid or billed for the imbalance at the average for the three months of the quarter of the midrange of the Mid-Atlantic Citygate Columbia Gas price index reported in the first *Gas Daily* published each month or 2) to exchange gas with Columbia via a storage inventory transfer or delivery of gas over the next 30 days.

Stranded Costs

Stranded Costs

All residential and commercial transportation customers will be charged a stranded cost surcharge. The surcharge will be calculated by dividing the total stranded cost of the customer class by the total throughput of that customer class to obtain a stranded cost per Mcf. This surcharge would be applied to all consumption within that customer class.

Table A (Residential Class) and Table B (Commercial Class) calculate the stranded cost surcharge under various assumed levels of participation and assuming no capacity assignment and no credit for released capacity revenues.

TABLE A

Calculation of Stranded Cost Recovery Rate per Mcf
Assumes Recovery of Residential Class Stranded Costs From All Residential Customers

Line No.								Total Company
1	% of Toledo Market	10%	25%	35%	50%	75%	100%	
2	Annual Consumption							130,046,000
3	Number of Customers							1,165,584
4	Average Consumption Per Customer							112
5	Number of Participants	16,000	40,000	56,000	80,000	120,000	160,000	
6	Total Annual Consumption	1,792,000	4,480,000	6,272,000	8,960,000	13,440,000	17,920,000	
7	Current Demand Cost Recovery Rate	1.3178	1.3178	1.3178	1.3178	1.3178	1.3178	
8	Less: Daily Balancing Charge	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	
9	Net Recovery Rate	0.9678	0.9678	0.9678	0.9678	0.9678	0.9678	
10	Total Stranded Costs	1,734,298	4,335,744	6,070,042	8,671,488	13,007,232	17,342,976	
11	Total Company Residential Sales	130,046,000	130,046,000	130,046,000	130,046,000	130,046,000	130,046,000	
12	Stranded Costs Recovery Rate	0.0133	0.0333	0.0467	0.0667	0.1000	0.1334	

TABLE B

Calculation of Stranded Cost Recovery Rate per Mcf
Assumes Recovery of Commercial Class Stranded Costs From All Commercial Customers

Line No.								Total Company
1	% of Toledo Market	10%	25%	35%	50%	75%	100%	
2	Annual Consumption							42,334,094
3	Number of Customers							96,987
4	Average Consumption Per Customer							436
5	Number of Participants	1,200	3,000	4,200	6,000	9,000	12,000	
6	Total Annual Consumption	523,200	1,308,000	1,831,200	2,616,000	3,924,000	5,232,000	
7	Current Demand Cost Recovery Rate	1.3178	1.3178	1.3178	1.3178	1.3178	1.3178	
8	Less: Daily Balancing Charge	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	
9	Net Recovery Rate	0.9678	0.9678	0.9678	0.9678	0.9678	0.9678	
10	Total Stranded Costs	506,353	1,265,882	1,772,235	2,531,765	3,797,647	5,063,530	
11	Total Company Commercial Throughput	67,740,970	67,740,970	67,740,970	67,740,970	67,740,970	67,740,970	
12	Stranded Costs Recovery Rate	0.0075	0.0187	0.0262	0.0374	0.0561	0.0747	

EXHIBIT C-4

AGGREGATION SERVICE

AGREEMENT

COLUMBIA GAS OF OHIO, INC.
FULL REQUIREMENTS AGGREGATION SERVICE
ASSOCIATED WITH COLUMBIA CUSTOMER CHOICE PROGRAM

This Agreement is made and entered into this __________ day of ________________, 199______, between Columbia Gas of Ohio, Inc., an Ohio Corporation, 200 Civic Center Drive, P.O. Box 117, Columbus, Ohio 43216-0117, hereinafter "Company," and ___________________________ a(an) ______________________ corporation ________________________, hereinafter "Agent".

WHEREAS, Agent has secured firm supplies of natural gas which it intends to supply and sell to gas customers located on the Company's system, all within the parameters established by the Company for its Residential, Small Commercial, and Commercial Human Needs Transportation Service Customers.

WHEREAS, Company is willing and able, pursuant to the terms of this Agreement, to accept gas delivered into its city gate receipt points by Agent and to redeliver such gas supplies to Agent's aggregations of customers, all of whom have elected transportation service from the Company under its Transportation Service tariff, and Rates FRSGTS, or FRGTS.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, Company agrees to permit aggregations of customers and Agent hereby agrees to aggregate in accordance with the following terms and conditions for all aggregations served under this Agreement:

ARTICLE I

Definitions

For purposes of interpreting this Agreement, the following definitions shall apply:

1. Aggregation Service. Aggregation Service is a service provided by the Company that allows agents (marketers, suppliers, brokers, and producers) to deliver to the Company, on an aggregated basis, those natural gas supplies that are needed to satisfy the requirements of the two, or more, transportation customers that comprise the membership of the Agent's "aggregation pools", all in accordance with rules that the Company has established regarding delivery requirements, banking, billing and payments, supplier performance requirements, and other similar requirements for participation as an "Agent" in the Company's Residential, Small Commercial, and Commercial Human Needs Transportation Service tariffs.

2. The Aggregation. The aggregation referred to herein shall mean all customer groups that Agent establishes under this Agreement.

3. Customer(s). Customer(s) means a recipient of transportation service provided by the Company under its Rates FRSGTS or FRGTS, which secures its supply of gas from Agent. For the purposes of the Columbia Customer Choice Program[1] ("the Program"), the Company shall provide to Agent a list of customers who have agreed to take service from Agent and who have been verified by the Company through comparison with the Company's customer database.

4. Operational Flow Order. "Operational Flow Orders", "OFOs", are described in Paragraphs 67M of the Rules and Regulations in the Company's tariffs.

ARTICLE II

Term

The term of this Agreement shall commence on the first day of the month after execution hereof and, subject to Agent's continued compliance with the requirements outlined herein for participation in this Program, shall continue in effect thereafter for a primary term of twenty-four (24) months. Thereafter, this Agreement shall continue from month-to-month, unless terminated by either party, upon at least ninety (90) days advance written notice. However, in no case shall any aggregation hereunder included in this Agreement be terminated during a winter month (November through March), unless such winter period termination date is mutually agreed upon by both the Company and Agent and/or except pursuant to the provisions of Articles, III, VI, and VIII of this Agreement. Agent shall be required to incorporate sufficient flexibility into its agreements with its end-user customers that it serves, so that the operation of this provision will not contravene end-user customers' rights under those agreements. In the event this Agreement, in its entirety, is terminated in accordance with the procedures contained herein, and agent no longer supplies natural gas to those customers hereunder aggregated, Agent's customers shall be given the option of either electing an alternate Agent, or returning to the Company's system supply.

ARTICLE III

Requirements For Program Participation

The standards for participation in this Program shall be the creditworthiness standards specified in Paragraph 67D of the Rules and Regulations in the Company's tariff. Accordingly, in order to participate as an "Agent" in the Company's Program, Agent shall upon request provide the Company, on a confidential basis, with balance sheet and other financial statements, and with appropriate trade and banking references. Agent also agrees to allow the Company to conduct a

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[1] As used herein, Columbia and Columbia Gas are registered trademarks of The Columbia Gas System, Inc. Customer Choice is a service mark of Columbia Gas of Ohio, Inc.

credit investigation as to Agent's credit-worthiness and will pay a $50 processing fee to Columbia to cover the cost of a credit check. Further, if the Company determines that it is necessary, Agent agrees to maintain a cash deposit, a surety bond, an irrevocable letter of credit at a Company approved bank of the Agent's choosing, or such other financial instrument, as the Company may require during the term of this agreement in order to assure Agent's performance of its obligations under this Agreement. In order to assure that the value of such financial security instruments remains proportional to Agent's potential liability under this Agreement, the required dollar amounts of such instruments shall be adjusted at the sole discretion of the Company, as customers are added to, or deleted from, Agent's aggregation pool. Agent agrees that, in the event it defaults on its obligations under this Agreement, Company shall have the right to use such cash deposit or the proceeds from such bond, irrevocable letter of credit, or other financial instrument to satisfy Agent's obligations under this Agreement. Such proceeds shall be used to secure additional gas supplies, including payment of the costs of the gas supplies themselves, the costs of transportation, storage, gathering and other related costs incurred in bringing those gas supplies into the Company's system. The proceeds from such instruments shall also be used to satisfy any outstanding claims that the Company may have against Agent, including imbalance charges, cash-out charges, pipeline penalty charges, reservation charges, and other amounts owed to the Company, and arising from, Agent's participation in this Program.

In the event Agent elects, or is forced, to terminate its participation in this Program in accordance with the provisions of this Agreement, it shall continue its obligation to maintain its financial security instrument until it has satisfied all of its outstanding claims of the Company.

In addition to the above financial requirements, the Agent shall comply with all applicable provisions of Columbia's tariff, including the Code of Conduct and Standards of Conduct that have been established as part of the Columbia Customer Choice Program and included in the tariff in Paragraphs 67E and 67N, respectively. Such Code and Standards of Conduct are incorporated herein by reference. Agent acknowledges that in its capacity as an "Agent" in this Program, it has a continuing responsibility to conduct its business in a legal and ethical manner.

Company will maintain a list of Agents who have met the program's financial and performance requirements. This list will be made available to customers upon request.

ARTICLE IV

Full Requirements Service

In exchange for the opportunity to participate in this aggregation service, Agent agrees to supply its aggregation customers' full service requirements for natural gas on both a daily and monthly basis.

ARTICLE V

Supply Co-Management Defined

Company's aggregation service requires that Agent, as a participant in the Program, accepts supply co-management responsibility as defined hereinafter, as a quid pro quo for its participation in this Agreement.

Agent agrees to deliver gas supplies into the Company's designated city gate receipt points on a daily basis, in accordance with the aggregate usage requirements of all those customers that comprise the Agent's aggregation pools. For those transportation customers which are members of Agent's aggregation pools without daily measurement, Agent must agree to the Company's estimate of customer consumption and pay all charges assessed by the Company as provided in Paragraph 67M of the Rules and Regulations in the Company's tariff.

In the event that marketer's aggregation pool has projected demand in excess of the design peak day demand, the marketer has two options in order to serve customers. The marketer will specify in this Aggregation Service Agreement which option it has selected. Under Option 1, the marketer will deliver to Columbia the volume of gas equal to the projected demand. Under Option 2, the marketer will deliver to Columbia only that volume equal to the design peak day demand, and Columbia will acquire the incremental volume (the difference between the projected demand and the design peak day demand). If the marketer selects the second option, the marketer will pay Columbia for its costs in obtaining the incremental supply.

Marketer Selection:	(Circle One)	Option 1 (Marketer to deliver)	Option 2 (Columbia to acquire)

Quarterly Reconciliation

Agent shall also be required to balance on a quarterly basis its gas deliveries into the Company's system with the estimated overall usage levels of each of Agent's customer aggregation pools, as specified in Paragraph 67L of the Rules and Regulations in the Company's tariff.

Columbia will reconcile imbalances for all marketers for the quarters ending March 31, June 30, September 30, and December 31. Using metered consumption data, Columbia will calculate the imbalance for each marketer as the difference between (1) the marketer's deliveries and (2) the billed consumption of the marketer's aggregate customer group, both calculated at the city gate. The calculation will consider any adjustments from a prior quarter. Columbia will complete the imbalance calculation within 20 working days of the end of the quarter.

Columbia will offer the marketer two options to reconcile the imbalance. The marketer will specify in this Aggregation Service Agreement, which reconciliation option it has selected. The first option is cash-out. Under this option, Columbia will pay or bill the marketer for the volume difference at a rate equal to the average for the three months of the quarter of the mid-range of the Mid-Atlantic Citygate Columbia Gas price index reported in the first *Gas Daily* published each month. The second option is physical delivery, either by (1) storage inventory transfer, or (2) delivery of flowing gas supply, or (3) a combination of (1) and (2).

Marketer Selection:	(Circle One)	Option 1 (Cash Out)	Option 2 (Physical Delivery)

ARTICLE VI

<u>Billing and Charges</u>

The Company will provide Agents with individual aggregation customers' actual usage data for the customer's most recent billing period as customers are billed by the Company for Rates FRSGTS and FRGTS.

Agent's transportation quantities shall be determined from the Company's "Monthly Summary Billing Report." The "Monthly Summary Billing Report" reflects customer's actual billed transport volumes as reported to Agent, as generated within the Company's revenue reporting system.

The billings and charges related to the volume banking and balancing services provided by the Company, and OFOs are specified in Paragraphs 67J and 67M, respectively, of the Rules and Regulations in the Company's tariff.

If Marketer has elected capacity assignment and subsequently, is excluded from further participation in the Program by the Review Panel, as provided in the Code of Conduct in Paragraph 67E of the Rules and Regulations in the Company's tariff, then Columbia will recall the capacity, but Marketer shall remain responsible for the payment of the demand charges for the capacity for the remainder of the 12 month period, as specified in Paragraph 67H of the Rules and Regulations in the Company's tariff.

ARTICLE VII

<u>Payment</u>

The Company shall render to Agent a monthly statement of the quantities delivered and amounts owed by Agent, if any. Payment terms of such statement shall be governed by the provisions of Part No. 40 of the Rules and Regulations in the Company's tariff.

ARTICLE VIII

Remedies

1.Defaults. In addition to other rights to terminate or cancel that appear elsewhere in this Contract, if Company or Agent fails to perform, to a material extent, any of the obligations imposed upon either under this Agreement, then the other party may, at its option, terminate or cancel this Agreement by causing written notice thereof to be served on the party in default, stating specifically the cause for terminating or canceling this Agreement and declaring it to be the intention of the party giving the notice to terminate or cancel the same. In the event a party receives notice of termination or cancellation made pursuant to this Article VIII, the party in default shall have thirty (30) days after the service of the aforesaid notice in which to remedy or remove the cause or causes stated in the notice for terminating or canceling this Agreement, and if, within said period of thirty (30) days, the party in default does so remedy or remove said causes, then such notice shall be deemed to have been withdrawn and this Agreement shall continue in full force and effect. If the party in default does not so remedy or remove the cause or causes within said period of thirty (30) days, then, at the option of the party giving notice, this Agreement shall terminate or cancel as of the expiration of said 30-day period. Any termination or cancellation of this Contract, pursuant to this Article VIII shall be without waiver of any remedy, whether at law or in equity, to which the party not in default otherwise may be entitled for breach of this Agreement.

2.Sole and Exclusive Remedies. The liquidated damages, termination rights, cancellation rights, and interest payments and other remedies outlined in this Agreement and in the Company's tariffs for non-performance herein shall be Company and Agents' respective sole and exclusive remedies for such non-performance. In no event shall either party be liable for special, incidental, exemplary, punitive, indirect or consequential damages including, but not limited to, loss of profit or revenue, cost of capital, cost of substitute products, downtime costs, or claims for damages by third parties upon Company or Agent. This applies whether claims are based upon contract, warranty, tort, (including negligence and strict liability), or other theories of liability.

ARTICLE IX

Force Majeure

Neither of the parties hereto shall be liable in damages to the other, except for the actual delivered costs, plus shrinkage, of replacement supplies and flow through of penalty charges, for any act, omission, or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquake, fires, storms, floods, washouts, civil disturbances, explosions, breakage, or accident to machinery or lines of pipe, gas curtailment imposed by interstate or intrastate pipelines, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension.

Such causes or contingencies affecting the performance hereunder by either party hereto, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve Agent from its obligations to make payments of amounts due hereunder.

ARTICLE X

Title to Gas

Agent warrants that it will have good title to all natural gas delivered to the Company hereunder, and that such gas will be free and clear of all liens, encumbrances, and claims whatsoever, and that it will indemnify the Company, and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of a breach of such warranty.

ARTICLE XI

Limitation of Third Party Rights

This Agreement is entered into solely for the benefit of the Company and the Agent and is not intended and should not be deemed to vest any rights, privileges or interests of any kind or nature to any third party, including, but not limited to the customer groups that Agent establishes under this Agreement.

ARTICLE XII

Succession and Assignment

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto. However, no assignment of this Agreement, in whole or in part, will be made without the prior written approval of the non-assignee party. The written consent to assignment shall not be unreasonably withheld.

ARTICLE XIII

Applicable Law and Regulations

This Agreement shall be construed under the laws of the State of Ohio and shall be subject to all valid applicable State, Federal and local laws, rules, orders, and regulations. Nothing herein shall be construed as divesting or attempting to divest any regulatory body of any of its rights, jurisdiction, powers or authority conferred by law.

ARTICLE XIV

<u>Notices and Correspondence</u>

Written notice and correspondence to the Company shall be addressed as follows:

Columbia Gas of Ohio, Inc.
200 Civic Center Drive
P.O. Box 117
Columbus, Ohio 43216-0117

Attention: Director, Gas Transportation Services

Telephone notices and correspondence to the Company shall be directed to (614)460-6931. Dispatch notices to the Company shall be directed to the above address, Attention: <u>Manager, Gas Transportation Program Services,</u> telephone (614)460-6931. Fax notices to the Company shall be directed to (614)460-5512.

Written notices and correspondence to the Agent shall be addressed as follows:

____

____

____

Telephone notices to the Agent shall be directed to ( ) ________________. Fax notices to the Agent shall be directed to ( )____________________________.

Either party may change its address for receiving notices effective upon receipt, by written notice to the other party.

IN WITNESS WHEREOF, the parties hereto executed this Agreement on the day and year first above written.

ATTEST: COLUMBIA GAS OF OHIO, INC.

____________________ BY____________________________________

ATTEST:

AGENT

____________________ BY____________________________________

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing *Application of Columbia Gas of Ohio, Inc. to Establish the Columbia Customer Choice Program* has been served upon the following persons via regular U.S. mail, this 17th day of October, 1996.

Amy L. Koncelik per SBS

Amy L. Koncelik
Attorney for
COLUMBIA GAS OF OHIO, INC.

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Joyce Warren
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MARKETERS

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Manchester, NH 03101-2101

AGF Direct Gas Sales
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Natrona Hts., PA 15065

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Ft. Wright, KY 41011

Alliance Energy Services
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500 Brown & Williamson Tower
Louisville, KY 40202

American Central Gas
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Tulsa, OK 74105-7147

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Tommie Cochran
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Ashland, KY 41114

Atlantic Cnrg Services
Scott Stiner/Richard Coco
225 S. 29th St.
Harrisburg, PA 17103

Atwood Energy, Inc./Transfuel
Wayne Smith
10132 State Rt. 36
Port Washington, OH 43837-9214

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Beacon Energy
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CMS Gas Marketing
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CC Pace Resources
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Case Natural Gas
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Castle Exploration Co., Inc.
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Citizens Gas Supply Corporation
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Commonwealth Energy Services
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Cranberry Pipeline
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Charleston, WV 25337-3753

Davron Resource Management, Inc.
David Brown/Sharon Brown
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Sylvania, OH 43560-2925

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Suite 200
Pittsburgh, PA 15276

Eri Services
Justin Mcmaster/Susan Meder
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Pittsburgh, PA 15275

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