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Case Number : 07-1285-GA-EXM

File Date : 2/4/08

Section : 1 of 2

Number of Pages : 200

**Description of Document :
Joint Stipulation**

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Vectren Energy Delivery of Ohio, Inc.)
for Approval of a General Exemption of)
Certain Natural Gas Commodity Sales)
Services or Ancillary Services from)
Chapters 4905, 4909, and 4935 except)
Sections 4905.10, 4935.01, and 4935.03,)
and from specified sections of Chapter 4933)
of the Revised Code.)

Case No. 07-1285-GA-EXM

JOINT STIPULATION AND RECOMMENDATION

February 4, 2008

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Vectren Energy Delivery of Ohio, Inc.)	
for Approval of a General Exemption of)	
Certain Natural Gas Commodity Sales)	
Services or Ancillary Services from)	Case No. 07-1285-GA-EXM
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Sections 4905.10, 4935.01, and 4935.03,)	
and from specified sections of Chapter 4933)	
of the Revised Code.)	

JOINT STIPULATION AND RECOMMENDATION

Rule 4901-1-30 of the Ohio Administrative Code ("OAC") provides that any two or more parties to a proceeding may enter into a written or oral stipulation concerning the issues presented in such proceeding. Pursuant to Rule 4901-1-10(C) of the OAC, the Staff ("Staff") of the Public Utilities Commission ("Commission") is considered to be a party for purposes of entering into a stipulation under Rule 4901-1-30 of the OAC.

The purpose of this Joint Stipulation and Recommendation ("Stipulation") is to set forth the understanding of Vectren Energy Delivery of Ohio, Inc. ("VEDO"); the Commission Staff; the Ohio Gas Marketers Group¹; SouthStar Energy Services LLC; Dominion Retail, Inc.; MXenergy Inc.; Industrial Energy Users-Ohio ("IEU-Ohio"); Stand Energy Corporation; Integrys Energy Services, Inc.; DTE Energy Trading, Inc.; Office of the Ohio Consumers' Counsel ("OCC");

¹ The Ohio Gas Marketers Group members are Direct Energy Services LLC, Vectren Retail, LLC and Interstate Gas Supply, Inc.

and the Ohio Farm Bureau Federation (collectively, "Signatory Parties"); who are participants of VEDO's Merchant Function Exit Working Group ("Exit Working Group"); with respect to the proposals made in the Application which is the subject of this proceeding and related matters.

I. BACKGROUND

On October 12, 2006, VEDO convened the first of a series of meetings of its Exit Working Group to obtain input and participation in the ultimate development of a process by which to achieve VEDO's exit from the commodity merchant function. On December 21, 2007, VEDO filed an Application with required Exhibits which substantially embodied the substance of the discussions of the Exit Working Group at that time. This Stipulation and the tariff sheets attached hereto as Stipulation Exhibit A represent the agreement of the Signatory Parties to the proposals contained in the Application and Application Exhibits except as are reflected in Stipulation Exhibit A and as are set out below.

As designed, the terms and conditions of this Stipulation will provide for an orderly and controlled transition from VEDO to supplier commodity service by ensuring reliable commodity service while providing better price signals to customers and an open, competitive commodity market for suppliers.

II STIPULATION AND RECOMMENDATION

- A. The Signatory Parties agree that VEDO will conduct an auction of its commodity supply requirements in May 2008 for the

establishment of a Standard Sales Offer ("SSO")² Service to be implemented on July 1, 2008. The SSO Service is a sales service regulated by the Commission which will replace VEDO's GCR service, for which there will be a market-based and formula-derived standard rate. Customers may elect SSO Service or VEDO's existing Choice Service at their option throughout the year during which the SSO is in effect.

- B. The Signatory Parties agree that VEDO shall conduct an auction of its commodity supply requirements in February 2009 for the establishment of a Standard Choice Offer ("SCO")³ Service to be implemented on April 1, 2009. The SCO Service is a Choice Service offered on Commission-regulated terms and conditions for which there will be a market-based standard rate. Customers may elect SCO Service or VEDO's existing Choice Service at their option throughout the period during which the SCO Service is in effect. VEDO will conduct at least two SCO Service auctions. If Commission approval for Full Choice has not been sought and obtained by April 1, 2011, another SCO Service auction will be held for a subsequent annual period, and so on thereafter.

² SSO service is described in the proposed tariffs Exhibit A of the Stipulation at Rate 395 Original Sheet 22 and in more detail in the Exhibit B of the Stipulation - Program Outline at Sections 6, 9 and 10 which are incorporated into and a part of this Stipulation.

³ SCO service is described in the proposed tariffs Exhibit A of the Stipulation at Rate 396 Original Sheet 23 and in more detail in the Exhibit B of the Stipulation - Program Outline at Sections 49, 52 and 53 which are incorporated into and a part of this Stipulation.

- C. The Signatory Parties agree to the establishment of an Exit Transition Cost Rider, as described in Application Exhibit V, to recover Merchant Function Exit transition costs from all SSO, SCO, and Choice Service customers. This reconcilable rider is for the purpose of recovering or passing back, among other costs, incremental SSO and SCO Service implementation costs (including customer education costs), residual GCR variances, residual incremental POLR costs, and residual imbalance costs.
- D. The Signatory Parties are aware of the Federal Energy Regulatory Commission ("FERC") requirements and its Notice of Proposed Rule Making in FERC Case No. RM08-1-000 which may address issues related to the terms and conditions of this Stipulation. The Signatory Parties acknowledge that VEDO will request a waiver from FERC seeking exemption from any bidding and tying prohibitions to capacity and storage provisions which may be inconsistent with the terms and conditions agreed to in this Stipulation. Also, the Signatory Parties acknowledge that VEDO will participate in the filing of comments responsive to the NOPR in FERC Case No. RM08-1-000 advocating that asset management agreements and releases of both capacity and storage pursuant to state Commission-approved retail access programs should receive a blanket waiver from any existing FERC prohibitions.

- E. If the timing of the SSO and SCO Service phases contemplated in Paragraphs A and B above cannot be achieved, the following alternative time lines will be effective:
1. For an SSO Service implementation date of July 1, 2008 or earlier, the SSO Service phase duration will end March 31, 2009.
 2. For an SSO Service implementation date after July 1, 2008, but before November 1, 2008, the SSO Service phase will end March 31, 2010.
 3. If an SSO Service implementation date is possible only on November 1, 2008 or later, the SSO Service implementation date will be April 1, 2009, and the SSO Service phase duration will end March 31, 2010.
- F. At the Signatory Parties' request, VEDO agrees to withdraw its proposal that a portion of the SSO price during the winter months of SSO Service be hedged as described on page 6 of the Testimony of Perry M. Pergola, attached to the Application as Application Exhibit IV. VEDO will cease financial hedging of its Gas Cost Recovery (GCR) commodity supply on April 1, 2008, in order to provide a transition to the unhedged monthly pricing model provided for in the SSO Service phase. If the SSO has not been initiated by July 1, 2008, as contemplated in Paragraph No. II (A),

the cessation of financial hedging for GCR commodity supply for the 2008-2009 winter heating season will be evaluated.

- G. For purposes limited to this proceeding and only with regard to VEDO's commodity sales service, the Signatory Parties request that VEDO be granted exemptions as set out in Section 4929.04, Revised Code, including Chapter 4905, Revised Code (with the exception of Section 4905.10, Revised Code), Chapter 4909, Revised Code, and Chapter 4935, Revised Code (with the exception of Sections 4935.01 and 4935.03, Revised Code) and any rule or order issued under those chapters or sections. While this will exempt VEDO from gas cost recovery management performance audits and financial audits and the requirements associated with long term forecast filing requirements, VEDO will prepare a design day peak forecast which will be updated annually and provided to the Exit Working Group members for review prior to implementation. VEDO will also continue to submit monthly SG-1 forms to the Commission Staff. In requesting the exemptions, the Signatory Parties are not waiving their rights and remedies as provided under Sections 4929.04(F) and 4929.04(G), Revised Code.
- H. The Signatory Parties agree to and request approval of the Application and Application Exhibits I through VII, as amended by this Stipulation. The Signatory Parties request that the Commission

explicitly approve the proposed tariffs contained in Stipulation Exhibit A, effective no sooner than the date of the order in this proceeding.

- I. Attached to this Stipulation as Stipulation Exhibit B is a Program Outline, which is the consensus document which the Signatory Parties agree is the basis for the proposals made for approval in this proceeding. Because it includes significant content of an explanatory or operational nature that does not require Commission approval, it is attached, not for Commission approval, but to demonstrate the detail of the discussions which have resulted in this Stipulation (except that the definitions of the SSO and SCO are incorporated for approval in paragraphs II.A. and II.B.). All matters for which Commission approval is required are incorporated in the Application and Application Exhibits, as explicitly amended by this Stipulation.
- J. The Signatory Parties agree that the Exit Working Group will meet regularly to evaluate SSO Service, SCO Service, and to continue discussions for the development of a process by which to achieve a Full Choice environment that is in the best interest of VEDO's customers. VEDO will provide periodic reports of the progress and status of SSO Service and SCO Service to the Exit Working Group as specified in the Application Exhibits. Each signatory party retains the right to file issues at the Commission for formal

resolution in the event that such issues are not satisfactorily resolved in the Exit Working Group.

- K. The Signatory Parties agree that the Application and Application Exhibits I-VII filed in this docket on December 21, 2007 will be admitted into evidence in this proceeding.
- L. The Signatory Parties request that the Commission consider and approve this Stipulation as expeditiously as possible. A Motion for Waivers of certain provisions of Rules 4901:1-19-06 and 4901:1-19-09, O.A.C., was filed on December 21, 2007. In light of the fourteen-month duration and content of the Exit Working Group discussions which have resulted in this Stipulation, the Signatory Parties support the Motion for Waivers and request Commission approval thereof.
- M. This Stipulation is the result of a lengthy process of serious discussions among informed parties, and it does not necessarily reflect the proposal that one or more of the Parties would have made if these issues had been fully litigated. The Signatory Parties believe that this Stipulation represents a reasonable compromise of varying interests and violates no regulatory principle. This Stipulation is expressly conditioned upon adoption in its entirety by the Commission without material modification by the Commission. Should the Commission reject or materially modify all or any part of this Stipulation, the Parties shall have the right, within thirty (30)

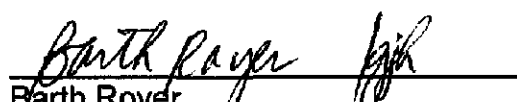
days of the issuance of the Commission's order, to file an application for rehearing. No Party shall oppose another Party's application for rehearing which argues for approval of the Stipulation as filed. Upon the Commission's issuance of an entry on rehearing that does not adopt the Stipulation in its entirety without material modification; any Party may terminate and withdraw from the Stipulation by filing a notice with the Commission within thirty (30) days of the Commission's entry on rehearing. Prior to any Party seeking rehearing or terminating and withdrawing from this Stipulation pursuant to this provision, the Parties agree to convene immediately to work in good faith to achieve an outcome that substantially satisfies the intent of this Stipulation or proposes a reasonable equivalent thereto to be submitted to the Commission for its consideration. Upon notice of termination or withdrawal by any Party, pursuant to the above provisions, the Stipulation shall immediately become null and void. In such event, the Application submitted herein will be considered by the Commission consistent with the statutory requirements and precedents applicable to applications not for an increase in rates, and this proceeding shall go forward at the procedural point at which this Stipulation was filed, and the Parties will be afforded the opportunity to present evidence through witnesses, to cross examine all witnesses, to present rebuttal testimony, and to brief all issues which shall be

decided based upon the record and briefs as if this Stipulation had never been executed. This Stipulation is submitted for purposes of this case only, and may not be relied upon or used in any other proceeding except as necessary to enforce the terms and conditions of this Stipulation. The Signatory Parties agree with and commit to support the reasonableness of this Stipulation before the Commission and in any appeal from the Commission's adoption or enforcement of this Stipulation.

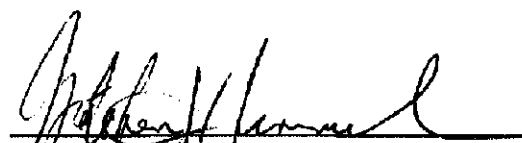
Agreed upon this 4th day of February, 2008.


Werner L. Margard III
Assistant Attorney General

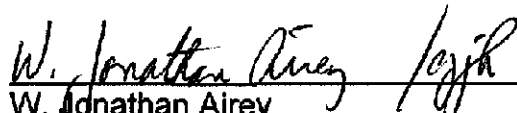
**On Behalf of the Staff of the
Commission**


Barth Royer


**On Behalf of Dominion Retail, Inc.
and MXenergy Inc.**


Gretchen J. Hummel
McNees Wallace & Nurick LLC

**On Behalf of Vectren Energy
Delivery of Ohio, Inc.**


W. Jonathan Airey

**On Behalf of Industrial Energy
Users-Ohio**


Larry Gearhardt
Chief Legal Counsel

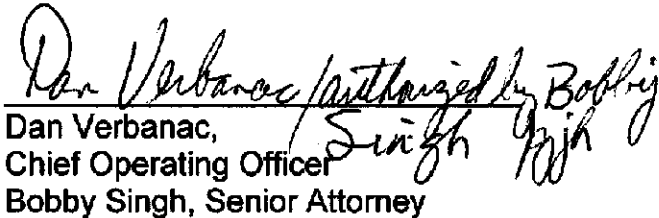
**On Behalf of the Ohio Farm
Bureau Federation**


Joseph P. Serio

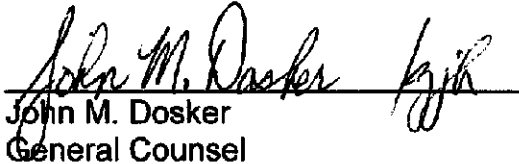
**On Behalf of the Ohio Consumers'
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**On Behalf of SouthStar Energy
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Dan Verbanac,
Chief Operating Officer
Bobby Singh, Senior Attorney

**On Behalf of Integrys Energy
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John M. Dosker
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**On Behalf of Stand Energy
Corporation**


Thomas J. O'Brien

**On Behalf of DTE Energy Trading,
Inc.**


M. Howard Petricoff

**On Behalf of Ohio Marketers
Group (Direct Energy Services
LLC; Vectren Retail, LLC; and
Interstate Gas Supply, Inc.**

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Joint Stipulation and Recommendation* was served upon the following parties of record this 4th day of February, 2008, *via* electronic transmission, hand-delivery or ordinary U.S. mail, postage prepaid.


Gretchen J. Hummel

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Stipulation Exhibit A

TARIFF SHEET INDEX

<u>Tariff Sheet</u>	<u>Description</u>	<u>Revision</u>	<u>Effective Date</u>
1	Title Page	Original	April 13, 2005
2	Tariff Sheet Index		
3	Locations Served	Original	April 13, 2005
4-9	Reserved for Future Use		
RATE SCHEDULES			
10	Rate 310 Residential Sales Service	Second	
11	Rate 315 Residential Transportation Service	Third	
12	Rate 320 General Sales Service	Second	
13	Rate 325 General Transportation Service	Third	
14	Rate 330 Large General Sales Service	Second	
15	Rate 340 Interruptible Sales Service	Second	
16	Rate 341 Dual Fuel Sales Service	Second	
17	Rate 345 Large General Transportation Service	Second	
18-19	Reserved for Future Use		
20	Rate 380 Pooling Service (Large General)	Original	April 13, 2005
21	Rate 385 Pooling Service (Residential & General)	First	
22	Rate 395 SSO Supplier Service	Original	
23-29	Reserved for Future Use		
RIDERS			
30	Miscellaneous Charges	First	August 1, 2006
31	Gas Cost Recovery Rider (Suspended)		
32	Reserved for Future Use		
33	Reserved for Future Use		
34	Gas Cost Recovery Reconciliation Rider	Fifth	September 1, 2007
35	Migration Cost Rider (Suspended)	First	
36	Balancing Cost Rider (Suspended)	Fourth	
37	Gross Receipts Excise Tax Rider	Original	April 13, 2005
38	Standard Sales Offer Rider	Original	
39	Uncollectible Expense Rider	Third	August 1, 2007
40	Percentage of Income Payment Plan Rider	First	February 5, 2007
41	Exit Transition Cost Rider	Original	
42	S.B. 287 Excise Tax Rider	Original	April 13, 2005
43	Sales Reconciliation Rider	Original	October 1, 2006
44-49	Reserved for Future Use		

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

Issued _____

Issued by Jerrold L. Ulrey, Vice-President

Effective _____

TARIFF SHEET INDEX

<u>Tariff Sheet</u>	<u>Description</u>	<u>Revision</u>	<u>Effective Date</u>
TRANSPORTATION PROVISIONS			
50	Transportation Terms and Conditions (Large General)	First	
51	Nomination and Balancing Provisions (Large General and Pool Operator)	Third	
52	Pooling Service Terms and Conditions (Residential and General)	First	
53	Reserved for Future Use		
54	Unaccounted for Gas Percentage	First	
55	SSO Supplier Terms and Conditions	Original	
56-58	Reserved for Future Use		
GENERAL TERMS AND CONDITIONS			
59	Definitions	First	
60	Application and Contract for Service	Original	April 13, 2005
61	Credit Requirements of Customer	Original	April 13, 2005
62	Billing and Payment for Gas Service	Original	April 13, 2005
63	Disconnection-Reconnection of Service	First	November 10, 2005
64	Meters and Metering Equipment-Location and Installation	Original	April 13, 2005
65	Service Pipe-Location and Installation	Original	April 13, 2005
66	Equipment on Customer's Premises	Original	April 13, 2005
67	Use and Character of Service	Original	April 13, 2005
68	Extensions of Gas Distribution Mains	Original	April 13, 2005
69	Extensions of Gas Facilities to House Trailer Parks	Original	April 13, 2005
70	Curtailment Procedures	Second	
71	Operational Flow Orders	First	
72	Affiliate Code of Conduct	Original	
73-78	Reserved for Future Use		
79	Amendments	Original	

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

Issued _____

Issued by Jerrold L. Ulrey, Vice-President

Effective _____

RATE 310

RESIDENTIAL SALES SERVICE

APPLICABILITY

This Rate Schedule shall be available to any Residential Customer electing service hereunder when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. [Successor Rate Schedule to Small Gas Sales Service, for Residential Customers.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Sales Service. Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$7.00 per meter

Distribution Charge:

\$0.11986 per Ccf for the first 50 Ccf, plus
\$0.10442 per Ccf for all Ccf over 50 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 38 – Standard Sales Offer Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 41 – Exit Transition Cost Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

Issued

Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 315

RESIDENTIAL TRANSPORTATION SERVICE

APPLICABILITY

This Rate Schedule shall be available to any Residential Customer electing service hereunder when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. However, this Rate Schedule shall not be available to any Customer whose utility service account is past due at the time Customer desires to initiate this service unless Customer has discharged, or entered into a payment arrangement to discharge all existing arrearages owed the Company. This Rate Schedule is also applicable to customers currently enrolled in the Company's Percentage of Income Payment Plan (PIPP) in the event that Company bids out the provision of commodity supply for the PIPP Customers as a Single Pool. [Successor Rate Schedule to Small Gas Transportation Service, for Residential Customers.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

Customer, except for PIPP Pool Customers, must enter into a contract for firm gas supplies with a Choice Supplier who meets the requirements for participation in Pooling Service (Residential and General) under Rate 385. Company will maintain and make available a list of Choice Suppliers participating in the Pooling Program. Such list shall be available by request and through the Company's website.

DEFINITIONS

Terms used in this Rate Schedule are defined in the Definitions section of Pooling Service Terms and Conditions (Residential and General) on Sheet No. 52.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$7.00 per meter

Distribution Charge:

\$0.11986 per Ccf for the first 50 Ccf, plus
\$0.10442 per Ccf for all Ccf over 50 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 41 – Exit Transition Cost Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

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Issued

Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 315

RESIDENTIAL TRANSPORTATION SERVICE

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

BILLING

Company shall bill Customer for all Gas Services provided by the Company. Choice Suppliers have the option of either: (1) Company providing billing for Choice Suppliers' services to Customer, or (2) the Choice Supplier may bill for those services independently.

TERMS AND CONDITIONS

Choice Supplier Selection:

In order to receive Gas Service under this Rate Schedule, Customer must join a Pool of a Choice Supplier participating in the Company's Pooling Program. When Company receives appropriate notification of Customer's request to participate in the Pooling Program, the change shall become effective with Customer's next on-cycle meter reading after the Customer's Enrollment Processing Period.

Transfer to Sales Service Upon Choice Supplier Default

As set forth in Sheet No. 52, if Customer's Choice Supplier defaults and Customer is not assigned to a non-defaulting Choice Supplier, Customer will transfer to Sales Service.

Disconnection for Non-Payment of Choice Bill:

Non-payment of the Choice Supplier gas commodity portion of the bill shall subject Customer currently receiving Gas Service under this Rate Schedule to disconnection as explained in Section 4 of the General Terms and Conditions.

Customer Usage Information Release:

When Company receives a request from a Customer for its historic usage information, the usage information for the most recent twelve (12) months and payment information for the most recent twenty-four (24) months, if available, shall be provided to Customer.

Regulations:

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

RATE 320

GENERAL SALES SERVICE

APPLICABILITY

This Rate Schedule shall be available to any Non-Residential Customer electing service hereunder whose Annual Usage is less than 150,000 Ccf when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. [Successor Rate Schedule to Small Gas and General Gas Sales Services, for Non-Residential Customers.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Sales Service. Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$10.00 per Group 1 Meter, or
\$25.00 per Group 2 Meter

Distribution Charge:

\$0.12879 per Ccf for the first 50 Ccf, plus
\$0.10497 per Ccf for all Ccf over 50 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 38 – Standard Sales Offer Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 41 – Exit Transition Cost Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

Issued

Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 320

GENERAL SALES SERVICE

CURTAILMENT

Customer shall limit gas usage as directed by Company pursuant to the Curtailment Procedures of Company's General Terms and Conditions. Except in emergencies, Company will endeavor to give four hours advance notice of such Curtailment. Company shall not be liable in damages or otherwise to Customer for any loss of production or because of the lack of advance notice to Customer.

If Customer uses gas in excess of the volume authorized during any Curtailment Period, an Unauthorized Gas Usage Charge as set forth in Sheet No. 30, Miscellaneous Charges, shall be assessed to Customer.

In the event Customer fails to comply with Company's direction to curtail, Company reserves the right to discontinue Gas Service to Customer.

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The
Public Utilities Commission of Ohio.

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Effective

RATE 325

GENERAL TRANSPORTATION SERVICE

APPLICABILITY

This Rate Schedule shall be available to any Non-Residential Customer electing service hereunder whose Annual Usage is less than 150,000 Ccf when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. However, this Rate Schedule shall not be available to any Customer whose utility service account is past due at the time Customer desires to initiate this service unless Customer has discharged, or entered into a payment arrangement to discharge all existing arrearages owed the Company. [Successor Rate Schedule to Small Gas and General Gas Transportation Services, for Non-Residential Customers.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

Customer must enter into a contract for firm gas supplies with a Choice Supplier who meets the Company's requirements for participation in Pooling Service (Residential and General) under Rate 385. Company will maintain and make available a list of Choice Suppliers participating in the Pooling Program. Such list shall be available by request and through the Company's website.

DEFINITIONS

Terms used in this Rate Schedule are defined in the Definitions section of the Pooling Service Terms and Conditions (Residential and General) on Sheet No. 52.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$10.00 per Group 1 Meter, or
\$25.00 per Group 2 Meter

Distribution Charge:

\$0.12879 per Ccf for the first 50 Ccf, plus
\$0.10497 per Ccf for all Ccf over 50 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 41 – Exit Transition Cost Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

Issued

Issued by Jerrold L. Ulrey, Vice-President Effective

RATE 325

GENERAL TRANSPORTATION SERVICE

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

BILLING

Company shall bill Customer for all services provided by the Company. Choice Suppliers have the option of either: (1) Company providing billing to Customer for Choice Suppliers' services, or (2) the Choice Supplier may bill for those services independently.

TERMS AND CONDITIONS

Choice Supplier Selection:

In order to receive Gas Service under this Rate Schedule, Customer must join a Pool of a Choice Supplier participating in the Company's Pooling Program. When Company receives appropriate notification of Customer's request to participate in the Pooling Program, the change shall become effective with Customer's next on-cycle meter reading after the Customer's Enrollment Processing Period.

Transfer to Sales Service Upon Choice Supplier Default

As set forth in Sheet No. 52, if Customer's Choice Supplier defaults and Customer is not assigned to a non-defaulting Choice Supplier, Customer will transfer to Sales Service.

Disconnection for Non-Payment of Choice Bill:

Non-payment of the Choice Supplier gas commodity portion of the bill shall subject Customers currently receiving Gas Service under this Rate Schedule, to disconnection as explained in Section 4 of the General Terms and Conditions.

Customer Usage Information Release:

When Company receives a request from Customer for its historic usage information, the usage information for the most recent twelve (12) months and the payment information for the most recent twenty-four (24) months, if available, shall be provided to Customer.

RATE 325

GENERAL TRANSPORTATION SERVICE

Metering:

If Company determines that remote meter reading equipment is needed to monitor Customer's usage on a daily basis in order to ensure reasonable accuracy for Company's forecast of the Peak Design Day Demand, Expected Demand, and corresponding Directed Delivery Quantity of the Pool containing such Customer, then Company shall install such remote meter reading equipment and provide the necessary interface with its meters. Customer shall be responsible for the installation and operating and maintenance costs of electric and telephone services, as specified by Company. The availability of the necessary electric and telephone service equipment must be present at Customer's meter location prior to the installation of Company's remote meter reading equipment. Failure by Customer to adequately install and maintain the necessary electric and telephone service will result in termination of its Gas Service under this Rate Schedule.

Regulations:

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

CURTAILMENT

Customer shall limit gas usage as directed by Company pursuant to the Curtailment Procedures of Company's General Terms and Conditions. Except in emergencies, Company will endeavor to give four hours advance notice of such Curtailment. Company shall not be liable in damages or otherwise to Customer for any loss of production or because of the lack of advance notice to Customer.

If Customer uses gas in excess of the volume authorized during any Curtailment Period, an Unauthorized Gas Usage Charge as set forth in Sheet No. 30, Miscellaneous Charges, shall be assessed to Customer.

In the event Customer fails to comply with Company's direction to curtail, Company reserves the right to discontinue Gas Service to Customer.

RATE 330

LARGE GENERAL SALES SERVICE

APPLICABILITY

This Rate Schedule shall be available to any Non-Residential Customer electing service hereunder whose Annual Usage is 150,000 Ccf or more when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers [Successor Rate Schedule to Large Gas Sales Service]. This Rate Schedule shall no longer be available to existing or new Customers as of the termination date of the SSO Service phase.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Sales Service. Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$100.00 per Meter

Distribution Charge:

\$0.12990 per Ccf for the first 1000 Ccf, plus
\$0.11062 per Ccf for the next 14,000 Ccf, plus
\$0.07691 per Ccf for all Ccf over 15,000 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 38 – Standard Sales Offer Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 41 – Exit Transition Cost Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The
Public Utilities Commission of Ohio.

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Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 330

LARGE GENERAL SALES SERVICE

CONTRACT

Customer must contract for Gas Service under this Rate Schedule for an initial term of one (1) year, or longer if necessary in the judgment of Company to justify the construction costs required to supply Gas Service. At the expiration of its initial term such contract shall continue from year to year thereafter, unless such contract is cancelled by either party by six (6) months prior written notice.

CURTAILMENT

Customer shall limit gas usage as directed by Company pursuant to the Curtailment Procedures of Company's General Terms and Conditions. Except in emergencies, Company will endeavor to give four hours advance notice of such Curtailment. Company shall not be liable in damages or otherwise to Customer for any loss of production or because of the lack of advance notice to Customer.

If Customer uses gas in excess of the volume authorized during any Curtailment Period, an Unauthorized Gas Usage Charge as set forth in Sheet No. 30, Miscellaneous Charges, shall be assessed to Customer.

In the event Customer fails to comply with Company's direction to curtail, Company reserves the right to discontinue Gas Service to Customer.

TERMS AND CONDITIONS

Transfer from a Transportation Service:

If Customer voluntarily transfers to this Sales Service from a Transportation Service, all incremental gas procurement and upstream transportation and storage costs incurred in order to transfer Customer to Sales Service may be charged to Customer.

Regulations:

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

RATE 340

INTERRUPTIBLE SALES SERVICE

APPLICABILITY

This Rate Schedule is available to any Non-Residential Customer electing service hereunder when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. This Rate Schedule shall no longer be available to existing or new Customers as of the termination date of the SSO Service Phase.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Interruptible Sales Service. The delivery pressure shall be that which is available at Customer's Premises.

RATES AND CHARGES

The Monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$100.00 per meter

Distribution Charge:

\$0.04977 per Ccf for all Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 38 – Standard Sales Offer Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 41 – Exit Transition Cost Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

Minimum Monthly Charge:

For the billing months of June, July, August, September, and October, the Minimum Monthly Charge shall be \$2000.00, plus the Standard Sales Offer Rider Charge computed on the gas actually metered during such month. For all other billing months, the Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

RATE 340

INTERRUPTIBLE SALES SERVICE

CONTRACT

Customer must contract for Gas Service under this Rate Schedule for an initial term of one (1) year, or longer if necessary in the judgment of Company to justify the construction costs required to supply Gas Service. At the expiration of its initial term such contract shall continue from year to year thereafter, unless such contract is cancelled by either party by six (6) months prior written notice.

CURTAILMENT

Customer shall limit gas usage as directed by Company pursuant to the Curtailment Procedures of Company's General Terms and Conditions. Except in emergencies, Company will endeavor to give four hours advance notice of such Curtailment. Company shall not be liable in damages or otherwise to Customer for any loss of production or because of the lack of advance notice to Customer.

If Customer uses gas in excess of the volume authorized during any Curtailment Period, an Unauthorized Gas Usage Charge as set forth in Sheet No. 30, Miscellaneous Charges, shall be assessed to Customer.

In the event Customer fails to comply with Company's Curtailment, Company reserves the right to discontinue Gas Service to Customer.

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to the Company's General Terms and Conditions and Commission's Regulations.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

Issued

Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 341

DUAL FUEL SALES SERVICE

APPLICABILITY

This Rate Schedule is available to any Non-Residential Customer electing service hereunder whose Spaceheating equipment has a rated input in excess of 2,500,000 Btu per hour when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers.

CHARACTER OF SERVICE

This Rate Schedule is applicable to the provision of Dual Fuel Sales Service, as described in the Dual Fuel Terms and Conditions below. Gas Service under this Rate Schedule shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises. Customer, and owner if other than Customer, shall enter into and comply with the terms and conditions of a contract with Company.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$30.00 per meter

Distribution Charge:

\$0.06050 per Ccf for all Ccf of Process or Base Deliveries (as defined below), plus
\$0.02687 per Ccf for all Ccf of Dual Fuel Deliveries (as defined below)

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 38 – Standard Sales Offer Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Rider
- Sheet No. 41 – Exit Transition Cost Rider
- Sheet No. 42 – S. B. 287 Excise Tax Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

RATE 341

DUAL FUEL SALES SERVICE

PROCESS OR BASE DELIVERIES

1. The process or base deliveries for billing purposes shall mean Customer's average monthly use during the four consecutive summer billing months beginning with the June billing month.
2. Process or base deliveries for billing purposes shall be recalculated annually. In the case of a Customer whose process or base gas using equipment was not operated during the preceding summer process or base delivery period in a manner representative of its requirements in the remaining eight months, a process or base use value shall be estimated by Company.

DUAL FUEL DELIVERIES

Dual fuel deliveries for billing purposes shall mean all deliveries in excess of Customer's process or base deliveries, and shall be limited to deliveries made during the eight consecutive billing months following the close of Customer's summer process or base delivery period.

CONTRACT

Customer must contract for Gas Service under this Rate Schedule for an initial term of one (1) year, or longer if necessary in the judgment of Company to justify the construction costs required to supply Gas Service. At the expiration of its initial term such contract shall continue from year to year thereafter, unless such contract is cancelled by either party by six (6) months prior written notice.

DUAL FUEL TERMS AND CONDITIONS

Upon written application, any gas Customer whose Spaceheating equipment for any single structure or occupancy unit has a rated input in excess of 2,500,000 Btu per hour will be authorized, subject to the conditions set forth below, to use gas in Spaceheating equipment which is designed to use natural gas supplied by Company for Spaceheating during the warmer weather of the winter and an alternate fuel (either liquefied petroleum (propane) gas or oil) during the colder weather of the winter and which equipment will be switched from one fuel to the other automatically by a temperature control actuated by outside temperature.

- A. Before natural gas supplied by Company may be used by Customer for Spaceheating under Company's Dual Fuel Rate Schedule:
1. Customer must have installed storage facilities and must maintain therein a quantity of alternate fuel, which will be sufficient, in the opinion of Company, to supply Customer's spaceheating requirements on a dual fuel basis for each heating season.
 2. Customer must have installed dual fuel Spaceheating equipment of a type approved by Company.
 3. Customer must have installed automatic outside temperature control equipment to be sealed by the Company, of a type approved by Company and at a point selected by Company, and set to switch automatically Customer's Spaceheating equipment from natural gas to an alternate fuel when the outside temperature is below a certain predetermined temperature to be established by Company, and to switch such Spaceheating equipment from such alternate fuel to natural gas when the outside temperature is approximately five degrees above such predetermined temperature.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 341

DUAL FUEL SALES SERVICE

4. All such dual fuel Spaceheating and outside temperature control equipment, storage facilities and necessary piping shall be installed in such a manner as to comply with the requirements of all applicable state and local laws, ordinances and codes and shall have been approved under all applicable state and local inspection laws, ordinances, rules and regulations.
- B. Customer will maintain and keep in proper operating condition such Spaceheating and temperature control equipment, and Company will not be responsible for the proper operation of the same.
- C. Customer will not, without the consent of Company, change, manipulate, or tamper with such Spaceheating and temperature control equipment in such a way that the Spaceheating equipment is not automatically switched to and from the alternate fuel at the predetermined temperatures.
- D. In the event that Customer's control equipment shall fail, because of mechanical failure, human interference, or otherwise, to switch Customer's Spaceheating equipment from and to natural gas supplied by Company, Customer may be charged by Company for all Gas Service until the next heating season under the Company's otherwise applicable Sales Service Rate Schedule instead of this Rate Schedule.
- E. Upon breach by Customer of any of the above covenants and conditions relating to the use of natural gas for Spaceheating, Company shall have the right to cancel such approval for the use of gas for Spaceheating on a dual fuel basis at said Premises and upon such cancellation all Gas Service to Customer at said location shall be paid for at the applicable Sales Service Rate Schedule until proper steps approved by Company have been taken by Customer to assure that natural gas supplied by Company will be used by Customer at said Premises in accordance with the foregoing Dual Fuel Terms and Conditions.

CURTAILMENT

Customer shall limit gas usage as directed by Company pursuant to the Curtailment Procedures of Company's General Terms and Conditions. Except in emergencies, Company will endeavor to give four hours advance notice of such Curtailment. Company shall not be liable in damages or otherwise to Customer for any loss of production or because of the lack of advance notice to Customer.

If Customer uses gas in excess of the volume authorized during any Curtailment Period, an Unauthorized Gas Usage Charge as set forth in Sheet No. 30, Miscellaneous Charges, shall be assessed to Customer.

In the event Customer fails to comply with Company's Curtailment, Company reserves the right to discontinue Gas Service to Customer.

GENERAL TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to the Company's General Terms and Conditions and Commission's Regulations.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 345

LARGE GENERAL TRANSPORTATION SERVICE

APPLICABILITY

This Rate Schedule is available to any Non-Residential Customer electing service hereunder whose Annual Usage is greater than 50,000 Ccf and certain other Non-Residential Customers who were receiving service hereunder prior to March 1, 2005, when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. [Successor Rate Schedule to Natural Gas Transportation Service.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

Company shall provide Transportation Service from existing pipeline delivery points specified by Company to Customer on a non-discriminatory basis subject to the capacity of Company's Operational Systems.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$100.00 per meter

Distribution Charge:

\$0.12990 per Ccf for the first 1000 Ccf, plus

\$0.11062 per Ccf for the next 14,000 Ccf, plus

\$0.07691 per Ccf for all Ccf over 15,000 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Additional Services Charges:

Customer shall pay the appropriate rates and charges for any additional service provided by Company, as described in the Transportation Terms and Conditions (Large General), and any charge assessed in accordance with orders issued by Commission relating to take-or-pay, transition, or other costs.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 345

LARGE GENERAL TRANSPORTATION SERVICE

Competitive Flexibility:

The above Rates and Charges may be reduced, in Company's reasonable discretion, as necessary to retain or attract Customer's gas load.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

CONTRACT

Customer must contract for Gas Service under this Rate Schedule for an initial term of one (1) year or longer if necessary in the judgment of Company to justify the construction costs required to supply the Gas Service. At the expiration of its initial term such contract shall continue from year to year thereafter, unless either party cancels such contract by six (6) months prior written notice.

TRANSPORTATION TERMS AND CONDITIONS

Gas Service provided under this Rate Schedule shall be subject to the Transportation Terms and Conditions (Large General) contained in Sheet No. 50 and the Nomination and Balancing Provisions (Large General and Pool Operator) contained in Sheet No. 51.

MEASUREMENT REQUIREMENT

Customer shall provide and maintain on the Premises at the meter location telephone service as required for Company's electronic gas measurement devices and related communications equipment.

CURTAILMENT

Customer shall limit gas usage as directed by Company pursuant to the Curtailment Procedures of Company's General Terms and Conditions. Except in emergencies, Company will endeavor to give four hours advance notice of such Curtailment. Company shall not be liable in damages or otherwise to Customer for any loss of production or because of the lack of advance notice to Customer.

If Customer uses gas in excess of the volume authorized during any Curtailment Period, an Unauthorized Gas Usage Charge as set forth in Sheet No. 30, Miscellaneous Charges, shall be assessed to Customer.

In the event Customer fails to comply with Company's Curtailment, Company reserves the right to discontinue Gas Service to Customer.

Filed pursuant to the Finding and Order dated _____ in Case No. _____
of The Public Utilities Commission of Ohio.

Issued:

Issued by Jerrold L. Ulrey, Vice-President

Effective:

RATE 345
LARGE GENERAL TRANSPORTATION SERVICE

CREDITWORTHINESS EVALUATION:

Company shall perform a creditworthiness evaluation of Customer consistent with Company's standard creditworthiness evaluation practices, including an assessment of the credit risk exposure resulting from, but not limited to, distribution rates and charges, interstate pipeline capacity charges, imbalance charges, cash-out charges, pipeline penalty charges, reservation charges, and any other amounts owed to Company. If at any time Company determines that the credit risk exposure is greater than any unsecured credit that may be granted resulting from the creditworthiness evaluation, Customer must provide Company with adequate Financial Assurance to cover the difference between the credit risk exposure and any unsecured credit granted prior to, or to continue, receiving service. The provisions of this Rate Schedule and Contract between Company and Customer shall govern Company's creditworthiness requirements and procedures.

GENERAL TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

Filed pursuant to the Finding and Order dated _____ in Case No. _____
of The Public Utilities Commission of Ohio.

Issued:

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Effective:

RATE 385
POOLING SERVICE
(RESIDENTIAL AND GENERAL)

APPLICABILITY

This Pooling Service is applicable to any Choice Supplier delivering firm gas supplies to Company's Operational Systems on behalf of Customers receiving Residential Transportation Service under Rate 315 or General Transportation Service under Rate 325.

Several terms and conditions contained within this Rate Schedule differ depending on whether a Choice Supplier Pool is comprised entirely of Non-Mercantile Customers, or if such Pool contains any Mercantile Customers. As appropriate, the various sections within this Rate Schedule shall identify such differing requirements.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Pooling Service for Rate 315 or 325 Transportation Customers. Choice Supplier shall deliver to Company gas supplies needed to satisfy the usage requirements of Choice Supplier's Pool Customers, all in accordance with the rules set forth in this Rate Schedule, the Pooling Service Terms and Conditions (Residential and General) contained in Sheet No. 52, and Choice Supplier's Pooling Agreement described in this Rate Schedule.

MONTHLY STATEMENT

Choice Supplier's monthly statement shall reflect the following fees, charges and credits, as applicable:

Financial Evaluation Charge:

\$50 for the initial and each subsequent Choice Supplier financial evaluation performed by Company.

Eligible Customer List Fee:

Under the annual option, \$.08 for each name included on the initial list, with updated lists provided the three subsequent quarters at no additional cost. Under the quarterly option, \$.05 for each name included on the list. Such lists shall be produced quarterly; if Choice Supplier desires the list more frequently, Choice Supplier shall reimburse Company for any costs incurred in addition to this per-customer rate.

Nomination Error Charge:

\$0.50 per Dth applied to the difference between Choice Supplier's daily pipeline nomination volume and the pipeline daily confirmed volume delivered to Company, for each day of difference.

DDQ Non-Compliance Charge:

\$15.00 per Dth on days in which no Operational Flow Order (OFO) is in effect (provided no alternate arrangements are made with Company) against the daily difference between the Pool's DDQ and aggregate deliveries.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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Effective

RATE 385
POOLING SERVICE
(RESIDENTIAL AND GENERAL)

City-Gate Allocation Non-Compliance Charge:

\$5.00 per Dth for any daily city-gate nomination less than the minimum or greater than the maximum city-gate allocation requirement.

OFO Non-Compliance Charge:

In the event of a Company issued Operational Flow Order (OFO), a \$35.00 per Dth charge shall be assessed on any volumes over or under the restrictions specified by Company in the OFO notice.

Storage Non-Compliance Charge:

A charge per Dth shall be assessed for any volumes less than or greater than the Company-established minimum or maximum daily storage injection and withdrawal requirements, or any volumes less than the minimum storage inventory quantity requirement. The charge shall be \$15.00 per Dth for the first two occurrences, and \$35.00 per Dth for the next two occurrences during the term of the contract. In the event that TCO allows daily over-injection or over-withdrawal rights, Company shall not impose the Storage Non-Compliance Charge on any volumes injected or withdrawn greater than the maximum daily injection and withdrawal limits set by Company.

Monthly Volume Reconciliation Amount:

Charge or credit as determined by the Monthly Volume Reconciliation as set out in Sheet No. 52. The price utilized will be the Columbia Appalachia Index for the month being reconciled.

Propane Supplies Charge:

The cost of propane or alternate supplies provided by Company for Choice Supplier's Pool as set out in the Allocation of Propane Supplies section of Sheet No. 52.

Meter Operator Charges:

Choice Supplier shall reimburse Company for penalties Company incurs as meter operator. Penalties will be assessed to each Supplier that contributed to the penalty proportional to its contribution to the violation.

System Balancing Amount:

Gas cost charges or credits associated with Large Transportation Customers' and Pool Operators' daily and monthly imbalance cash-outs.

POLR Amount:

Any credits payable to Choice Supplier for providing Provider of Last Resort services.

RATE 385
POOLING SERVICE
(RESIDENTIAL AND GENERAL)

Customer Billing Amount:

Choice commodity amounts billed to Choice Customers by Company on behalf of Choice Supplier.

Delivery Point Balancing Amount:

Charges or credits associated with pipeline delivery point cashouts, OBA settlements, or other related costs allocated to Supplier.

Additional Service Charges:

Fees and Charges for any other service shall be established by Company and assessed on a non-discriminatory basis. If Choice Supplier desires a billing service or custom rate that is not readily available in Company's billing system, Choice Supplier and Company shall negotiate a fee that shall include all programming costs associated with such custom billing requirements.

Related Charges:

Choice Supplier shall reimburse Company for all charges Company incurs in connection with interstate pipeline transportation of Choice Supplier-Delivered Gas including any gas costs, penalty charges, penalty charges or cash-outs.

Riders:

The following Riders shall be applied monthly; as applicable.

- Sheet No. 37 – Gross Receipts Excise Tax Rider

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Choice Supplier if applicable.

REQUIREMENTS FOR CHOICE SUPPLIER PARTICIPATION

In order to qualify for participation under the Pooling Program, Choice Supplier must: 1) sign a Choice Supplier Pooling Agreement with Company; 2) pass an initial financial evaluation performed by Company, and any such subsequent evaluation(s) deemed appropriate by Company, to ensure that Choice Supplier possesses sufficient resources to perform its responsibilities and to ensure financial performance hereunder; 3) achieve and maintain a minimum level of at least 100 Customers or 10,000 Mcf annual projected Customer sales per Pool; 4) maintain comparable firm capacity as set out in the Pooling Service Terms and Conditions (Residential and General); 5) adhere to the terms and conditions of this Rate Schedule and 6) have a computer and telephone line necessary to access Company's EBB. In addition, if Choice Supplier's participation in the Program was previously terminated due to Choice Supplier's default, Choice Supplier shall provide information acceptable to Company that such cause for default has been corrected and will be avoided in the future. Also, for any Non-Mercantile Pool, Choice Supplier must provide a copy of the certificate demonstrating that Choice Supplier is certified by the PUCO to provide retail natural gas service, and maintain such certification status.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The
Public Utilities Commission of Ohio.

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Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 385
POOLING SERVICE
(RESIDENTIAL AND GENERAL)

All Choice Suppliers must complete and sign Company's Choice Supplier Registration Form and Credit Application to be considered for participation in the Program. Choice Suppliers desiring to participate in the Program will be evaluated by Company to establish credit levels acceptable to Company. Company will apply, on a non-discriminatory basis, reasonable financial standards to assess and examine a Choice Supplier's creditworthiness. These standards will take into consideration the scope of the operations of the Choice Supplier and the level of risk to Company.

Financial evaluations will be based on standard credit factors such as financial and credit ratings, trade references, bank information, unused line of credit, Pool Customer payment history, and related financial information that has been independently audited, if available. Company shall determine creditworthiness based on the above criteria, and will not deny Choice Supplier's participation in the Program without reasonable cause. In order to pass Company's financial evaluation, a Choice Supplier may be required to provide additional security, the form and format of which shall be specified by Company.

Company reserves the right to conduct re-evaluations of Choice Supplier's financial standing from time to time. Such re-evaluation may be initiated either by a request from Choice Supplier or by Company, if Company reasonably believes that the creditworthiness or operating environment of Choice Supplier may have changed. Based on such re-evaluation, Choice Supplier's level of participation may be increased or decreased, additional security may be required or Choice Supplier may be removed from further participation in the Program.

Company shall maintain a list of Choice Suppliers currently meeting the requirements for Program participation and shall make such list available by request and via Company's website.

CONTRACT

Choice Supplier must enter into a written Pooling Agreement with Company. Such Pooling Agreement shall set forth specific covenants and obligations undertaken by Company and Choice Supplier under this Rate Schedule on behalf of its Pool Customers. The Pooling Agreement shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter subject to cancellation by either party after written notice submitted not less than ninety (90) days advance written notice prior to a contract expiration date, or unless terminated pursuant to the provisions of the Agreement. However, in no case shall any service pursuant to the Agreement be terminated during a winter month (November through March) unless such winter period is mutually agreed upon and/or except as pursuant to the Agreement.

POOLING SERVICE TERMS AND CONDITIONS

Choice Supplier shall be subject to the Pooling Service Terms and Conditions (Residential and General) as set forth in Sheet No. 52.

GENERAL TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 395 **SSO SUPPLIER SERVICE**

APPLICABILITY

This Service is applicable to any SSO Supplier delivering firm gas supplies to Company's Operational Systems for Customers receiving Sales Service under Rates 310, 320, 330, 340 and 341.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of SSO Supply. SSO Supplier shall deliver to Company gas supplies needed to satisfy the usage requirements of SSO Supplier's Load Tranche(s), all in accordance with the rules set forth in this Rate Schedule, the SSO Supplier Service Terms and Conditions contained in Sheet No. 55, and the SSO Supplier Agreement described in this Rate Schedule.

MONTHLY STATEMENT

SSO Supplier's monthly statement shall reflect the following fees, charges and credits, as applicable:

Financial Evaluation Charge:

\$50.00 for the initial and each subsequent SSO Supplier financial evaluation performed by Company.

Nomination Error Charge:

\$0.50 per Dth applied to the difference between SSO Supplier's daily pipeline nomination volume and the pipeline daily confirmed volume delivered to Company, for each day of difference.

DDQ Non-Compliance Charge:

\$15.00 per Dth on days in which no Operational Flow Order (OFO) is in effect (provided no alternate arrangements are made with Company) against the daily difference between the Tranche's DDQ and aggregate deliveries.

City-Gate Allocation Non-Compliance Charge:

\$5.00 per Dth for any daily city-gate nomination less than the minimum or greater than the maximum city-gate allocation requirement.

OFO Non-Compliance Charge:

In the event of a Company issued Operational Flow Order (OFO), a \$35.00 per Dth charge shall be assessed on any volumes over or under the restrictions specified by Company in the OFO notice.

Storage Non-Compliance Charge:

A charge per Dth shall be assessed for any volumes less than or greater than the Company-established minimum or maximum daily storage injection and withdrawal requirements, or any volumes less than the minimum storage inventory quantity requirement. The charge shall be \$15.00 per Dth for the first two occurrences, and \$35.00 per Dth for the next two occurrences during the term of the contract. In the event that TCO allows daily over-injection or over-withdrawal rights, Company shall not impose the Storage Non-Compliance Charge on any volumes injected or withdrawn greater than the maximum daily injection and withdrawal limits set by Company.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 395

SSO SUPPLIER SERVICE

Monthly Volume Reconciliation Amount:

Charge or credit as determined by the Monthly Volume Reconciliation as set out in Sheet No. 55. The price utilized will be the Columbia Appalachia Index for the month being reconciled.

Propane Supplies Charge:

The cost of propane or alternate supplies provided by Company for SSO Supplier's Tranche as set out in the Allocation of Propane Supplies section of Sheet No. 55.

Meter Operator Charges:

SSO Supplier shall reimburse Company for penalties Company incurs as meter operator. Penalties will be assessed to each Supplier that contributed to the penalty proportional to its contribution to the violation.

System Balancing Amount:

Gas cost charges or credits associated with Large Transportation Customers'/Pool Operators' daily and monthly imbalance cash-outs.

POLR Amount:

Any credits payable to SSO Supplier for providing Provider of Last Resort services.

Customer Billing Amount:

SSO Supplier's proportionate share of SSO Price amounts billed to SSO Customers by Company.

Delivery Point Balancing Amount:

Charges or credits associated with pipeline delivery point cashouts, OBA settlements, or other related costs allocated to Supplier.

Related Charges:

SSO Supplier shall reimburse Company for all charges Company incurs in connection with interstate pipeline transportation of SSO Supplier-Delivered Gas including any gas costs, penalty charges, penalty charges or cash-outs.

Riders:

The following Riders shall be applied monthly, as applicable:

- Sheet No. 37 – Gross Receipts Excise Tax Rider

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to SSO Supplier if applicable.

RATE 395 **SSO SUPPLIER SERVICE**

REQUIREMENTS FOR SSO SUPPLIER PARTICIPATION

In order to qualify for participation under the SSO Program, SSO Supplier must: 1) sign a SSO Supplier Agreement and SSO Supplier Registration Form and Credit Application with Company; 2) pass an initial financial evaluation performed by Company, and any such subsequent evaluation(s) deemed appropriate by Company, to ensure that SSO Supplier possesses sufficient resources to perform its responsibilities and to ensure financial performance hereunder; 3) maintain comparable firm capacity as set out in the SSO Service Terms and Conditions; 4) adhere to the terms and conditions of this Rate Schedule; and 5) have a computer and telephone line necessary to access Company's EBB.

SSO Suppliers desiring to participate in the Program will be evaluated by Company to establish credit levels acceptable to Company. Company will apply, on a non-discriminatory basis, reasonable financial standards to assess and examine a SSO Supplier's creditworthiness. These standards will take into consideration the scope of the operations of the SSO Supplier and the level of risk to Company.

Financial evaluations will be based on standard credit factors such as financial and credit ratings, trade references, bank information, unused line of credit, and related financial information that has been independently audited, if available. Company shall determine creditworthiness based on the above criteria, and will not deny SSO Supplier's participation in the Program without reasonable cause. In order to pass Company's financial evaluation, a SSO Supplier may be required to provide additional security, the form and format of which shall be specified by Company.

Company reserves the right to conduct re-evaluations of SSO Supplier's financial standing from time to time. Such re-evaluation may be initiated either by a request from SSO Supplier or by Company, if Company reasonably believes that the creditworthiness or operating environment of SSO Supplier may have changed. Based on such re-evaluation, additional security may be required or SSO Supplier may be removed from further participation in the Program.

CONTRACT

SSO Supplier must enter into a written SSO Supplier Agreement with Company which shall set forth specific covenants and obligations undertaken by Company and SSO Supplier under this Rate Schedule. The Agreement shall have a term consistent with the SSO Phase term as approved by the Commission.

RATE 395
SSO SUPPLIER SERVICE

SSO SUPPLIER SERVICE TERMS AND CONDITIONS

SSO Supplier shall be subject to the SSO Supplier Service Terms and Conditions as set forth in Sheet No. 55.

GENERAL TERMS AND CONDITIONS

This Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The
Public Utilities Commission of Ohio.

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SUSPENDED **GAS COST RECOVERY RIDER**

APPLICABILITY

The Gas Cost Recovery ("GCR") Rider is applicable to any Sales Service Customer.

This Rider is suspended indefinitely pursuant to the Company's Merchant Exit Transition Plan.

DESCRIPTION

The Gas Cost Recovery Charge shall be the product of the billing Ccf and the GCR Rate.

The Gas Cost Recovery Rate (GCR Rate) will be determined pursuant to the requirements of Chapter 4901:1-14 of the Ohio Administrative Code.

GCR RATE

The GCR Rate for _____ 200_ is \$_____/Ccf.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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SUSPENDED **MIGRATION COST RIDER**

APPLICABILITY

The Migration Cost Rider is applicable to any Customer served under the following Rate Schedules:

- Rate 310 -- Residential Sales Service
- Rate 315 -- Residential Transportation Service
- Rate 320 -- General Sales Service
- Rate 325 -- General Transportation Service

This Rider is suspended indefinitely pursuant to the Company's Merchant Exit Transition Plan.

DESCRIPTION

The Migration Cost Rider Rate shall be applied to each Ccf of Customer's billed usage each month.

The Migration Cost Rider recovers all costs incurred for Company's gas supply commitments that are no longer required due to Customers migrating from Residential or General Sales Services to Residential or General Transportation Services, including but not limited to the costs of no longer needed pipeline capacity entitlements.

MIGRATION COST RIDER RATE

The Migration Cost Rider Rate is \$_____ per Ccf.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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SUSPENDED **BALANCING COST RIDER**

APPLICABILITY

The Balancing Cost Rider shall be applicable to Suppliers served under Rate 385 – Pooling Service (Residential and General).

This Rider is suspended indefinitely pursuant to the Company's Merchant Exit Transition Plan.

DESCRIPTION

Each month, Supplier shall be assessed the Balancing Cost Rider Rate for all billed Ccf of its Pool Customers for the associated cycle month.

This Rider recovers the costs incurred by Company for interstate pipeline transportation and storage services and any other services needed to provide operational balancing to Suppliers' Pools.

Company shall adjust this Rider annually effective November 1st of each year to reflect changes in the costs to be recovered.

All Balancing Cost Rider revenues recovered shall be credited to the GCR gas costs.

BALANCING COST RIDER RATE

The Balancing Cost Rider Rate for Pool Customer's billed Ccf on and after _____, 200_ is \$_____ per Ccf.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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STANDARD SALES OFFER RIDER

APPLICABILITY

The Standard Sales Offer ("SSO") Rider is applicable to all Sales Service Customers.

DESCRIPTION

The Standard Sales Offer charge shall be the product of the billing Ccf and the SSO Rider Rate.

The SSO Rider Rate each month will be the NYMEX settlement price for such month converted to a price per Ccf using Company's average BTU value, plus the Retail Price Adjustment determined in the SSO auction.

SSO RIDER RATE

The SSO Rider Rate for _____ 200_ is \$_____/Ccf.

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EXIT TRANSITION COST RIDER

APPLICABILITY

The Exit Transition Cost ("ETC") Rider is applicable to all Customers served under the following Rate Schedules:

- Rate 310 – Residential Sales Service
- Rate 315 – Residential Transportation Service
- Rate 320 – General Sales Service
- Rate 325 – General Transportation Service
- Rate 330 – Large General Sales Service
- Rate 340 – Interruptible Sales Service
- Rate 341 – Dual Fuel Sales Service

DESCRIPTION

The ETC Rider charge shall be the product of the billing Ccf and the ETC Rider Rate.

The ETC Rider will recover applicable incremental Exit Transition implementation costs, including but not limited to the following:

- 1) Business system (e.g. information technology) development costs,
- 2) Informational and educational costs
- 3) Call center costs,
- 4) Billing costs, and
- 5) Other incremental costs incurred by Company to achieve implementation of the various Exit Program features.

This ETC Rider will also recover/passback the following:

- 1) GCR variances remaining as of the implementation date of SSO Service,
- 2) All stranded gas supply costs related to Customer migrations to Choice Service,
- 3) Any incremental provider of last resort costs not recovered from a defaulting SSO or Choice Supplier,
- 4) Any imbalance costs not recovered from Transportation Customers or Pool Operators,
- 5) Gas costs incurred by Company when diverting Customers' transportation gas quantities during a Curtailment (see Sheet No. 70, paragraph 11.B1.(9)),
- 6) Other costs or credits applicable to all Sales and/or Choice Customers as approved by the Commission.

Projected ETC Rider costs shall be divided by projected total volumes for the applicable Rate Schedules to determine the ETC Rider Rate. The ETC Rider shall be updated quarterly and shall reflect the reconciliation of projected costs and actual costs, with any under or over recovery being recovered or returned via the ETC Rider.

EXIT TRANSITION COST RIDER RATE

The Exit Transition Cost Rider Rate is \$_____ per Ccf.

TRANSPORTATION TERMS AND CONDITIONS **(LARGE GENERAL)**

APPLICABILITY

Unless otherwise provided for in a written contract between Company and Customer, these Terms and Conditions apply to any Customer receiving Gas Service under Rate 345, Large General Transportation Service.

SECTION 1 - SERVICE AND CAPACITY:

- 1.1 Company and Customer shall agree to the service and capacity levels by completing a contract ("Service Agreement"). Service will be provided in accordance with these Transportation Terms and Conditions.
- 1.2 Company shall, at all times, deliver volumes of natural gas delivered to Company's gas system on Customer's behalf, less the Unaccounted For Gas Percentage in Sheet No. 54, up to the maximum daily volume defined under Section 1.3 of these Transportation Terms and Conditions and the Service Agreement.
- 1.3 The maximum daily volume of gas that may be delivered on Customer's behalf and transported on Company's gas system shall be Customer's Maximum Daily Delivery Obligation ("MDDO"). The MDDO agreed to and specified in the Service Agreement will be set such that an adequate volume of gas may be delivered to and transported on Company's gas system to meet Customer's peak day gas requirements. Company will serve demand above Customer's MDDO only on a best efforts basis.
- 1.4 Upon notice, Customer may choose to increase its MDDO under this Rate Schedule by requesting an increase in writing. Company will accommodate the request when Company has sufficient capacity to serve Customer's increased MDDO. The increase shall take effect in the next billing month.
- 1.5 If necessary to ensure that an adequate volume of gas may be delivered to meet Customer's peak day gas requirements, Company may increase Customer's MDDO to match any actual gas usage that exceeds Customer's then-existing MDDO on any day. Company shall not be required to deliver any volumes in excess of the current or agreed to increased MDDO.
- 1.6 If Customer demonstrates a significant and substantial reduction in peak day gas usage due to reasons other than seasonal or weather-related gas requirements, Company will, at Customer's request, reduce Customer's MDDO to a reasonable level agreed to by both parties. Customer's MDDO reduction shall take effect in the first billing month after the billing month in which the parties agree to the MDDO reduction.
- 1.7 This Transportation Service relates only to gas received by Company at the applicable Interstate city gate(s), to be used for delivery to Customer Meter Number(s) specified in Customer's Service Agreement with Company. Unless otherwise agreed to in a separate contract, Company shall not be obligated to provide Customer any other service.
- 1.8 If Customer's gas requirement exceeds the capacity of Company's gas system, Company will only deliver gas at the incremental cost of providing said service.

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TRANSPORTATION TERMS AND CONDITIONS **(LARGE GENERAL)**

Section 2 - INTERSTATE PIPELINE CAPACITY RELEASE SERVICE:

- 2.1 If Customer is a Sales Service Customer prior to receiving Transportation Service, Customer agrees to accept Company's assignment of Company's firm interstate gas pipeline capacity as specified and if offered by Company to Customer. Customer or its supplier shall enter into a separate Capacity Release and Assignment Agreement with Company for any firm capacity that will be provided. Company and Customer shall agree upon the pipeline's identity and amount of capacity that Company will assign. This amount shall be sufficient to supply Customer's MDDO and may be adjusted in accordance with the provisions of Section 1 of these Transportation Terms And Conditions.
- 2.2 Customer shall pay the maximum applicable interstate pipeline tariff rate for the capacity assigned hereunder. Customer shall retain title to this capacity and use it throughout the term of Customer's Service Agreement to transport natural gas to Company's gas system. Company will have the "right-of-first refusal" to bid on such capacity upon its re-release. All capacity rights assigned hereunder shall revert to Company upon the expiration of the Service Agreement and neither Customer nor its supplier shall be obligated to take the assignment of Company's firm capacity thereafter. If Customer acquires non-Company interstate transportation capacity prior to the expiration of the Service Agreement, Customer remains completely responsible for the disposition of and payment for the capacity assigned to it by Company.

Section 3 - RESERVED FOR FUTURE USE

Section 4 - SCHEDULING AND NOMINATING DELIVERIES:

- 4.1 Customer shall be subject to the Nomination and Balancing Provisions (Large General and Pool Operator) contained in Sheet No. 51.

Section 5 - SYSTEM UNACCOUNTED FOR GAS PERCENTAGE:

- 5.1 Customer shall provide Company with an amount of gas necessary to compensate Company for gas lost and used in operations to provide Transportation Service as set forth in Sheet No. 54, Unaccounted for Gas Percentage. This amount may be adjusted periodically upon PUCO approval to reflect changes in the amount of gas lost and used in operations. Company will provide Customer with notice of any adjustment required under this Section.

Section 6 - MEASUREMENT AND QUALITY:

- 6.1 Company shall be responsible for all measurement at the point of delivery to Customer's facilities. Measurement and metering accuracy shall be based on the standards set forth in Company's General Terms and Conditions.
- 6.2 Company shall be responsible for installing, maintaining, and operating any telemetering devices or related equipment that may be required by Company to monitor consumption hereunder. Company's metered consumption data shall be used for all billing to the Customer.

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TRANSPORTATION TERMS AND CONDITIONS **(LARGE GENERAL)**

- 6.3 Customer warrants that all gas delivered on its behalf to Company's gas system shall meet the quality, pressure, and heating value specifications of the applicable FERC Gas Tariff of the interstate gas pipeline(s) delivering Customer-Delivered Gas to Company.

Section 7 - BALANCING:

- 7.1 Customer shall be subject to the Nominations and Balancing Provisions (Large General and Pool Operator) contained in Sheet No. 51.

Section 8 - CURTAILMENT:

- 8.1 Customer shall have no rights to gas from Company's system supply during a period of Curtailment. Customer shall be subject to the Curtailment Procedures in the Company's General Terms and Conditions.

Section 9 - TITLE AND WARRANTY

- 9.1 Customer warrants that it will, at the time and place of delivery, have good right and title to all volumes of gas delivered on its behalf to Company, free and clear of all liens, encumbrances, and claims whatsoever, and that it will indemnify and hold Company harmless from all suits, actions, debts, accounts, damages, costs, losses, or expenses (including reasonable attorney fees) arising from or out of the adverse claims of any or all persons relating to or arising from said gas.

Section 10 - FORCE MAJEURE:

- 10.1 Neither Customer nor Company shall be liable to the other for any act, omission, or circumstance resulting from events not reasonably within the control of the affected party. Neither of the following shall be considered a force majeure condition: 1) changes in market conditions that affect the acquisition or transportation of natural gas, or 2) failure of Customer to deliver or consume scheduled gas volumes. The affected party will use diligence to remove the cause of the force majeure condition and resume delivery or consumption of gas previously suspended. Gas withheld from Customer during a force majeure condition will be redelivered upon the end of such circumstances as soon as practical.

Section 11 - LATE PAYMENT CHARGE:

- 11.1 The Late Payment Charge set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

Section 12 - RETURNED CHECK CHARGE:

- 12.1 The Returned Check Charge set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

Section 13 - INTERRUPTION OF SERVICE DUE TO NON-RECEIPT OF GAS SUPPLY:

- 13.1 Company may interrupt Customer's Gas Service to the extent that Company does not receive gas from the interstate pipeline on Customer's behalf. If Company must interrupt Customer's Gas Service, Customer shall interrupt gas usage as directed. Company will endeavor to provide four (4) hours advance notice of such interruption, except when system conditions will not afford such notice. Company shall not be liable in damages or otherwise to Customer for any loss of production or other claim because of the lack of advance notice to Customer. If Customer fails to comply with Company's direction to interrupt, Company reserves the right to discontinue Gas Service to Customer.

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TRANSPORTATION TERMS AND CONDITIONS **(LARGE GENERAL)**

- 13.2 Gas consumed by Customer during a period of Curtailment will be billed in accordance with the terms of Unauthorized Gas Usage on Sheet No. 30, Miscellaneous Charges.

Section 14 – INDEMNITY:

- 14.1 Subject to the provisions of Company's General Terms and Conditions, Customer agrees to indemnify, exonerate, and hold harmless Company for all loss, damage, or expense growing out of or in any way connected with the claims of any person, except claims for injuries and/or death of employees of Company arising out of and in the course of their employment with Company, for injuries to person or property occasioned by such gas after it is delivered to Customer. Customer agrees to defend, at its own expense, any suit based upon such claims.
- 14.2 Subject to the provisions of Company's General Terms and Conditions, Company will indemnify, exonerate, and hold harmless Customer for all loss, damage, or expense growing out of or in any way connected with the claims of any person, except claims for injuries and/or death of employees of Customer arising out of and in the course of their employment with Customer, for injuries to person or property occasioned by such gas up to the point of delivery to Customer caused by Company's negligence. Company will defend, at its own expense, any suit based upon such claims, except that Company will not be liable or responsible for, and will not hold Customer harmless for any loss, damage, or expense growing out of or in any manner connected with the acts of any employee of Customer who may go upon or do anything to or with the property of Company.

Section 15 – REGULATION:

- 15.1 All service rendered hereunder shall at all times be subject to all rules, regulations, and orders of both the FERC and the Commission including: 1) the terms and conditions of any applicable interstate pipeline tariff regulated and approved by the FERC, 2) the guidelines issued by the Commission in Case No. 85-800-GA-COI, 3) Company's General Terms and Conditions as modified from time to time and approved by the Commission, and 4) other Commission orders affecting Company's Gas Services in general or Transportation Service in particular.

Section 16 - TRANSFER TO SYSTEM SUPPLY:

- 16.1 If Customer elects to transfer to Sales Service upon termination of the Service Agreement, Customer must provide Company with written notice at least six (6) months prior to the effective termination date. Customer agrees to remain a Sales Service customer until the end of the winter season. If Customer fails to remain on Sales Service for the required winter season period, Customer shall compensate Company for any and all gas costs (including pipeline exit fees) incurred by Company to serve Customer.
- 16.2 Company will use its best efforts to accommodate Customer's transfer to Sales Service in accordance with the provisions of Section 16.1, but will not guarantee its ability to render such service. Any new Sales Service shall be subject to the receipt of all necessary regulatory authorization.

TRANSPORTATION TERMS AND CONDITIONS **(LARGE GENERAL)**

- 16.3 If requested by Company, the transferring Customer will assign to Company any interstate pipeline capacity which Customer owns or uses, in order for Company to provide Sales Service to Customer. This assignment will, at a minimum, remain in effect as long as Customer remains on Sales Service.

Section 17 - OPERATIONAL FLOW ORDERS:

- 17.1 Customer shall be subject to the Nomination and Balancing Provisions (Large General and Pool Operator) contained in Sheet No. 51.

Section 18 - OTHER SYSTEM COSTS:

- 18.1 Customer agrees that if any of its actions, over which it exercises sole control as a Transportation Customer, cause Company to incur costs that Company would not have incurred had Customer complied with its obligations defined in this Agreement, Customer shall: 1) compensate Company for all such higher costs which Company is required to pay, and 2) take all necessary measures to allow Company to avoid incurring similar costs in the future. Further, if Customer is currently a Sales Service Customer and Company incurs any pipeline exit fees or similar charges as a result of Customer's election of Transportation Service hereunder, Customer shall compensate Company for these costs.

Section 19 - NOTICES:

- 19.1 Customer shall immediately notify Company of any known or anticipated variation in the amount of gas to be delivered hereunder, as well as any known or anticipated supplier shortfalls or constraints. All notices and correspondences to Company shall be addressed as specified in the Service Agreement.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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Effective

NOMINATION AND BALANCING PROVISIONS **(LARGE GENERAL AND POOL OPERATOR)**

APPLICABILITY

The following provisions shall apply to each Transporter and to each non-Pooling Transportation Customer being provided Gas Service under Rate 345. **For purposes of these Nomination and Balancing Provisions only, the term "Transporter" shall mean "Pool Operator" and "non-Pooling Transportation Customer."**

NOMINATION PROVISIONS

Transporter shall notify Company of the exact daily quantity of gas nominated to be delivered to Company at pipeline delivery points agreeable to Company (Daily Pipeline Nomination). Company may require Transporter to allocate its Daily Pipeline Nomination to specified city-gate pipeline delivery points based on minimum and maximum allocation percentages (City-Gate Allocations), which Company may revise from time to time, based on operational considerations. Changes to City-Gate Allocations may be made effective annually after four months prior notice, unless extraordinary considerations require a shorter interval or notice period. Company may, based on operational considerations, require modification of Transporter's Daily Pipeline Nominations or deliveries that do not comply with these city-gate allocation percentage requirements.

Transporter shall provide notice to Company prior to each change in Transporter's Daily Pipeline Nomination by submitting to Company the nomination, via Company's EBB, by no later than 11:00 AM Central Clock Time ("CCT") of the workday previous to the start date of the Daily Pipeline Nomination. The nomination shall include information as required in Company's EBB. Notwithstanding the above, Company shall accept nominations submitted after the deadline specified above in accordance with the pipeline's intra-day nomination schedules. Until Transporter submits the required nomination to Company Transporter's nominations of daily quantities shall be zero. Unless otherwise permitted by Company, the Nomination Period shall not exceed thirty-one days.

Transporter shall be responsible for verifying and, if necessary, correcting its Daily Pipeline Nomination so that it matches Transporter's confirmed pipeline deliveries and is compliant with the City-Gate Allocations percentage requirements.

Transporter shall pay a Nomination Error Charge of \$.25 per Dekatherm on the quantity difference between Transporter's final Daily Pipeline Nomination and the confirmed pipeline deliveries under Transporter's Daily Pipeline Nomination for each day such difference occurs ("Error Occurrences"). Transporter shall be allowed two Error Occurrences without charge each twelve months. Documented force majeure conditions and waivers of this charge shall not result in an Error Occurrence.

Transporter shall be assessed a City-Gate Allocation Non-Compliance Charge of \$.50 per Dekatherm on the quantity difference if the Transporter's Daily Pipeline Nomination is less than the minimum or greater than the maximum city gate allocation requirements, which are calculated as the minimum or maximum city gate allocation percentages multiplied by the Transporter's Daily Pipeline Nomination ("Non-Compliance Occurrences"). Transporter shall be allowed two Non-Compliance Occurrences without charge each twelve months. Documented force majeure conditions and waivers of this charge shall not result in a Non-Compliance Occurrence.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of the Public Utilities Commission of Ohio.

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NOMINATION AND BALANCING PROVISIONS **(LARGE GENERAL AND POOL OPERATOR)**

BALANCING PROVISIONS

Transporter shall be obligated to balance on a daily and monthly basis its total usage, adjusted to Dekatherms, with the total deliveries of Transporter-Delivered Gas as adjusted to reflect Company's Unaccounted for Gas Percentage. An Imbalance Quantity shall exist when the Transporters' total usage is greater than or less than Transporter's total deliveries on a daily or monthly basis.

The following definitions shall apply:

Daily Index Price: The Daily Midpoint Price per Dekatherm reported in Platts Gas Daily, in the table "Daily Price Survey" for delivery to: Appalachia: Columbia Gas, Appalachia.

Monthly Index Price: The average of the Daily Index Prices for each day during the month.

Daily Under-Delivery Charge: The Daily Under-Delivery Charge shall be the sum of the Daily Index Price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges.

Daily Over-Delivery Charge: The Daily Over-Delivery Charge shall be the sum of the Daily Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges.

Monthly Under-Delivery Charge: The Monthly Under-Delivery Charge shall be the sum of the Monthly Index Price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges.

Monthly Over-Delivery Charge: The Monthly Over-Delivery Charge shall be the sum of the Monthly Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges.

Nomination and Balancing Provisions Charges: Any Charge assessable to Transporter pursuant to these Nomination and Balancing Provisions.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of the Public
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NOMINATION AND BALANCING PROVISIONS **(LARGE GENERAL AND POOL OPERATOR)**

DAILY BALANCING PROVISIONS

Transporter shall be obligated to balance its total daily usage adjusted to Dekatherms ("Total Daily Usage") with the aggregated total daily deliveries of Transporter-Delivered Gas by the interstate pipeline, as reduced to reflect Company's Unaccounted for Gas Percentage as specified in Sheet No. 54 ("Total Daily Deliveries"). A Daily Imbalance Quantity shall exist when the Total Daily Usage is greater than or less than the Transporter's Total Daily Deliveries.

Daily Under-Delivery Imbalance: If Transporter's Total Daily Deliveries are less than its Total Daily Usage, the gas shortfall shall be considered Daily Under-Delivery Imbalance Quantities. Daily Under-Delivery Imbalance Quantities up to and including 15% of Total Daily Usage shall be carried to month-end; Daily Under-Delivery Imbalance Quantities over 15% shall be Cashed out with Company. Transporter shall pay Company for Daily Under-Delivery Gas Quantities greater than 15% of Total Daily Usage pursuant to the following:

- (1) 1.05 times the Daily Under-Delivery Charge for each Dekatherm of Under-Delivery Imbalance Quantity that is greater than 15%, up to and including 25% of Total Daily Usage; plus
- (2) 1.2 times the Daily Under-Delivery Charge for each Dekatherm of Daily Under-Delivery Imbalance Quantity that is greater than 25% of Total Daily Usage; plus
- (3) Applicable taxes.

During a Cold Weather OFO, the aforementioned Daily Under-Delivery Imbalance provisions will be replaced by those specified in the section entitled Operational Flow Order Imbalance Provisions.

Daily Over-Delivery Imbalance: If Transporter's Total Daily Deliveries are greater than its Total Daily Usage, the excess gas shall be considered Daily Over-Delivery Imbalance Quantities. Daily Over-Delivery Imbalance Quantities up to and including 15% of Total Daily Usage shall be carried to month-end; Daily Over-Delivery Imbalance Quantities over 15% shall be Cashed Out with Company. Company shall pay Transporter for such Daily Over-Delivery Imbalance Quantities greater than 15% of Total Daily Usage pursuant to the following:

- 1) 0.9 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 15%, up to and including 25% of Total Daily Usage; plus
- 2) 0.75 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 25% of Total Daily Usage.

During a Warm Weather OFO, the aforementioned Daily Over-Delivery Imbalance provisions will be replaced by those specified in the section entitled Operational Flow Orders Imbalance Provisions.

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NOMINATION AND BALANCING PROVISIONS **(LARGE GENERAL AND POOL OPERATOR)**

MONTHLY BALANCING PROVISIONS

Transporter shall be obligated to balance its total monthly usage adjusted to Dekatherms ("Total Monthly Usage") with the actual monthly deliveries of Transporter-Delivered Gas by the pipeline, as adjusted to reflect (1) Company's Unaccounted for Gas Percentage as specified in Sheet No. 54, (2) the net effect of Daily Imbalance Quantities cashed out during the current month (collectively, "Total Monthly Deliveries"). A Monthly Imbalance Quantity shall exist when the Total Monthly Usage is greater than or less than Transporter's Total Monthly Deliveries.

Monthly Under-Delivery Imbalance: If the Total Monthly Deliveries for Transporter's account at the end of the month are less than its Total Monthly Usage, the gas shortfall shall be considered Monthly Under-Delivery Imbalance Quantities. Monthly Under-Delivery Imbalance Quantities greater than 0% shall be Cashed out with Company. Transporter shall pay Company for Monthly Under-Delivery Imbalance Quantities greater than 0% of Total Monthly Usage pursuant to the following:

- (1) 1.0 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 0%, up to and including 5% of Total Monthly Usage; plus
- (2) 1.05 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 5%, up to and including 15% of Total Monthly Usage; plus
- (3) 1.2 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 15% of Total Monthly Usage; plus
- (4) Applicable taxes.

Monthly Over-Delivery Imbalance: If the Total Monthly Deliveries for Transporter's account at the end of the month are greater than its Transporters' Total Monthly Usage, the gas excess shall be considered Monthly Over-Delivery Imbalance Quantities. Monthly Over-Delivery Imbalance Quantities greater than 0% shall be Cashed out with Company. Company shall pay Transporter for Monthly Over-Delivery Imbalance Quantities greater than 0% of Total Monthly Usage pursuant to the following:

- (1) 1.0 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantity that is greater than 0%, up to and including 5% of Total Monthly Usage; plus
- (2) 0.9 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantity that is greater than 5%, up to and including 15% of Total Monthly Usage; plus
- (3) 0.75 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantity that is greater than 15% of Total Monthly Usage.

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NOMINATION AND BALANCING PROVISIONS **(LARGE GENERAL AND POOL OPERATOR)**

OPERATIONAL FLOW ORDER IMBALANCE PROVISIONS

In the event of a Company issued OFO pursuant to Operational Flow Orders Section of Company's General Terms and Conditions, the following provisions will apply:

Cold Weather OFO Day: During a Cold Weather OFO, the Transporter shall be subject to the following Daily OFO Under-Delivery Imbalance provisions:

If Transporter's Daily Under-Delivery Imbalance Quantity is greater than 5% of actual Total Daily Usage, the shortfall quantities shall be Cashed-out with Company. Transporter shall pay Company the following:

- (1) For each Dekatherm of Daily Under-Delivery Imbalance Quantities greater than five (5) percent of Total Daily Usage, the Daily Under-Delivery Charge; plus
- (2) The higher of (a) all other charges incurred by Company and attributable to Transporter's Daily Under-Delivery Imbalance Quantity, including pipeline penalty charges on the OFO shortfall quantities, or (b) an OFO Imbalance Charge of \$10.00 per Dekatherm on the portion of the Daily Under-Delivery Imbalance Quantity that is greater than five (5) percent of Total Daily Usage; plus
- (3) Applicable taxes.

Daily Balancing Provisions apply to over-deliveries during a Cold Weather OFO. If it is determined by Company that over-deliveries in excess of the daily usages are helpful, Company may waive the Daily Over-Delivery Imbalance Provisions for that day. Waivers related to helpful over-deliveries will be communicated in conjunction with the issuance of the OFO notice.

Warm Weather OFO Day: During a Warm Weather OFO, the Transporter shall be subject to the following Daily OFO Over-Delivery Imbalance provisions:

If Transporter's Daily Over-Delivery Imbalance Quantity is greater than 5% of its actual Total Daily Usage, the excess quantities shall be Cashed out with Company. Company shall pay Transporter for each Dekatherm of Daily Over-Delivery Imbalance Quantities greater than five (5) percent of Total Daily Usage, the Daily Over-Delivery Charge. Transporter shall pay Company the following:

- (1) The higher of (a) all charges incurred by Company and attributable to Transporter's Daily Over-Delivery Imbalance Quantity; including pipeline penalty charges on the OFO excess quantities, or (b) an OFO Imbalance Charge of \$10.00 per Dekatherm on the portion of the Daily Over-Delivery Imbalance Quantity that is greater than five (5) percent of Total Daily Usage; plus
- (2) Applicable taxes.

Daily Balancing Provisions apply to under-deliveries during a Warm Weather OFO. If it is determined by Company that under-deliveries in excess of the daily usages are helpful, Company may waive the Daily Under-Delivery Imbalance Provisions for that

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day. Waivers related to helpful under-deliveries will be communicated in conjunction with the issuance of the OFO notice.

IMBALANCE TRADING

Transporter may trade daily and monthly imbalance quantities, including those on OFO days, to reduce or eliminate its imbalances. Imbalance Trading is subject to the following provisions:

- (1) The schedule for the trading of imbalances shall be as follows:
 - a. Company shall issue an initial statement of daily and monthly imbalances (i.e. prior to imbalance trades) to Transporter within ten (10) business days following the end of the month.
 - b. Transporter shall complete and submit its daily and monthly imbalance trades to Company within three (3) business days following the issuance of the initial imbalance statement.
 - c. Company shall issue a final imbalance statement of daily and monthly imbalances to Transporter within three (3) business days following the close of imbalance trading.
- (2) The quantity eligible for trading is 100% of the calculated pre-trade daily or monthly imbalance quantities. Transporter may not trade to establish an imbalance in the opposite direction of the original imbalance.
- (3) Company will bill the selling party to an Imbalance Trade a \$10.00 Imbalance Trading Charge for each transaction. For purposes of this charge, a transaction is each transfer of gas imbalance for a specific gas day or month pursuant to an arrangement by, or between, Transporter(s) to purchase, sell, or trade gas imbalances.
- (4) Any dollar payments, receipts, or exchanges of other consideration agreed upon between the parties to an Imbalance Trading transaction are outside the scope of this tariff and must be completed between the parties themselves.

WAIVER OF CHARGES

In its reasonable discretion, on a case-by-case basis, Company may waive all or part of any Charge assessable to Transporter pursuant to these Nomination and Balancing Provisions, when such Charges result from situations which occur beyond the reasonable control of Transporter, including, without limitation, an unexpected production outage, equipment malfunction or upstream pipeline error. The waiver of such otherwise assessable Charge shall be exercised on a non-discriminatory basis. Requests for waivers must be submitted in writing to Company and be signed by an authorized representative of Transporter. VEDO will retain records of waiver requests received and their dispositions. Daily and Monthly Balancing Provisions may be waived or amended on a case-by-case basis for situations beyond the reasonable control of the Transporter. Such waivers or amendments shall be exercised on a non-discriminatory basis.

DISPOSITION OF CHARGES

The gas cost portion of all cash-outs relating to imbalances and all incremental gas costs and pipeline penalties will be recovered from or credited to Suppliers providing system balancing through Company-released storage. The following charges will also be credited to the Suppliers: Nomination Error Charges, City-Gate Allocation Non-Compliance Charges, and the non-gas portions of all imbalance cash-outs. Company will not retain amounts associated with Nomination and Balancing Provisions Charges, except as necessary to offset pipeline penalties.

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POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

APPLICABILITY

The following Terms and Conditions apply to Choice Suppliers under Rate 385, Pooling Service (Residential and General).

DEFINITIONS

Choice Supplier - A marketer, supplier, broker, aggregator or governmental aggregator that meets the Requirements for Choice Supplier Participation set out in Rate 385.

Choice Supplier Pooling Agreement or Agreement - An agreement between Company and Choice Supplier that defines the mutual responsibilities and obligations of those parties relative to services provided under Rate 385—Pooling Service (Residential and General).

Columbia Appalachia Index - First of the Month "Columbia Gas Transmission Corp, Appalachia" as reported by Inside FERC's Gas Market Report in the table "Prices of Spot Gas Deliveries to Pipelines".

Comparable Firm Capacity Requirement - The requirement that Choice Supplier secure firm interstate pipeline capacity with a primary delivery point of Company's city gates and firm supplies to meet 100% of Choice Supplier's Pool's Peak Design Day Demand for the applicable month, less a percentage during the winter months reflecting the Pool's entitlement to Company's propane supplies.

Cycle Month - The period of time between the scheduled meter reading dates for Customer. These reading dates are approximately 30 days apart, but will not likely occur on the first day of a calendar month. For purposes of these Terms and Conditions, a Customer's Cycle Month shall be deemed coincident with the calendar month in which the Cycle Month concludes.

DDQ or Directed Delivery Quantity - The daily quantity of gas in Dth that Choice Supplier must deliver to Company's city gates, as specified by Company, to meet the Expected Demand of Choice Supplier's Pool operating constraints, system knowledge/experience, and Company's Unaccounted for Gas Percentage.

Enrollment Processing Period - The number of days required to process a Customer's enrollment in the Pooling Program. This process commences with the submission to Company by Choice Supplier of appropriate information for an eligible Customer and ends with the termination of Customer's rescission period. The process will take up to 12 business days, and includes 7 business days from the date Company sends Customer a letter indicating Customer may rescind its Program enrollment or change in Choice Suppliers.

Expected Demand - A Pool's forecasted usage for a particular gas day, as determined by Company.

Load Tranche or Tranche - a proportionate share of Company's total Sales Service volumes to be supplied by SSO Supplier.

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Mercantile Customer - As defined in division (L) of Section 4929.01 of the ORC. In summary, it means a Customer that: 1) consumes, other than for Residential use, more than 5,000 Ccf of natural gas per year at a single location or as part of an undertaking having more than 3 locations within or outside the state, and 2) has not filed a declaration with the Commission.

Mercantile Pool - A Pool that contains any Customers meeting the definition of a Mercantile Customer.

Non-Mercantile Pool - A Pool that is comprised entirely of Non-Mercantile Customers.

ORC - The Ohio Revised Code.

"Peak Design Day Demand" means the then-effective forecasted peak design day usages of a Customer Pool as calculated and communicated by Company.

Pool - A group of Customers receiving Gas Service pursuant to the Rate 315, Residential Transportation Service, or Rate 325, General Transportation Service, who have been joined together with other Customers subscribing to the same Transportation Service by a single Choice Supplier for gas supply management purposes.

Pool Customer - A recipient of Transportation Service provided by Company under Rates 315 or 325 who receives gas supply from a Choice Supplier as a member of a Pool.

Pool's Usage - The Pool Customers' billed Ccf usage for the applicable period, converted to Dth by multiplying by Company's average BTU and dividing by ten (10).

Pooling Program or Program - The services provided under Rate 385, Pooling Service (Residential and General Transportation), Rate 315, Residential Transportation Service, and Rate 325, General Gas Transportation Service.

Pre-determined Allocation ("PDA") - a contractual arrangement with TCO which allocates the daily VEDO system imbalance volumes to all holders of Company's released TCO storage capacity based on predetermined allocation percentages.

SSO Supplier - A supplier that meets the Requirements for SSO Supplier Participation set out in Rate 395.

Supply Contract or Contract - A contract between Pool Customer and its Choice Supplier that defines the mutual responsibilities and obligations of those parties relative to Customer's purchase and Choice Supplier's sale of gas supplies for delivery to Customer pursuant to Rate 385 and the applicable Transportation Service Rate Schedule.

TCO - Columbia Gas Transmission Corporation.

Unaccounted for Gas Percentage - The portion of Choice Supplier's city gate deliveries retained by Suppliers to compensate for gas lost, used, and unaccounted for in operations. The currently effective Unaccounted for Gas Percentage is contained in Sheet 54 and may be adjusted periodically, after approval by the Commission, to reflect changes in the amount of gas lost, used, and unaccounted for in operations.

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CUSTOMER ENROLLMENT

Enrollment of Non-Mercantile Customers:

Choice Suppliers may take enrollments from Non-Mercantile customers by mail, facsimile, direct solicitation, telephone, and Internet. When soliciting and/or enrolling Non-Mercantile Customers, Choice Supplier must adhere to the requirements set out in Rules 4901:1-29-05 and 4901:1-29-06 of the OAC.

Customer Sign-Up Procedures:

A Customer desiring to participate in the Program may execute a written Supply Contract with a Choice Supplier that states that Customer has agreed to participate in the Program and which sets forth the terms and conditions of Customer's gas supply purchase. Choice Supplier may design the format of the Supply Contract, but at a minimum, it must include the applicable information specified by paragraphs 1, 2, 6, 7 and 8 of the Choice Supplier Code of Conduct. In the alternative, a Customer desiring to participate in the Program may subscribe via telephone or Internet. Under these methods, Choice Supplier must retain proof of Customer consent. The Supply Contract, or alternate proof of Customer consent in the case of telephonic or Internet enrollment, will be used to resolve disputes if the validity of an account sign up comes into question. If requested by Company, the Commission (in the case of Non-Mercantile Customers only) or OCC (in the case of Residential Customers only), Choice Supplier must provide a copy of a specific Supply Contract, or alternate proof of Customer consent in the case of telephonic or internet enrollment, within three (3) business days of any such request.

Regardless of the Customer enrollment method used, within 3 business days after completion of enrollment (unless a later date is agreed to or Customer rescinds), Choice Supplier will provide Company with an electronic file in a format specified by Company, containing a listing of all Customers that Choice Supplier has signed up or desires to drop since its last submission. Among other things, this list shall include each Pool Customer's name, service address and Company account number. Company will evaluate the information provided for accuracy and Customer eligibility, and provide Choice Supplier with a confirmation report within three (3) business days. In the event more than one Choice Supplier includes the same Pool Customer on his enrollment files to begin the same period, Customer will be assigned to Choice Supplier whose acceptable enrollment was first processed by Company.

Once complete and accurate information supporting a Customer joining or leaving Choice Supplier's Pool is received and confirmed by Company, the change will be effective with Customer's next on-cycle meter reading after Customer's Enrollment Processing Period. If Customer rescinds its enrollment prior to commencing service with a Choice Supplier, Company shall notify Choice Supplier within two business days of the Customer's rescission. Customer will remain with its Choice Supplier until: 1) Customer's name, service address, and account number appear on another Choice Supplier's electronic enrollment file listing; 2) Customer or Choice Supplier notifies Company that the Customer should transfer to Company's Sales Service; 3) Customer moves out of his current address or 4) Customer joins the PIPP program. If Customer's current Choice Supplier initiates termination of its relationship with Customer, Company shall issue a written notification to Customer informing Customer of such change. Customers who on their own initiative decide to terminate their relationship with a Choice Supplier will be permitted to do so without Company making any determination regarding whether Customer is contractually permitted to make such move. Company shall not be liable to Choice Supplier or Customer for allowing Customer to revert to Sales Service.

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If Company rejects a Customer from enrollment, the Choice Supplier shall notify Customer within three business days from Company's notification of rejection that Customer will not be enrolled or enrollment will be delayed, along with the reason(s) therefore.

Company shall, prior to commencing service, mail Customer a confirmation notice stating:

1. Company has received a request to enroll Customer with the named Choice Supplier, and, in the case of an enrollment request from a Customer who is currently with another Choice Supplier, a statement that Company's records reflect that Customer is currently enrolled with another Choice Supplier along with an admonition that Customer should review the terms and conditions of the incumbent Choice Supplier's Contract for Customer's obligations under said Contract;
2. The date such service is expected to begin;
3. Customer has seven business days from the postmark date on the notice to contact Company telephonically, in writing or via the Internet to rescind the enrollment request or notify Company that the change of Choice Supplier was not requested by Customer; and
4. Company's toll-free telephone number, mailing address and website address.

Choice Supplier's failure to adhere to any of Customer enrollment procedures or failure to provide verification of enrollment within the time period specified herein shall be treated in the same manner as violations of the Choice Supplier Code of Conduct.

Eligible Customer List:

Company shall make available to Choice Suppliers an electronic list of Customers eligible for participation in the Program. Such list shall include information on Customers that meet the size requirements for Residential or General Transportation Service, are not under commitment with a Choice Supplier, are not past due on their utility account and have not requested to have their name and applicable information deleted from any eligible Customer list. Such list shall be updated quarterly and shall, at a minimum, contain the following information regarding each eligible Customer: name, service and mailing address. Customized listings may also be developed by Company at Choice Supplier's request for Residential and General Sales Service Customers meeting specific geographic or other criteria. The fee for such eligible customer list is described in Rate 385.

Content of Renewal Notices:

The written notice to Customer, required by paragraph 8 of the Choice Supplier Code of Conduct, informing him that his Supply Contract is up for renewal, shall satisfy the following requirements in the case of Non-Mercantile Customers. (Complete information regarding the content of renewal notices for Non-Mercantile Customers is contained in Rule 4901:1-29-10 of the OAC.)

1. The envelope or postcard containing the renewal or extension notice must be labeled in a conspicuous place with the words "Important Contract Renewal Information Inside";
2. The renewal or extension notice must be a stand alone document that contains no advertising;
3. For Supply Contracts with a renewal period of 6 months or longer, Choice Supplier must provide appropriate written notice to Customers. If there is no material change the notice shall inform Customer how to terminate, renew and/or extend the Supply Contract. If there

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is a material change and either a cancellation/termination fee greater than \$25 or no option for early cancellation/termination, Customer must provide its affirmative consent to such renewal. If there is a material change with a cancellation termination fee of \$25 or less, two notices must be sent and the notices should highlight the changes and indicate the Customer's Contract will renew unless Customer affirmatively cancels the Supply Contract.

4. The notice must clearly disclose any price changes that will be in effect for the new term; and
5. The renewal period for Supply Contracts with renewal provisions shall not exceed the initial Supply Contract period.

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POOL CUSTOMER BILLING OPTIONS

Choice Supplier may elect one of the following two billing options for its Pool Customers that do not participate in PIPP. Such election shall be applicable to all of Choice Supplier's Pools and Customers.

Option 1 – Company Consolidated Billing:

Pool Customer shall receive one Bill from Company that indicates the name of Choice Supplier from whom Customer is receiving its gas supply and which includes an amount for Choice Supplier's gas supply charges in accordance with the pricing arrangements agreed upon between Choice Supplier and Customer, including any taxes for which Choice Supplier must collect. Choice Supplier shall furnish Company with sufficient Bill contents as required in Rule 4901:1-29-12(b) of the OAC. Company's consolidated Bill may provide the budget amounts, past due balances, and payments applied on a consolidated basis only. A Choice Supplier who elects this billing option will be limited to a reasonable number of pricing arrangements to which a Customer may be assigned by Choice Supplier.

Pool Customer will be responsible for making payment to Company for the entire amount shown on the Bill, including both Company's and Choice Supplier's charges. Once a month, Company shall remit to Choice Supplier, by wire transfer or otherwise, payment for all gas supply billed to Choice Supplier's Customers by Company on Choice Supplier's behalf, including taxes attributable to Choice Supplier's portion of the Bill, less a negotiated receivables discount and any applicable offsetting amount. Choice Supplier shall be responsible for dispersing to the appropriate taxing authorities any tax that is attributable to Choice Supplier's portion of the Bill.

In the event Customer remits to Company less than the full payment due, the payment received shall first be attributed to Company's past due charges, then to Company's current charges, and the residual amount, if any, shall be attributed to Choice Supplier's portion of the Bill, including the taxes thereon. Customer shall be subject to the Late Payment Charges set out in Sheet No. 30, Miscellaneous Charges, against the entire amount of past due charges on Customer's Bill. Company shall be responsible for collection responsibilities associated with any shortfall from Customer.

Option 2 – Dual Billing:

Pool Customer shall receive two bills as follows:

1. Company shall bill and collect for its portion of the Bill that includes charges for Transportation Service and all applicable Riders. Company's Bill shall include Choice Supplier's name and a statement that Choice Supplier is responsible for billing Choice Supplier's charges. In the event that Customer remits to Company less than the amount included on Company's Bill, Customer shall be subject to the same late payment charges and disconnect rules that would be applicable if Customer were receiving Sales Service.
2. Choice Supplier shall be responsible for billing and collecting his part of the bill including any arrearages due from Choice Supplier's own prior billings. To facilitate Choice

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Supplier's portion of the billing each month, Company will provide Choice Supplier with an electronic notification of the monthly meter readings of all Customers within Choice Supplier's Pool that have been billed by Company. Such billing data will correspond to the meter reading data on which Company based its Bill for Transportation Service. Choice Supplier may terminate gas sales to any Pool Customer for non-payment and remove Customer from its Pool in accordance with the procedures for deleting Customers from a Choice Supplier's Pool.

CUSTOMER INQUIRIES AND DISPUTE RESOLUTION

Each Choice Supplier shall cooperate with Company, the Commission (in the case of Non-Mercantile Customers), and the OCC (in the case of Residential Customers) to answer inquiries and resolve disputes. Choice Supplier shall apprise potential Pool Customers of the applicable dispute resolution process set forth below prior to such Customers executing a Supply Contract with Choice Supplier. The following procedures shall be applicable to all inquiries and disputes:

1. Choice Supplier shall ensure Customers have reasonable access to their service representatives to make inquiries and complaints, discuss charges on Customer bills, terminate competitive service and transact other pertinent business.
2. Choice Supplier must provide its address and a local or toll-free telephonic means for Pool Customers to obtain information on their account and Choice Supplier's dispute resolution process, and Choice Supplier must afford Customers prompt answer times during normal business hours.
3. At the time Pool Customer executes its Supply Contract with Choice Supplier or as soon as practical thereafter, Choice Supplier shall provide Customer, in writing, all the information set forth in paragraph (4) below.
4. Each Pool Customer's Bill shall list the Commission's local or toll free number and Telecommunication Device for the Deaf/Text Telephone Yoke (TDD/TTY) number, Choice Supplier's consumer service local or toll free phone number, Company's emergency phone number, OCC's local or toll-free number and Commission's and OCC's website addresses and business hours. In addition, each Customer's Bill shall indicate that Customer may contact the Commission, or the OCC in the case of Residential Customers, with respect to any inquiries or problems that they may be experiencing with the Company, and Non-Mercantile customers may contact the PUCO, or the OCC in the case of Residential Customers, with respect to any inquiries or problems that they may experience with their current or potential Choice Supplier.
5. Choice Supplier must make good faith efforts to resolve disputes and to cooperate with the resolution of any joint issues with Company.
6. Within three (3) business days of the date Choice Supplier has received a complaint from a Pool Customer, Choice Supplier shall provide a status report to Customer regarding the complaint, or to Customer and the Commission Staff when the complaint is referred to Choice Supplier by the Commission Staff in the case of a Non-Mercantile Customer.

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CODES OF CONDUCT

Choice Supplier Code of Conduct:

Each Choice Supplier participating in the Pooling Program shall:

1. Communicate to Pool Customers, in clear, understandable terms, Customers' rights and responsibilities. This communication shall include: 1) Choice Supplier's customer service address, local or toll-free telephone number and hours of operation; 2) a statement describing the procedures for handling complaints and disputes; and 3) notice that the continuation of this Program is subject to the Commission's approval.
2. Provide in writing, pricing and payment terms that are clear and understandable and inform Customers whether the price that Customer will pay is inclusive or exclusive of applicable taxes and approved Company Riders.
3. Refrain from engaging in communications, acts or practices that are fraudulent, deceptive, misleading, unfair, or unconscionable.
4. Deliver gas to Company on a firm basis on behalf of the Choice Supplier's Pool Customers in accordance with the requirements of Rate 385, these Terms and Conditions, and the Choice Supplier Pooling Agreement.
5. Establish and maintain a creditworthy financial position to enable Choice Supplier to indemnify Company for costs incurred as a result of any failure by Choice Supplier to deliver gas or pay invoices in accordance with the requirements of the Program.
6. In all Supply Contracts with Pool Customers, provide Customer the right to terminate its Contract with Choice Supplier without penalty if the Program is terminated by the Commission prior to the end of the Supply Contract.
7. For all Pool Customers, provide Company and Pool Customer at least 30 days' written notice prior to the end of the term of the Supply Contract of Choice Supplier's intent to discontinue service to Pool Customer.
8. For Supply Contracts that may renew for a period of six (6) months or longer, Choice Supplier shall provide appropriate notice to Customer at least forty-five (45) days, but not more than ninety (90) days in advance of its Contract expiration date. Such notice shall, at a minimum, state any renewal period and how Customer may renew, terminate and/or extend the Supply Contract.
9. Make good faith efforts to resolve all disputes between Choice Supplier and its Pool Customers and to cooperate with resolution of any joint issues with Company.
10. Agree to implement a third-party verification process for Pool Customer sign-ups when conducting a door-to-door marketing/sales campaign and agree to adhere to the Home Solicitation Sales Act as applicable.

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11. Cooperate with the Commission Staff, in developing the Apples to Apples comparison chart, by providing accurate and timely information. Cooperate with the OCC in developing the "Comparing Your Energy Choices" fact sheet, if Choice Supplier serves Residential Customers.

Failure to fulfill any of these obligations shall be considered a violation of the Choice Supplier Code of Conduct, subject to consequences set forth in the Consequences of Choice Supplier's Failure to Perform or Comply section of these Terms and Conditions.

CAPACITY AND OPERATING REQUIREMENTS

Comparable Firm Capacity Requirement:

Choice Supplier agrees to secure sufficient firm interstate pipeline capacity, of which a portion shall be Company released capacity, with primary delivery points to Company's city gates and firm supply to meet 100% of each month's Peak Design Day Demand of its Pool Customers, less a percentage during the winter months reflecting the Pool's entitlement to Company's propane as described below (Comparable Firm Capacity Requirement). All obligations of Choice Supplier with respect to such capacity and supply shall be the sole responsibility of Choice Supplier.

On a daily basis, Company will provide Choice Supplier with the revised Peak Design Day Demand for Choice Supplier's Pool effective the following day. This volume will change over time as necessary to reflect Customers joining and/or leaving Choice Supplier's Pool and any changes in Company's peak design day demand parameters.

Company may periodically verify Choice Supplier's compliance with this Comparable Firm Capacity Requirement. Choice Supplier will provide to Company upon request copies of contracts for upstream pipeline capacity not released by Company and supply contracts showing the firm quantities reserved or purchased and the specific points of delivery. If Choice Supplier is securing firm city gate supplies, Choice Supplier shall provide a copy of such firm supply agreement, and additional documentation as required by Company to confirm compliance of the applicable interstate pipeline capacity.

If Company identifies a firm capacity deficiency, such deficiency shall be resolved to Company's satisfaction by one or a combination of the following, at Choice Supplier's discretion: 1) immediate acquisition by Choice Supplier of additional firm pipeline capacity, 2) assignment to Choice Supplier of Company's pipeline capacity, 3) delayed enrollment of new Pool Customers, 4) return of existing Pool Customers to Sales Service, or 5) transfer of Pool Customers to another Choice Supplier. If Company identifies a firm supply deficiency, such deficiency shall be resolved to Company's satisfaction by one or a combination of the following, at Choice Supplier's discretion: 1) immediate acquisition by Choice Supplier of additional firm supply, 2) delayed enrollment of new Pool Customers, 3) transfer of existing Pool Customers to Sales Service, or 4) transfer of Pool Customers to another Choice Supplier.

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Mandatory Assignment of Pipeline Capacity:

Company will release its pipeline transportation and storage capacity to Choice Supplier based upon approximately 75% of the Peak Design Day Demand of Choice Supplier's Pool. Choice Supplier shall take release of specific interstate pipeline firm transportation and storage capacity for a term, agreed to by Company, subject to Company's right of capacity recall contained elsewhere in these Terms and Conditions.

Terms and conditions of the capacity release will be specified in pipeline capacity release forms, including length of term, price, and recall requirements, subject to FERC requirements for capacity release. Choice Supplier may not change any primary points of receipt or delivery associated with released pipeline transportation contracts during the term of the capacity release. In addition, for specific parcels of capacity identified by Company, Choice Supplier may not utilize any delivery point other than those primary and secondary points identified by Company unless the capacity is released at the pipeline's full tariff rate or unless an alternate capacity billing arrangement is agreed to by Choice Supplier and Company. The released capacity is subject to recall at any time if Choice Supplier does not perform in accordance with the Agreement or fails to comply with the Choice Supplier Code of Conduct and other provisions set forth in these Terms and Conditions.

Choice Supplier may re-release any capacity assigned to it hereunder except TCO storage capacity, provided that: 1) Choice Supplier will continue to be responsible for payment of all pipeline charges associated with the released capacity; 2) any re-release of such capacity remains subject to the restrictions identified in the Company's Tariff; and 3) the capacity is not needed to satisfy the Choice Supplier's Pool's DDQ on such day(s). Choice Supplier may use other firm pipeline capacity to supply its DDQ and re-release portions of its assigned pipeline capacity, subject to the previously mentioned restrictions.

Monthly Reassignment of Capacity:

Transportation and storage capacity released to Suppliers will follow Customers to their new Suppliers upon migration to and from Choice Service with monthly reassignment of capacity to Suppliers based on their Peak Design Day Demands. Company reserves the right to adjust capacity release quantities intra-month in the event large Choice migrations occur.

Operational System Balancing:

Company's TCO storage will be released to each Choice and SSO Supplier on a proportionate basis. The holders of Company-released TCO storage capacity will collectively provide system balancing through Predetermined Allocations (PDA) set with TCO.

POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

PDAs will be established with TCO at the beginning of each month proportional to the percentage of TCO storage capacity released to Suppliers. Each day Choice Supplier will be allocated a portion of the daily system imbalance based on its PDA percentage. Choice Supplier will be charged by TCO for any overrun or penalties associated with exceeding its individual storage volume limits. If Company, as meter operator, incurs TCO penalties, such penalties will be assessed to each Choice Supplier that contributed to the penalty proportional to their contribution to the violation.

Choice Suppliers will agree to follow Company-established minimum and maximum limits for daily storage injections and withdrawals, and minimum storage inventory requirements to ensure sufficient storage inventory and capacity to balance Company's system each day. At no time shall Choice Supplier's Company-released TCO storage inventory volume be less than the minimum specified by Company.

Provider of Last Resort ("POLR") Service:

Choice Supplier shall temporarily provide supply from Company-released TCO storage capacity to cover system load requirements in the event of a Supplier default or OFO event.

Defaulting Suppliers will be required to reimburse affected parties for any incremental costs incurred to provide POLR Service. Any incremental costs not recovered from defaulting Suppliers will be included in the ETC Rider.

Company will act as POLR Coordinator, identifying the need for POLR service and notifying SSO and Choice Suppliers.

Company will take the following short-term action with regard to obtaining POLR supply:

- (1) Choice and SSO Suppliers collectively will provide supply to meet POLR needs, using their individual TCO storage inventories. The withdrawn storage inventory will be subsequently replaced.
- (2) If Company determines that the daily quantity of gas needed may affect the reliability of the system, an OFO will be issued, to ensure that Transportation Customers or Pool Operators are not under delivering versus their respective usages during the POLR period.
- (3) Next, as soon as possible, all transportation and storage capacity released to any defaulting Supplier will be recalled by Company who will use it to meet the immediate needs of the defaulting Supplier's customers. Company will claim the defaulting Supplier's storage inventory as needed to meet the defaulting Supplier's customer loads.

POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

- (4) Company will fill any remaining shortfall through acquiring additional temporary capacity and supply or city-gate deliveries.
- (5) Company will coordinate the provision of POLR service for the remainder of the billing month in which a Supplier default occurs, and the subsequent month, or until an alternate solution is effectuated.

In the event of defaulting supplier removal, Company will take the following action with regard to an alternate solution:

- (1) If a Choice Supplier is removed, Company will offer non-defaulting Choice Suppliers the option of assuming the customers of the removed Choice Supplier. If there are no non-defaulting Choice Suppliers that will assume the removed Choice Supplier's customers, the customers will transfer to Sales service.
- (2) If a SSO Supplier is removed or Choice Suppliers do not assume the customers of a removed Choice Supplier:
 - (a) The existing SSO Suppliers loads will be increased to cover the defaulted load on a pro rata basis. Such incremental load will be limited to 50% of initial Tranche size.
 - (b) For the portion of increased load quantity greater than 50% of initial Load Tranche size, that load will be assigned to a new SSO Supplier based on an accelerated auction process.

Company Demand Forecast:

Company shall forecast each Pool's Peak Design Day Demand and Expected Demand based upon Company's design day and forecasted weather, respectively; the number of Customers in the Pool; and the historic usage characteristics of the Pool Customers. The Peak Design Day Demand, Expected Demand, and corresponding DDQ shall be based on a single market area upon the implementation of the Program. However, through experience gained with the Program, Company may create separate forecasts and DDQs and require separate Pools for specific market areas.

Daily Scheduling of Directed Delivery Quantities:

By 8:00 a.m. Central Clock Time (CCT), Company will post on its EBB, Choice Supplier's DDQ by Pool for the gas day beginning 9:00 a.m. CCT the following day. Such DDQ shall be the sum of: 1) the Expected Demand of Choice Supplier's Pool for that gas day calculated using the Pool's demand equation and forecasted weather; and 2) any necessary adjustments for interstate pipeline and/or Company operating constraints, system knowledge and experience, and/or prior imbalances associated with the periodic volume reconciliations. The DDQ will be stated in city-gate Dekatherms. At the time of posting the DDQ, Company shall indicate the minimum, maximum or exact volume that shall be delivered by Choice Supplier on each interstate pipeline or to each Company city gate to achieve the DDQ, and shall post any interstate pipeline and/or Company operating constraints that are expected to be in effect the following day(s). Company shall maintain city-gate allocation tables that outline the range of minimum and maximum delivery percentages required by city-gates and/or service areas on Company's system. These percentages shall be recalculated and communicated to Choice Suppliers periodically. Absent unforeseen circumstances, a minimum four months' notice will be provided on changes to the city-gate allocation tables.

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POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

Choice Suppliers are required to nominate scheduled storage injections and withdrawals to the pipelines and to Company for all Company-released storage capacity. Company will post daily minimum and maximum TCO storage injection and withdrawal limits, and monthly minimum storage inventory levels. Scheduled injection nomination rights during winter months and scheduled withdrawal nomination rights during summer months are subject to approval in advance by Company.

By 11:00 a.m. CCT each day, and in any intra-day nominations thereafter, Choice Supplier shall nominate to the Company via the Company's EBB the quantity of gas that it has scheduled for delivery at Company's city gate(s) for its Pool(s) for the following gas day. Choice Supplier agrees to adhere to the nominating guidelines set out in the FERC approved tariff of the applicable interstate pipeline and comply with any Company operating and/or interstate pipeline restrictions communicated by Company.

Company will post actual system imbalance volumes the day after flow and each Choice Supplier's prorata share of the system imbalance per the monthly PDA. Company may at its discretion perform a No-Notice nomination to Choice Supplier's Company-released TCO storage for the prior day's flow if the Choice Supplier has not (1) delivered adequate supplies to meet their DDQ or (2) met their TCO minimum city-gate allocation delivery requirement.

Allocation of Propane Supplies:

During the months of December through March, Company shall reserve a portion of its vaporized propane capacity for Choice Supplier Pools, based on the product of each Pool's then-applicable Peak Design Day Demand and the percentage of Company's total design day needs forecasted to be met by vaporized propane that month. The portion reserved shall be applied as a reduction to the Peak Design Day Demand that Choice Supplier must meet pursuant to its Comparable Firm Capacity Requirement.

On any day when the Pool's Expected Demand reaches the volume of Choice Supplier's Comparable Firm Capacity Requirement, Company shall supply the Pool's gas needs in excess of the Choice Supplier's Comparable Firm Capacity Requirements with vaporized propane.

Choice Supplier will be assessed a proportionate share, as determined by Company, of the costs of propane used for peak shaving, for propane facility test runs, for hourly load shaving and any other uses of propane determined to be necessary for system operation in Company's discretion.

By October 1 of each year, and when there is a material change in Company's propane peaking capacity, Company shall indicate the percentage of Choice Supplier Pool's Peak Design Day Demand that will be met with Company's vaporized propane allocated by Company to such Pool.

POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

Measurement of Customer Usage Volumes:

Company shall be responsible for all usage measurement at the point of delivery to the Customer's facilities. Monthly volumes billed to Pool Customers shall be considered actual volumes consumed, whether the meter reading is actual or estimated.

Quality of Gas Delivered by Choice Supplier:

Choice Supplier warrants that all gas delivered by or on behalf of Choice Supplier for its Pool Customers shall meet the quality, pressure, heating value and other quality specifications of the applicable FERC Gas Tariff of the interstate gas pipeline delivering said gas to Company.

Title and Warranty:

Choice Supplier warrants that it will, at the time and place of delivery, have good right and title to all volumes of gas delivered on its behalf, free and clear of all liens, encumbrances, and claims whatsoever, and that it will indemnify and hold Company harmless for all suits, actions, debts, accounts, damages, costs, losses, or expenses (including reasonable attorneys fees) arising from or out of the adverse claims of any or all persons relating to or arising from said gas.

MONTHLY VOLUME RECONCILIATION

For each month, Company will determine Supplier's Pool's Effective Deliveries and compare them to the Pool's Required Deliveries in order to determine the monthly reconciliation volume. Reconciliation volumes will be settled financially by charging Choice Supplier if Required Deliveries are less than Effective Deliveries, or paying Choice Supplier if Effective Deliveries are greater than their Required Deliveries. The price utilized will be the Columbia Appalachia Index for the month being reconciled.

Choice Supplier's Pool's Effective Deliveries will be the sum of the Pool's deliveries to the city-gate, plus its proportional share of propane and system balancing activity.

The Pool's Required Deliveries will be determined by multiplying the Pool's actual usage percentage by the total system Effective Deliveries.

Monthly volume reconciliations will be performed the second month following the end of the month of flow in order to obtain all billed usage for the applicable period and any prior usage adjustments.

POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

CONSEQUENCES OF CHOICE SUPPLIER'S FAILURE TO PERFORM OR COMPLY

If a Choice Supplier fails to deliver gas in accordance with the requirements of the Choice Supplier Pooling Agreement, or otherwise fails to comply with the provisions of Rate 385 and these Terms and Conditions, including those specified in the Choice Supplier Code of Conduct section, Company shall have the discretion to initiate the process to suspend temporarily or terminate such Choice Supplier's further Program participation for the applicable Pool.

- **Non-Mercantile Pool:** In the event Company seeks to suspend or terminate a Choice Supplier from the provision of service to any Non-Mercantile Pool under the Program, Company shall follow the process and timeline set out in Rule 4901:1-27-12(J), OAC. Among other things, this establishes the process by which Company must seek authorization from the Commission to terminate or suspend a Choice Supplier from providing service to a Non-Mercantile Pool in the event of a default.
- **Mercantile Pool:** In the event Company intends to suspend or terminate a Choice Supplier from the Program, Company shall first notify the Choice Supplier of the alleged violations that merit suspension or termination. Such notice shall be in writing, contain reasonable detail and shall be sent to Choice Supplier at the fax number listed in the Choice Supplier Pooling Agreement five (5) days prior to the suspension or termination. If, within five (5) days after the service of the previously mentioned notice, Choice Supplier remedies or removes the cause or causes stated in the notice, the Choice Supplier Pooling Agreement and such Mercantile Pool will continue in full force and effect. If Choice Supplier does not remedy or remove the cause or causes within five (5) days, then at the option of Company, the Choice Supplier Pooling Agreement relative to all Mercantile Pools may terminate at the expiration of said five (5) day period.

If Choice Supplier is suspended or expelled from the Program relative to a specific Pool, Customers in such Pool shall transfer to Company's Sales Service, unless said Customers join another Choice Supplier's Pool. Any termination or cancellation of the Choice Supplier Pooling Agreement relative to some or all of Choice Supplier's Pools and pursuant to any provision of this section 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 the Agreement.

CHOICE SUPPLIER WITHDRAWAL OR TERMINATION

If Choice Supplier in total or for a specific Pool is restricted from further participation in the Program or elects to withdraw from the Program, Company shall have the right to recall all pipeline capacity then assigned to Choice Supplier by Company associated with the specific Pool(s) in accordance with the terms of the release agreement. Payment of any amounts payable to Choice Supplier by Company will be held by Company until all volumes are reconciled and any charges owed to Company are paid in full.

Upon withdrawal or termination, Choice Supplier will be required to sell to Company ten percent (10%) of its TCO Storage Contract Quantity (SCQ) at the Columbia Appalachia Index price for the current month or next month, whichever is lower.

POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

FORCE MAJEURE

If either Choice Supplier or Company is unable to fulfill its obligations under the Choice Supplier Pooling Agreement, Rate 385, or these Terms and Conditions due to an event or circumstance which is beyond the control of such party and which prevents such performance, such party shall be excused from and will not be liable for damages related to non-performance during the continuation of such impossibility of performance. Neither of the following shall be considered a force majeure condition: 1) changes in market conditions that affect the acquisition or transportation of natural gas, or 2) failure of Choice Supplier to deliver or Pool Customers to consume scheduled gas volumes.

The party claiming force majeure will use due diligence to remove the cause of the force majeure condition and resume delivery or consumption of gas previously suspended. Gas withheld from Choice Supplier or Pool Customers during a force majeure condition will be delivered upon the end of such condition as soon as practicable based on, among other things, Company's operating constraints.

UNACCOUNTED FOR GAS PERCENTAGE

APPLICABILITY

The Unaccounted for Gas Percentage shall be applicable to Choice Suppliers, Pool Operators, SSO Suppliers, and to non-Pooling Transportation Customers served under Rate 345.

DESCRIPTION

A percentage of the quantities delivered by applicable parties at a point of receipt on the Company's distribution system shall be designated to compensate for gas lost, used, and unaccounted for in system operations.

The Unaccounted for Gas Percentage stated below shall be adjusted periodically by Company, through updating of this Sheet No. 54 after approval by the Commission, to reflect any changes in the system unaccounted for percentage.

UNACCOUNTED FOR GAS PERCENTAGE

The Unaccounted for Gas Percentage is 1.6%.

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SSO SUPPLIER TERMS AND CONDITIONS

APPLICABILITY

The following Terms and Conditions apply to SSO Suppliers under Rate 395, SSO Supplier Service.

DEFINITIONS

Columbia Appalachia Index – First of the Month "Columbia Gas Transmission Corp, Appalachia" as reported by Inside FERC's Gas Market Report in the table "Prices of Spot Gas Deliveries to Pipelines".

Comparable Firm Capacity Requirement - For the term of the SSO Phase, each SSO Supplier agrees to retain sufficient firm interstate pipeline transportation and storage capacity with primary delivery points to the Company city gates and firm gas supply to meet 100% of the monthly design peak day demands for its SSO Load Tranches, less a percentage during the winter months reflecting the SSO Supplier's propane peaking allocation.

Directed Delivery Quantity (DDQ) - the sum of:

- a. The Expected Demand of the SSO Supplier's Load Tranche(s) for that gas day calculated as a prorata share of total SSO Customer demand, plus
- b. System UAFG percentage volumes, plus
- c. Any necessary adjustments for interstate pipeline and/or Company operating constraints, and/or prior imbalances associated with periodic volume reconciliations.

EFT – Panhandle Eastern Pipe Line Company Enhanced Firm Transportation.

Expected Demand - A SSO Supplier's forecasted Tranche usage for a particular gas day, as determined by Company.

Load Tranche or Tranche- a proportionate share of Company's total Sales Service volumes to be supplied by SSO Supplier.

ORC - The Ohio Revised Code.

PEPL – Panhandle Eastern Pipe Line

Pre-determined Allocation ("PDA") - a contractual arrangement with TCO which allocates the daily VEDO system imbalance volumes to all holders of Company's released TCO storage capacity based on predetermined allocation percentages.

Retail Price Adjustment - Bids during the SSO auction specified as an adjustment to the NYMEX monthly settlement price fixed for the entire term of the SSO Phase.

SSO Supplier - A supplier that meets the Requirements for SSO Supplier Participation set out in Rate 395.

SSO Supply – Gas supply provided by SSO Suppliers pursuant to Rate 395.

SSO SUPPLIER TERMS AND CONDITIONS

SSO Supplier Agreement or Agreement - An agreement between Company and SSO Supplier that defines the mutual responsibilities and obligations of those parties relative to services provided under Rate 395.

TCO – Columbia Gas Transmission Corporation.

Unaccounted for Gas Percentage - The portion of SSO Supplier's city gate deliveries designated to compensate for gas lost, used, and unaccounted for in system operations. The Unaccounted for Gas Percentage is contained in Sheet 54.

CAPACITY AND OPERATING REQUIREMENTS

Comparable Firm Capacity Requirement

SSO Supplier agrees to secure sufficient firm interstate pipeline capacity, of which a portion shall be Company released capacity, with primary delivery points to Company's city gates and firm supply to meet 100% of each month's Peak Design Day Demand of its Load Tranche, less a percentage during the winter months reflecting SSO Supplier's entitlement to Company's propane as described below (Allocation of Propane Supplies).

On a daily basis, Company will provide SSO Supplier with the revised Peak Design Day Demand for SSO Supplier's Load Tranche effective the following day. This volume will change over time as necessary to reflect Customers joining and leaving SSO Supplier's Load Tranche and any changes in Company's peak design day demand parameters.

Company may periodically verify SSO Supplier's compliance with this Comparable Firm Capacity Requirement. SSO Supplier will provide to Company upon request copies of contracts for upstream pipeline capacity not released by Company and supply contracts showing the firm quantities reserved or purchased and the specific points of delivery. If SSO Supplier is securing firm city gate supplies, SSO Supplier shall provide a copy of such firm supply agreement, and additional documentation as required by Company to confirm compliance of the applicable interstate pipeline capacity.

If Company identifies a firm capacity deficiency, such deficiency shall be resolved to Company's satisfaction by immediate acquisition by SSO Supplier of additional firm pipeline capacity. If Company identifies a firm supply deficiency, such deficiency shall be resolved to the Company's satisfaction by immediate acquisition by SSO Supplier of additional firm supply.

Mandatory Assignment of Pipeline Capacity:

Company will release its pipeline transportation and storage capacity to SSO Supplier based upon approximately 75% of the Peak Design Day Demand of SSO Supplier's Load Tranche. SSO Supplier shall take release of specific interstate pipeline firm transportation and storage capacity for the term of the SSO Service phase, subject to Company's right of capacity recall contained elsewhere in these Terms and Conditions.

SSO SUPPLIER TERMS AND CONDITIONS

Terms and conditions of the capacity release will be specified in pipeline capacity release forms including length of term, price, and recall requirements, subject to FERC requirements for capacity release. SSO Supplier may not change any primary points of receipt or delivery associated with released pipeline transportation contracts during the term of the capacity release. In addition, for specific parcels of capacity identified by Company, SSO Supplier may not utilize any delivery point other than those primary and secondary points identified by Company unless the capacity is released at the pipeline's full tariff rate or unless an alternate capacity billing arrangement is agreed to by SSO Supplier and Company. The released capacity is subject to recall at any time if SSO Supplier does not perform in accordance with the SSO Supplier Agreement or fails to comply with provisions set forth in these Terms and Conditions.

SSO Supplier may re-release on a recallable basis any transportation capacity released to it hereunder, provided that: 1) SSO Supplier will continue to be responsible for payment of all pipeline charges associated with the released capacity; 2) any re-release of such capacity remains subject to the requirements and restrictions identified in Company's Tariff; and 3) the capacity is not needed to satisfy the SSO Supplier's Load Tranche's DDQ on such day(s). SSO Supplier may use other firm pipeline capacity to supply its DDQ and re-release portions of its assigned pipeline capacity, subject to the previously mentioned restrictions.

Monthly Reassignment of Capacity:

Transportation and storage capacity released to Suppliers will follow Customers to their new Suppliers upon migration to and from Choice Service with monthly reassignment of capacity to Suppliers based on their Peak Design Day Demands. Company reserves the right to adjust capacity release quantities intra-month in the event large Choice migrations occur.

Operational System Balancing:

Company's TCO storage will be released to each Choice and SSO Supplier on a proportionate basis. The holders of Company-released TCO storage capacity will collectively provide system balancing through Predetermined Allocations (PDA) set with TCO.

PDAs will be established with TCO at the beginning of each month proportional to the percentage of TCO storage capacity released to Suppliers. Each day SSO Supplier will be allocated a portion of the daily system imbalance based on its PDA percentage. SSO Supplier will be charged by TCO for any overrun or penalties associated with exceeding its individual storage volume limits. If Company, as meter operator, incurs TCO penalties, such penalties will be assessed to each SSO Supplier that contributed to the penalty proportional to their contribution to the violation.

SSO Suppliers will agree to follow Company-established minimum and maximum limits for daily storage injections and withdrawals, and minimum storage inventory requirements to ensure sufficient storage inventory and capacity to balance Company's system each day. At no time shall SSO Supplier's Company-released TCO storage inventory volume be less than the minimum specified by Company.

SSO SUPPLIER TERMS AND CONDITIONS

Provider of Last Resort ("POLR") Service:

SSO Supplier shall temporarily provide supply from Company-released TCO storage capacity to cover system load requirements in the event of a Supplier default or OFO event.

Defaulting Suppliers will be required to reimburse affected parties for any incremental costs incurred to provide POLR service. Any incremental costs not recovered from defaulting Suppliers will be included in the ETC Rider.

Company will act as POLR Coordinator, identifying the need for POLR Service and notifying SSO and Choice Suppliers.

Company will take the following short-term action with regard to obtaining POLR supply:

- (1) Choice and SSO Suppliers collectively will provide supply to meet POLR needs, using their individual TCO storage inventories. The withdrawn storage inventory will be subsequently replaced.
- (2) If Company determines that the daily quantity of gas needed may affect the reliability of the system, an OFO will be issued, to ensure that Transportation Customers or Pool Operators are not under delivering versus their respective usages during the POLR period.
- (3) Next, as soon as possible, all transportation and storage capacity released to any defaulting Supplier will be recalled by Company who will use it to meet the immediate needs of the defaulting Supplier's customers. Company will claim the defaulting Supplier's storage inventory as needed to meet the defaulting Supplier's customer loads.
- (4) Company will fill any remaining shortfall through acquiring additional temporary capacity and supply or city-gate deliveries.
- (5) Company will coordinate the provision of POLR service for the remainder of the billing month in which a Supplier default occurs, and the subsequent month, or until an alternate solution is effectuated.

In the event of defaulting supplier removal, Company will take the following action with regard to an alternate solution:

- (1) If a Choice Supplier is removed, Company will offer non-defaulting Choice Suppliers the option of assuming the customers of the removed Choice Supplier. If there are no non-defaulting Choice Suppliers that will assume the removed Choice Supplier's customers, the customers will transfer to Sales service.
- (2) If an SSO Supplier is removed or Choice Suppliers do not assume the customers of a removed SSO Supplier:
 - (a) The existing SSO Suppliers loads will be increased to cover the defaulted load on a pro rata basis. Such incremental load will be limited to 50% of initial Tranche size.
 - (b) For the portion of increased load quantity greater than 50% of initial Load Tranche size, that load will be assigned to a new SSO Supplier based on an accelerated auction process.

SSO SUPPLIER TERMS AND CONDITIONS

Daily Scheduling of Directed Delivery Quantities:

By 8:00 a.m. Central Clock Time (CCT), Company will post on its EBB, SSO Supplier's DDQ for the gas day beginning 9:00 a.m. CCT the following day. Such DDQ shall be the sum of: 1) the Expected Demand of SSO Supplier's Load Tranches for that gas day calculated as a prorata share of total SSO Customer demand; 2) Load Tranche Unaccounted for Gas quantities based on Company's Unaccounted for Gas Percentage and 3) any necessary adjustments for interstate pipeline and/or Company operating constraints, system knowledge and experience, and/or prior imbalances associated with the periodic volume reconciliations. The DDQ will be stated in city gate MMBtus.

At the time of posting the DDQ, Company shall indicate the minimum, maximum or exact volume that shall be delivered by SSO Supplier on each interstate pipeline or to each Company city gate to achieve the DDQ, and shall post any interstate pipeline and/or Company operating constraints that are expected to be in effect the following day(s). Company shall maintain city-gate allocation tables that outline the range of minimum and maximum delivery percentages required by city-gates on Company's system. These percentages shall be recalculated and communicated to SSO Suppliers periodically. Absent unforeseen circumstances, four months' minimum notice will be provided on changes to the city-gate allocation tables.

SSO Suppliers are required to nominate scheduled storage injections and withdrawals to the pipelines and to Company for all Company-released storage capacity. Company will post daily minimum and maximum TCO storage injection and withdrawal limits, and monthly minimum storage inventory levels. Scheduled injection nomination rights during winter months and scheduled withdrawal nomination rights during summer months are subject to approval in advance by Company.

By 11:00 a.m. CCT each day, and in any intra-day nominations thereafter, SSO Supplier shall nominate to the Company via the Company's EBB the quantity of gas that it has scheduled for delivery at Company's city gates for its DDQ for the following gas day. SSO Supplier agrees to adhere to the nominating guidelines set out in the FERC approved tariff of the applicable interstate pipeline and Company's Extranet Administrative Guidelines and comply with any Company operating and/or interstate pipeline restrictions communicated by Company.

SSO SUPPLIER TERMS AND CONDITIONS

Company will post actual system imbalance volumes the day after flow and each SSO Supplier's prorata share of the system imbalance per the monthly PDA. Company may at its discretion perform a No-Notice nomination to SSO Supplier's Company-released TCO storage for the prior day's flow if the SSO Supplier has not (1) delivered adequate supplies to meet their DDQ or (2) met their TCO minimum city-gate allocation delivery requirement.

Allocation of Propane Supplies:

During the months of December through March, Company shall reserve a portion of its vaporized propane capacity for SSO Suppliers, based on the product of each SSO Supplier's then-applicable Peak Design Day Demand and the percentage of Company's total design day needs forecasted to be met by vaporized propane that month. The portion reserved shall be applied as a reduction to the Peak Design Day Demand that SSO Supplier must meet pursuant to its Comparable Firm Capacity Requirement.

On any day when the SSO Supplier's Expected Demand reaches the volume of SSO Supplier's Comparable Firm Capacity Requirement, Company shall supply the SSO Supplier's gas needs in excess of the SSO Supplier's Comparable Firm Capacity Requirements with vaporized propane.

SSO Supplier will be assessed a proportionate share, as determined by Company, of the costs of propane used for peak shaving, for propane facility test runs, for hourly load shaving and any other uses of propane determined to be necessary for system operation in Company's discretion.

By October 1 of each year, and when there is a material change in Company's propane peaking capacity, Company shall indicate the percentage of SSO Supplier's Peak Design Day Demand that will be met with Company's vaporized propane, or alternate peaking supplies, allocated by Company to such SSO Supplier.

Measurement of Customer Usage Volumes:

Company shall be responsible for all usage measurement at the point of delivery to the Customer's facilities. Monthly Load Tranche volumes billed to Customers shall be considered actual volumes consumed, whether the meter reading is actual or estimated.

Quality of Gas Delivered by SSO Supplier:

SSO Supplier warrants that all gas delivered by or for its Tranche shall meet the quality, pressure, heating value and other quality specifications of the applicable FERC Gas Tariff of the interstate gas pipeline delivering said gas to Company.

Title and Warranty:

SSO Supplier warrants that it will, at the time and place of delivery, have good right and title to all volumes of gas delivered on its behalf, free and clear of all liens, encumbrances, and claims whatsoever, and that it will indemnify and hold Company harmless for all suits, actions, debts, accounts, damages, costs, losses, or expenses (including reasonable attorneys fees) arising from or out of the adverse claims of any or all persons relating to or arising from said gas.

SSO SUPPLIER TERMS AND CONDITIONS

MONTHLY VOLUME RECONCILIATION

Company will determine each Supplier's Tranche's Effective Deliveries and compare to each Tranche's Required Deliveries in order to determine the reconciliation volume. Reconciliation volumes will be settled financially by charging Supplier if Required Deliveries are less than Effective Deliveries, or paying Supplier if Effective Deliveries are greater than their Required Deliveries. The price utilized will be the Columbia Appalachia Index for the month being reconciled.

SSO Supplier's Tranche's Effective Deliveries will be the sum of each Tranche's respective deliveries to the city-gate, plus its proportional share of propane and system balancing activity.

The Tranche's Required Deliveries will be determined by multiplying the Tranche's actual usage percentage by the total system Effective Deliveries.

Monthly volume reconciliations will be performed the second month following the end of the month of flow in order to obtain all billed usage for the applicable period and any prior usage adjustments.

SSO SUPPLIER DEFAULT OR TERMINATION

If SSO Supplier ceases participation in the SSO Program, Company shall have the right to recall all pipeline capacity then assigned to SSO Supplier by Company associated with the specific Load Tranche(s) in accordance with the terms of the release agreement. Payment of any amounts payable to SSO Supplier by Company will be held by Company until all volumes are reconciled and any charges owed to Company are paid in full.

SSO Suppliers will be required to sell to succeeding Suppliers ten percent (10%) of their TCO Storage Contract Quantity (SCQ) at the end of the SSO phase at the first of the month Columbia Appalachia Index price for the next month.

Upon default, SSO Supplier will be required to sell to Company ten percent (10%) of its TCO Storage Contract Quantity (SCQ) or up to one hundred percent (100%) of Supplier's TCO storage inventory volume, at Company's discretion, at the Columbia Appalachia Index price for the current or next month, whichever is lower.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

DEFINITIONS

Unless otherwise specified in the Rate Schedule, the following terms shall have the meanings defined below when used in this Tariff for Gas Service:

Abbreviations:

Btu	– British thermal unit
Ccf	– One hundred cubic feet
Cf	– Cubic foot
Cfh	– Cubic feet per hour
Dth	– One Dekatherm or 1,000,000 Btu's
FERC	– Federal Energy Regulatory Commission
Mcf	– One thousand cubic feet
OAC	– Ohio Administrative Code
OCC	– Ohio Consumers' Counsel
ORC	– Ohio Revised Code
PSIG	– Pounds per square inch gauge
PUCO	– Public Utilities Commission of Ohio

Alternate Fuel – The form of energy used by Customer in place of Gas Service during Curtailment Periods. Gas Service provided by Company under another Rate Schedule shall not qualify as an Alternate Fuel.

Annual Usage – Customer's actual total gas usage for the most recent twelve consecutive billing months, or Company's estimate of Customer's total gas usage for twelve consecutive billing months when actual usage information is not available.

Bill – An itemized list or statement of fees and charges for Gas Service. A Bill may be rendered by mail or by electronic means.

British Thermal Unit – The average amount of heat necessary to increase the temperature of one pound of water by 1° Fahrenheit, in the temperature range of 32° to 212° Fahrenheit, at 14.73 pounds per square inch absolute pressure.

Cashout – The monetary settlement of over-delivery and under-delivery gas imbalances between Company and Pool Operators or Transportation Customers.

Central Clock Time (CCT) – Central Daylight Time when daylight savings time is in effect and Central Standard Time when daylight savings time is not in effect.

Commercial Customer – Any Customer primarily engaged in wholesale or retail trade and services (including central heating and air conditioning facilities of apartment complexes), any local, state and federal governmental agency, and any Customer not covered by another classification. When Gas Service is supplied through one meter to an apartment house or multiple dwelling, the service shall be classified as Commercial, in which case the applicable Non-Residential Rate Schedule shall apply.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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Issued by Jerrold L. Ulrey, Vice-President

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

DEFINITIONS Continued

Commission – The Public Utilities Commission of Ohio, or PUCO.

Commission's Regulations – The Ohio Administrative Code applicable to services provided to customers of natural gas companies regulated by the Commission.

Company – Vectren Energy Delivery of Ohio, Inc.

Company-Supplied Gas – Gas purchased by Company and distributed to Customer for end-use.

Company's General Terms and Conditions – General Terms and Conditions Applicable to Gas Service, as amended from time to time, and as approved by the Commission as part of this Tariff for Gas Service.

Curtailment – The limitation of the Gas Service available to Customer pursuant to the Company's Curtailment Procedures.

Curtailment Period – The period of time, as specified by Company, during which Gas Service is subject to Curtailment.

Curtailment Procedures – Rule 11 of Company's General Terms and Conditions.

Customer – Any individual, partnership, association, firm, public or private corporation or any other entity who agrees to receive Gas Service from Company.

Customer-Delivered Gas – Gas delivered to Company's distribution system by or on behalf of Customer.

Electronic Bulletin Board (EBB or Extranet) – Company's electronic communications software that facilitates nominations, confirmation and other administrative functions associated with Transportation Service.

Financial Assurance – credit support or collateral in a form acceptable to Company in its sole discretion.

Gas Service – The provision by the Company under a specific Rate Schedule of natural gas or a mixture of natural gas and other compatible gases at Company's point of delivery to Customer, irrespective of whether any such gas is actually consumed.

Group 1 Meter – Company's designation for a Customer meter with a rated capacity of 450 Cfh or less.

Group 2 Meter – Company's designation for a Customer meter with a rated capacity of greater than 450 Cfh.

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Issued by Jerrold L. Ulrey, Vice-President

Effective

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

DEFINITIONS Continued

Heating Degree Day – A standard measure of the coldness of the temperatures experienced, based on the extent to which the daily mean temperature falls below a reference temperature of 65° Fahrenheit.

Industrial Customer – A Customer primarily engaged in a process that creates or changes raw or unfinished materials into another form or product.

Interruptible Sales Service – Sales Service subject to Curtailment from time to time and requiring Customer to maintain Alternate Fuel capability.

Miscellaneous Charges – Charges common to all Rate Schedules, relating to, among others, late payments, reconnection of service, returned checks, and unauthorized or fraudulent gas usage.

Non-Residential Customer – Any Customer that is not a Residential Customer.

Operational Flow Order (OFO) – An order issued by the Company via its EBB, fax machine, or telephone to Pool Operator or Transportation Customer specifying reduced imbalance tolerance levels during critical situations.

Operational System – Any portion of Company's distribution system for which deliveries and gas demands must be balanced separately from other portions of the distribution system, due to operational and contractual limitations.

Pool – A group of Transportation Customers aggregated by a Pool Operator for gas supply management purposes.

Pool Operator – A marketer, supplier, or Transportation Customer that provides gas supply management for a Pool.

Pool Operator-Delivered Gas – Gas delivered to Company's distribution system by, or on behalf of, a Pool Operator.

Premises – The main residence or living quarters for a Residential Customer, or the main building of a Commercial or Industrial Customer. The Premises shall include the outlying or adjacent buildings used by the same Customer, provided the use of Gas Service in the outlying or adjacent building(s) is supplemental to the service used in the main residence, main living quarters, or main building of Customer.

Rate Schedule – A Gas Service applicable to a particular classification of Customer with specific Applicability, Character of Service, Rates and Charges, and Terms and Conditions.

Residential Customer – Customer using Gas Service primarily for a single family dwelling unit, mobile home, apartment unit or condominium. When Gas Service is supplied through one meter to an apartment house or multiple dwelling, the service shall be classified as Commercial, in which case the applicable non-residential service Rate Schedule shall apply.

Sales Customer – A Customer subscribing to a Sales Service Rate Schedule.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

DEFINITIONS Continued

Sales Service – Gas Service involving the delivery by Company to Customer of Company-Supplied Gas.

Standard Sales Offer (“SSO”) Service – Standard market pricing sales service established to replace Company’s former GCR Sales Service.

Service Area – Areas in which Company has Gas Service available or may offer Gas Service.

Spaceheating – The use of Gas Service as fuel for the heating of some portion or all of Customer’s Premises.

Throughput – The Sum of Customer’s Sales and Transportation volumes.

Transportation Customer – A Customer subscribing to a Transportation Service Rate Schedule.

Transportation Service – Gas Service involving the delivery by Company to Customer of Customer-Delivered or Pool Operator-Delivered gas.

Winter Season – The calendar months of November through March, inclusive, used only for Pooling Service Agreement and Choice Peaking Supply purposes.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

11. CURTAILMENT PROCEDURES

When sufficient capacity or quantities of gas are not available to Company to meet existing and reasonably anticipated demands for Gas Service or to protect and replenish Company's gas storage reserves, which determinations shall be within Company's reasonable discretion, Company shall have the right to curtail Gas Service within any of its Operational Systems so affected in accordance with the provisions of this procedure.

A. **Definitions.** For the purpose of this Procedure, the following terms shall have the meanings defined below:

- (1) **Firm Curtailment Customer.** A Firm Curtailment Customer shall mean any Customer being served under Rate 320, 325, 330, or 345 whose Average Daily Throughput in any billing month during or subsequent to the Base Period exceeds 1,000 Ccf.
- (2) **Average Daily Throughput.** The Average Daily Throughput for any Base Period billing month shall be the Firm Curtailment Customer's metered Throughput during such month divided by the number of days in the month.
- (3) **Base Period.** The Base Period is any twelve consecutive billing months as established by Company.
- (4) **Normal Monthly Throughput.** The Normal Monthly Throughput shall be the Firm Curtailment Customer's metered Throughput during each billing month of the Base Period. These quantities may be adjusted by Company for unusual circumstances.
- (5) **Human Needs Customers.** Human Needs Customers shall include hospitals, medical centers, nursing homes, and other Customers as determined by Company, whose Curtailment could adversely affect public health or safety.
- (6) **Gas Supply Curtailment.** Curtailment resulting from insufficient quantities of Company-Supplied gas to meet the demands of Company's Sales Customers.
- (7) **Capacity Curtailment.** Curtailment resulting from insufficient system capacity to supply Gas Services to Company's Gas Service Customers.
- (8) **Plant Protection Level -** The minimum quantity of Gas Service for Firm Curtailment Customers or Alternate Fuel capability for Interruptible Sales Service Customers required by Customer to prevent endangering the health or safety of personnel, or to prevent extensive damage to Customer's facilities, equipment, or other property. This includes the protection of such material currently in process at the time a Curtailment is called which would otherwise be destroyed, but shall not include Gas Service required to maintain plant production.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

11. CURTAILMENT PROCEDURES (Continued)

B. **Curtailment Sequences.** Company shall have the right to curtail Gas Service to its Customers according to the following sequences. Such Curtailment shall be effective as of the date and time specified in the notice to Customer. When necessary in the sole opinion of Company, Gas Service shall be maintained to Human Needs Customers or other Customers who would otherwise be curtailed, to the extent necessary and practicable under the circumstances.

B1. Gas Supply Curtailment Sequence.

- (1) First, Rate 345 Non-Pooling Customers, and Pool Operators' Pools shall be subject to the Cold Weather OFO set forth in Nomination and Balancing Provisions (Large General and Pool Operator). Rate 385 and Rate 395 Suppliers shall be subject to an OFO and subject to the specific delivery requirements and or restrictions specified by Company.
- (2) Next, Rate 340 Customers' purchases of Company-Supplied Gas and Rate 341 Customers' purchases of Company-Supplied Gas for Spaceheating shall be interrupted 100%.
- (3) Next, as determined by Company, all Rates 320 and 330 Firm Curtailment Customers' purchases of Company-Supplied Gas shall be limited to either:
 - (a) their respective Average Daily Throughput each day over any portion of the billing month, or
 - (b) their respective Normal Monthly Throughput.
- (4) Next, as determined by Company, all Rates 320 and 330 Firm Curtailment Customers' purchases of Company-Supplied gas shall be curtailed prorata, either:
 - (a) on a daily basis for any period specified by Company by application of a uniform percentage curtailment to their respective Average Daily Throughput, or
 - (b) on a billing month basis by application of a uniform percentage curtailment to their respective Normal Monthly Throughput.

At this point in the Curtailment sequence, Firm Curtailment Customers shall not be curtailed to a daily quantity less than their respective Plant Protection Levels.

- (5) Next, all Rates 320 and 330 Firm Curtailment Customers' purchases of Company-Supplied Gas shall be curtailed to a daily quantity equal to their respective Plant Protection Levels.
- (6) Next, Rate 345 Non-Pooling Customers and Pool Operators' Pool Customers' transportation gas quantities on Company's system shall be limited to Customers' respective Plant Protection Levels, and the remainder of their delivered gas supply shall be diverted to use for Company supply.
- (7) Next, Rate 325 Customers' transportation gas quantities on Company's system shall be limited to Customers' respective Plant Protection Levels, and the remainder of their delivered gas supply shall be diverted to use for Company supply.
- (8) In the event further Curtailment is required to maintain Gas Service, Company shall be entitled to curtail or interrupt Gas Service to any Customer.
- (9) Compensation for the diversion of Customers' transportation gas quantities as provided for in Rule 11(B1)(6) and (7), will be in the amount of:
 - (a) **Daily Index Price:** The Daily Midpoint Price per Dekatherm as reported in Gas Daily in the table "Daily Price Survey", for delivery to the pipeline on which the diverted gas was delivered:
 - 1) Texas Gas, Zone SL; or

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

11. CURTAILMENT PROCEDURES (Continued)

- 2) ANR, La; or
- 3) Panhandle, Tx-Okla; or
- 4) Texas Eastern, ELA; or
- 5) Columbia Gas, Appalachia.
- (b) The maximum interruptible transportation rate, including all applicable surcharges, for the pipeline on which the diverted gas was delivered to; plus
- (c) The average premium paid by the Company (stated on a per therm basis) to firm gas suppliers.

Such gas costs shall be recoverable through Company's Exit Transition Cost Rider.

B2. Capacity Curtailment Sequence.

- (1) First, Rate 345 Non-Pooling Customers and Pool Operators' Pools shall be subject to the Cold Weather OFO set forth in Nomination and Balancing Provisions (Large General and Pool Operator). Rate 385 and Rate 395 Suppliers shall be subject to an OFO and subject to the specific delivery requirements and or restrictions specified by Company.
- (2) Next, Rate 340 Customers' purchases of Company-Supplied Gas and Rate 341 Customers' purchases of Company-Supplied Gas for Spaceheating shall be interrupted 100%.
- (3) Next, as determined by Company, all Firm Curtailment Customers' transportation quantities or purchases of Company-Supplied Gas, as applicable, shall be limited to either:
 - (a) their respective Average Daily Throughput each day over any portion of the billing month, or
 - (b) their respective Normal Monthly Throughput.
- (4) Next, as determined by Company, all Firm Curtailment Customers' transportation quantities or purchases of Company-Supplied Gas, as applicable, shall be curtailed prorata, either:
 - (a) on a daily basis for any period specified by Company by application of a uniform percentage curtailment to their respective Daily Throughput, or
 - (b) on a billing month basis by application of a uniform percentage curtailment to their respective Normal Monthly Throughput.

At this point in the Curtailment sequence, a Firm Curtailment Customer shall not be curtailed to a daily quantity less than its Plant Protection Level.

- (5) Next, all Firm Curtailment Customers shall be curtailed to their respective Plant Protection Levels.
- (6) In the event further Curtailment is required to maintain Gas Service, Company shall be entitled to curtail or interrupt deliveries of Gas Service to any Customer.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

11. CURTAILMENT PROCEDURES (Continued)

C. Curtailment Notification.

- (1) Company shall give notification of Curtailment in the most effective manner possible and as much in advance as reasonably possible with regard to the existing circumstances and the number of Customers to be notified.
- (2) If reasonably possible, Firm Curtailment Customers shall be given seven days advance notice of any Curtailment.
- (3) In the event of Curtailment of Firm Curtailment Customers, Company shall provide notice to each Firm Curtailment Customer of its Normal Monthly Throughput and Average Daily Throughput.

D. Lifting of Curtailment. Any Curtailment shall be lifted in reverse order of the Curtailment Sequence.

E. Unauthorized Gas Usage.

- (1) Assessment of Unauthorized Gas Usage Charge. When a Curtailment is in effect pursuant to the provisions of paragraph B of this Procedure, gas usage by Customer in excess of the quantity permitted for such Customer shall constitute Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Sheet No. 30.

During the Curtailment Period, Customer shall have no entitlement to Unauthorized Gas Usage. In the event Customer continues Unauthorized Gas Usage, Company may, in its sole discretion, discontinue Gas Service to Customer. The assessment of the Unauthorized Gas Usage Charge and the exercise of the right to discontinue Gas Service by Company shall be in addition to any other rights Company may have with respect to Customer's Unauthorized Gas Usage.

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12. OPERATIONAL FLOW ORDERS

Company may issue an Operational Flow Order (OFO), in its reasonable discretion, as specified in this section upon determination that an action is required in order to:

- (1) alleviate or prevent conditions which threaten the integrity or reliability of Company's Operational System
- (2) to maintain the Operational System in balance
- (3) to maintain adequate storage inventory balances
- (4) to assure deliveries of gas supplies by Choice Suppliers, SSO Suppliers, and Pool Operators to serve their respective Customers' loads
- (5) adhere to the various interstate pipeline companies' balancing requirements, as stated in their FERC approved gas tariffs
- (6) direct SSO Suppliers, Choice Suppliers, Pool Operators and Transportation Customers to different city-gates or to institute different city-gate delivery allocations due to system maintenance or system constraints, or
- (7) any other condition warranting a change to delivery requirements.

An OFO may be may issued on a non-discriminatory basis to SSO Suppliers, Choice Suppliers, Pool Operators, and Transportation Customers delivering gas to Company's city-gates, on a system-wide basis, program basis, or individual basis, when necessary in Company's sole judgment.

Company will post the OFO notice via its EBB including the following information:

- (1) Start date of the OFO
- (2) End date of the OFO
- (3) Expected duration if no end date is specified
- (4) Specific delivery requirements and or restrictions including but not limited to the following:
 - i. No under-deliveries during a Cold Weather OFO
 - ii. No over-deliveries during a Warm Weather OFO
 - iii. No deliveries can be accepted at a particular city-gate due to maintenance

Company will endeavor to give 24 hours notice of an OFO. If the risk of a potential future critical issue is identified, Company will endeavor to post a Potential OFO notice to its EBB. However, Company reserves the right to issue an OFO at any time to mitigate potential system issues with expediency without prior notice.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

14. AMENDMENTS

A. General Terms and Conditions May Be Amended

The Company reserves the right, with the approval of the Commission, to modify, alter or amend these General Terms and Conditions, or to promulgate such other and further General Terms and Conditions as experience and conditions may suggest, or as it deems necessary in the conduct of its business.

B. Limitation of Liability

Approval of the above tariff language by the Commission does not constitute a determination by the Commission that the limitation of liability imposed by the Company should be upheld in a court of law. Approval by the Commission merely recognizes that since it is a court's responsibility to adjudicate negligence and consequent damage claims, it is also the court's responsibility to determine the validity of the exculpatory clause.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

13. AFFILIATE CODE OF CONDUCT

Company shall comply with the following Code of Conduct:

1. Company must apply Tariff Sheets in a like manner when comparing application to affiliate and non-affiliate Suppliers.
2. Company must enforce the Tariff Sheets in a like manner when comparing enforcement to affiliate and non-affiliate Suppliers.
3. Company may not give its affiliated Supplier or Customers of its affiliated Supplier preference over non-affiliated Suppliers or their Customers in the application of tariff provisions or otherwise pertaining to the Pooling Program. Any ancillary service provided by Company to Supplier (e.g., billing and envelope service) that is not tariffed will be priced uniformly for affiliated and non-affiliated Suppliers and be made available to all on a non-discriminatory basis.
4. Company must process all similar requests for Transportation Service in the same manner and within the same approximate period of time for all Suppliers irrespective of affiliate status.
5. Company shall not disclose to anyone other than a Company employee or agent any information regarding an existing or proposed Transportation Service arrangement, unless authorization is granted by the Customer, Customer's agent, or Supplier.
6. If a potential Pool Customer requests information about Suppliers, Company shall provide a list of all participating Suppliers, but shall not endorse any Supplier nor indicate that any Supplier will receive preference because of an affiliate relationship.
7. Company will, to the extent practicable, separate the activities of its operating employees from its affiliate Supplier employees in all areas where their failure to maintain independent operations may have the effect of harming Customers or unfairly disadvantaging unaffiliated Suppliers.
8. Company shall not condition or tie its agreements for gas supply or for the release of interstate pipeline capacity to any agreement by a Supplier, Pool Customer or other third party in which its affiliate Supplier is involved.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

13. **AFFILIATE CODE OF CONDUCT (Continued)**

9. Company and its affiliate Supplier shall keep separate books of accounts and records.
10. Neither Company nor its affiliate Supplier shall communicate to any Customer, Supplier or third party the idea that any advantage might accrue in the use of Company's service as a result of dealing with its affiliate Supplier.
11. Company's complaint procedure for issues concerning compliance with this code of conduct is as follows: All complaints, whether written or verbal, shall be referred to Company's designated attorney. Company's designated attorney shall orally acknowledge the complaint within five (5) working days of receipt. The complainant party 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 specific claim. Company's designated attorney 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. Company's designated attorney shall keep a file with all such complaint statements for a period of not less than three years.
12. If Company offers its affiliate Supplier or a Pool Customer of its affiliate Supplier a discount, rebate or fee waiver for transportation, balancing, meters or meter installation, storage, or any other service, it must, upon request, prospectively offer such discounts, rebates or fee waivers to all similarly situated non-affiliated Suppliers or Pool Customers under similar terms and conditions.
13. Company's name and logo will not be used in its affiliate Supplier's promotional material designed for the solicitation of Pool Customers, unless such promotional material discloses in plain, legible or audible language, on the first page or at the first point where Company's name and logo appears, that its affiliate Supplier is not the same entity as Company. Company is also prohibited from participating in exclusive joint activities with its affiliate Supplier, including advertising, marketing, sales calls or joint proposals to any existing or potential Pool Customers.

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TARIFF SHEET INDEX

<u>Tariff Sheet</u>	<u>Description</u>	<u>Revision</u>	<u>Effective Date</u>
1	Title Page	Original	April 13, 2005
2	Tariff Sheet Index		
3	Locations Served	Original	April 13, 2005
4-9	Reserved for Future Use		
RATE SCHEDULES			
10	Rate 310 Residential Standard Choice Offer Service	Third	
11	Rate 315 Residential Transportation Service	Fourth	
12	Rate 320 General Standard Choice Offer Service	Third	
13	Rate 325 General Transportation Service	Fourth	
14	Reserved for Future Use		
15	Reserved for Future Use		
16	Rate 341 Dual Fuel Standard Choice Offer Service	Third	
17	Rate 345 Large General Transportation Service	Second	
18-19	Reserved for Future Use		
20	Rate 380 Pooling Service (Large General)	Original	April 13, 2005
21	Rate 385 Pooling Service (Residential & General)	First	
22	Reserved for Future Use		
23	Rate 396 SCO Supplier Service	Original	
24-29	Reserved for Future Use		
RIDERS			
30	Miscellaneous Charges	First	August 1, 2006
31	Gas Cost Recovery Rider (Suspended)		
32	Reserved for Future Use		
33	Reserved for Future Use		
34	Gas Cost Recovery Reconciliation Rider	Fifth	September 1, 2007
35	Migration Cost Rider (Suspended)	First	
36	Balancing Cost Rider (Suspended)	Fourth	
37	Gross Receipts Excise Tax Rider	Original	April 13, 2005
38	Reserved for Future Use		
39	Uncollectible Expense Rider	Third	August 1, 2007
40	Percentage of Income Payment Plan Rider	First	February 5, 2007
41	Exit Transition Cost Rider	First	
42	S.B. 287 Excise Tax Rider	Original	April 13, 2005
43	Sales Reconciliation Rider	Original	October 1, 2006
44	Standard Choice Offer Rider	Original	
45-49	Reserved for Future Use		

Filed pursuant to the Entry dated
 Commission of Ohio.

in Case No.

of The Public Utilities

Issued

Issued by Jerrold L. Ulrey, Vice-President

Effective

TARIFF SHEET INDEX

<u>Tariff Sheet</u>	<u>Description</u>	<u>Revision</u>	<u>Effective Date</u>
TRANSPORTATION PROVISIONS			
50	Transportation Terms and Conditions (Large General)	Second	
51	Nomination and Balancing Provisions (Large General and Pool Operator)	Fourth	
52	Pooling Service Terms and Conditions (Residential and General)	Second	
53	Reserved for Future Use		
54	Unaccounted for Gas Percentage	Second	
55	Reserved for Future Use		
56	SCO Supplier Terms and Conditions	Original	
57-58	Reserved for Future Use		
GENERAL TERMS AND CONDITIONS			
59	Definitions	Second	
60	Application and Contract for Service	Original	April 13, 2005
61	Credit Requirements of Customer	Original	April 13, 2005
62	Billing and Payment for Gas Service	Original	April 13, 2005
63	Disconnection-Reconnection of Service	First	November 10, 2005
64	Meters and Metering Equipment-Location and Installation	Original	April 13, 2005
65	Service Pipe-Location and Installation	Original	April 13, 2005
66	Equipment on Customer's Premises	Original	April 13, 2005
67	Use and Character of Service	Original	April 13, 2005
68	Extensions of Gas Distribution Mains	Original	April 13, 2005
69	Extensions of Gas Facilities to House Trailer Parks	Original	April 13, 2005
70	Curtailment Procedures	Third	
71	Operational Flow Orders	Second	
72	Affiliate Code of Conduct	Original	
73-78	Reserved for Future Use		
79	Amendments	Original	

RATE 310

RESIDENTIAL STANDARD CHOICE OFFER SERVICE

APPLICABILITY

This Rate Schedule shall be available to any Residential Customer electing service hereunder when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. [Successor Rate Schedule to Small Gas Sales Service, for Residential Customers.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Standard Choice Offer (SCO) Service. Customer's gas supply under SCO Service shall be provided by a state-certified Choice Supplier, who shall be identified on Customer's bill.

Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$7.00 per meter

Distribution Charge:

\$0.11986 per Ccf for the first 50 Ccf, plus

\$0.10442 per Ccf for all Ccf over 50 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 41 – Exit Transition Cost Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider
- Sheet No. 44 – Standard Choice Offer Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

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RATE 315

RESIDENTIAL TRANSPORTATION SERVICE

APPLICABILITY

This Rate Schedule shall be available to any Residential Customer electing service hereunder when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. However, this Rate Schedule shall not be available to any Customer whose utility service account is past due at the time Customer desires to initiate this service unless Customer has discharged, or entered into a payment arrangement to discharge all existing arrearages owed the Company. This Rate Schedule is also applicable to customers currently enrolled in the Company's Percentage of Income Payment Plan (PIPP) in the event that Company bids out the provision of commodity supply for the PIPP Customers as a Single Pool. [Successor Rate Schedule to Small Gas Transportation Service, for Residential Customers.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

Customer, except for PIPP Pool Customers, must enter into a contract for firm gas supplies with a Choice Supplier who meets the requirements for participation in Pooling Service (Residential and General) under Rate 385. Company will maintain and make available a list of Choice Suppliers participating in the Pooling Program. Such list shall be available by request and through the Company's website.

DEFINITIONS

Terms used in this Rate Schedule are defined in the Definitions section of Pooling Service Terms and Conditions (Residential and General) on Sheet No. 52.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$7.00 per meter

Distribution Charge:

\$0.11986 per Ccf for the first 50 Ccf, plus

\$0.10442 per Ccf for all Ccf over 50 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 41 – Exit Transition Cost Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

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RATE 315

RESIDENTIAL TRANSPORTATION SERVICE

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

BILLING

Company shall bill Customer for all Gas Services provided by the Company. Choice Suppliers have the option of either: (1) Company providing billing for Choice Suppliers' services to Customer, or (2) the Choice Supplier may bill for those services independently.

TERMS AND CONDITIONS

Choice Supplier Selection:

In order to receive Gas Service under this Rate Schedule, Customer must join a Pool of a Choice Supplier participating in the Company's Pooling Program. When Company receives appropriate notification of Customer's request to participate in the Pooling Program, the change shall become effective with Customer's next on-cycle meter reading after the Customer's Enrollment Processing Period.

Transfer to SCO Service Upon Choice Supplier Default

As set forth in Sheet No. 52, if Customer's Choice Supplier defaults and Customer is not assigned to a non-defaulting Choice Supplier, Customer will transfer to SCO Service.

Disconnection for Non-Payment of Choice Bill:

Non-payment of the Choice Supplier gas commodity portion of the bill shall subject Customer currently receiving Gas Service under this Rate Schedule to disconnection as explained in Section 4 of the General Terms and Conditions.

Customer Usage Information Release:

When Company receives a request from a Customer for its historic usage information, the usage information for the most recent twelve (12) months and payment information for the most recent twenty-four (24) months, if available, shall be provided to Customer.

Regulations:

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

RATE 320

GENERAL STANDARD CHOICE OFFER SERVICE

APPLICABILITY

This Rate Schedule shall be available to any Non-Residential Customer electing service hereunder whose Annual Usage is less than 150,000 Ccf when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. [Successor Rate Schedule to Small Gas and General Gas Sales Services, for Non-Residential Customers.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Standard Choice Offer (SCO) Service. Customer's gas supply under SCO Service shall be provided by a state-certified Choice Supplier, who shall be identified on Customer's bill.

Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$10.00 per Group 1 Meter, or
\$25.00 per Group 2 Meter

Distribution Charge:

\$0.12879 per Ccf for the first 50 Ccf, plus
\$0.10497 per Ccf for all Ccf over 50 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 41 – Exit Transition Cost Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider
- Sheet No. 44 – Standard Choice Offer Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

RATE 320
GENERAL STANDARD CHOICE OFFER SERVICE

CURTAILMENT

Customer shall limit gas usage as directed by Company pursuant to the Curtailment Procedures of Company's General Terms and Conditions. Except in emergencies, Company will endeavor to give four hours advance notice of such Curtailment. Company shall not be liable in damages or otherwise to Customer for any loss of production or because of the lack of advance notice to Customer.

If Customer uses gas in excess of the volume authorized during any Curtailment Period, an Unauthorized Gas Usage Charge as set forth in Sheet No. 30, Miscellaneous Charges, shall be assessed to Customer.

In the event Customer fails to comply with Company's direction to curtail, Company reserves the right to discontinue Gas Service to Customer.

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

Issued

Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 325

GENERAL TRANSPORTATION SERVICE

APPLICABILITY

This Rate Schedule shall be available to any Non-Residential Customer electing service hereunder whose Annual Usage is less than 150,000 Ccf when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. However, this Rate Schedule shall not be available to any Customer whose utility service account is past due at the time Customer desires to initiate this service unless Customer has discharged, or entered into a payment arrangement to discharge all existing arrearages owed the Company. [Successor Rate Schedule to Small Gas and General Gas Transportation Services, for Non-Residential Customers.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

Customer must enter into a contract for firm gas supplies with a Choice Supplier who meets the Company's requirements for participation in Pooling Service (Residential and General) under Rate 385. Company will maintain and make available a list of Choice Suppliers participating in the Pooling Program. Such list shall be available by request and through the Company's website.

DEFINITIONS

Terms used in this Rate Schedule are defined in the Definitions section of the Pooling Service Terms and Conditions (Residential and General) on Sheet No. 52.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$10.00 per Group 1 Meter, or
\$25.00 per Group 2 Meter

Distribution Charge:

\$0.12879 per Ccf for the first 50 Ccf, plus
\$0.10497 per Ccf for all Ccf over 50 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 41 – Exit Transition Cost Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

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Issued by Jerrold L. Ulrey, Vice-President Effective

RATE 325

GENERAL TRANSPORTATION SERVICE

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

BILLING

Company shall bill Customer for all services provided by the Company. Choice Suppliers have the option of either: (1) Company providing billing to Customer for Choice Suppliers' services, or (2) the Choice Supplier may bill for those services independently.

TERMS AND CONDITIONS

Choice Supplier Selection:

In order to receive Gas Service under this Rate Schedule, Customer must join a Pool of a Choice Supplier participating in the Company's Pooling Program. When Company receives appropriate notification of Customer's request to participate in the Pooling Program, the change shall become effective with Customer's next on-cycle meter reading after the Customer's Enrollment Processing Period.

Transfer to SCO Service Upon Choice Supplier Default

As set forth in Sheet No. 52, if Customer's Choice Supplier defaults and Customer is not assigned to a non-defaulting Choice Supplier, Customer will transfer to SCO Service.

Disconnection for Non-Payment of Choice Bill:

Non-payment of the Choice Supplier gas commodity portion of the bill shall subject Customers currently receiving Gas Service under this Rate Schedule, to disconnection as explained in Section 4 of the General Terms and Conditions.

Customer Usage Information Release:

When Company receives a request from Customer for its historic usage information, the usage information for the most recent twelve (12) months and the payment information for the most recent twenty-four (24) months, if available, shall be provided to Customer.

RATE 325

GENERAL TRANSPORTATION SERVICE

Metering:

If Company determines that remote meter reading equipment is needed to monitor Customer's usage on a daily basis in order to ensure reasonable accuracy for Company's forecast of the Peak Design Day Demand, Expected Demand, and corresponding Directed Delivery Quantity of the Pool containing such Customer, then Company shall install such remote meter reading equipment and provide the necessary interface with its meters. Customer shall be responsible for the installation and operating and maintenance costs of electric and telephone services, as specified by Company. The availability of the necessary electric and telephone service equipment must be present at Customer's meter location prior to the installation of Company's remote meter reading equipment. Failure by Customer to adequately install and maintain the necessary electric and telephone service will result in termination of its Gas Service under this Rate Schedule.

Regulations:

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

CURTAILMENT

Customer shall limit gas usage as directed by Company pursuant to the Curtailment Procedures of Company's General Terms and Conditions. Except in emergencies, Company will endeavor to give four hours advance notice of such Curtailment. Company shall not be liable in damages or otherwise to Customer for any loss of production or because of the lack of advance notice to Customer.

If Customer uses gas in excess of the volume authorized during any Curtailment Period, an Unauthorized Gas Usage Charge as set forth in Sheet No. 30, Miscellaneous Charges, shall be assessed to Customer.

In the event Customer fails to comply with Company's direction to curtail, Company reserves the right to discontinue Gas Service to Customer.

RATE 341

DUAL FUEL STANDARD CHOICE OFFER SERVICE

APPLICABILITY

This Rate Schedule is available to any Non-Residential Customer electing service hereunder whose Spaceheating equipment has a rated input in excess of 2,500,000 Btu per hour when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers.

CHARACTER OF SERVICE

This Rate Schedule is applicable to the provision of Dual Fuel Standard Choice Offer Service, as described in the Dual Fuel Terms and Conditions below. Customer's gas supply under SCO Service shall be provided by a state-certified Choice Supplier, who shall be identified on Customer's bill.

Gas Service under this Rate Schedule shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises. Customer, and owner if other than Customer, shall enter into and comply with the terms and conditions of a contract with Company.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$30.00 per meter

Distribution Charge:

\$0.06050 per Ccf for all Ccf of Process or Base Deliveries (as defined below), plus
\$0.02687 per Ccf for all Ccf of Dual Fuel Deliveries (as defined below)

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Rider
- Sheet No. 41 – Exit Transition Cost Rider
- Sheet No. 42 – S. B. 287 Excise Tax Rider
- Sheet No. 44 – Standard Choice Offer Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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Effective

RATE 341

DUAL FUEL STANDARD CHOICE OFFER SERVICE

PROCESS OR BASE DELIVERIES

1. The process or base deliveries for billing purposes shall mean Customer's average monthly use during the four consecutive summer billing months beginning with the June billing month.
2. Process or base deliveries for billing purposes shall be recalculated annually. In the case of a Customer whose process or base gas using equipment was not operated during the preceding summer process or base delivery period in a manner representative of its requirements in the remaining eight months, a process or base use value shall be estimated by Company.

DUAL FUEL DELIVERIES

Dual fuel deliveries for billing purposes shall mean all deliveries in excess of Customer's process or base deliveries, and shall be limited to deliveries made during the eight consecutive billing months following the close of Customer's summer process or base delivery period.

CONTRACT

Customer must contract for Gas Service under this Rate Schedule for an initial term of one (1) year, or longer if necessary in the judgment of Company to justify the construction costs required to supply Gas Service. At the expiration of its initial term such contract shall continue from year to year thereafter, unless such contract is cancelled by either party by six (6) months prior written notice.

DUAL FUEL TERMS AND CONDITIONS

Upon written application, any gas Customer whose Spaceheating equipment for any single structure or occupancy unit has a rated input in excess of 2,500,000 Btu per hour will be authorized, subject to the conditions set forth below, to use gas in Spaceheating equipment which is designed to use natural gas supplied by Company for Spaceheating during the warmer weather of the winter and an alternate fuel (either liquefied petroleum (propane) gas or oil) during the colder weather of the winter and which equipment will be switched from one fuel to the other automatically by a temperature control actuated by outside temperature.

A. Before natural gas supplied by Company may be used by Customer for Spaceheating:

1. Customer must have installed storage facilities and must maintain therein a quantity of alternate fuel, which will be sufficient, in the opinion of Company, to supply Customer's spaceheating requirements on a dual fuel basis for each heating season.
2. Customer must have installed dual fuel Spaceheating equipment of a type approved by Company.
3. Customer must have installed automatic outside temperature control equipment to be sealed by the Company, of a type approved by Company and at a point selected by Company, and set to switch automatically Customer's Spaceheating equipment from natural gas to an alternate fuel when the outside temperature is below a certain predetermined temperature to be established by Company, and to switch such Spaceheating equipment from such alternate fuel to natural gas when the outside temperature is approximately five degrees above such predetermined temperature.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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Issued by Jerrold L. Ulrey, Vice-President

Effective

RATE 341

DUAL FUEL STANDARD CHOICE OFFER SERVICE

4. All such dual fuel Spaceheating and outside temperature control equipment, storage facilities and necessary piping shall be installed in such a manner as to comply with the requirements of all applicable state and local laws, ordinances and codes and shall have been approved under all applicable state and local inspection laws, ordinances, rules and regulations.
- B. Customer will maintain and keep in proper operating condition such Spaceheating and temperature control equipment, and Company will not be responsible for the proper operation of the same.
- C. Customer will not, without the consent of Company, change, manipulate, or tamper with such Spaceheating and temperature control equipment in such a way that the Spaceheating equipment is not automatically switched to and from the alternate fuel at the predetermined temperatures.
- D. In the event that Customer's control equipment shall fail, because of mechanical failure, human interference, or otherwise, to switch Customer's Spaceheating equipment from and to natural gas supplied by Company, Customer may be charged by Company for all Gas Service until the next heating season under the Company's otherwise applicable Standard Choice Offer Service Rate Schedule instead of this Rate Schedule.
- E. Upon breach by Customer of any of the above covenants and conditions relating to the use of natural gas for Spaceheating, Company shall have the right to cancel such approval for the use of gas for Spaceheating on a dual fuel basis at said Premises and upon such cancellation all Gas Service to Customer at said location shall be paid for at the applicable Standard Choice Offer Service Rate Schedule until proper steps approved by Company have been taken by Customer to assure that natural gas supplied by Company will be used by Customer at said Premises in accordance with the foregoing Dual Fuel Terms and Conditions.

CURTAILMENT

Customer shall limit gas usage as directed by Company pursuant to the Curtailment Procedures of Company's General Terms and Conditions. Except in emergencies, Company will endeavor to give four hours advance notice of such Curtailment. Company shall not be liable in damages or otherwise to Customer for any loss of production or because of the lack of advance notice to Customer.

If Customer uses gas in excess of the volume authorized during any Curtailment Period, an Unauthorized Gas Usage Charge as set forth in Sheet No. 30, Miscellaneous Charges, shall be assessed to Customer.

In the event Customer fails to comply with Company's Curtailment, Company reserves the right to discontinue Gas Service to Customer.

GENERAL TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to the Company's General Terms and Conditions and Commission's Regulations.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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Effective

RATE 396 **SCO SUPPLIER SERVICE**

APPLICABILITY

This Service is applicable to any SCO Supplier delivering firm gas supplies to Company's Operational Systems for Customers receiving Standard Choice Offer Service under Rates 310, 320, and 341.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of SCO Supply. SCO Supplier shall deliver to Company gas supplies needed to satisfy the usage requirements of SCO Supplier's Customers, all in accordance with the rules set forth in this Rate Schedule, the SCO Supplier Service Terms and Conditions contained in Sheet No. 56, and the SCO Supplier Agreement described in this Rate Schedule.

MONTHLY STATEMENT

SCO Supplier's monthly statement shall reflect the following fees, charges and credits, as applicable:

Financial Evaluation Charge:

\$50.00 for the initial and each subsequent SCO Supplier financial evaluation performed by Company.

Nomination Error Charge:

\$0.50 per Dth applied to the difference between SCO Supplier's daily pipeline nomination volume and the pipeline daily confirmed volume delivered to Company, for each day of difference.

DDQ Non-Compliance Charge:

\$15.00 per Dth on days in which no Operational Flow Order (OFO) is in effect (provided no alternate arrangements are made with Company) against the daily difference between the Tranche's DDQ and aggregate deliveries.

City-Gate Allocation Non-Compliance Charge:

\$5.00 per Dth for any daily city-gate nomination less than the minimum or greater than the maximum city-gate allocation requirement.

OFO Non-Compliance Charge:

In the event of a Company issued Operational Flow Order (OFO), a \$35.00 per Dth charge shall be assessed on any volumes over or under the restrictions specified by Company in the OFO notice.

Storage Non-Compliance Charge:

A charge per Dth shall be assessed for any volumes less than or greater than the Company-established minimum or maximum daily storage injection and withdrawal requirements, or any volumes less than the minimum storage inventory quantity requirement. The charge shall be \$15.00 per Dth for the first two occurrences, and \$35.00 per Dth for the next two occurrences during the term of the contract. In the event that TCO allows daily over-injection or over-withdrawal rights, Company shall not impose the Storage Non-Compliance Charge on any volumes injected or withdrawn greater than the maximum daily injection and withdrawal limits set by Company.

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RATE 396 **SCO SUPPLIER SERVICE**

Monthly Reconciliation Amount:

Charge or credit as determined by the Monthly Volume Reconciliation as set out in Sheet No. 56. The price utilized will be the Columbia Appalachia Index for the month being reconciled.

Propane Supplies Charge:

The cost of propane or alternate supplies provided by Company for SCO Supplier's Tranche as set out in the Allocation of Propane Supplies section of Sheet No. 56.

Meter Operator Charges:

SCO Supplier shall reimburse Company for penalties Company incurs as meter operator. Penalties will be assessed to each Supplier that contributed to the penalty proportional to its contribution to the violation.

System Balancing Amount:

Gas cost charges or credits associated with Large Transportation Customers'/Pool Operators' daily and monthly imbalance cash-outs.

POLR Amount:

Any credits payable to SCO Supplier for providing Provider of Last Resort services.

Customer Billing Amount:

SCO Price amounts billed to SCO Customers by Company on behalf of SCO Supplier.

Delivery Point Balancing Amount:

Charges or credits associated with pipeline delivery point cashouts, OBA settlements, or other related costs allocated to Supplier.

Related Charges:

SCO Supplier shall reimburse Company for all charges Company incurs in connection with interstate pipeline transportation of SCO Supplier-Delivered Gas including any gas costs, penalty charges, penalty charges or cash-outs.

Riders:

The following Riders shall be applied monthly, as applicable:

- Sheet No. 37 – Gross Receipts Excise Tax Rider

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to SCO Supplier if applicable.

RATE 396 **SCO SUPPLIER SERVICE**

REQUIREMENTS FOR SCO SUPPLIER PARTICIPATION

In order to qualify for participation under the SCO Program, SCO Supplier must: 1) sign a SCO Supplier Agreement and SCO Supplier Registration Form and Credit Application with Company; 2) pass an initial financial evaluation performed by Company, and any such subsequent evaluation(s) deemed appropriate by Company, to ensure that SCO Supplier possesses sufficient resources to perform its responsibilities and to ensure financial performance hereunder; 3) maintain comparable firm capacity as set out in the SCO Service Terms and Conditions; 4) adhere to the terms and conditions of this Rate Schedule; 5) have a computer and telephone line necessary to access Company's EBB and 6) be certified by the PUCO as a Competitive Retail Natural Gas Supplier and maintain that certification throughout the SCO contract term.

SCO Suppliers desiring to participate in the Program will be evaluated by Company to establish credit levels acceptable to Company. Company will apply, on a non-discriminatory basis, reasonable financial standards to assess and examine a SCO Supplier's creditworthiness. These standards will take into consideration the scope of the operations of the SCO Supplier and the level of risk to Company.

Financial evaluations will be based on standard credit factors such as financial and credit ratings, trade references, bank information, unused line of credit, and related financial information that has been independently audited, if available. Company shall determine creditworthiness based on the above criteria, and will not deny SCO Supplier's participation in the Program without reasonable cause. In order to pass Company's financial evaluation, a SCO Supplier may be required to provide additional security, the form and format of which shall be specified by Company.

Company reserves the right to conduct re-evaluations of SCO Supplier's financial standing from time to time. Such re-evaluation may be initiated either by a request from SCO Supplier or by Company, if Company reasonably believes that the creditworthiness or operating environment of SCO Supplier may have changed. Based on such re-evaluation, SCO Supplier's level of participation may be increased or decreased, additional security may be required or SCO Supplier may be removed from further participation in the Program.

CONTRACT

SCO Supplier must enter into a written SCO Supplier Agreement with Company which shall set forth specific covenants and obligations undertaken by Company and SCO Supplier under this Rate Schedule. The Agreement shall have a term consistent with the SCO Phase term as approved by the Commission.

RATE 396
SCO SUPPLIER SERVICE

SCO SUPPLIER SERVICE TERMS AND CONDITIONS

SCO Supplier shall be subject to the SCO Supplier Service Terms and Conditions as set forth in Sheet No. 56.

GENERAL TERMS AND CONDITIONS

This Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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EXIT TRANSITION COST RIDER

APPLICABILITY

The Exit Transition Cost ("ETC") Rider is applicable to all Customers served under the following Rate Schedules:

- Rate 310 – Residential Standard Choice Offer Service
- Rate 315 – Residential Transportation Service
- Rate 320 – General Standard Choice Offer Service
- Rate 325 – General Transportation Service
- Rate 341 – Dual Fuel Standard Choice Offer Service

DESCRIPTION

The ETC Rider charge shall be the product of the billing Ccf and the ETC Rider Rate.

The ETC Rider will recover applicable incremental Exit Transition implementation costs, including but not limited to the following:

- 1) Business system (e.g. information technology) development costs,
- 2) Informational and educational costs,
- 3) Call center costs,
- 4) Billing costs and
- 5) Other incremental costs incurred by Company to achieve implementation of the various Exit Program features.

This ETC Rider will also recover/passback the following:

- 1) GCR variances remaining as of the implementation date of SSO Service,
- 2) All stranded gas supply costs related to Customer migration to Choice Service,
- 3) Any incremental provider of last resort costs not recovered from a defaulting SSO Supplier, SCO Supplier or Choice Supplier,
- 4) Any imbalance costs not recovered from Transportation Customers or Pool Operators,
- 5) Gas costs incurred by Company when diverting Customers' transportation gas quantities during a Curtailment (see Sheet No. 70, paragraph 11.B1.(9)),
- 6) Other costs or credits applicable to all SCO and/or Choice Customers as approved by the Commission.

Projected ETC Rider costs shall be divided by projected total volumes for the applicable Rate Schedules to determine the ETC Rider Rate. The ETC Rider shall be updated quarterly and shall reflect the reconciliation of projected costs and actual costs, with any under or over recovery being recovered or returned via the ETC Rider.

EXIT TRANSITION COST RIDER RATE

The Exit Transition Cost Rider Rate is \$ _____ per Ccf.

STANDARD CHOICE OFFER RIDER

APPLICABILITY

The Standard Choice Offer ("SCO") Rider is applicable to Rate 310, 320 and 341 Customers.

DESCRIPTION

The Standard Choice Offer charge shall be the product of the billing Ccf and the SCO Rider Rate.

The SCO Rider Rate each month will be the NYMEX settlement price for such month converted to a price per Ccf using Company average BTU value, plus the Retail Price Adjustment determined in the SCO auction.

SCO RIDER RATE

The SCO Rider Rate for _____ 200_ is \$_____/Ccf.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

Issued:

Issued by Jerrold L. Ulrey, Vice-President

Effective:

TRANSPORTATION TERMS AND CONDITIONS **(LARGE GENERAL)**

APPLICABILITY

Unless otherwise provided for in a written contract between Company and Customer, these Terms and Conditions apply to any Customer receiving Gas Service under Rate 345, Large General Transportation Service.

SECTION 1 - SERVICE AND CAPACITY:

- 1.1 Company and Customer shall agree to the service and capacity levels by completing a contract ("Service Agreement"). Service will be provided in accordance with these Transportation Terms and Conditions.
- 1.2 Company shall, at all times, deliver volumes of natural gas delivered to Company's gas system on Customer's behalf, less the Unaccounted For Gas Percentage in Sheet No. 54, up to the maximum daily volume defined under Section 1.3 of these Transportation Terms and Conditions and the Service Agreement.
- 1.3 The maximum daily volume of gas that may be delivered on Customer's behalf and transported on Company's gas system shall be Customer's Maximum Daily Delivery Obligation ("MDDO"). The MDDO agreed to and specified in the Service Agreement will be set such that an adequate volume of gas may be delivered to and transported on Company's gas system to meet Customer's peak day gas requirements. Company will serve demand above Customer's MDDO only on a best efforts basis.
- 1.4 Upon notice, Customer may choose to increase its MDDO under this Rate Schedule by requesting an increase in writing. Company will accommodate the request when Company has sufficient capacity to serve Customer's increased MDDO. The increase shall take effect in the next billing month.
- 1.5 If necessary to ensure that an adequate volume of gas may be delivered to meet Customer's peak day gas requirements, Company may increase Customer's MDDO to match any actual gas usage that exceeds Customer's then-existing MDDO on any day. Company shall not be required to deliver any volumes in excess of the current or agreed to increased MDDO.
- 1.6 If Customer demonstrates a significant and substantial reduction in peak day gas usage due to reasons other than seasonal or weather-related gas requirements, Company will, at Customer's request, reduce Customer's MDDO to a reasonable level agreed to by both parties. Customer's MDDO reduction shall take effect in the first billing month after the billing month in which the parties agree to the MDDO reduction.
- 1.7 This Transportation Service relates only to gas received by Company at the applicable Interstate city gate(s), to be used for delivery to Customer Meter Number(s) specified in Customer's Service Agreement with Company. Unless otherwise agreed to in a separate contract, Company shall not be obligated to provide Customer any other service.
- 1.8 If Customer's gas requirement exceeds the capacity of Company's gas system, Company will only deliver gas at the incremental cost of providing said service.

Filed pursuant to the Finding and Order dated _____ in Case No. _____ of The Public Utilities Commission of Ohio.

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TRANSPORTATION TERMS AND CONDITIONS **(LARGE GENERAL)**

Section 2 - INTERSTATE PIPELINE CAPACITY RELEASE SERVICE:

- 2.1 If Customer is an SCO or Sales Service Customer prior to receiving Transportation Service, Customer agrees to accept Company's assignment of Company's firm interstate gas pipeline capacity as specified and if offered by Company to Customer. Customer or its supplier shall enter into a separate Capacity Release and Assignment Agreement with Company for any firm capacity that will be provided. Company and Customer shall agree upon the pipeline's identity and amount of capacity that Company will assign. This amount shall be sufficient to supply Customer's MDDO and may be adjusted in accordance with the provisions of Section 1 of these Transportation Terms And Conditions.
- 2.2 Customer shall pay the maximum applicable interstate pipeline tariff rate for the capacity assigned hereunder. Customer shall retain title to this capacity and use it throughout the term of Customer's Service Agreement to transport natural gas to Company's gas system. Company will have the "right-of-first refusal" to bid on such capacity upon its re-release. All capacity rights assigned hereunder shall revert to Company upon the expiration of the Service Agreement and neither Customer nor its supplier shall be obligated to take the assignment of Company's firm capacity thereafter. If Customer acquires non-Company interstate transportation capacity prior to the expiration of the Service Agreement, Customer remains completely responsible for the disposition of and payment for the capacity assigned to it by Company.

Section 3 - RESERVED FOR FUTURE USE

Section 4 - SCHEDULING AND NOMINATING DELIVERIES:

- 4.1 Customer shall be subject to the Nomination and Balancing Provisions (Large General and Pool Operator) contained in Sheet No. 51.

Section 5 - SYSTEM UNACCOUNTED FOR GAS PERCENTAGE:

- 5.1 Customer shall provide Company with an amount of gas necessary to compensate Company for gas lost and used in operations to provide Transportation Service as set forth in Sheet No. 54, Unaccounted for Gas Percentage. This amount may be adjusted periodically upon PUCO approval to reflect changes in the amount of gas lost and used in operations. Company will provide Customer with notice of any adjustment required under this Section.

Section 6 - MEASUREMENT AND QUALITY:

- 6.1 Company shall be responsible for all measurement at the point of delivery to Customer's facilities. Measurement and metering accuracy shall be based on the standards set forth in Company's General Terms and Conditions.
- 6.2 Company shall be responsible for installing, maintaining, and operating any telemetering devices or related equipment that may be required by Company to monitor consumption hereunder. Company's metered consumption data shall be used for all billing to the Customer.

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TRANSPORTATION TERMS AND CONDITIONS **(LARGE GENERAL)**

- 6.3 Customer warrants that all gas delivered on its behalf to Company's gas system shall meet the quality, pressure, and heating value specifications of the applicable FERC Gas Tariff of the interstate gas pipeline(s) delivering Customer-Delivered Gas to Company.

Section 7 - BALANCING:

- 7.1 Customer shall be subject to the Nominations and Balancing Provisions (Large General and Pool Operator) contained in Sheet No. 51.

Section 8 - CURTAILMENT:

- 8.1 Customer shall have no rights to gas from Company's system during a period of Curtailment. Customer shall be subject to the Curtailment Procedures in the Company's General Terms and Conditions.

Section 9 - TITLE AND WARRANTY

- 9.1 Customer warrants that it will, at the time and place of delivery, have good right and title to all volumes of gas delivered on its behalf to Company, free and clear of all liens, encumbrances, and claims whatsoever, and that it will indemnify and hold Company harmless from all suits, actions, debts, accounts, damages, costs, losses, or expenses (including reasonable attorney fees) arising from or out of the adverse claims of any or all persons relating to or arising from said gas.

Section 10 - FORCE MAJEURE:

- 10.1 Neither Customer nor Company shall be liable to the other for any act, omission, or circumstance resulting from events not reasonably within the control of the affected party. Neither of the following shall be considered a force majeure condition: 1) changes in market conditions that affect the acquisition or transportation of natural gas, or 2) failure of Customer to deliver or consume scheduled gas volumes. The affected party will use diligence to remove the cause of the force majeure condition and resume delivery or consumption of gas previously suspended. Gas withheld from Customer during a force majeure condition will be redelivered upon the end of such circumstances as soon as practical.

Section 11 - LATE PAYMENT CHARGE:

- 11.1 The Late Payment Charge set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

Section 12 - RETURNED CHECK CHARGE:

- 12.1 The Returned Check Charge set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

Section 13 - INTERRUPTION OF SERVICE DUE TO NON-RECEIPT OF GAS SUPPLY:

- 13.1 Company may interrupt Customer's Gas Service to the extent that Company does not receive gas from the interstate pipeline on Customer's behalf. If Company must interrupt Customer's Gas Service, Customer shall interrupt gas usage as directed. Company will endeavor to provide four (4) hours advance notice of such interruption, except when system conditions will not afford such notice. Company shall not be liable in damages or otherwise to Customer for any loss of production or other claim because of the lack of advance notice to Customer. If Customer fails to comply with Company's direction to interrupt, Company reserves the right to discontinue Gas Service to Customer.

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TRANSPORTATION TERMS AND CONDITIONS **(LARGE GENERAL)**

- 13.2 Gas consumed by Customer during a period of Curtailment will be billed in accordance with the terms of Unauthorized Gas Usage on Sheet No. 30, Miscellaneous Charges.

Section 14 – INDEMNITY:

- 14.1 Subject to the provisions of Company's General Terms and Conditions, Customer agrees to indemnify, exonerate, and hold harmless Company for all loss, damage, or expense growing out of or in any way connected with the claims of any person, except claims for injuries and/or death of employees of Company arising out of and in the course of their employment with Company, for injuries to person or property occasioned by such gas after it is delivered to Customer. Customer agrees to defend, at its own expense, any suit based upon such claims.
- 14.2 Subject to the provisions of Company's General Terms and Conditions, Company will indemnify, exonerate, and hold harmless Customer for all loss, damage, or expense growing out of or in any way connected with the claims of any person, except claims for injuries and/or death of employees of Customer arising out of and in the course of their employment with Customer, for injuries to person or property occasioned by such gas up to the point of delivery to Customer caused by Company's negligence. Company will defend, at its own expense, any suit based upon such claims, except that Company will not be liable or responsible for, and will not hold Customer harmless for any loss, damage, or expense growing out of or in any manner connected with the acts of any employee of Customer who may go upon or do anything to or with the property of Company.

Section 15 – REGULATION:

- 15.1 All service rendered hereunder shall at all times be subject to all rules, regulations, and orders of both the FERC and the Commission including: 1) the terms and conditions of any applicable interstate pipeline tariff regulated and approved by the FERC, 2) the guidelines issued by the Commission in Case No. 85-800-GA-COI, 3) Company's General Terms and Conditions as modified from time to time and approved by the Commission, and 4) other Commission orders affecting Company's Gas Services in general or Transportation Service in particular.

Section 16 – RESERVED FOR FUTURE USE:

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TRANSPORTATION TERMS AND CONDITIONS **(LARGE GENERAL)**

Section 17 - OPERATIONAL FLOW ORDERS:

- 17.1 Customer shall be subject to the Nomination and Balancing Provisions (Large General and Pool Operator) contained in Sheet No. 51.

Section 18 - OTHER SYSTEM COSTS:

- 18.1 Customer agrees that if any of its actions, over which it exercises sole control as a Transportation Customer, cause Company to incur costs that Company would not have incurred had Customer complied with its obligations defined in this Agreement, Customer shall: 1) compensate Company for all such higher costs which Company is required to pay, and 2) take all necessary measures to allow Company to avoid incurring similar costs in the future. Further, if Customer is currently a SCO Customer and Company incurs any pipeline exit fees or similar charges as a result of Customer's election of Transportation Service hereunder, Customer shall compensate Company for these costs.

Section 19 - NOTICES:

- 19.1 Customer shall immediately notify Company of any known or anticipated variation in the amount of gas to be delivered hereunder, as well as any known or anticipated supplier shortfalls or constraints. All notices and correspondences to Company shall be addressed as specified in the Service Agreement.

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POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

APPLICABILITY

The following Terms and Conditions apply to Choice Suppliers under Rate 385, Pooling Service (Residential and General).

DEFINITIONS

Choice Supplier - A marketer, supplier, broker, aggregator or governmental aggregator that meets the Requirements for Choice Supplier Participation set out in Rate 385.

Choice Supplier Pooling Agreement or Agreement - An agreement between Company and Choice Supplier that defines the mutual responsibilities and obligations of those parties relative to services provided under Rate 385--Pooling Service (Residential and General).

Columbia Appalachia Index - First of the Month "Columbia Gas Transmission Corp, Appalachia" as reported by Inside FERC's Gas Market Report in the table "Prices of Spot Gas Deliveries to Pipelines".

Comparable Firm Capacity Requirement - The requirement that Choice Supplier secure firm interstate pipeline capacity with a primary delivery point of Company's city gates and firm supplies to meet 100% of Choice Supplier's Pool's Peak Design Day Demand for the applicable month, less a percentage during the winter months reflecting the Pool's entitlement to Company's propane supplies.

Cycle Month - The period of time between the scheduled meter reading dates for Customer. These reading dates are approximately 30 days apart, but will not likely occur on the first day of a calendar month. For purposes of these Terms and Conditions, a Customer's Cycle Month shall be deemed coincident with the calendar month in which the Cycle Month concludes.

DDQ or Directed Delivery Quantity - The daily quantity of gas in Dth that Choice Supplier must deliver to Company's city gates, as specified by Company, to meet the Expected Demand of Choice Supplier's Pool operating constraints, system knowledge/experience, and Company's Unaccounted for Gas Percentage.

Enrollment Processing Period - The number of days required to process a Customer's enrollment in the Pooling Program. This process commences with the submission to Company by Choice Supplier of appropriate information for an eligible Customer and ends with the termination of Customer's rescission period. The process will take up to 12 business days, and includes 7 business days from the date Company sends Customer a letter indicating Customer may rescind its Program enrollment or change in Choice Suppliers.

Expected Demand - A Pool's forecasted usage for a particular gas day, as determined by Company.

Load Tranche or Tranche- a share of Standard Choice Offer Service volumes to be supplied by SCO Supplier.

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Mercantile Customer - As defined in division (L) of Section 4929.01 of the ORC. In summary, it means a Customer that: 1) consumes, other than for Residential use, more than 5,000 Ccf of natural gas per year at a single location or as part of an undertaking having more than 3 locations within or outside the state, and 2) has not filed a declaration with the Commission.

Mercantile Pool - A Pool that contains any Customers meeting the definition of a Mercantile Customer.

Non-Mercantile Pool - A Pool that is comprised entirely of Non-Mercantile Customers.

ORC - The Ohio Revised Code.

"Peak Design Day Demand" means the then-effective forecasted peak design day usages of a Customer Pool as calculated and communicated by Company.

Pool - A group of Customers receiving Gas Service pursuant to the Rate 315, Residential Transportation Service, or Rate 325, General Transportation Service, who have been joined together with other Customers subscribing to the same Transportation Service by a single Choice Supplier for gas supply management purposes.

Pool Customer - A recipient of Transportation Service provided by Company under Rates 315 or 325 who receives gas supply from a Choice Supplier as a member of a Pool.

Pool's Usage - The Pool Customers' billed Ccf usage for the applicable period, converted to Dth by multiplying by Company's average BTU and dividing by ten (10).

Pooling Program or Program - The services provided under Rate 385, Pooling Service (Residential and General Transportation), Rate 315, Residential Transportation Service, and Rate 325, General Gas Transportation Service.

Pre-determined Allocation ("PDA") - a contractual arrangement with TCO which allocates the daily VEDO system imbalance volumes to all holders of Company's released TCO storage capacity based on predetermined allocation percentages.

SCO Supplier - A supplier that meets the Requirements for SSO Supplier Participation set out in Rate 396.

Supply Contract or Contract - A contract between Pool Customer and its Choice Supplier that defines the mutual responsibilities and obligations of those parties relative to Customer's purchase and Choice Supplier's sale of gas supplies for delivery to Customer pursuant to Rate 385 and the applicable Transportation Service Rate Schedule.

TCO - Columbia Gas Transmission Corporation.

Unaccounted for Gas Percentage - The portion of Choice Supplier's city gate deliveries retained by Suppliers to compensate for gas lost, used, and unaccounted for in operations. The currently effective Unaccounted for Gas Percentage is contained in Sheet 54 and may be adjusted periodically, after approval by the Commission, to reflect changes in the amount of gas lost, used, and unaccounted for in operations.

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POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

CUSTOMER ENROLLMENT

Enrollment of Non-Mercantile Customers:

Choice Suppliers may take enrollments from Non-Mercantile customers by mail, facsimile, direct solicitation, telephone, and Internet. When soliciting and/or enrolling Non-Mercantile Customers, Choice Supplier must adhere to the requirements set out in Rules 4901:1-29-05 and 4901:1-29-06 of the OAC.

Customer Sign-Up Procedures:

A Customer desiring to participate in the Program may execute a written Supply Contract with a Choice Supplier that states that Customer has agreed to participate in the Program and which sets forth the terms and conditions of Customer's gas supply purchase. Choice Supplier may design the format of the Supply Contract, but at a minimum, it must include the applicable information specified by paragraphs 1, 2, 6, 7 and 8 of the Choice Supplier Code of Conduct. In the alternative, a Customer desiring to participate in the Program may subscribe via telephone or Internet. Under these methods, Choice Supplier must retain proof of Customer consent. The Supply Contract, or alternate proof of Customer consent in the case of telephonic or Internet enrollment, will be used to resolve disputes if the validity of an account sign up comes into question. If requested by Company, the Commission (in the case of Non-Mercantile Customers only) or OCC (in the case of Residential Customers only), Choice Supplier must provide a copy of a specific Supply Contract, or alternate proof of Customer consent in the case of telephonic or internet enrollment, within three (3) business days of any such request.

Regardless of the Customer enrollment method used, within 3 business days after completion of enrollment (unless a later date is agreed to or Customer rescinds), Choice Supplier will provide Company with an electronic file in a format specified by Company, containing a listing of all Customers that Choice Supplier has signed up or desires to drop since its last submission. Among other things, this list shall include each Pool Customer's name, service address and Company account number. Company will evaluate the information provided for accuracy and Customer eligibility, and provide Choice Supplier with a confirmation report within three (3) business days. In the event more than one Choice Supplier includes the same Pool Customer on his enrollment files to begin the same period, Customer will be assigned to Choice Supplier whose acceptable enrollment was first processed by Company.

Once complete and accurate information supporting a Customer joining or leaving Choice Supplier's Pool is received and confirmed by Company, the change will be effective with Customer's next on-cycle meter reading after Customer's Enrollment Processing Period. If Customer rescinds its enrollment prior to commencing service with a Choice Supplier, Company shall notify Choice Supplier within two business days of the Customer's rescission. Customer will remain with its Choice Supplier until: 1) Customer's name, service address, and account number appear on another Choice Supplier's electronic enrollment file listing; 2) Customer or Choice Supplier notifies Company that the Customer should transfer to Company's Sales Service; 3) Customer moves out of his current address or 4) Customer joins the PIPP program. If Customer's current Choice Supplier initiates termination of its relationship with Customer, Company shall issue a written notification to Customer informing Customer of such change. Customers who on their own initiative decide to terminate their relationship with a Choice Supplier will be permitted to do so without Company making any determination regarding whether Customer is contractually permitted to make such move. Company shall not be liable to Choice Supplier or Customer for allowing Customer to transfer to another Choice Supplier.

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If Company rejects a Customer from enrollment, the Choice Supplier shall notify Customer within three business days from Company's notification of rejection that Customer will not be enrolled or enrollment will be delayed, along with the reason(s) therefore.

Company shall, prior to commencing service, mail Customer a confirmation notice stating:

1. Company has received a request to enroll Customer with the named Choice Supplier, and, in the case of an enrollment request from a Customer who is currently with another Choice Supplier, a statement that Company's records reflect that Customer is currently enrolled with another Choice Supplier along with an admonition that Customer should review the terms and conditions of the incumbent Choice Supplier's Contract for Customer's obligations under said Contract;
2. The date such service is expected to begin;
3. Customer has seven business days from the postmark date on the notice to contact Company telephonically, in writing or via the Internet to rescind the enrollment request or notify Company that the change of Choice Supplier was not requested by Customer, and
4. Company's toll-free telephone number, mailing address and website address.

Choice Supplier's failure to adhere to any of Customer enrollment procedures or failure to provide verification of enrollment within the time period specified herein shall be treated in the same manner as violations of the Choice Supplier Code of Conduct.

Eligible Customer List:

Company shall make available to Choice Suppliers an electronic list of Customers eligible for participation in the Program. Such list shall include information on Customers that meet the size requirements for Residential or General Transportation Service, are not under commitment with a Choice Supplier, are not past due on their utility account and have not requested to have their name and applicable information deleted from any eligible Customer list. Such list shall be updated quarterly and shall, at a minimum, contain the following information regarding each eligible Customer: name, service and mailing address. Customized listings may also be developed by Company at Choice Supplier's request for Residential and General Standard Choice Offer Service Customers meeting specific geographic or other criteria. The fee for such eligible customer list is described in Rate 385.

Content of Renewal Notices:

The written notice to Customer, required by paragraph 8 of the Choice Supplier Code of Conduct, informing him that his Supply Contract is up for renewal, shall satisfy the following requirements in the case of Non-Mercantile Customers. (Complete information regarding the content of renewal notices for Non-Mercantile Customers is contained in Rule 4901:1-29-10 of the OAC.)

1. The envelope or postcard containing the renewal or extension notice must be labeled in a conspicuous place with the words "Important Contract Renewal Information Inside";
2. The renewal or extension notice must be a stand alone document that contains no advertising;
3. For Supply Contracts with a renewal period of 6 months or longer, Choice Supplier must provide appropriate written notice to Customers. If there is no material change the notice shall inform Customer how to terminate, renew and/or extend the Supply Contract. If there

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is material change and either a cancellation/termination fee greater than \$25 or no option for early cancellation/termination, Customer must provide its affirmative consent to such renewal. If there is a material change with a cancellation termination fee of \$25 or less, two notices must be sent and the notices should highlight the changes and indicate the Customer's Contract will renew unless Customer affirmatively cancels the Supply Contract.

4. The notice must clearly disclose any price changes that will be in effect for the new term; and
5. The renewal period for Supply Contracts with renewal provisions shall not exceed the initial Supply Contract period.

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POOL CUSTOMER BILLING OPTIONS

Choice Supplier may elect one of the following two billing options for its Pool Customers that do not participate in PIPP. Such election shall be applicable to all of Choice Supplier's Pools and Customers.

Option 1 – Company Consolidated Billing:

Pool Customer shall receive one Bill from Company that indicates the name of Choice Supplier from whom Customer is receiving its gas supply and which includes an amount for Choice Supplier's gas supply charges in accordance with the pricing arrangements agreed upon between Choice Supplier and Customer, including any taxes for which Choice Supplier must collect. Choice Supplier shall furnish Company with sufficient Bill contents as required in Rule 4901:1-29-12(b) of the OAC. Company's consolidated Bill may provide the budget amounts, past due balances, and payments applied on a consolidated basis only. A Choice Supplier who elects this billing option will be limited to a reasonable number of pricing arrangements to which a Customer may be assigned by Choice Supplier.

Pool Customer will be responsible for making payment to Company for the entire amount shown on the Bill, including both Company's and Choice Supplier's charges. Once a month, Company shall remit to Choice Supplier, by wire transfer or otherwise, payment for all gas supply billed to Choice Supplier's Customers by Company on Choice Supplier's behalf, including taxes attributable to Choice Supplier's portion of the Bill, less a negotiated receivables discount and any applicable offsetting amount. Choice Supplier shall be responsible for dispersing to the appropriate taxing authorities any tax that is attributable to Choice Supplier's portion of the Bill.

In the event Customer remits to Company less than the full payment due, the payment received shall first be attributed to Company's past due charges, then to Company's current charges, and the residual amount, if any, shall be attributed to Choice Supplier's portion of the Bill, including the taxes thereon. Customer shall be subject to the Late Payment Charges set out in Sheet No. 30, Miscellaneous Charges, against the entire amount of past due charges on Customer's Bill. Company shall be responsible for collection responsibilities associated with any shortfall from Customer.

Option 2 – Dual Billing:

Pool Customer shall receive two bills as follows:

1. Company shall bill and collect for its portion of the Bill that includes charges for Transportation Service and all applicable Riders. Company's Bill shall include Choice Supplier's name and a statement that Choice Supplier is responsible for billing Choice Supplier's charges. In the event that Customer remits to Company less than the amount included on Company's Bill, Customer shall be subject to the same late payment charges and disconnect rules that would be applicable if Customer were receiving SCO Service.
2. Choice Supplier shall be responsible for billing and collecting his part of the bill including any arrearages due from Choice Supplier's own prior billings. To facilitate Choice

POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

Supplier's portion of the billing each month, Company will provide Choice Supplier with an electronic notification of the monthly meter readings of all Customers within Choice Supplier's Pool that have been billed by Company. Such billing data will correspond to the meter reading data on which Company based its Bill for Transportation Service. Choice Supplier may terminate gas sales to any Pool Customer for non-payment and remove Customer from its Pool in accordance with the procedures for deleting Customers from a Choice Supplier's Pool.

CUSTOMER INQUIRIES AND DISPUTE RESOLUTION

Each Choice Supplier shall cooperate with Company, the Commission (in the case of Non-Mercantile Customers), and the OCC (in the case of Residential Customers) to answer inquiries and resolve disputes. Choice Supplier shall apprise potential Pool Customers of the applicable dispute resolution process set forth below prior to such Customers executing a Supply Contract with Choice Supplier. The following procedures shall be applicable to all inquiries and disputes:

1. Choice Supplier shall ensure Customers have reasonable access to their service representatives to make inquiries and complaints, discuss charges on Customer bills, terminate competitive service and transact other pertinent business.
2. Choice Supplier must provide its address and a local or toll-free telephonic means for Pool Customers to obtain information on their account and Choice Supplier's dispute resolution process, and Choice Supplier must afford Customers prompt answer times during normal business hours.
3. At the time Pool Customer executes its Supply Contract with Choice Supplier or as soon as practical thereafter, Choice Supplier shall provide Customer, in writing, all the information set forth in paragraph (4) below.
4. Each Pool Customer's Bill shall list the Commission's local or toll free number and Telecommunication Device for the Deaf/Text Telephone Yoke (TDD/TTY) number, Choice Supplier's consumer service local or toll free phone number, Company's emergency phone number, OCC's local or toll-free number and Commission's and OCC's website addresses and business hours. In addition, each Customer's Bill shall indicate that Customer may contact the Commission, or the OCC in the case of Residential Customers, with respect to any inquiries or problems that they may be experiencing with the Company, and Non-Mercantile customers may contact the PUCO, or the OCC in the case of Residential Customers, with respect to any inquiries or problems that they may experience with their current or potential Choice Supplier.
5. Choice Supplier must make good faith efforts to resolve disputes and to cooperate with the resolution of any joint issues with Company.
6. Within three (3) business days of the date Choice Supplier has received a complaint from a Pool Customer, Choice Supplier shall provide a status report to Customer regarding the complaint, or to Customer and the Commission Staff when the complaint is referred to Choice Supplier by the Commission Staff in the case of a Non-Mercantile Customer.

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CODES OF CONDUCT

Choice Supplier Code of Conduct:

Each Choice Supplier participating in the Pooling Program shall:

1. Communicate to Pool Customers, in clear, understandable terms, Customers' rights and responsibilities. This communication shall include: 1) Choice Supplier's customer service address, local or toll-free telephone number and hours of operation; 2) a statement describing the procedures for handling complaints and disputes; and 3) notice that the continuation of this Program is subject to the Commission's approval.
2. Provide in writing, pricing and payment terms that are clear and understandable and inform Customers whether the price that Customer will pay is inclusive or exclusive of applicable taxes and approved Company Riders.
3. Refrain from engaging in communications, acts or practices that are fraudulent, deceptive, misleading, unfair, or unconscionable.
4. Deliver gas to Company on a firm basis on behalf of the Choice Supplier's Pool Customers in accordance with the requirements of Rate 385, these Terms and Conditions, and the Choice Supplier Pooling Agreement.
5. Establish and maintain a creditworthy financial position to enable Choice Supplier to indemnify Company for costs incurred as a result of any failure by Choice Supplier to deliver gas or pay invoices in accordance with the requirements of the Program.
6. In all Supply Contracts with Pool Customers, provide Customer the right to terminate its Contract with Choice Supplier without penalty if the Program is terminated by the Commission prior to the end of the Supply Contract.
7. For all Pool Customers, provide Company and Pool Customer at least 30 days' written notice prior to the end of the term of the Supply Contract of Choice Supplier's intent to discontinue service to Pool Customer.
8. For Supply Contracts that may renew for a period of six (6) months or longer, Choice Supplier shall provide appropriate notice to Customer at least forty-five (45) days, but not more than ninety (90) days in advance of its Contract expiration date. Such notice shall, at a minimum, state any renewal period and how Customer may renew, terminate and/or extend the Supply Contract.
9. Make good faith efforts to resolve all disputes between Choice Supplier and its Pool Customers and to cooperate with resolution of any joint issues with Company.
10. Agree to implement a third-party verification process for Pool Customer sign-ups when conducting a door-to-door marketing/sales campaign and agree to adhere to the Home Solicitation Sales Act as applicable.

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11. Cooperate with the Commission Staff, in developing the Apples to Apples comparison chart, by providing accurate and timely information. Cooperate with the OCC in developing the "Comparing Your Energy Choices" fact sheet, if Choice Supplier serves Residential Customers.

Failure to fulfill any of these obligations shall be considered a violation of the Choice Supplier Code of Conduct, subject to consequences set forth in the Consequences of Choice Supplier's Failure to Perform or Comply section of these Terms and Conditions.

CAPACITY AND OPERATING REQUIREMENTS

Comparable Firm Capacity Requirement:

Choice Supplier agrees to secure sufficient firm interstate pipeline capacity, of which a portion shall be Company released capacity, with primary delivery points to Company's city gates and firm supply to meet 100% of each month's Peak Design Day Demand of its Pool Customers, less a percentage during the winter months reflecting the Pool's entitlement to Company's propane as described below (Comparable Firm Capacity Requirement). All obligations of Choice Supplier with respect to such capacity and supply shall be the sole responsibility of Choice Supplier.

On a daily basis, Company will provide Choice Supplier with the revised Peak Design Day Demand for Choice Supplier's Pool effective the following day. This volume will change over time as necessary to reflect Customers joining and/or leaving Choice Supplier's Pool and any changes in Company's peak design day demand parameters.

Company may periodically verify Choice Supplier's compliance with this Comparable Firm Capacity Requirement. Choice Supplier will provide to Company upon request copies of contracts for upstream pipeline capacity not released by Company and supply contracts showing the firm quantities reserved or purchased and the specific points of delivery. If Choice Supplier is securing firm city gate supplies, Choice Supplier shall provide a copy of such firm supply agreement, and additional documentation as required by Company to confirm compliance of the applicable interstate pipeline capacity.

If Company identifies a firm capacity deficiency, such deficiency shall be resolved to Company's satisfaction by one or a combination of the following, at Choice Supplier's discretion: 1) immediate acquisition by Choice Supplier of additional firm pipeline capacity, 2) assignment to Choice Supplier of Company's pipeline capacity, 3) delayed enrollment of new Pool Customers, 4) return of existing Pool Customers to Sales Service, or 5) transfer of Pool Customers to another Choice Supplier. If Company identifies a firm supply deficiency, such deficiency shall be resolved to Company's satisfaction by one or a combination of the following, at Choice Supplier's discretion: 1) immediate acquisition by Choice Supplier of additional firm supply, 2) delayed enrollment of new Pool Customers, 3) transfer of existing Pool Customers to Standard Choice Offer Service, or 4) transfer of Pool Customers to another Choice Supplier.

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Mandatory Assignment of Pipeline Capacity:

Company will release its pipeline transportation and storage capacity to Choice Supplier based upon approximately 75% of the Peak Design Day Demand of Choice Supplier's Pool. Choice Supplier shall take release of specific interstate pipeline firm transportation and storage capacity for a term, agreed to by Company, subject to Company's right of capacity recall contained elsewhere in these Terms and Conditions.

Terms and conditions of the capacity release will be specified in pipeline capacity release forms, including length of term, price, and recall requirements, subject to FERC requirements for capacity release. Choice Supplier may not change any primary points of receipt or delivery associated with released pipeline transportation contracts during the term of the capacity release. In addition, for specific parcels of capacity identified by Company, Choice Supplier may not utilize any delivery point other than those primary and secondary points identified by Company unless the capacity is released at the pipeline's full tariff rate or unless an alternate capacity billing arrangement is agreed to by Choice Supplier and Company. The released capacity is subject to recall at any time if Choice Supplier does not perform in accordance with the Agreement or fails to comply with the Choice Supplier Code of Conduct and other provisions set forth in these Terms and Conditions.

Choice Supplier may re-release any capacity assigned to it hereunder except TCO storage capacity, provided that: 1) Choice Supplier will continue to be responsible for payment of all pipeline charges associated with the released capacity; 2) any re-release of such capacity remains subject to the restrictions identified in the Company's Tariff; and 3) the capacity is not needed to satisfy the Choice Supplier's Pool's DDQ on such day(s). Choice Supplier may use other firm pipeline capacity to supply its DDQ and re-release portions of its assigned pipeline capacity, subject to the previously mentioned restrictions.

Monthly Reassignment of Capacity:

Transportation and storage capacity released to Suppliers will follow Customers to their new Suppliers upon migration to and from Choice Service with monthly reassignment of capacity to Suppliers based on their Peak Design Day Demands. Company reserves the right to adjust capacity release quantities intra-month in the event large Choice migrations occur.

Operational System Balancing:

Company's TCO storage will be released to each Choice and SCO Supplier on a proportionate basis. The holders of Company-released TCO storage capacity will collectively provide system balancing through Predetermined Allocations (PDA) set with TCO.

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PDAs will be established with TCO at the beginning of each month proportional to the percentage of TCO storage capacity released to Suppliers. Each day Choice Supplier will be allocated a portion of the daily system imbalance based on its PDA percentage. Choice Supplier will be charged by TCO for any overrun or penalties associated with exceeding its individual storage volume limits. If Company, as meter operator, incurs TCO penalties, such penalties will be assessed to each Choice Supplier that contributed to the penalty proportional to their contribution to the violation.

Choice Suppliers will agree to follow Company-established minimum and maximum limits for daily storage injections and withdrawals, and minimum storage inventory requirements to ensure sufficient storage inventory and capacity to balance Company's system each day. At no time shall Choice Supplier's Company-released TCO storage inventory volume be less than the minimum specified by Company.

Provider of Last Resort ("POLR") Service:

Choice Supplier shall temporarily provide supply from Company-released TCO storage capacity to cover system load requirements in the event of a Supplier default or OFO event.

Defaulting Suppliers will be required to reimburse affected parties for any incremental costs incurred to provide POLR Service. Any incremental costs not recovered from defaulting Suppliers will be included in the ETC Rider.

Company will act as POLR Coordinator, identifying the need for POLR service and notifying SCO and Choice Suppliers.

Company will take the following short-term action with regard to obtaining POLR supply:

- (1) Choice and SCO Suppliers collectively will provide supply to meet POLR needs, using their individual TCO storage inventories. The withdrawn storage inventory will be subsequently replaced.
- (2) If Company determines that the daily quantity of gas needed may affect the reliability of the system, an OFO will be issued, to ensure that Transportation Customers or Pool Operators are not under delivering versus their respective usages during the POLR period.
- (3) Next, as soon as possible, all transportation and storage capacity released to any defaulting Supplier will be recalled by Company who will use it to meet the immediate needs of the defaulting Supplier's customers. Company will claim the defaulting Supplier's storage inventory as needed to meet the defaulting Supplier's customer loads.

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- (4) Company will fill any remaining shortfall through acquiring additional temporary capacity and supply or city-gate deliveries.
- (5) Company will coordinate the provision of POLR service for the remainder of the billing month in which a Supplier default occurs, and the subsequent month, or until an alternate solution is effectuated.

In the event of defaulting supplier removal, Company will take the following action with regard to an alternate solution:

- (1) If a Choice Supplier is removed, Company will offer non-defaulting Choice Suppliers the option of assuming the customers of the removed Choice Supplier. If there are no non-defaulting Choice Suppliers that will assume the removed Choice Supplier's customers, the customers will transfer to Sales service.
- (2) If a SCO Supplier is removed or Choice Suppliers do not assume the customers of a removed Choice Supplier:
 - (a) The existing SCO Suppliers loads will be increased to cover the defaulted load on a pro rata basis. Such incremental load will be limited to 50% of initial Tranche size.
 - (b) For the portion of increased load quantity greater than 50% of initial Load Tranche size, that load will be assigned to a new SCO Supplier based on an accelerated auction process.

Company Demand Forecast:

Company shall forecast each Pool's Peak Design Day Demand and Expected Demand based upon Company's design day and forecasted weather, respectively; the number of Customers in the Pool; and the historic usage characteristics of the Pool Customers. The Peak Design Day Demand, Expected Demand, and corresponding DDQ shall be based on a single market area upon the implementation of the Program. However, through experience gained with the Program, Company may create separate forecasts and DDQs and require separate Pools for specific market areas.

Daily Scheduling of Directed Delivery Quantities:

By 8:00 a.m. Central Clock Time (CCT), Company will post on its EBB, Choice Supplier's DDQ by Pool for the gas day beginning 9:00 a.m. CCT the following day. Such DDQ shall be the sum of: 1) the Expected Demand of Choice Supplier's Pool for that gas day calculated using the Pool's demand equation and forecasted weather; and 2) any necessary adjustments for interstate pipeline and/or Company operating constraints, system knowledge and experience, and/or prior imbalances associated with the periodic volume reconciliations. The DDQ will be stated in city-gate Dekatherms. At the time of posting the DDQ, Company shall indicate the minimum, maximum or exact volume that shall be delivered by Choice Supplier on each interstate pipeline or to each Company city gate to achieve the DDQ, and shall post any interstate pipeline and/or Company operating constraints that are expected to be in effect the following day(s). Company shall maintain city-gate allocation tables that outline the range of minimum and maximum delivery percentages required by city-gates and/or service areas on Company's system. These percentages shall be recalculated and communicated to Choice Suppliers periodically. Absent unforeseen circumstances, a minimum four months' notice will be provided on changes to the city-gate allocation tables.

POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

Choice Suppliers are required to nominate scheduled storage injections and withdrawals to the pipelines and to Company for all Company-released storage capacity. Company will post daily minimum and maximum TCO storage injection and withdrawal limits, and monthly minimum storage inventory levels. Scheduled injection nomination rights during winter months and scheduled withdrawal nomination rights during summer months are subject to approval in advance by Company.

By 11:00 a.m. CCT each day, and in any intra-day nominations thereafter, Choice Supplier shall nominate to the Company via the Company's EBB the quantity of gas that it has scheduled for delivery at Company's city gate(s) for its Pool(s) for the following gas day. Choice Supplier agrees to adhere to the nominating guidelines set out in the FERC approved tariff of the applicable interstate pipeline and comply with any Company operating and/or interstate pipeline restrictions communicated by Company.

Company will post actual system imbalance volumes the day after flow and each Choice Supplier's prorata share of the system imbalance per the monthly PDA. Company may at its discretion perform a No-Notice nomination to Choice Supplier's Company-released TCO storage for the prior day's flow if the Choice Supplier has not (1) delivered adequate supplies to meet their DDQ or (2) met their TCO minimum city-gate allocation delivery requirement.

Allocation of Propane Supplies:

During the months of December through March, Company shall reserve a portion of its vaporized propane capacity for Choice Supplier Pools, based on the product of each Pool's then-applicable Peak Design Day Demand and the percentage of Company's total design day needs forecasted to be met by vaporized propane that month. The portion reserved shall be applied as a reduction to the Peak Design Day Demand that Choice Supplier must meet pursuant to its Comparable Firm Capacity Requirement.

On any day when the Pool's Expected Demand reaches the volume of Choice Supplier's Comparable Firm Capacity Requirement, Company shall supply the Pool's gas needs in excess of the Choice Supplier's Comparable Firm Capacity Requirements with vaporized propane.

Choice Supplier will be assessed a proportionate share, as determined by Company, of the costs of propane used for peak shaving, for propane facility test runs, for hourly load shaving and any other uses of propane determined to be necessary for system operation in Company's discretion.

By October 1 of each year, and when there is a material change in Company's propane peaking capacity, Company shall indicate the percentage of Choice Supplier Pool's Peak Design Day Demand that will be met with Company's vaporized propane allocated by Company to such Pool.

POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

Measurement of Customer Usage Volumes:

Company shall be responsible for all usage measurement at the point of delivery to the Customer's facilities. Monthly volumes billed to Pool Customers shall be considered actual volumes consumed, whether the meter reading is actual or estimated.

Quality of Gas Delivered by Choice Supplier:

Choice Supplier warrants that all gas delivered by or on behalf of Choice Supplier for its Pool Customers shall meet the quality, pressure, heating value and other quality specifications of the applicable FERC Gas Tariff of the interstate gas pipeline delivering said gas to Company.

Title and Warranty:

Choice Supplier warrants that it will, at the time and place of delivery, have good right and title to all volumes of gas delivered on its behalf, free and clear of all liens, encumbrances, and claims whatsoever, and that it will indemnify and hold Company harmless for all suits, actions, debts, accounts, damages, costs, losses, or expenses (including reasonable attorneys fees) arising from or out of the adverse claims of any or all persons relating to or arising from said gas.

MONTHLY VOLUME RECONCILIATION

For each month, Company will determine Supplier's Pool's Effective Deliveries and compare them to the Pool's Required Deliveries in order to determine the monthly reconciliation volume. Reconciliation volumes will be settled financially by charging Choice Supplier if Required Deliveries are less than Effective Deliveries, or paying Choice Supplier if Effective Deliveries are greater than their Required Deliveries. The price utilized will be the Columbia Appalachia Index for the month being reconciled.

Choice Supplier's Pool's Effective Deliveries will be the sum of the Pool's deliveries to the city-gate, plus its proportional share of propane and system balancing activity.

The Pool's Required Deliveries will be determined by multiplying the Pool's actual usage percentage by the total system Effective Deliveries.

Monthly volume reconciliations will be performed the second month following the end of the month of flow in order to obtain all billed usage for the applicable period and any prior usage adjustments.

POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

CONSEQUENCES OF CHOICE SUPPLIER'S FAILURE TO PERFORM OR COMPLY

If a Choice Supplier fails to deliver gas in accordance with the requirements of the Choice Supplier Pooling Agreement, or otherwise fails to comply with the provisions of Rate 385 and these Terms and Conditions, including those specified in the Choice Supplier Code of Conduct section, Company shall have the discretion to initiate the process to suspend temporarily or terminate such Choice Supplier's further Program participation for the applicable Pool.

- **Non-Mercantile Pool:** In the event Company seeks to suspend or terminate a Choice Supplier from the provision of service to any Non-Mercantile Pool under the Program, Company shall follow the process and timeline set out in Rule 4901:1-27-12(J), OAC. Among other things, this establishes the process by which Company must seek authorization from the Commission to terminate or suspend a Choice Supplier from providing service to a Non-Mercantile Pool in the event of a default.
- **Mercantile Pool:** In the event Company intends to suspend or terminate a Choice Supplier from the Program, Company shall first notify the Choice Supplier of the alleged violations that merit suspension or termination. Such notice shall be in writing, contain reasonable detail and shall be sent to Choice Supplier at the fax number listed in the Choice Supplier Pooling Agreement five (5) days prior to the suspension or termination. If, within five (5) days after the service of the previously mentioned notice, Choice Supplier remedies or removes the cause or causes stated in the notice, the Choice Supplier Pooling Agreement and such Mercantile Pool will continue in full force and effect. If Choice Supplier does not remedy or remove the cause or causes within five (5) days, then at the option of Company, the Choice Supplier Pooling Agreement relative to all Mercantile Pools may terminate at the expiration of said five (5) day period.

If Choice Supplier is suspended or expelled from the Program relative to a specific Pool, Customers in such Pool shall transfer to Standard Choice Offer Service, unless said Customers join another Choice Supplier's Pool. Any termination or cancellation of the Choice Supplier Pooling Agreement relative to some or all of Choice Supplier's Pools and pursuant to any provision of this section 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 the Agreement.

CHOICE SUPPLIER WITHDRAWAL OR TERMINATION

If Choice Supplier in total or for a specific Pool is restricted from further participation in the Program or elects to withdraw from the Program, Company shall have the right to recall all pipeline capacity then assigned to Choice Supplier by Company associated with the specific Pool(s) in accordance with the terms of the release agreement. Payment of any amounts payable to Choice Supplier by Company will be held by Company until all volumes are reconciled and any charges owed to Company are paid in full.

Upon withdrawal or termination, Choice Supplier will be required to sell to Company ten percent (10%) of its TCO Storage Contract Quantity (SCQ) at the Columbia Appalachia Index price for the current month or next month, whichever is lower.

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POOLING SERVICE TERMS AND CONDITIONS **(RESIDENTIAL AND GENERAL)**

FORCE MAJEURE

If either Choice Supplier or Company is unable to fulfill its obligations under the Choice Supplier Pooling Agreement, Rate 385, or these Terms and Conditions due to an event or circumstance which is beyond the control of such party and which prevents such performance, such party shall be excused from and will not be liable for damages related to non-performance during the continuation of such impossibility of performance. Neither of the following shall be considered a force majeure condition: 1) changes in market conditions that affect the acquisition or transportation of natural gas, or 2) failure of Choice Supplier to deliver or Pool Customers to consume scheduled gas volumes.

The party claiming force majeure will use due diligence to remove the cause of the force majeure condition and resume delivery or consumption of gas previously suspended. Gas withheld from Choice Supplier or Pool Customers during a force majeure condition will be delivered upon the end of such condition as soon as practicable based on, among other things, Company's operating constraints.

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UNACCOUNTED FOR GAS PERCENTAGE

APPLICABILITY

The Unaccounted for Gas Percentage shall be applicable to Choice Suppliers, Pool Operators, SCO Suppliers, and to non-Pooling Transportation Customers served under Rate 345.

DESCRIPTION

A percentage of the quantities delivered by applicable parties at a point of receipt on the Company's distribution system shall be designated to compensate for gas lost, used, and unaccounted for in system operations.

The Unaccounted for Gas Percentage stated below shall be adjusted periodically by Company, through updating of this Sheet No. 54 after approval by the Commission, to reflect any changes in the system unaccounted for percentage.

UNACCOUNTED FOR GAS PERCENTAGE

The Unaccounted for Gas Percentage is 1.6%.

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SCO SUPPLIER TERMS AND CONDITIONS

APPLICABILITY

The following Terms and Conditions apply to SCO Suppliers under Rate 396, SCO Supplier Service.

DEFINITIONS

Columbia Appalachia Index – First of the Month "Columbia Gas Transmission Corp, Appalachia" as reported by Inside FERC's Gas Market Report in the table "Prices of Spot Gas Deliveries to Pipelines".

Comparable Firm Capacity Requirement - For the term of the SCO Phase, each SCO Supplier agrees to retain sufficient firm interstate pipeline transportation and storage capacity with primary delivery points to the Company city gates and firm gas supply to meet 100% of the monthly design peak day demands for its SCO Load Tranches, less a percentage during the winter months reflecting the SCO Supplier's propane peaking allocation.

Directed Delivery Quantity (DDQ) - the sum of:

- a. The Expected Demand of the SCO Supplier's Load Tranche(s) for that gas day, plus
- b. System UAFG percentage volumes, plus
- c. Any necessary adjustments for interstate pipeline and/or Company operating constraints, and/or prior imbalances associated with periodic volume reconciliations.

EFT – Panhandle Eastern Pipe Line Company Enhanced Firm Transportation.

Expected Demand - A SCO Supplier's forecasted Tranche usage for a particular gas day, as determined by Company.

Load Tranche or Tranche- a share of total Standard Choice Offer Service volumes to be supplied by SCO Supplier.

ORC - The Ohio Revised Code.

PEPL – Panhandle Eastern Pipe Line

Pre-determined Allocation ("PDA") - a contractual arrangement with TCO which allocates the daily VEDO system imbalance volumes to all holders of Company's released TCO storage capacity based on predetermined allocation percentages.

Retail Price Adjustment - Bids during the SCO auction specified as an adjustment to the NYMEX monthly settlement price fixed for the entire term of the SCO Phase.

SCO Supplier - A supplier that meets the Requirements for SCO Supplier Participation set out in Rate 395.

SCO Supply – Gas supply provided by SCO Suppliers pursuant to Rate 396.

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SCO SUPPLIER TERMS AND CONDITIONS

SCO Supplier Agreement or Agreement - An agreement between Company and SCO Supplier that defines the mutual responsibilities and obligations of those parties relative to services provided under Rate 396.

TCO – Columbia Gas Transmission Corporation.

Unaccounted for Gas Percentage - The portion of SCO Supplier's city gate deliveries designated to compensate for gas lost, used, and unaccounted for in system operations. The Unaccounted for Gas Percentage is contained in Sheet 54.

CAPACITY AND OPERATING REQUIREMENTS

Comparable Firm Capacity Requirement

SCO Supplier agrees to secure sufficient firm interstate pipeline capacity, of which a portion shall be Company released capacity, with primary delivery points to Company's city gates and firm supply to meet 100% of each month's Peak Design Day Demand of its Load Tranche, less a percentage during the winter months reflecting SCO Supplier's entitlement to Company's propane as described below (Allocation of Propane Supplies).

On a daily basis, Company will provide SCO Supplier with the revised Peak Design Day Demand for SCO Supplier's Load Tranche effective the following day. This volume will change over time as necessary to reflect Customers joining and leaving SCO Supplier's Load Tranche and any changes in Company's peak design day demand parameters.

Company may periodically verify SCO Supplier's compliance with this Comparable Firm Capacity Requirement. SCO Supplier will provide to Company upon request copies of contracts for upstream pipeline capacity not released by Company and supply contracts showing the firm quantities reserved or purchased and the specific points of delivery. If SCO Supplier is securing firm city gate supplies, SCO Supplier shall provide a copy of such firm supply agreement, and additional documentation as required by Company to confirm compliance of the applicable interstate pipeline capacity.

If Company identifies a firm capacity deficiency, such deficiency shall be resolved to Company's satisfaction by immediate acquisition by SCO Supplier of additional firm pipeline capacity. If Company identifies a firm supply deficiency, such deficiency shall be resolved to the Company's satisfaction by immediate acquisition by SCO Supplier of additional firm supply.

Mandatory Assignment of Pipeline Capacity:

Company will release its pipeline transportation and storage capacity to SCO Supplier based upon approximately 75% of the Peak Design Day Demand of SCO Supplier's Load Tranche. SCO Supplier shall take release of specific interstate pipeline firm transportation and storage capacity for the term of the SCO Service phase, subject to Company's right of capacity recall contained elsewhere in these Terms and Conditions.

SCO SUPPLIER TERMS AND CONDITIONS

Terms and conditions of the capacity release will be specified in pipeline capacity release forms including length of term, price, and recall requirements, subject to FERC requirements for capacity release. SCO Supplier may not change any primary points of receipt or delivery associated with released pipeline transportation contracts during the term of the capacity release. In addition, for specific parcels of capacity identified by Company, SCO Supplier may not utilize any delivery point other than those primary and secondary points identified by Company unless the capacity is released at the pipeline's full tariff rate or unless an alternate capacity billing arrangement is agreed to by SCO Supplier and Company. The released capacity is subject to recall at any time if SCO Supplier does not perform in accordance with the SCO Supplier Agreement or fails to comply with provisions set forth in these Terms and Conditions.

SCO Supplier may re-release on a recallable basis any transportation capacity released to it hereunder, provided that: 1) SCO Supplier will continue to be responsible for payment of all pipeline charges associated with the released capacity; 2) any re-release of such capacity remains subject to the requirements and restrictions identified in Company's Tariff, and 3) the capacity is not needed to satisfy the SCO Supplier's Load Tranche's DDQ on such day(s). SCO Supplier may use other firm pipeline capacity to supply its DDQ and re-release portions of its assigned pipeline capacity, subject to the previously mentioned restrictions.

Monthly Reassignment of Capacity:

Transportation and storage capacity released to Suppliers will follow Customers to their new Suppliers upon migration to and from Choice Service with monthly reassignment of capacity to Suppliers based on their Peak Design Day Demands. Company reserves the right to adjust capacity release quantities intra-month in the event large Choice migrations occur.

Operational System Balancing:

Company's TCO storage will be released to each Choice and SCO Supplier on a proportionate basis. The holders of Company-released TCO storage capacity will collectively provide system balancing through Predetermined Allocations (PDA) set with TCO.

PDAs will be established with TCO at the beginning of each month proportional to the percentage of TCO storage capacity released to Suppliers. Each day SCO Supplier will be allocated a portion of the daily system imbalance based on its PDA percentage. SCO Supplier will be charged by TCO for any overrun or penalties associated with exceeding its individual storage volume limits. If Company, as meter operator, incurs TCO penalties, such penalties will be assessed to each SCO Supplier that contributed to the penalty proportional to their contribution to the violation.

SCO Suppliers will agree to follow Company-established minimum and maximum limits for daily storage injections and withdrawals, and minimum storage inventory requirements to ensure sufficient storage inventory and capacity to balance Company's system each day. At no time shall SCO Supplier's Company-released TCO storage inventory volume be less than the minimum specified by Company.

SCO SUPPLIER TERMS AND CONDITIONS

Provider of Last Resort ("POLR") Service:

SCO Supplier shall temporarily provide supply from Company-released TCO storage capacity to cover system load requirements in the event of a Supplier default or OFO event.

Defaulting Suppliers will be required to reimburse affected parties for any incremental costs incurred to provide POLR service. Any incremental costs not recovered from defaulting Suppliers will be included in the ETC Rider.

Company will act as POLR Coordinator, identifying the need for POLR Service and notifying SCO and Choice Suppliers.

Company will take the following short-term action with regard to obtaining POLR supply:

- (1) Choice and SCO Suppliers collectively will provide supply to meet POLR needs, using their individual TCO storage inventories. The withdrawn storage inventory will be subsequently replaced.
- (2) If Company determines that the daily quantity of gas needed may affect the reliability of the system, an OFO will be issued, to ensure that Transportation Customers or Pool Operators are not under delivering versus their respective usages during the POLR period.
- (1) Next, as soon as possible, all transportation and storage capacity released to any defaulting Supplier will be recalled by Company who will use it to meet the immediate needs of the defaulting Supplier's customers. Company will claim the defaulting Supplier's storage inventory as needed to meet the defaulting Supplier's customer loads.
- (2) Company will fill any remaining shortfall through acquiring additional temporary capacity and supply or city-gate deliveries.
- (5) Company will coordinate the provision of POLR service for the remainder of the billing month in which a Supplier default occurs, and the subsequent month, or until an alternate solution is effectuated.

In the event of defaulting supplier removal, Company will take the following action with regard to an alternate solution:

- (1) If a Choice Supplier is removed, Company will offer non-defaulting Choice Suppliers the option of assuming the customers of the removed Choice Supplier. If there are no non-defaulting Choice Suppliers that will assume the removed Choice Supplier's customers, the customers will transfer to Sales service.
- (2) If an SCO Supplier is removed or Choice Suppliers do not assume the customers of a removed SCO Supplier:
 - (a) The existing SCO Suppliers loads will be increased to cover the defaulted load on a pro rata basis. Such incremental load will be limited to 50% of initial Tranche size.
 - (b) For the portion of increased load quantity greater than 50% of initial Load Tranche size, that load will be assigned to a new SCO Supplier based on an accelerated auction process.

SCO SUPPLIER TERMS AND CONDITIONS

Daily Scheduling of Directed Delivery Quantities:

By 8:00 a.m. Central Clock Time (CCT), Company will post on its EBB, SCO Supplier's DDQ for the gas day beginning 9:00 a.m. CCT the following day. Such DDQ shall be the sum of: 1) the Expected Demand of SCO Supplier's Load Tranches for that gas day calculated as a prorata share of total SCO Customer demand; 2) Load Tranche Unaccounted for Gas quantities based on Company's Unaccounted for Gas Percentage and 3) any necessary adjustments for interstate pipeline and/or Company operating constraints, system knowledge and experience, and/or prior imbalances associated with the periodic volume reconciliations. The DDQ will be stated in city gate MMBtus.

At the time of posting the DDQ, Company shall indicate the minimum, maximum or exact volume that shall be delivered by SCO Supplier on each interstate pipeline or to each Company city gate to achieve the DDQ, and shall post any interstate pipeline and/or Company operating constraints that are expected to be in effect the following day(s). Company shall maintain city-gate allocation tables that outline the range of minimum and maximum delivery percentages required by city-gates on Company's system. These percentages shall be recalculated and communicated to SCO Suppliers periodically. Absent unforeseen circumstances, four months' minimum notice will be provided on changes to the city-gate allocation tables.

SCO Suppliers are required to nominate scheduled storage injections and withdrawals to the pipelines and to Company for all Company-released storage capacity. Company will post daily minimum and maximum TCO storage injection and withdrawal limits, and monthly minimum storage inventory levels. Scheduled injection nomination rights during winter months and scheduled withdrawal nomination rights during summer months are subject to approval in advance by Company.

By 11:00 a.m. CCT each day, and in any intra-day nominations thereafter, SCO Supplier shall nominate to the Company via the Company's EBB the quantity of gas that it has scheduled for delivery at Company's city gates for its DDQ for the following gas day. SCO Supplier agrees to adhere to the nominating guidelines set out in the FERC approved tariff of the applicable interstate pipeline and Company's Extranet Administrative Guidelines and comply with any Company operating and/or interstate pipeline restrictions communicated by Company.

SCO SUPPLIER TERMS AND CONDITIONS

Company will post actual system imbalance volumes the day after flow and each SCO Supplier's prorata share of the system imbalance per the monthly PDA. Company may at its discretion perform a No-Notice nomination to SCO Supplier's Company-released TCO storage for the prior day's flow if the SCO Supplier has not (1) delivered adequate supplies to meet their DDQ or (2) met their TCO minimum city-gate allocation delivery requirement.

Allocation of Propane Supplies:

During the months of December through March, Company shall reserve a portion of its vaporized propane capacity for SCO Suppliers, based on the product of each SCO Supplier's then-applicable Peak Design Day Demand and the percentage of Company's total design day needs forecasted to be met by vaporized propane that month. The portion reserved shall be applied as a reduction to the Peak Design Day Demand that SCO Supplier must meet pursuant to its Comparable Firm Capacity Requirement.

On any day when the SCO Supplier's Expected Demand reaches the volume of SCO Supplier's Comparable Firm Capacity Requirement, Company shall supply the SCO Supplier's gas needs in excess of the SCO Supplier's Comparable Firm Capacity Requirements with vaporized propane.

SCO Supplier will be assessed a proportionate share, as determined by Company, of the costs of propane used for peak shaving, for propane facility test runs, for hourly load shaving and any other uses of propane determined to be necessary for system operation in Company's discretion.

By October 1 of each year, and when there is a material change in Company's propane peaking capacity, Company shall indicate the percentage of SCO Supplier's Peak Design Day Demand that will be met with Company's vaporized propane, or alternate peaking supplies, allocated by Company to such SCO Supplier.

Measurement of Customer Usage Volumes:

Company shall be responsible for all usage measurement at the point of delivery to the Customer's facilities. Monthly Load Tranche volumes billed to Customers shall be considered actual volumes consumed, whether the meter reading is actual or estimated.

Quality of Gas Delivered by SCO Supplier:

SCO Supplier warrants that all gas delivered by or for its Tranche shall meet the quality, pressure, heating value and other quality specifications of the applicable FERC Gas Tariff of the interstate gas pipeline delivering said gas to Company.

Title and Warranty:

SCO Supplier warrants that it will, at the time and place of delivery, have good right and title to all volumes of gas delivered on its behalf, free and clear of all liens, encumbrances, and claims whatsoever, and that it will indemnify and hold Company harmless for all suits, actions, debts, accounts, damages, costs, losses, or expenses (including reasonable attorneys fees) arising from or out of the adverse claims of any or all persons relating to or arising from said gas.

SCO SUPPLIER TERMS AND CONDITIONS

MONTHLY VOLUME RECONCILIATION

Company will determine each Supplier's Tranche's Effective Deliveries and compare to each Tranche's Required Deliveries in order to determine the reconciliation volume. Reconciliation volumes will be settled financially by charging Supplier if Required Deliveries are less than Effective Deliveries, or paying Supplier if Effective Deliveries are greater than their Required Deliveries. The price utilized will be the Columbia Appalachia Index for the month being reconciled.

SCO Supplier's Tranche's Effective Deliveries will be the sum of each Tranche's respective deliveries to the city-gate, plus its proportional share of propane and system balancing activity.

The Tranche's Required Deliveries will be determined by multiplying the Tranche's actual usage percentage by the total system Effective Deliveries.

Monthly volume reconciliations will be performed the second month following the end of the month of flow in order to obtain all billed usage for the applicable period and any prior usage adjustments.

SCO SUPPLIER DEFAULT OR TERMINATION

If SCO Supplier ceases participation in the SCO Program, Company shall have the right to recall all pipeline capacity then assigned to SCO Supplier by Company associated with the specific Load Tranche(s) in accordance with the terms of the release agreement. Payment of any amounts payable to SCO Supplier by Company will be held by Company until all volumes are reconciled and any charges owed to Company are paid in full.

SCO Suppliers will be required to sell to succeeding Suppliers ten percent (10%) of their TCO Storage Contract Quantity (SCQ) at the end of the SCO phase at the first of the month Columbia Appalachia Index price for the next month.

Upon default, SCO Supplier will be required to sell to Company ten percent (10%) of its TCO Storage Contract Quantity (SCQ) or up to one hundred percent (100%) of Supplier's TCO storage inventory volume, at Company's discretion, at the Columbia Appalachia Index price for the current or next month, whichever is lower.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

DEFINITIONS

Unless otherwise specified in the Rate Schedule, the following terms shall have the meanings defined below when used in this Tariff for Gas Service:

Abbreviations:

Btu	– British thermal unit
Ccf	– One hundred cubic feet
Cf	– Cubic foot
Cfh	– Cubic feet per hour
Dth	– One Dekatherm or 1,000,000 Btu's
FERC	– Federal Energy Regulatory Commission
Mcf	– One thousand cubic feet
OAC	– Ohio Administrative Code
OCC	– Ohio Consumers' Counsel
ORC	– Ohio Revised Code
PSIG	– Pounds per square inch gauge
PUCO	– Public Utilities Commission of Ohio

Alternate Fuel – The form of energy used by Customer in place of Gas Service during Curtailment Periods. Gas Service provided by Company under another Rate Schedule shall not qualify as an Alternate Fuel.

Annual Usage – Customer's actual total gas usage for the most recent twelve consecutive billing months, or Company's estimate of Customer's total gas usage for twelve consecutive billing months when actual usage information is not available.

Bill – An itemized list or statement of fees and charges for Gas Service. A Bill may be rendered by mail or by electronic means.

British Thermal Unit – The average amount of heat necessary to increase the temperature of one pound of water by 1° Fahrenheit, in the temperature range of 32° to 212° Fahrenheit, at 14.73 pounds per square inch absolute pressure.

Cashout – The monetary settlement of over-delivery and under-delivery gas imbalances between Company and Pool Operators or Transportation Customers.

Central Clock Time (CCT) – Central Daylight Time when daylight savings time is in effect and Central Standard Time when daylight savings time is not in effect.

Commercial Customer – Any Customer primarily engaged in wholesale or retail trade and services (including central heating and air conditioning facilities of apartment complexes), any local, state and federal governmental agency, and any Customer not covered by another classification. When Gas Service is supplied through one meter to an apartment house or multiple dwelling, the service shall be classified as Commercial, in which case the applicable Non-Residential Rate Schedule shall apply.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

DEFINITIONS Continued

Commission – The Public Utilities Commission of Ohio, or PUCO.

Commission's Regulations – The Ohio Administrative Code applicable to services provided to customers of natural gas companies regulated by the Commission.

Company – Vectren Energy Delivery of Ohio, Inc.

Company's General Terms and Conditions – General Terms and Conditions Applicable to Gas Service, as amended from time to time, and as approved by the Commission as part of this Tariff for Gas Service.

Curtailment – The limitation of the Gas Service available to Customer pursuant to the Company's Curtailment Procedures.

Curtailment Period – The period of time, as specified by Company, during which Gas Service is subject to Curtailment.

Curtailment Procedures – Rule 11 of Company's General Terms and Conditions.

Customer – Any individual, partnership, association, firm, public or private corporation or any other entity who agrees to receive Gas Service from Company.

Customer-Delivered Gas – Gas delivered to Company's distribution system by or on behalf of Customer.

Electronic Bulletin Board (EBB or Extranet) – Company's electronic communications software that facilitates nominations, confirmation and other administrative functions associated with Transportation Service.

Financial Assurance – credit support or collateral in a form acceptable to Company in its sole discretion.

Gas Service – The provision by the Company under a specific Rate Schedule of natural gas or a mixture of natural gas and other compatible gases at Company's point of delivery to Customer, irrespective of whether any such gas is actually consumed.

Group 1 Meter – Company's designation for a Customer meter with a rated capacity of 450 Cfh or less.

Group 2 Meter – Company's designation for a Customer meter with a rated capacity of greater than 450 Cfh.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

DEFINITIONS Continued

Heating Degree Day – A standard measure of the coldness of the temperatures experienced, based on the extent to which the daily mean temperature falls below a reference temperature of 65° Fahrenheit.

Industrial Customer – A Customer primarily engaged in a process that creates or changes raw or unfinished materials into another form or product.

Interruptible Sales Service – Sales Service subject to Curtailment from time to time and requiring Customer to maintain Alternate Fuel capability.

Miscellaneous Charges – Charges common to all Rate Schedules, relating to, among others, late payments, reconnection of service, returned checks, and unauthorized or fraudulent gas usage.

Non-Residential Customer – Any Customer that is not a Residential Customer.

Operational Flow Order (OFO) – An order issued by the Company via its EBB, fax machine, or telephone to Pool Operator or Transportation Customer specifying reduced imbalance tolerance levels during critical situations.

Operational System – Any portion of Company's distribution system for which deliveries and gas demands must be balanced separately from other portions of the distribution system, due to operational and contractual limitations.

Pool – A group of Transportation Customers aggregated by a Pool Operator for gas supply management purposes.

Pool Operator – A marketer, supplier, or Transportation Customer that provides gas supply management for a Pool.

Pool Operator-Delivered Gas – Gas delivered to Company's distribution system by, or on behalf of, a Pool Operator.

Premises – The main residence or living quarters for a Residential Customer, or the main building of a Commercial or Industrial Customer. The Premises shall include the outlying or adjacent buildings used by the same Customer, provided the use of Gas Service in the outlying or adjacent building(s) is supplemental to the service used in the main residence, main living quarters, or main building of Customer.

Rate Schedule – A Gas Service applicable to a particular classification of Customer with specific Applicability, Character of Service, Rates and Charges, and Terms and Conditions.

Residential Customer – Customer using Gas Service primarily for a single family dwelling unit, mobile home, apartment unit or condominium. When Gas Service is supplied through one meter to an apartment house or multiple dwelling, the service shall be classified as Commercial, in which case the applicable non-residential service Rate Schedule shall apply.

SCO Customer – A Customer subscribing to a Standard Choice Offer Service Rate Schedule.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

DEFINITIONS Continued

SCO-Supplied Gas – Gas provided by SCO Supplier and distributed to Customer for end-use.

Standard Choice Offer ("SCO") Service – Service established to replace Company's former SSO Service.

Standard Sales Offer ("SSO") Service – An expired standard market pricing sales service established to replace Company's former GCR Sales Service.

Service Area – Areas in which Company has Gas Service available or may offer Gas Service.

Spaceheating – The use of Gas Service as fuel for the heating of some portion or all of Customer's Premises.

Throughput – The Sum of Customer's Sales and Transportation volumes.

Transportation Customer – A Customer subscribing to a Transportation Service Rate Schedule.

Transportation Service – Gas Service involving the delivery by Company to Customer of Customer-Delivered or Pool Operator-Delivered gas.

Winter Season – The calendar months of November through March, inclusive, used only for Pooling Service Agreement and Choice Peaking Supply purposes.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

11. CURTAILMENT PROCEDURES

When sufficient capacity or quantities of gas are not available to Company to meet existing and reasonably anticipated demands for Gas Service or to protect and replenish gas storage reserves, which determinations shall be within Company's reasonable discretion, Company shall have the right to curtail Gas Service within any of its Operational Systems so affected in accordance with the provisions of this procedure.

A. **Definitions.** For the purpose of this Procedure, the following terms shall have the meanings defined below:

- (1) **Firm Curtailment Customer.** A Firm Curtailment Customer shall mean any Customer being served under Rate 320, 325, or 345 whose Average Daily Throughput in any billing month during or subsequent to the Base Period exceeds 1,000 Ccf.
- (2) **Average Daily Throughput.** The Average Daily Throughput for any Base Period billing month shall be the Firm Curtailment Customer's metered Throughput during such month divided by the number of days in the month.
- (3) **Base Period.** The Base Period is any twelve consecutive billing months as established by Company.
- (4) **Normal Monthly Throughput.** The Normal Monthly Throughput shall be the Firm Curtailment Customer's metered Throughput during each billing month of the Base Period. These quantities may be adjusted by Company for unusual circumstances.
- (5) **Human Needs Customers.** Human Needs Customers shall include hospitals, medical centers, nursing homes, and other Customers as determined by Company, whose Curtailment could adversely affect public health or safety.
- (6) **Gas Supply Curtailment.** Curtailment resulting from insufficient quantities of SCO-Supplied gas to meet the demands of SCO Customers.
- (7) **Capacity Curtailment.** Curtailment resulting from insufficient system capacity to supply Gas Services to Company's Gas Service Customers.
- (8) **Plant Protection Level -** The minimum quantity of Gas Service for Firm Curtailment Customers or Alternate Fuel capability for Interruptible Sales Service Customers required by Customer to prevent endangering the health or safety of personnel, or to prevent extensive damage to Customer's facilities, equipment, or other property. This includes the protection of such material currently in process at the time a Curtailment is called which would otherwise be destroyed, but shall not include Gas Service required to maintain plant production.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

11. CURTAILMENT PROCEDURES (Continued)

B. **Curtailment Sequences.** Company shall have the right to curtail Gas Service to its Customers according to the following sequences. Such Curtailment shall be effective as of the date and time specified in the notice to Customer. When necessary in the sole opinion of Company, Gas Service shall be maintained to Human Needs Customers or other Customers who would otherwise be curtailed, to the extent necessary and practicable under the circumstances.

B1. Gas Supply Curtailment Sequence.

- (1) First, Rate 345 Non-Pooling Customers and Pool Operators' Pools shall be subject to the Cold Weather OFO set forth in Nomination and Balancing Provisions (Large General and Pool Operator). Rate 385 and Rate 396 Suppliers shall be subject to an OFO and subject to the specific delivery requirements and or restrictions specified by Company.
- (2) Next, Rate 341 Customers' purchases of SCO-Supplied Gas for Spaceheating shall be interrupted 100%.
- (3) Next, as determined by Company, all Rates 320 Firm Curtailment Customers' purchases of SCO-Supplied Gas shall be limited to either:
 - (a) their respective Average Daily Throughput each day over any portion of the billing month, or
 - (b) their respective Normal Monthly Throughput.
- (4) Next, as determined by Company, all Rates 320 Firm Curtailment Customers' purchases of SCO-Supplied gas shall be curtailed prorata, either:
 - (a) on a daily basis for any period specified by Company by application of a uniform percentage curtailment to their respective Average Daily Throughput, or
 - (b) on a billing month basis by application of a uniform percentage curtailment to their respective Normal Monthly Throughput.

At this point in the Curtailment sequence, Firm Curtailment Customers shall not be curtailed to a daily quantity less than their respective Plant Protection Levels.

- (5) Next, all Rates 320 Firm Curtailment Customers' purchases of SCO-Supplied Gas shall be curtailed to a daily quantity equal to their respective Plant Protection Levels.
- (6) Next, Rate 345 Non-Pooling Customers and Pool Operators' Pool Customers' transportation gas quantities on Company's system shall be limited to Customers' respective Plant Protection Levels, and the remainder of their delivered gas supply shall be diverted to use for higher priority Customers.
- (7) Next, Rate 325 Customers' transportation gas quantities on Company's system shall be limited to Customers' respective Plant Protection Levels, and the remainder of their delivered gas supply shall be diverted to use for higher priority Customers.
- (8) In the event further Curtailment is required to maintain Gas Service, Company shall be entitled to curtail or interrupt Gas Service to any Customer.
- (9) Compensation for the diversion of Customers' transportation gas quantities as provided for in Rule 11(B1)(6) and (7), will be in the amount of:
 - (a) **Daily Index Price:** The Daily Midpoint Price per Dekatherm as reported in Gas Daily in the table "Daily Price Survey", for delivery to the pipeline on which the diverted gas was delivered:
 - 1) Texas Gas, Zone SL; or

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

11. **CURTAILMENT PROCEDURES (Continued)**

- 2) ANR, La; or
 - 3) Panhandle, Tx-Okla; or
 - 4) Texas Eastern, ELA; or
 - 5) Columbia Gas, Appalachia.
- (b) The maximum interruptible transportation rate, including all applicable surcharges, for the pipeline on which the diverted gas was delivered to; plus
- (c) The average premium paid by the Company (stated on a per therm basis) to firm gas suppliers.

Such gas costs shall be recoverable through Company's Exit Transition Cost Rider.

B2. Capacity Curtailment Sequence.

- (1) First, Rate 345 Non-Pooling Customers and Pool Operators' Pools shall be subject to the Cold Weather OFO set forth in Nomination and Balancing Provisions (Large General and Pool Operator). Rate 385 and Rate 396 Suppliers shall be subject to an OFO and subject to the specific delivery requirements and or restrictions specified by Company.
- (2) Next, Rate 341 Customers' purchases of SCO-Supplied Gas for Spaceheating shall be interrupted 100%.
- (3) Next, as determined by Company, all Firm Curtailment Customers' transportation quantities or purchases of SCO-Supplied Gas, as applicable, shall be limited to either:
 - (a) their respective Average Daily Throughput each day over any portion of the billing month, or
 - (b) their respective Normal Monthly Throughput.
- (4) Next, as determined by Company, all Firm Curtailment Customers' transportation quantities or purchases of SCO-Supplied Gas, as applicable, shall be curtailed prorata, either:
 - (a) on a daily basis for any period specified by Company by application of a uniform percentage curtailment to their respective Daily Throughput, or
 - (b) on a billing month basis by application of a uniform percentage curtailment to their respective Normal Monthly Throughput.

At this point in the Curtailment sequence, a Firm Curtailment Customer shall not be curtailed to a daily quantity less than its Plant Protection Level.

- (5) Next, all Firm Curtailment Customers shall be curtailed to their respective Plant Protection Levels.
- (6) In the event further Curtailment is required to maintain Gas Service, Company shall be entitled to curtail or interrupt deliveries of Gas Service to any Customer.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

11. CURTAILMENT PROCEDURES (Continued)

C. Curtailment Notification.

- (1) Company shall give notification of Curtailment in the most effective manner possible and as much in advance as reasonably possible with regard to the existing circumstances and the number of Customers to be notified.
- (2) If reasonably possible, Firm Curtailment Customers shall be given seven days advance notice of any Curtailment.
- (3) In the event of Curtailment of Firm Curtailment Customers, Company shall provide notice to each Firm Curtailment Customer of its Normal Monthly Throughput and Average Daily Throughput.

D. Lifting of Curtailment. Any Curtailment shall be lifted in reverse order of the Curtailment Sequence.

E. Unauthorized Gas Usage.

- (1) Assessment of Unauthorized Gas Usage Charge. When a Curtailment is in effect pursuant to the provisions of paragraph B of this Procedure, gas usage by Customer in excess of the quantity permitted for such Customer shall constitute Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Sheet No. 30.

During the Curtailment Period, Customer shall have no entitlement to Unauthorized Gas Usage. In the event Customer continues Unauthorized Gas Usage, Company may, in its sole discretion, discontinue Gas Service to Customer. The assessment of the Unauthorized Gas Usage Charge and the exercise of the right to discontinue Gas Service by Company shall be in addition to any other rights Company may have with respect to Customer's Unauthorized Gas Usage.

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12. OPERATIONAL FLOW ORDERS

Company may issue an Operational Flow Order (OFO), in its reasonable discretion, as specified in this section upon determination that an action is required in order to:

- (1) alleviate or prevent conditions which threaten the integrity or reliability of Company's Operational System
- (2) to maintain the Operational System in balance
- (3) to maintain adequate storage inventory balances
- (4) to assure deliveries of gas supplies by Choice Suppliers, SCO Suppliers, and Pool Operators to serve their respective Customers' loads
- (5) adhere to the various interstate pipeline companies' balancing requirements, as stated in their FERC approved gas tariffs
- (6) direct SCO Suppliers, Choice Suppliers, Pool Operators and Transportation Customers to different city-gates or to institute different city-gate delivery allocations due to system maintenance or system constraints, or
- (7) any other condition warranting a change to delivery requirements.

An OFO may be may issued on a non-discriminatory basis to SCO Suppliers, Choice Suppliers, Pool Operators, and Transportation Customers delivering gas to Company's city-gates, on a system-wide basis, program basis, or individual basis, when necessary in Company's sole judgment.

Company will post the OFO notice via its EBB including the following information:

- (1) Start date of the OFO
- (2) End date of the OFO
- (3) Expected duration if no end date is specified
- (1) Specific delivery requirements and or restrictions including but not limited to the following:
 - i. No under-deliveries during a Cold Weather OFO
 - ii. No over-deliveries during a Warm Weather OFO
 - iii. No deliveries can be accepted at a particular city-gate due to maintenance

Company will endeavor to give 24 hours notice of an OFO. If the risk of a potential future critical issue is identified, Company will endeavor to post a Potential OFO notice to its EBB. However, Company reserves the right to issue an OFO at any time to mitigate potential system issues with expediency without prior notice.

Stipulation Exhibit B

Vectren Energy Delivery of Ohio ("VEDO")

Merchant Exit Transition

Program Outline

VEDO Merchant Exit Transition

Program Outline

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VEDO Merchant Exit Transition
Program Outline
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VEDO Merchant Exit Transition
Program Outline
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60.	SCO Supplier Monthly Statements	Lewis
61.	SCO Customer Billing	Lewis
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1. Anti-Trust Guidelines

ANTITRUST COMPLIANCE GUIDELINES

Introduction

Vectren Energy Delivery of Ohio, Inc., is committed to full compliance with all laws and regulations, and to maintaining the highest ethical standards in the way we conduct our operations and activities. Our commitment includes strict compliance with federal and state antitrust laws, which are designed to protect this country's free competitive economy.

Responsibility for Antitrust Compliance

Compliance with the antitrust laws is a serious business. Antitrust violations may result in heavy fines for corporations, and in fines and even imprisonment for individuals. Each participant in these discussions bears the ultimate responsibility for assuring that his/her/its/their actions and the actions of any of those under his/her/its/their direction comply with the antitrust laws.

Antitrust Guidelines

Participants must avoid any discussions or conduct that might violate the antitrust laws or even raise an appearance of impropriety. The following guidelines are intended to assist participants, but each participant is urged to consult his/her/its/their legal counsel for specific guidance:

- **Do** consult counsel about any documents or proposals that touch on sensitive antitrust subjects such as pricing, market allocations, refusals to deal with any company, and the like.
- **Do** review any meeting agenda provided; do take accurate notes at every meeting. Review the agenda with your counsel as appropriate and review your notes with your counsel as appropriate.
- **Do not** have discussions with other Participants about the following:
 - ♦ your company's prices for products or services, or prices charged by your competitors
 - ♦ costs, discounts, terms of sale, profit margins or anything else that might affect those prices
 - ♦ the resale prices your customers should charge for products you sell them
 - ♦ allocating markets, customers, territories or products with your competitors
 - ♦ limiting production
 - ♦ whether or not to deal with any other company
 - ♦ any competitively sensitive information concerning your own company or a competitor's.
- **Do not** stay at a meeting, or any other gathering, if those kinds of discussions are taking place.
- **Do not** discuss any other sensitive antitrust subjects (such as price discrimination, reciprocal dealing, or exclusive dealing agreements) without first consulting counsel.
- **Do not** create any documents or other records that might be misinterpreted to suggest that individual Participants or Vectren Energy Delivery of Ohio, Inc., condones or is involved in anticompetitive behavior.

2. Merchant Exit Transition Goals

1. Have a successful working group process with all interested parties, resulting in a Merchant Exit Transition settlement ("Exit Settlement").
2. Achieve VEDO's exit from the Merchant Function, including the elimination of VEDO's Gas Cost Recovery ("GCR") mechanism and associated GCR Management/Performance and Financial Audits.
3. Find an acceptable supply service solution for all of VEDO customers, including PIPP customers, during and after transition. Supply service options need to be effectively communicated to customers.
4. Ensure a workably competitive gas market in VEDO's service area.
5. Maintain the reliability of VEDO's gas distribution system through cost-effective system balancing and Provider of Last Resort ("POLR") provisions.
6. Minimize to the extent possible the incremental costs that may arise from Merchant Exit Transition implementation, including customer education and customer billing enhancements, and any system balancing, POLR, and other costs.
7. Ensure the opportunity for VEDO to achieve full recovery of Merchant Exit Transition implementation and ongoing costs.

3. Merchant Exit Transition Phases

1. VEDO's transition to exit the Merchant function will consist of three phases. The phases are intended to allow for logical step-wise progressions to a Full Choice environment. The phases are briefly described below and Phases 1 and 1.5 are explained in detail in the other sections of this Program Outline. Attachment 3A is a chart detailing relevant aspects of the three phases.
2. The Standard Sales Offer (SSO) Phase is the first phase (Phase 1) of the transition for VEDO's exit of its merchant function. It is a logical progression from the current environment of VEDO's GCR sales service being supported by a single Portfolio Administrator determined by RFP to an environment of multiple Portfolio Administrators determined by auction supporting a VEDO SSO sales service. The market based and formula derived SSO rate and the elimination of the VEDO GCR variances creates a more level playing field for Choice Suppliers who previously have had to compete against the regulated GCR rate, reflecting VEDO's favorable pipeline storage and transportation capacity assets, and VEDO's wholesale gas suppliers.
3. The Standard Choice Offer (SCO) Phase is the next phase (Phase 1.5). It is a progression from the SSO phase, which is a VEDO Sales Service, to an environment where multiple Choice Suppliers determined by auction are providing a Standard Choice Offer to customers whose loads are assigned to them. The SCO price will maintain the level playing field previously established in the SSO Phase. The SCO Phase allows VEDO to fully test all of the systems and processes that will be required in a Full Choice environment, prior to moving to that Phase.
4. The Full Choice (FC) Phase (Phase 2) is the next step in the transition, with any remaining SCO customers being served by Choice suppliers assuming an FC settlement agreement has been reached. This Phase will not be provided for in the initial Exit Settlement nor will its components be detailed in this Program Outline; it will be the subject of continuing discussions by the VEDO Merchant Exit Transition Working Group after Phases 1 and 1.5 have been approved.

4. Merchant Exit Transition Calendars

a. Program Design Working Group Key Dates

<u>Date</u>	<u>Action</u>
10-12-06	Initial Working Group Meeting
11-09-06	Working Group Meeting
01-11-07	Working Group Meeting
02-22-07	Working Group Meeting
03-08-07	Working Group Meeting
04-10-07	Working Group Meeting
05-10-07	Working Group Meeting
05-31-07	Working Group Meeting
06-14-07	Working Group Meeting
07-12-07	Working Group Meeting
7-20-07	Working Group Meeting <ul style="list-style-type: none">• Reach General Agreement on Settlement Matters
08-01-07	Vectren BOD Approval Obtained
08-23-07	Working Group Meeting
08-31-07	Distribute Application Documents, Program Outline and Attachments
09-07-07	Distribute Draft Testimonies
12-06-07	Working Group Meeting
12-13-07	Distribute Final Documents
12-21-07	File Exit Application
01-16-08	Settlement Meeting No. 1
01-28-08	Settlement Meeting No. 2

Program Design Working Group Key Dates (Cont')

01/30/08	File Settlement Agreement
04-08-08	PUCO Order Received
04-18-08	Supplier Education Meeting
04-25-08	SSO Supplier Applications Due to VEDO
05-12-08	Credit Evaluations of SSO Supplier Applicants Completed
05-15-08	SSO Auction Held
05-16-08	SSO Price Approved by PUCO
07-01-08	SSO Implementation - SSO Supplier first flow date

4. Merchant Exit Transition Calendars

b. Customer Education Working Group Meetings

<u>Date</u>	<u>Action</u>
03/05/07	Customer Education Working Group Meeting
03/15/07	Customer Education Working Group Meeting
04/03/07	Customer Education Working Group Meeting
04/09/07	Customer Education Working Group Meeting
08/21/07	Customer Education Working Group Meeting
Future Meetings	To be Determined

5. Working Group Participants' Contact Information

a. Program Design Working Group Participants:

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5. Working Group Participants' Contact Information

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6. Standard Sales Offer (SSO) Phase

1. SSO is the first phase of the transition for VEDO's Merchant Exit. It will serve as a pilot to test:
 - a. the ability of a monthly market-priced utility sales service to expand Choice participation and Choice Supplier competition in VEDO's market, and
 - b. the feasibility of a new collective VEDO system balancing approach and the VEDO-coordinated POLR provisions that would be used post-Exit in the Full Choice Phase.
2. SSO is PUCO-regulated sales service to be provided by VEDO. It will replace VEDO's current GCR sales service. The Exit Settlement will request an exemption from Chapter 4905 which governs commodity sales service.
3. Gas supply for VEDO's SSO service will be provided by SSO Suppliers who will be determined via an SSO Auction, as described in Section 9.
4. The SSO Price is intended to be a clearer price signal than the GCR rate, through elimination of GCR-only reconciliation and refund adjustments.
5. Customers may select SSO Service or Choice Service throughout the SSO phase, at their option.
6. Under SSO Service:
 - a. VEDO will bill customers at the SSO Price per Ccf (See Section 10). In addition, all Riders currently applicable to sales customers will continue to apply to SSO customers. The new Exit Transition Cost Rider will also apply.
 - b. VEDO will pay SSO Suppliers their pro-rata shares of the revenues derived from the SSO Prices billed to the SSO and PIPP customers each revenue month (see Section 31).

7. SSO Phase Timing

1. The SSO Phase Initiation Date will be July 1, 2008 (or the first day of a later month, depending on the timing of the Commission's Order and the outcome of the FERC Capacity Release NOPR/VEDO Waiver Request).
2. All GCR customers become SSO customers on the Initiation Date.
3. The day prior to the Initiation Date, VEDO will issue its first SSO Supplier DDQ (see Section 20) and SSO Suppliers will become responsible for providing SSO supply on the Initiation Date.
4. On the Initiation Date, the GCR Rider rate will be replaced by the SSO Rider rate for SSO and PIPP customer billing purposes. All sales customer usage billed on and after that date will be at the SSO Rider rate.
5. The SSO Phase will extend until April 1, 2009, the start of the SCO Phase.
6. By February 15, 2009, six weeks prior to the SSO Phase expiration, the first of at least two annual SCO Phase Auctions (see section 52) will be held.

8. Rate Schedules Subject to SSO Rider

1. The SSO Rider rate will apply to all customers receiving service under:
 - a. Rate 310 – Residential Sales Service
 - b. Rate 320 – General Sales Service
 - c. Rate 330 – Large General Sales Service
 - d. Rate 341 – Dual Fuel Sales Service

These rate schedules are currently subject to the GCR.

2. Rate 330/340/341 Customers
 - a. Approximately 25 Rate 330, Large General Sales Service, customers are too large to qualify for Choice Service. They are large enough, however, to be eligible for Rate 345, Large General Transportation Service. These larger Rate 330 customers may continue to be sales customers during the SSO Phase. However, by the start of the SCO Phase, they must have converted to Rate 345.
 - b. Rate 341, Dual Fuel Service, customers are small enough to be Choice customers. They may continue to be sales customers during the SSO phase. They will be allowed to be served by Choice Suppliers as of the start of the SSO Phase.

9. SSO Auction

1. VEDO will conduct an auction under which qualified suppliers can compete for the ability to supply a share of VEDO's SSO load (a "load tranche").
2. The bids during the auction will be specified as an adjustment (the "retail price adjustment") to the NYMEX monthly settlement price, as described in Section 10, and will be fixed for the entire term of the SSO Phase. The retail price adjustment for auction purposes shall be stated in \$ per Mcf. It will be converted to a price per CCF for SSO Customer billing purposes.
3. VEDO's SSO load will consist of all of VEDO's GCR and PIPP sales volumes in Mcf. For the auction, the SSO quantities will be divided equally among 6 load tranches to be auctioned to suppliers (each approximately 68,875 MMBTU of design peak day and 4,500,000 MMBTU annually). The approximate auction load tranche size will be confirmed immediately prior to the auction. The current load tranche size calculations, in Mcfs and MMBtus, are shown in Attachment 9 A.
4. A maximum of 2 load tranches (33% of total SSO quantities) will be awarded to any individual bidder.
5. A pro-rata share of VEDO's then existing pipeline transportation capacity (see section 12) and pipeline storage capacity (see section 13) will be released to the SSO Suppliers who are the winning auction bidders. The capacity released is expected to be approximately 75% of the tranche(s) peak loads.
6. VEDO will hire an independent auctioneer to conduct a descending clock auction.
7. A descending clock auction proceeds in a series of rounds:
 - a. At the beginning of each round, the Auctioneer announces the price per Mcf, and each bidder bids the number of tranches it is willing and able to supply at that price.
 - b. As the price declines from one round to the next, in this case at \$.05/Mcf decrements, a bidder can bid the same number of or fewer tranches than it bid in the preceding round, but not more tranches.
 - c. The auction ends when the number of tranches bid equals the number of tranches being procured.
 - d. However, if the number of load tranches bid in the latest round is less than the number being procured, the declining clock auction reverts to the price at the previous round and begins using \$.01 decrements.
 - e. The auction continues with \$.01 decrement rounds until the number of tranches bid matches those offered.
 - f. If the auction reaches a point where the tranches bid once again are less than the tranches offered, the Auctioneer will award the final round bidders at the previous round price on a percentage basis using their bids from the previous round.
8. The winning bid price and winning bidders will be immediately filed with the PUCO for their approval. Bidders' names will be held confidential for 45 days or until winning bidders have secured firm capacity sufficient to meet their SSO load tranche(s), whichever occurs first.

10. SSO Price

- 1. The SSO Price each month will be the NYMEX settlement price for such month converted to Mcf using an annual standard BTU plus the retail price adjustment determined by the SSO Auction. This will be a price per Mcf. It will be converted to a price per CCF for SSO Customer billing purposes.**
- 2. The SSO Price will compensate SSO Suppliers for all of their costs of providing SSO Service for the entire term of the SSO Phase, including all pipeline demand and variable costs and gas commodity costs incurred by the SSO Supplier to meet the needs of the SSO load tranches and VEDO system balancing. It will also compensate for UAFG percentage retention (including company use) and variances thereof, actual BTU variations from estimated BTU values, Days Use vs. Heating Degree Day billing proration variations, hedging costs if any, and all other aspects of cost and risk relating to the provision of SSO Service as described in this Program Outline.**
- 3. The SSO Customers' Price per CCF will be used for Apples-to-Apples posting purposes.**

11. PIPP Customers - SSO Phase

1. For the SSO Phase, all PIPP Customers sales load will be included in the SSO load tranches offered for procurement in the SSO Auction.
2. PIPP Customers' billing will utilize the same SSO Price per Ccf used for all other SSO Customers.

12. Transportation Capacity Release

1. VEDO's then existing pipeline firm transportation capacity will be temporarily released, with recall rights, to SSO/SCO Suppliers on a pro rata basis during the term of the SSO/SCO annual periods. The volumes and costs associated with these firm transportation capacities will be provided to each potential bidder prior to the beginning of the SSO/SCO Auction processes. (See Attachment 15A for current contracts and costs.)
2. As described in Section 19, at the SSO Initiation Date, Choice Suppliers will also take release of VEDO's transportation capacity on a pro-rata basis.
3. Transportation capacity released to Suppliers will follow the customers upon their migration to Choice Suppliers (see Section 25). Those releases will also be temporary and subject to recall rights. Monthly, Suppliers' released capacity will be reestablished to match their respective market shares (Capacity Release Percentages, or CRPs). Accordingly, VEDO anticipates releasing approximately 20% of the transportation capacity to Suppliers on a monthly basis to facilitate these reassignments. The remaining 80% of the capacity will be released on an annual basis.
4. Supplier will not be permitted to change any primary points of receipt or delivery associated with assigned pipeline transportation contracts during the term of the capacity release. In addition, for specific parcels of capacity identified by VEDO, Supplier may not utilize any delivery point other than those primary and secondary points identified by VEDO unless the capacity is released at the pipeline's full tariff rate or unless an alternate capacity billing arrangement is agreed to by Supplier and VEDO.
5. The released capacity is subject to recall at any time if Supplier does not perform in accordance with the SSO/SCO/Choice Supplier Agreement or fails to comply with other relevant provisions set forth in VEDO's Tariff.
6. Supplier may re-release on a recallable basis any transportation capacity assigned to it hereunder, provided that: 1) Supplier will continue to be responsible to the pipeline for all capacity charges associated with the assigned capacity and will hold VEDO harmless in the event charges are not paid; 2) any re-release of such capacity remains subject to the requirements and restrictions identified in VEDO's Tariff; and 3) the capacity is not needed to satisfy the Supplier's DDQ on such day(s). Supplier may use other firm pipeline capacity to supply its DDQ and re-release portions of its VEDO-released pipeline capacity, subject to the previously mentioned restrictions.
7. The costs of the released transportation capacity will be paid directly to the pipelines by the SSO/SCO and Choice Suppliers pursuant to pipelines' capacity release payment procedures.

13. Storage Capacity Release

1. VEDO's Columbia Gas Transmission ("TCO") and Panhandle ("PEPL") storage and related firm transportation capacity will be released to each SSO/SCO Supplier on a pro-rata basis.
2. As described in Section 19, at the SSO Initiation Date, Choice Suppliers will also take release of VEDO's storage capacity on a pro-rata basis.
3. The SSO Suppliers will purchase their pro-rata share of VEDO's existing storage inventory (TCO and PEPL) as of the SSO Initiation Date at an estimated weighted average cost of inventory plus applicable taxes, if any, and will be responsible for refilling storage within specified guidelines (see Section 17). The estimated inventory sales price per unit will be communicated to bidders just prior to the auction, along with VEDO's planned injection schedule. Any variance between estimated and actual price per unit will be flowed through the ETC Rider. SCO Suppliers will purchase inventory equal to 10% of their TCO seasonal contract quantity at Columbia, Appalachian Index prices as of the SCO annual start dates from previous SSO/SCO Suppliers. Short-term deposits in the estimated dollar amount of the storage inventory to be purchased will be collected from SCO auction winners for subsequent payment, with later true-up, to the previous SSO/SCO Suppliers.
4. The released TCO storage's no-notice feature will be retained by the allocation of system imbalance volumes to all holders of VEDO's released TCO capacity on a pro-rata basis through a Predetermined Allocation (PDA) set by VEDO with TCO. The released storage price charged by TCO will remain the same as that charged to VEDO. Further, the TCO storage capacity will be released in two market zones, requiring Suppliers to nominate to TCO by zone.
5. VEDO's storage and related transportation capacity released to SSO/SCO and Choice Suppliers will follow customers upon their migration to and from Choice with monthly reassignment of capacity to Suppliers based on market share.
6. The TCO storage capacity released to Suppliers cannot be re-released.
7. The costs of the released storage and related transportation capacity will be paid directly to the pipelines by the SSO/SCO and Choice Suppliers pursuant to pipeline capacity release payment procedures.
8. Storage capacity release will have conditions that must be agreed upon by Supplier (See section 14).
9. The released capacity is subject to recall at any time if Supplier does not perform in accordance with the SSO Supplier Agreement or fails to comply with other relevant provisions set forth in VEDO's Tariff.
10. VEDO shall have a perfected first priority security interest in 10% of the SCQ of Supplier's VEDO-released TCO storage and shall have the right to claim up to all volumes in released storage inventory to meet the needs of a Supplier's load in an Event of Default (see Section 30) by Supplier.

14. System Balancing

1. Currently, VEDO provides system balancing for all of its customers – GCR, Choice, and Large Transportation. This balancing is accomplished primarily through the use of VEDO's TCO Storage, with a no-notice injection or withdrawal each day to cover any system imbalance.
2. Choice Supplier's currently pay for balancing their Choice Pools through the Choice Balancing Cost Rider, which recovers a portion of the TCO storage costs. The Choice Balancing Cost Rider revenues are credited to the GCR customers in the GCR. See the Choice Balancing Cost Rider tariff sheet in Attachment 14A.
3. The Large Transporters /Pool Operators (hereafter "Large Transporters") do not pay a separate fee for balancing service, although they are subject to stringent daily and monthly balancing tolerances, and are assessed charges if they exceed those tolerances. (See Section 47 for the Large Transporter Balancing Provisions.) They are currently allowed to carry an imbalance of 5% of their monthly load over into the next month.
4. Imbalances due to variances between actual system Unaccounted for Gas ("UAFG") volumes and Supplier volumes retained at the city-gate pursuant to the UAFG Percentage Rider (see Attachment 14B) are currently reflected in GCR gas costs.
5. VEDO will not retain a portion of TCO storage to perform the system balancing function. Instead, the holders of VEDO's released TCO storage capacity will collectively provide system balancing by receiving an allocation of daily system imbalances through Pre-determined Allocations (PDAs). Appendix 14D reflects TCO's notice regarding LDC System Balancing upon Exiting Merchant Function issued August 31, 2007. The collective system balancing will be accomplished through conditions on the TCO storage capacity release.
 - a. The Suppliers must agree to allow their TCO storage (individually, and in the aggregate) to be used to balance the VEDO system.
 - b. Suppliers must agree to follow VEDO-established Min/Max boundaries for daily storage injection/withdrawal and minimum daily storage inventory balances, to ensure sufficient storage inventory balances/capacity to balance the system each day. (See Attachment 14C for historical balancing volumes.)
 - c. The TCO storage capacity may not be re-released.
 - d. VEDO must be provided access to information about the Supplier's TCO storage nominations and inventory balances at all times. All SSO/SCO and Choice Suppliers will be required to enter into a TCO Agency Agreement giving VEDO the rights to access all of Supplier's nomination, contracts and storage information.
 - e. Suppliers must agree to allow VEDO to shift some PEPL and TCO storage capacity among the Suppliers at the start of each month due to Customer migrations, or intra-month if a large migration occurs. Capacity follows the Customer.
6. PDAs between TCO and VEDO as meter operator will be updated monthly and will assign a percentage of VEDO system imbalances each day to each TCO capacity holder (based on their proportion of total TCO storage capacity). TCO will treat those PDA amounts as daily storage activity for each of the Suppliers.
7. VEDO reserves the right to adjust PDA's intra-month if large Choice migrations occur, or to resolve any other imbalance issues between SSO and Choice Suppliers.

15. VEDO Capacity Contracts

1. VEDO will continue to retain prospectively a combination of interstate pipeline transportation and storage capacity and on-system propane to serve approximately 75% of total system requirements (not including Large Transporter loads) for releasing to SSO/SCO and Choice Suppliers. (Attachment 15A shows the current interstate capacity contracts and costs.)
2. VEDO's holding of capacity equal to 75% of total SSO/SCO and Choice load facilitates:
 - a. Allowing the VEDO-released capacity to follow the customer upon migration to/from a Choice Supplier.
 - b. Utilization of a collective approach to balancing the system in the SSO and SCO Phases.
 - c. Enhanced reliability resulting from VEDO's ability to recall 75% of the capacity from a Defaulting Choice or SSO/SCO Supplier.
3. In advance of VEDO's capacity agreements reaching their expiration dates, VEDO will seek input from the SSO/SCO and Choice Suppliers and reflect input received in its decisions to renew or revise the capacity agreements.
4. Suppliers must execute capacity release documents in the timeframe specified by VEDO.
5. VEDO reserves the right to adjust capacity release quantities intra-month if large Choice migrations occur, or to resolve any other imbalance issues between SSO/SCO and Choice Suppliers.

16. Propane Allocation

1. VEDO's only on-system source of supply is its propane facilities, used primarily as the last source of supply dispatched when meeting peak day demands in winter months. This propane capability represents about 10% of VEDO's winter design peak day supply capability and essentially 0% of its annual supply.
2. VEDO's propane capability will not be assignable directly for SSO/SCO Suppliers' use. However, SSO/SCO Suppliers' monthly Design Peak Demand and Comparable Firm Capacity Requirement for certain winter months will be reduced by the percentage of monthly peak day demand satisfied by VEDO's propane peaking supplies (see item 6 below). This is the same Propane Peaking Allocation method currently applicable to Choice Suppliers.
3. VEDO's three propane air plants are tested several times during the year. This results in propane-air mix volumes entering the system and being consumed by customers. The actual variable propane fuel costs incurred from these plant tests will be allocated each month to all SSO /SCO and Choice Suppliers on a pro-rata basis, because they will receive the SSO/SCO payments resulting from customer consumption of these volumes.
4. VEDO's propane air plants are also utilized to meet peak hourly demands during cold temperature conditions. The actual variable propane fuel costs incurred during the utilization of the propane plants will also be allocated to all Suppliers on a pro-rata basis.
5. When the DDQ exceeds the Comparable Firm Capacity Requirements or when otherwise necessary to meet system needs, and peaking supply is provided on behalf of the Suppliers, they will be assessed their proportionate shares of the actual variable costs of any peaking supply provided.
6. The current estimates for Propane Peaking Monthly Reductions are as follows (an update will be provided annually in June after VEDO's Peak Day Forecast is completed):

<u>Month</u>	<u>Reduction</u>
December	10.5 %
January	10.5 %
February	10.5 %
March	8%

17. Storage Management

1. Daily minimum and maximum injection and withdrawal volume limits will be established for each Supplier's VEDO-released TCO storage in order to balance the system and stay within the TCO storage tolerances so as to not incur pipeline penalty charges (see attachment 17A). Daily limits can vary depending on HDD. If Suppliers overrun their individual pipeline storage tolerances, they may be billed for such overruns by the pipeline. VEDO will assess Storage Non-Compliance charges for any volumes not in compliance with the VEDO-specified volumetric limits.
2. Daily inventory level requirements will be established for each Supplier's TCO storage inventory in order to ensure the ability to meet a peak day and to meet TCO's total storage inventory balance limits by the end of each season (see attachment 17 B).
3. Suppliers not continuing for any subsequent annual auction term will be required to sell inventory equal to 10% of their TCO SCQ to succeeding SCO/Choice Suppliers at the first of the month "Monthly Contract Index" price for "Columbia Gas Transmission Corp, Appalachia" as reported by Inside FERC's Gas Market Report in the table "Prices of Spot Gas Deliveries to Pipelines" for the first month of the next phase. These provisions also apply to Choice Suppliers leaving the Choice program.

18. Comparable Firm Capacity Requirement

1. For the term of each SSO/SCO Phase, each SSO/SCO Supplier agrees to retain sufficient firm interstate pipeline transportation and storage capacity with primary delivery points to the VEDO city gates and/or city-gate firm gas supply arrangements to meet 100% of the monthly design peak day demands for its tranches, less a percentage during certain winter months reflecting the Supplier's propane allocations.
2. VEDO may verify the Supplier's compliance with this requirement at any time. The Supplier agrees to provide VEDO on a timely basis all documentation necessary to verify its compliance with this requirement.
3. The Comparable Firm Capacity Requirement is also currently applicable to Choice Suppliers.
4. Choice and SSO/SCO Suppliers will provide capacity plans twice a year, in September and February, to demonstrate their plans for the upcoming seasons.

19. Choice Capacity Restart

1. VEDO intends at this time to continue to contract for firm capacity entitlements to meet approximately 75% of the combined design day demands for all customers other than the Large Transporters.
2. Effective as of the SSO Phase Initiation Date, VEDO will release and allocate on a pro rata basis all of the Company's capacity entitlements to serve a portion of the design day demands for each SSO Supplier load tranche and for each Choice Suppliers' Pools. For both the SSO Suppliers (and subsequently the SCO Suppliers) and the Choice Suppliers, this will be a mandatory pro rata release for all of VEDO's then existing capacity entitlements. These capacity entitlements will include the pipeline firm transportation, pipeline storage service, and the Company owned propane peaking deliverability.
3. This mandatory capacity approach will equate to approximately 75% of the design day demand for each SSO/SCO Supplier tranche and for each Choice Supplier pool. Both SSO/SCO Suppliers and Choice Suppliers will be responsible for contracting for non-VEDO capacity for the firm entitlements to serve the remaining 25% of their respective design day demands. These entitlements will be subject to the examination by VEDO as detailed in Section 18.
4. Because the Choice Suppliers will share in paying the cost of TCO storage necessary to provide system balancing, VEDO shall suspend the Choice Balancing Cost Rider (see Section 46) on the SSO Initiation Date.
5. The Choice Capacity Restart is a change from the optional capacity release currently applicable to the Choice Suppliers to a mandatory capacity release requirement.

20. Daily Nominations – DDQ and TCO Storage Activity

1. By 8:00 a.m. Central Clock Time (CCT) each day (including Saturdays, Sundays, and Holidays), VEDO will post on its EBB, SSO/SCO Supplier's Directed Delivery Quantity (DDQ) for the gas day beginning 9:00 a.m. CCT the following day.
2. Such SSO/SCO DDQ shall be the sum of:
 - a. the Expected Demand of the Supplier's tranches for that gas day, plus
 - b. tranche UAFG quantities based on VEDO's UAFG Percentage, plus
 - c. any necessary adjustments for interstate pipeline and/or VEDO operating constraints.
2. The DDQ will be stated in city gate MMBtus.
3. In addition, VEDO will post the Suppliers' Expected Demands for the subsequent four days as well as the Heating Degree Days (HDDs) used to develop the Expected Demands. See attachment 20A, subject to change to include storage activity.
4. At the time of posting the DDQ, VEDO shall indicate the minimum and maximum (or exact) MMBtu quantity that shall be delivered by Supplier on each interstate pipeline or to each VEDO city gate to achieve the DDQ, and shall post any interstate pipeline and/or VEDO operating constraints that are expected to be in effect the following days.
5. Suppliers will be required to nominate scheduled storage injections and withdrawals to the pipelines and to VEDO.
6. The DDQ will be posted on a daily basis for the next day's flow.
7. Shipper must deliver primary (receipt and delivery).
8. VEDO will post daily minimum and maximum TCO storage injection and withdrawal limits and daily minimum storage inventory levels.
9. Injection nominations need to be delivered via TCO pipeline and in addition to the required daily TCO city-gate allocation minimum volumes per market area.
10. Scheduled injection nominations during winter months and scheduled withdrawal nominations during summer months are subject to approval in advance by VEDO.
11. By 11:30 a.m. CCT each day, and via intra-day nominations thereafter, the Supplier shall nominate to VEDO via VEDO's EBB the quantity of gas that it has scheduled for delivery at Company's city gates to meet its DDQ for the following gas day.
12. Supplier agrees to adhere to the nominating guidelines set out in the FERC approved tariff of the applicable interstate pipeline and to comply with any VEDO operating and/or interstate pipeline restrictions communicated by VEDO.
13. VEDO will post actual system imbalance volumes the day after flow, or as soon as the information is available, and each SSO/SCO and Choice Supplier's pro-rata share of the system imbalance per their monthly PDA.

20. Daily Nominations – DDQ and TCO Storage Activity (cont')

14. No-Notice nominations may be made to Supplier's scheduled storage withdrawal nominations by VEDO via TCO's EBB prior to cycle 2 for the prior day's flow if such SSO/SCO Supplier has not delivered adequate supplies to meet its DDQ or has not met its TCO minimum city-gate allocation delivery volume. These no-notice nominations are necessary to lessen the impact to other SSO/SCO and Choice Suppliers' system imbalance allocations.
15. All off-system storage withdrawals must be nominated to VEDO via the Marketer Extranet. TCO off-system storage withdrawals are not eligible for No-Notice nomination changes.
16. Pre-determined allocations (PDA) will be set with TCO at the beginning of each month proportional to the percentage of TCO storage capacity released by VEDO to each SSO/SCO and Choice Supplier. Each Supplier will be allocated a portion of the daily system imbalance based on the PDA percentages. SSO/SCO and Choice Suppliers may be charged by TCO for any overrun or penalties associated with exceeding their individual storage contract rights.
17. In the event that VEDO as meter operator incurs penalties assessed by TCO for a violation, the penalties will be assessed to each Supplier that contributed to the penalty proportional to their contribution to the violation.

21. Forecast Equations

1. VEDO will forecast the SSO aggregate Peak Design Day Demand based upon Company's design day and forecasted weather, utilizing the aggregate number of SSO Customers and the historic usage characteristics of the SSO Customers. SSO Suppliers' respective Peak Design Demands will be based on equal divisions of the aggregate demand into each load tranche multiplied by the number of each SSO Supplier's tranches.
2. For forecasting the total daily system requirements, VEDO currently uses an Artificial Neural Network model (ANN). (See attachment 21B for an article on ANN.)
3. For its daily Choice forecasts, VEDO currently uses individual linear regression based models customized for each Choice Supplier's customer pool. These models are also provided to the respective Choice Suppliers for their planning purposes in the form of an Excel spreadsheet (See attachment 21A).
4. At the initiation date of the SSO Phase, VEDO will begin using the ANN-based forecasting methodology for all daily Choice forecasts and continue to apply the ANN-based forecasting methodology for daily system requirements forecasts up to 65 HDD. The daily demand for SCO Supplier's customer load tranches will be forecast in the same manner.
5. If needed, VEDO may adjust its forecast methodology to respond to operational requirements in order to address excessive daily and monthly system imbalances.
6. The SSO forecasts will be the net of the total daily system requirements projection reduced by Choice forecasts and Large Transporter nominations (See attachment 21C).
7. For forecasts on days that are projected to be 66 heating degree days or colder, VEDO will use regression based forecasting methodology for all daily requirements forecasts.
8. Regression based forecasting methodology will be used to determine Choice, SSO and SCO design peak day forecasts.

22. Reserved for Future Use

23. City-Gate Allocations

1. VEDO will utilize the same city-gate allocation methodology and processes in the SSO/SCO Phases for SSO/SCO Suppliers as is used in its Choice Program for Choice Suppliers.
2. VEDO's distribution system is comprised of operating areas that can only receive volumes from specific city-gates as well as operating areas that can be supplied from multiple city-gates.
3. City-gate Allocations are required to ensure that:
 - a. supply and demand in each operating area remain in balance,
 - b. system reliability is maintained, and
 - c. operational performance standards and tolerances are considered.
4. VEDO has established city-gate allocation tables that outline a range of minimum and maximum delivery percentages by city-gates on the VEDO system, including local production, based on temperatures and/or operating system demand criteria.
5. The percentages are recalculated and communicated to Suppliers periodically. Absent unforeseen circumstances, a four month minimum pre-notification will be provided on changes to the city-gate allocation tables.
6. A SSO City-gate allocation non-compliance charge will be assessed on the quantity difference if the SSO Supplier's Daily Pipeline Nomination is less than the minimum or greater than the maximum city-gate allocation requirements.
7. See Attachment 23A for the current City-gate Allocation Table.
8. See Attachment 23B for SSO Phase (Phase 1) City-gate Allocation Table.

24. BTU Value

1. VEDO's GCR customers are billed volumetrically in Ccf.
2. For SSO/SCO customer billing purposes, the monthly NYMEX settlement price will be converted to Ccf each month using a standard annual BTU Value.
3. For each SSO/SCO annual period, the standard BTU Value will be set at the BTU Value for the most recent twelve months just prior to the auction.
4. Attachment 24A provides the monthly BTU Value for the last 2 ½ years on the VEDO system.
5. The Company's applicable monthly system BTU value will be used in converting customers' Ccf volumes to therms in the Monthly Volume Reconciliation calculation.

25. Migration to/from Choice – SSO Phase

1. Once the SSO Phase is initiated, there will continue to be customer migration to and from Choice each meter read day, since the VEDO Choice program allows customers to switch on their next meter read date.
2. Any migration will impact both the SSO and Choice demand profiles, either increasing or decreasing them which in turn will cause a pipeline capacity short position and equally offsetting long position between the two Supplier groups.
3. For that reason, VEDO-released capacity will follow customers migrating from SSO to Choice. The VEDO capacity transferred will represent approximately 75% of the migrating customers' peak load.
4. Likewise, pursuant to Section 19, Choice Suppliers will also hold VEDO-released capacity, and that capacity will follow customers migrating from Choice to SSO service.
5. The amount and types of capacity that will follow the migrating customers will be as set out in Attachment 25A.
6. The VEDO-released capacity for all affected Suppliers will be adjusted effective the first day of each calendar month, to reflect the updated Capacity Release Percentages for Suppliers based on loads calculated just prior to the end of the month.
7. Although storage capacity will follow a customer, storage inventory will not follow a customer. The Supplier receiving the capacity must arrange any acquisition of gas inventory necessary under the circumstances.
8. Released capacity, CRPs, and the TCO PDA may be changed intra-month should large Choice migrations occur.

26. Choice – Mandatory Capacity Release

1. The proposed Merchant Exit Transition requires a revision to Choice Program rules relating to Capacity Release. Currently, capacity release is optional for Choice suppliers picking up additional customers from sales service. In order to achieve VEDO's Exit Transition, it is necessary to require partial mandatory Capacity Release (See Section 19).
2. VEDO will retain capacity of about 75% of total system requirements (not including Large Transporter loads) which will be released to Choice Suppliers and SSO/SCO Suppliers.
3. VEDO's requirement for mandatory capacity release facilitates:
 - a. Allowing VEDO capacity to follow the customer upon migration to another Choice Supplier or SSO/SCO Supplier.
 - b. Utilization of a collective approach to system balancing.
 - c. Enhanced reliability resulting from VEDO's ability to recall about 75% of the capacity from a defaulting Choice or SSO/SCO Supplier.
4. This change will be effective upon the Initiation Date of the SSO Phase. (See the Proposed SSO Tariff Sheets for the revisions to the Choice tariff sheets.)
5. **A new Choice Supplier Agreement reflecting this change, and others, will need to be executed by Choice Suppliers.**

27. SSO Supplier Agreement

1. SSO Suppliers must execute an SSO Supplier Agreement containing the terms and conditions applicable to the relationship between VEDO and SSO Supplier. (See the Proposed SSO Supplier Agreement.)

28. SSO Supplier Qualifications

1. SSO Supplier Applicants must agree to execution of an SSO Supplier Agreement (see Section 27).
2. SSO Supplier Applicants must meet SSO Supplier Creditworthiness Requirements (see Section 29).
3. SSO Suppliers must agree to comply with all Merchant Exit Transition rules and requirements as reflected in the Program Outline, Supplier Agreement, VEDO Tariff, Exit Settlement and Commission Orders.
4. The purpose of these requirements – application, creditworthiness, supply – is to be sure that those who participate in the auction have both the wherewithal and the requisite intent to provide supply to VEDO during the SSO Phase.
5. To be eligible to participate in the auction as an SSO Supplier, a potential SSO Supplier would have to meet all deadlines for participation – i.e., timely submission of application and supporting documents is vital and no exceptions will be made.
6. Requirements include the following:
 - a. Application Requirements
 - i. Company Information, contacts, and alternate contacts
 - ii. Other relevant information
 - b. Credit Requirements
 - i. Creditworthiness requirements as detailed in Section 29
 - c. Supply Requirements
 - i. Estimated maximum number of tranches for which the applicant may be interested
 - ii. Applicant's preliminary capacity and supply plans to supply those tranches
 - iii. Other preliminary technical/supply requirements
 - d. Acknowledge Receipt of Auction Rules and Procedures and agree to be bound by those rules and procedures
 - e. Acknowledge Receipt of Customer Load Profile data
 - f. Attend and Participate in Pre-Application Meeting
 - g. Attend and Participate in Trial Auction, if held
 - h. Acknowledge Receipt from VEDO of the Pre-Qualification Notice (confidential to each potential SSO Supplier and the Auction Administrator) setting forth the maximum number of tranches for which the SSO Supplier is qualified to bid
 - i. Execute a Confidentiality Agreement with VEDO (to allow VEDO access to request financial information for VEDO creditworthiness evaluation and to require non-disclosure of VEDO Pre-Qualification Notice, described above).
7. Registered bidders may participate in the auction on a stand-alone basis or as the representative of a bidding agreement, joint venture or other arrangement among parties for the express purpose of bidding in the auction and supplying natural gas for any tranches awarded. Any bidders participating in such an arrangement must identify all of the other parties involved.

28. SSO Supplier Qualifications (cont')

8. Registered bidders may not participate in more than one manner and may not be associated with another bidder in any supply arrangement intended to provide gas for the tranches being auctioned.
9. Registered bidders may not have a controlling interest or 10% or greater stake in another bidder or have any relationship that would provide financial or other incentives based on the outcome of bidding efforts.
10. In addition to certifying the preceding, registered bidders must also certify that they will maintain the confidentiality of their bidding strategy and not retain any bidding advisors or consultants providing similar service to another registered bidder.
11. Sanctions may be imposed on a registered bidder for failing to abide by any of the preceding certifications. Such sanctions may include, but are not limited to, the loss of:
 - a. any rights awarded in the auction
 - b. immediate termination of any other arrangements with VEDO
 - c. forfeiture of any monies owed to the bidder by VEDO
 - d. attorneys' fees and court costs incurred in any litigation that arises from failure to abide by the certifications, and
 - e. any other legal actions, including prosecution, as VEDO in its sole discretion deems appropriate under the circumstances.

29. SSO Supplier Creditworthiness Requirements

1. SSO Supplier Applicants must be pre-qualified to bid up to two (2) tranches. Pre-qualification shall include a creditworthiness evaluation and all Suppliers must meet Vectren's creditworthiness requirements in advance of participation in the auction (see appendix 29A for collateral requirements). Potential Bidders will have their creditworthiness assessed against exposures that include 150% of the tranches that they intend to bid on. This is to allow for sufficient credit to enable an SSO Supplier to accept up to a 50% increase in its tranche size in the event of a Supplier Event of Default.
2. Final creditworthiness requirements shall be communicated to SSO Supplier Applicants at the time that initial information packages for auction participation are sent to potential bidders. The creditworthiness requirements shall include the timelines and process for evaluations, a detailed list of the information required to complete the evaluation and the methodology for calculating the amount of credit exposure.
3. VEDO will continue to review the factors that may result in credit risk exposure to ratepayers, other SSO Suppliers and Vectren resulting from the SSO auction and the ongoing performance of gas supply obligations for recipients of SSO load tranches. The current expected sources of credit risk exposure include, but are not limited to, the following:
 - a. The one-time sale of gas inventories in VEDO storage to SSO Suppliers;
 - b. Monthly pipeline and storage capacity charges that are due to the pipelines for VEDO capacity released to SSO Suppliers;
 - c. In the event that a Supplier under-delivers or fails to deliver gas to meet the requirements of a load tranche – the cost of replacement gas supply and capacity, as necessary;
 - d. In the event that a Supplier's over or under delivery results in VEDO system charges, the value of such charges;
 - e. In the event that a Supplier's non-performance results in penalties or fees charged to VEDO – the recovery of these fees in full;
4. Upon the awarding of tranches to SSO Suppliers, a liquid collateral requirement to be collected and used in the event of an SSO Supplier default to offset the financial hardship borne by remaining SSO Suppliers in the event that they are required to accept a some portion or all of a defaulting Supplier's tranche at the retail price adjustment set at the original auction.
5. SSO Suppliers shall grant VEDO a perfected first priority security interest in 10% of the SCQ of Supplier's VEDO-released TCO storage and shall have the right to claim up to all volumes in storage inventory to meet the needs of a Supplier's load in an Event of Default by the Supplier.

29. SSO Supplier Creditworthiness Requirements (cont')

6. SSO Suppliers shall grant VEDO a perfected first priority security interest in any SSO Customer Payments billed by VEDO or alternatively provide Company for the duration of the Choice Program with a cash deposit or an irrevocable letter of credit acceptable to Company equal to the sum of the expected two consecutive highest monthly customer revenue payments. VEDO shall have the right to offset such collateral against any obligations or financial responsibilities that an SSO may have as stipulated in the SSO Supplier Agreement and the Tariff in an Event of Default.
7. VEDO shall not be responsible for providing any Financial Assurance to SSO Suppliers as long as VEDO continues to perform in compliance with the Merchant Exit Transition Program.

30. SSO Supplier Failure to Perform

1. In the event of supplier default, VEDO will initiate and coordinate POLR responsibilities (see Section 36).
2. In conjunction with VEDO's provision of POLR Coordinator services, VEDO will notify the defaulting SSO Supplier of the occurrence of the Event of Default and will identify the remedies available to cure the Event of Default which must be cured within a maximum of 5 days of the notice.
3. In the event that a Defaulting SSO Supplier fails to cure the Event of Default the SSO Supplier will be terminated from further participation in the SSO or Choice Programs. The Defaulting SSO Supplier's VEDO-released storage capacity, secured gas in storage, and VEDO-released transportation capacity will immediately be recalled for the provision of POLR service, per Section 36.

31. SSO and Choice Supplier Monthly Statements

1. SSO Supplier Monthly Statements will be rendered each month by the 25th day of the month, for the prior month's activity.
2. VEDO will pay the SSO Suppliers a pro-rata share of the total SSO dollars **billed** to customers for each revenue month (i.e. total SSO dollars billed divided by number of tranches). The SSO sales volumes billed to customers will also be allocated on a pro-rata basis to SSO Suppliers based on each Supplier's number of tranches.
3. VEDO will pay the Choice Suppliers for the dollars **billed** to their Choice customers for the revenue month (see appendix 31A for timeline), as is currently done.
4. SSO Supplier Monthly Charges include the following:
 - a. Financial Evaluation Charge - A \$50.00 charge per financial evaluation.
 - b. Nomination Error Charge - A \$0.50 per Dth Nomination Error Charge based upon the quantity difference between the SSO Supplier's daily pipeline nomination and the pipeline daily confirmed volume delivered to VEDO, for each day of difference.
 - c. DDQ Non-Compliance Charge - A \$15.00 per Dth for the daily difference between the tranches DDQ and the aggregate deliveries which includes scheduled storage injections or withdrawals.
 - d. City-Gate Allocation Non-Compliance Charge - A \$5.00 per Dth City-Gate Allocation Non-Compliance Charge for any daily city-gate scheduled nomination less than the minimum or greater than the maximum city-gate allocation requirement.
 - e. OFO Non-Compliance Charge - A \$35.00 per Dth for any volumes over or under the specified restriction (See section 38)
 - f. Storage Non-Compliance Charge –
 - i. A \$15.00 per Dth charge for the first two occurrences during the term of the contract
 - ii. A \$35.00 per Dth charge for the third and subsequent occurrences during the term of the contract
 - iii. Supplier is considered in default upon the fifth occurrence
 - Charges apply to any volumes greater than the VEDO-established maximums or less than the VEDO-established minimums for the daily injection and/or withdrawal requirements or monthly inventory requirements.
 - Charges will apply daily for any volumes outside the monthly inventory requirements for that month

NOTE: In the event that TCO allows daily over-injection or over-withdrawal rights, Company shall not impose the Storage Non-Compliance Charge on any volumes injected or withdrawn greater than the maximum daily injection limits set by Company. However, over-injection and over-withdrawal rights do not preclude the TCO Storage Holders from maintaining their daily storage inventory levels within the limitations set by the Company.

31. SSO and Choice Supplier Monthly Statements (cont')

g. Related Charges - Supplier shall reimburse VEDO for all charges VEDO incurs in connection with interstate pipeline transportation of SSO Supplier-Delivered Gas including any gas costs, penalty charges, or cash-outs.

h. System Balancing Charge - The gas costs and monthly Imbalance cash-outs payable by/to the Transporters will be allocated among the Suppliers based on their proportion of TCO storage (monthly CRP).

i. Monthly Reconciliation Amount - Charge/payment as determined by the Monthly Usage Reconciliation. The price utilized will be the IFERC Gas Market Report First-of-the-month price for Columbia Gas Transmission Corp, Appalachia.

j. Propane Supplies Charge -The cost of propane or alternate supplies provided by Company for Suppliers

k. POLR Charge - Any charges associated with providing provider of last resort services due to the default of Supplier.

l. Storage Inventory Transfer – Charges/payments associated with purchasing or selling storage inventory from/to VEDO.

m. Delivery Point Cashout Amounts - Charges/payments associated with Pipeline Delivery Point cashouts, OBA settlements, or other related costs, allocated pro-rata to Suppliers.

32. Monthly Volume Reconciliations

1. The Choice Delivery/Usage Volume Reconciliation currently takes place annually, with a quarterly review. Upon implementation of the SSO phase, SSO/SCO Suppliers and Choice Suppliers will be reconciled on a monthly basis, two months after the month of flow using the methodology described below.
2. On a monthly basis, Company will determine Pool's/Tranche's Effective Deliveries and compare them to the Pool's/Tranche's Required Deliveries in order to determine the Pool's/Tranche's monthly variance to be reconciled. Because monthly reconciliation variance volumes are reflected in the TCO storage balances held by the Suppliers, the variance volumes will be reconciled between SSO/SCO and Choice Suppliers by charging those SSO/SCO and Choice Suppliers whose Required Deliveries are less than their Effective Deliveries, and paying those SSO and Choice Suppliers whose Effective Deliveries are greater than their Required Deliveries, at identical prices. The price utilized will be the IFERC Gas Market Report First-of-the-month price for Columbia Gas Transmission Corp, Appalachia.
3. The Pool's/Tranche's Effective Deliveries will be the sum of the Supplier's Pool's/Tranche's deliveries to the city-gate, plus their proportional share of propane and TCO storage activity.
4. The Pool's/Tranche's Required Deliveries will be determined by dividing the Pool's/Tranche's actual usage by the total non-Choice through-put volumes which established their share of customer billing. The share of billing is multiplied by the total system Effective Deliveries which consists of total non-Choice system throughput, propane volumes and the monthly net TCO Storage activity.
5. Such reconciliations will be performed the second month following the end of the month of flow in order to have sufficient time to obtain all billed usage for the applicable period and prior usage adjustments. (See appendices 32A & 32B for reconciliation calculation example, and billing timeline respectively.)
6. Choice Suppliers will be reconciled under the existing Choice reconciliation process the month preceding the SSO implementation. In order for the Choice Suppliers to migrate from the current reconciliation methodology of determining the imbalance using billed volumes to using estimated prorated volumes for the calendar month in the SSO phase, VEDO will include the estimated prorated volumes for the month prior to the SSO phase with their billed volumes for that same month in their final reconciliation.

33. SSO Supplier Candidate Education

1. One or more educational meetings will be held prior to the SSO auction with those Suppliers interested in bidding on VEDO SSO tranches.
2. All topics in VEDO's Merchant Exit Transition Program Outline will be discussed in detail.
3. The meeting(s) will be held prior to Supplier candidates submitting their SSO Supplier Application and undergoing creditworthiness evaluations.

34. SSO Customer Billing

1. SSO Customers will be billed at the monthly SSO Price per Ccf for all usage within a calendar month.
2. SSO Customers will continue to be billed on a cycle basis, with SSO Rider rate proration on a calendar month basis. The rate proration is currently done on a Days Use basis which assumes average daily usage over the billing period. The billing system will be revised to reflect Heating Degree Day proration which prorates the estimated heating portion of the load based on degree days.
3. Due to SSO Rider rate proration, the SSO Customers will not see on their bills a unit SSO rate equal to the calendar month NYMEX plus the Retail Price Adder, per Ccf. It will be a blended rate crossing two months.
4. SSO Customers will be subject to the Exit Transition Cost Rider.
5. SSO Suppliers names will not appear on SSO customers' bills.

35. SSO/SCO Uncollectible Accounts

1. Uncollectible Accounts for SSO Service and SCO Service will be recovered through the Uncollectible Expense Rider, similar to current GCR uncollectible accounts and Choice uncollectible accounts (for which VEDO purchases the receivables).