FILE

82

JOINT EXHIBIT NO. 2

**BEFORE**
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|---|---|---|
| **In the Matter of the Application of Columbia Gas of Ohio, Inc. For Approval of a General Exemption of Certain Natural Gas Commodity Sales Services of Ancillary Services.** | ) ) ) ) | **Case No. 08-1344-GA-EXM** |

---

**COLUMBIA GAS OF OHIO, INC.**
**SSO/SCO AUCTION TRANSITION**

**SETTLEMENT PROGRAM OUTLINE**
**NOVEMBER 12, 2009**

---

# Table of Contents

**26.** **Ohio Production, Firm City Gate Supplies, Peaking and Operationally Retained Capacity**

**27.** **Storage Management**

**Demand Curves, Forecasting, and BTUs**

**28.** **Columbia's Design Peak Day Forecast [Deleted]**

**29.** **Daily Nominations – Demand and/or Supply Curves**

**30.** **BTU Value**

**31.** **Annual Volume Reconciliations**

**SSO and CHOICE Customer Issues**

**32.** **Customer Eligibility**

**33.** **Rate Schedules Subject to SSO/SCO Rider**

**34.** **Customer Education – SSO/SCO Program**

**35.** **CHOICE Program Customer Migration**

**36.** **SSO/SCO Customer Billing**

**Other**

**37.** **Transportation Service ("TS") Banking and Balancing Provisions**

**38.** **Operational Flow Orders/Operational Matching Orders**

**39.** **CHOICE Supplier Credit Requirements**

**40.** **Columbia's Gas Price Hedging Plan**

**41.** **Off System Sales and Capacity Release**

**42.** **CHOICE/SSO/SCO Reconciliation Rider ("CSRR")**

# 1. Introduction and Background.

On December 28, 2007, Columbia and other parties, many of which comprise Columbia's Post-2010 Stakeholder Group, filed a Joint Stipulation and Recommendation ("Stipulation") in Case Nos. 04-221-GA-GCR, et al. In that Stipulation, Columbia committed to filing, on or before February 1, 2009, an application that proposes to implement a gas supply auction for purposes of supplying commodity for Columbia's Standard Service Offer (SSO) by no later than April 1, 2010. By Order dated January 23, 2008, the Commission approved the Joint Stipulation and Recommendation. In compliance with the January 23, 2008 Order, Columbia filed an Application, tariffs and testimony for a gas supply auction including a Program Outline which provided the implementation details for the auction as well as other service amendments.

A Columbia Post 2010 Stakeholder Group including Columbia's CHOICE commodity suppliers, other interested commodity suppliers, the Ohio Farm Bureau Federation, the Office of the Ohio Consumers' Counsel, Ohio Partners for Affordable Energy, various industrial customers, schools, and the Commission Staff was formed with the primary goal of developing a consensus as to the structure for gas service in the Columbia service territory following the expiration of the Transition Period[1].

In August, 2009, Columbia, the Staff of the PUCO and the intervening parties reached an agreement in principle to settle the outstanding issues raised in Columbia's SSO Transition Application. This revised Program Outline, together with the Joint Stipulation and Recommendation submitted by the parties reflects the terms of that Settlement.

The term of the Stipulation shall commence upon approval by the Commission, and shall have an initial term extending through March 31, 2013. After the expiration of the initial term, the provisions of the Stipulation shall continue in effect until modified by the Commission. All parties have reserved the right to propose changes to the Stipulation to become effective following the end of the initial term.

This Program Outline describes how Columbia shall implement an SSO and a Standard CHOICE Offer (SCO) Auction process and the corresponding changes that Columbia believes must be made to Columbia's existing Transportation Service and CHOICE Program services in order to ensure the continuation of reliable services to all of Columbia's customers.

---

[1] The Transition Period is defined as November 1, 2008 through March 31, 2010. *In the Matter of the Regulation of the Purchased Gas Adjustment Clause Contained within the Rate Schedules of Columbia Gas of Ohio, Inc., and Related Matters.* Opinion and Order (January 23, 2008) at p. 8.

## 2. Definitions

The following terms and acronyms shall have the meaning as set forth below except for paragraph 42 which contains its own definitions

"Bcf" – Is an acronym which stands for Billion Cubic Feet of Natural Gas.

"BTU" – Is an acronym which stands for British Thermal Unit.

"Capacity Assignment Percentage" – Shall mean a percentage calculated by Columbia that shall be equal to the sum total of Columbia's contractual firm city gate pipeline capacity and firm city gate supply contracts, less capacity retained by Columbia for assignment to TS Customers and capacity retained to provide Backup Service for TS Customers, the total of which will be divided by Columbia's Design Peak Day Forecast of 2,037,600 Dth, as indicated on Attachment A hereafter referred to as the Peak Day Forecast.

"Ccf" – Is an acronym which stands for Hundred Cubic Feet of Natural Gas.

"CGT" – Is an acronym which stands for Columbia Gulf Transmission Company

"Commission" – Shall mean the Public Utilities Commission of Ohio.

"CSRR" – Shall mean the CHOICE/SSO/SCO Reconciliation Rider to be charged to all CHOICE/SSO/SCO Customers based on their billed throughput.

"Dth" – Is an acronym which stands for Dekatherm, One Million British Thermal Units.

"Local Gas Purchase Adjustment" – Shall mean an adjustment that Columbia shall make equally to all CHOICE and SSO/SCO Demand Curves representative of the Ohio Production supply quantities and those supplies purchased by Columbia via Operationally Retained Capacity made by Columbia.

"Local Gas Purchase Price" – Shall be defined as the TCO Monthly Index plus a fixed dollar amount, to be determined annually. The fixed dollar amount shall be determined through the comparison of Columbia's actual, normalized purchase rate with the weighted TCO Monthly Index for the most recent November-October period. Columbia shall post the fixed dollar amount on its website at least two weeks prior to an auction.

"Local Gas Purchase Requirement" – Shall mean a volume of gas that CHOICE and SSO/SCO Suppliers shall purchase from Columbia monthly, which shall be equal to an estimate of the Columbia purchases of Ohio Production, firm city gate supplies, and supplies purchased via Operationally Retained Capacity that Columbia acquires to assure reliability and sufficiency of supply to all CHOICE and SSO/SCO eligible customers.

"Mcf" – Is an acronym which stands for Thousand Cubic Feet of Natural Gas.

"NAESB" – Is an acronym which stands for the North American Energy Standards Board.

"NCGT" – Is an acronym which stands for North Coast Gas Transmission, LLC

"NYMEX" – Is an acronym which stands for the New York Mercantile Exchange.

"Operationally Retained Capacity" – Shall mean that portion of Columbia's firm city gate and related upstream pipeline capacity that Columbia will not directly assign to CHOICE and SSO/SCO Suppliers under Columbia's Capacity Allocation Process.

"Peak Day Forecast" – Shall mean the projected Columbia system maximum daily firm demand of 2,037,600 Dth.

"PEPL" – Is an acronym which stands for Panhandle Eastern Pipe Line Company

"Pipeline Scheduling Point" or "PSP" shall mean (i) the single delivery point or set of delivery points grouped or designated by an upstream pipeline for purposes of scheduling gas supplies for delivery by such upstream pipeline; or (ii) the single delivery point or set of delivery points grouped or designated by Columbia for operational purposes. The Pipeline Scheduling Points of Columbia Gas Transmission, LLC shall be utilized by Columbia for the purpose of developing Demand Curves.

"Program Year" – Shall mean one of the following three years of the initial term of the Stipulation : April 1, 2010 through March 31, 2011; April 1, 2011 through March 31, 2012; and April 1, 2012 through March 31, 2013.

"Retail Price Adjustment" - Shall mean the amount of money per Mcf an auction bidder offers in addition to the NYMEX closing price to derive the retail sales price for default commodity service.

"SCO Auction" – Shall mean a Standard CHOICE Offer auction. An SCO auction is one in which the winning bidders receive both the right and obligation to provide natural gas commodity for a specified list of Choice customers purchasing default commodity service.

"SSO Auction" – Shall mean a Standard Service Offer auction. An SSO auction is one in which the winning bidders receive both the right and obligation to provide natural gas commodity for a specified portion of the total demand of customers purchasing default commodity service.

"Storage or Storage Capacity" – Shall mean TCO FSS and related SST unless specified otherwise.

"Supplier" – Shall mean a CHOICE supplier authorized to do business on Columbia's system or an SSO/SCO supplier that has been approved to participate in Columbia's SSO/SCO Auction and/or has won one or more tranches in Columbia's SSO/SCO Auction.

"System-Wide Retention Factor" – Shall mean a percentage representing Columbia's system average lost and unaccounted for volumes and company use gas.

"TCO" – Is an acronym which stands for Columbia Gas Transmission, LLC

"TCO Daily Index" – Shall mean the price as reported in *Platts Gas Daily "Daily Price Survey"* - for the applicable day for "Columbia Gas, Appalachia" under the heading "Midpoint".

"TCO Monthly Index" – Shall mean the price as reported in *Platts Inside FERC's Gas Market Report* for the month of purchase, in the monthly report titled "Pricing of spot gas delivered to pipelines", under the column heading "Index" for "Columbia Gas, Appalachia".

"TGP" – Is an acronym which stands for Tennessee Gas Pipeline Company

"TRK" – Is an acronym which stands for Trunkline Gas Pipeline

"XRD" – Is an acronym which stands for Crossroads Gas Pipeline

# 3. SSO/SCO Auction Transition Goals and Objectives

## A. Goals.

The primary goal of the stakeholder process is to develop a structure for gas services in Columbia's service territory following the expiration of the 2007 Stipulation's [2] Transition Period which fulfills the State Policy as to natural gas and natural gas service as established in Section 4929.02, Revised Code.

## B. Objectives.

1. To maintain reliable service for all customers.
2. To establish clear and user friendly administrative procedures.
3. To minimize operational complexities.
4. To create certainty and stability for all market participants.
5. To define roles and responsibilities of all parties.
6. To design and implement auction processes to replace the GCR effective April 1, 2010.
7. To establish and maintain a level playing field between the CHOICE program and the SSO/SCO Service.
8. To determine the structure of, and eligibility requirements for, an efficient and cost effective Transportation Service ("TS") program.

[2] See Opinion and Order accepting the Stipulation in Case No. 05-221-GA-GCR

## 4. SSO/SCO Auction Transition Calendar

| | |
|---|---|
| December 31, 2008 | Columbia Notice of Intent. |
| January 30, 2009 | Columbia Application for SSO Auction. |
| September 29, 2009 | Commencement of Commission Hearing |
| October 7, 2009 | Complete Hearing on Stipulation as Filed |
| December 2009 | Technical Conference open to all potential bidders |
| December, 2009 | Updating Columbia's Website to include SSO Auction Information. |
| February 16, 2010 | First SSO Auction. |
| April 1, 2010 | Delivery by SSO Suppliers for First SSO Period Commences. |
| April 20, 2010 | Signatory and interested stakeholders meeting to review the auction process and discuss SSO commodity supply operations. |
| February 15, 2011 | Second SSO Auction. |
| April 1, 2011 | Delivery by SSO Suppliers for Second SSO Period Commences. |
| April 20,2011 | Signatory and interested stakeholders meeting to review the SCO auction process and discuss SCO commodity supply operations. |
| February 15, 2012 | First SCO Auction. |
| April 1, 2012 | Deliveries by SCO Suppliers for the SCO Period Commences. |

## 5. Standard Service Offer ("SSO")/Standard CHOICE Offer ("SCO")

1. SSO Service will be a Commission-regulated sales service to be provided by Columbia that will replace Columbia's current GCR sales service during the two twelve month periods April 1, 2010 through March 31, 2012. The Application to which this Program Outline is attached requests an exemption from Chapter 4905 which governs commodity sales service.

2. SCO Service will be a Commission-regulated sales service that may replace SSO Service effective April 1, 2012. The primary difference between SSO and SCO Service is that winning SCO bidders will be assigned the responsibility to supply identified customers rather than a proportional amount of the sales requirements being assigned through the SSO auction.[3]

3. Gas supply for Columbia's SSO and/or SCO Service will be provided to Columbia by SSO/SCO Suppliers who will be determined via an Auction.

[3] OCC, OPAE and DTE state that, while they support the Stipulation as a whole, that support should not be interpreted as support for SCO auctions in general, or in this Stipulation.
Hess states that while it supports the Stipulation as a whole, it does not support the proposed SCO auction.

# 6. SSO/SCO Tariff Revisions

1. Columbia will file, within thirty (30) days of filing the Joint Stipulation and Recommendation, proposed revisions to its tariff that will provide for the implementation of the Joint Stipulation and Recommendation

2. At the time Columbia files tariffs for implementing the SSO Service, it will also file revisions to its tariff in recognition of the changes required in its Transportation Service and CHOICE Programs.

3. Columbia will file, no less than 180 days prior to the date of the implementation, revisions to its tariff for implementation of SCO Service. These tariff revisions will include the establishment of a new SCO Rider that will replace the SSO Rider and will include any changes required in its Transportation Service and CHOICE Programs.

## 7. SSO/SCO Reporting

1. As applicable, Columbia will provide monthly program statistics including the following: monthly SSO/SCO Rider Rate, number of SSO/SCO and CHOICE Customers, SSO/SCO and CHOICE volumes by rate schedule, participation rates by rate schedule, the number of SSO/SCO Suppliers and their market share, and other information as desired by the Commission.

## 8. Timing of SSO/SCO Auctions

Columbia proposes to implement two consecutive one year long SSO Periods and a one year long SCO Period.

First SSO Period

1. The SSO Auction for the First SSO Period will be conducted on or about February 16, 2010.
2. For customer billing purposes, the First SSO Period will begin with the April 2010 billing cycle at which time the GCR rate will be replaced by the SSO rate. The SSO Suppliers' obligation to deliver gas supplies will commence April 1, 2010.
3. The First SSO Period will end with the March 2011 billing cycle for customer billing purposes, and on March 31, 2011 for the SSO Supplier gas delivery obligation.
4. The winning bid price resulting from the SSO Auction will be subject to Commission approval. If the Commission does not approve the winning SSO Price, then Columbia will request that the Commission provide direction regarding whether and when a follow up Auction for the First SSO Period should take place, taking into account important factors such as the need to begin storage injections in the month of April 2010. If the Commission decides that a follow up Auction should not be held, Columbia will continue to provide GCR or other default commodity sales service, while incorporating all other changes approved by the Commission pursuant to Columbia's Application.

Second SSO Period

1. The SSO Auction for the Second SSO Period will be conducted on or about February 15, 2011.
2. For customer billing purposes, the Second SSO Period will begin with the April 2011 billing cycle at which time the SSO Price from the First SSO Period will be replaced by the SSO Price for the Second SSO Period. The SSO Suppliers' obligation to deliver gas supplies for the Second SSO Period will commence April 1, 2011.
3. The Second SSO Period will end with the March 2012 billing cycle for customer billing purposes, and on March 31, 2012 for the SSO Supplier gas delivery obligation.
4. The winning SSO Price shall be subject to Commission approval. If the Commission does not approve the winning SSO Price, then Columbia shall request that the Commission provide direction regarding whether and when a follow up Auction for the Second SSO Period should take place, taking into account important factors such as the need to begin storage injections in the month of April 2011. If the Commission decides that a follow up Auction should not be held, Columbia will provide a GCR or

other default commodity sales service, while incorporating all other changes approved by the Commission pursuant to Columbia's Application.

First SCO Period.

1. The SCO Auction for the First SCO Period will be conducted on or about than February 15, 2012.

2. For customer billing purposes, the First SCO Period will begin with the April 2012 billing cycle at which time the SSO Price from the Second SSO Period will be replaced by the SCO Price for the First SCO Period. The SCO Suppliers' obligation to deliver gas supplies for the First SCO Period will commence April 1, 2012.

3. The First SCO Period will end with the March 2013 billing cycle for customer billing purposes, and on March 31, 2013 for the SCO Supplier gas delivery obligation.

4. The winning SCO Price shall be subject to Commission approval. If the Commission does not approve the winning SCO Price, then Columbia will request that the Commission provide direction regarding whether and when a follow up Auction, whether an SCO or a third SSO auction, for the First SCO Period should take place, taking into account important factors such as the need to begin storage injections in the month of April 2012. If the Commission decides that a follow up Auction should not be held, Columbia will provide GCR sales service or other default commodity sales service, while incorporating all other changes approved by the Commission pursuant to Columbia's Application.

## 9. SSO/SCO Auction Process

1. Columbia will conduct two SSO auctions and then an SCO Auction in a manner whereby qualified suppliers can compete for the ability to supply a share of the natural gas commodity needed to provide full service for customers not taking CHOICE or transportation service.

2. Columbia's SSO/SCO supply requirements will consist of all of Columbia's GCR and PIPP sales volumes – i.e., all customers not served by CHOICE or TS Suppliers.

3. The forecasted SSO/SCO requirements will be divided into sixteen equal tranches to be auctioned to potential SSO/SCO Suppliers. For informational purposes, based upon current estimates, one tranche would equal approximately 5.0 Bcf per year of gas supply. The approximate size of a tranche will be updated and provided to bidders not less than seven days prior to the auction so they may prepare for the bidding for each SSO/SCO Auction.

4. Each winning SSO Supplier shall receive the same delivery requirement per tranche. Each tranche will consist of the ratio of the number one divided by the number of tranches awarded in the auction. For example, in an SSO Auction with sixteen (16) awarded tranches, each tranche shall be equal to the amount of natural gas commodity needed to fulfill the demand of 1/16 or 6.25% of the daily demand for default commodity service.

5. Each winning SCO bid Supplier shall be assigned the responsibility to supply individual customers the forecasted demand which equals the ratio of the number one divided by the number of tranches awarded in the SCO auction. Thus, if there are 16 tranches awarded in the SCO auction, each tranch would be assigned individual customer accounts which in the aggregate total 1\16 or 6.25% of the forecasted delivery of the default commodity service. Further, Columbia will attempt to assign the accounts per tranche in a manner that is reasonably designed to assign each tranche customer accounts that in the aggregate provide similar seasonal load and peak day delivery responsibilities. All SCO Suppliers will deliver supply quantities based on the identified customers' requirements.

6. SSO/SCO Suppliers will deliver to Columbia at the assigned Pipeline Scheduling Point (PSP) the quantity specified by, and in accordance with, a Columbia provided Demand Curve calculated in a manner identical to that provided to CHOICE Suppliers.

7. A maximum of four tranches will be awarded to any individual bidder. The four tranche limit also applies to bidders that are affiliated with and/or have an interest equal to or greater than 10% in other bidders. For example, if there are three bidders, two of which are affiliated by having the same corporate parent and a third in which that same corporate parent has a 10% or greater interest,

then the three bidders in total could win a maximum of only four tranches, inclusive of any fractional interest.

8. Bidding in the SSO/SCO Auction will be for a price adjustment (the "Retail Price Adjustment"), which will be added to the NYMEX final settlement price each month during the SSO/SCO Period to determine the monthly SSO/SCO Price. The Retail Price Adjustment will be fixed for the respective annual SSO/SCO Periods. The Retail Price Adjustment, by being added to the NYMEX price will in effect, convert the NYMEX price from dollars per million British thermal units at the Henry Hub in Louisiana, to dollars per thousand cubic feet gas cost rate at the burner tip.

9. Columbia will utilize an independent Auctioneer to conduct a descending clock auction. In a descending clock auction, the Auctioneer reduces the offered price, in this case the Retail Price Adjustment ('price") throughout the auction event, while bidders submit bids representing the quantity of units that bidder is willing to sell at the designated price. The Auctioneer continues ticking down the price until the total quantity bid across all bidders matches the quantity offered.

10 The descending clock auction will proceed in a series of rounds during a single day. At the beginning of each round, the Auctioneer will announce the offered price of the Retail Price Adjustment. Based upon that offered price, each bidder will bid the number of tranches that it is willing and able to supply at that price. Assuming that the number of tranches initially bid is in excess of sixteen, a second round will be initiated with a lower offered price. The offered price will decline from one round to the next, in decrements no smaller than five cents. In each succeeding round, a bidder can either bid the same number or fewer tranches than it bid in the preceding round. The SSO/SCO Auction will end when the number of tranches bid at an offered price equals sixteen. However, if the number of tranches bid in a round drops to less than sixteen, then the Auctioneer will revert back to the price of the previous round (which had bids for more than sixteen tranches) and begin the next round by reducing the price of that previous round by one cent, and will continue additional rounds using decrements of one cent until the number of tranches bid equals sixteen. If in this process, the number of tranches bid once again drops from greater than sixteen to less than sixteen between two rounds, then the immediately prior round shall be considered the final round. In such event, because the final round will have more than sixteen tranches bid, the size of each tranche will be adjusted downward on a prorated basis such that the supply requirement of all tranches awarded is equal to the initial forecasted total SSO/SCO requirements.

11. Columbia will release upstream transportation and storage capacity to the winning bidder as described further in Sections 19 through 21.

12. Immediately following the SSO/SCO Auction, the winning Retail Price Adjustment and the names of the winning bidders will be filed with the Commission for its approval. For the First SSO Period, bidders' names will be

held confidential for sixty (60) days from the date of the Commission's order approving the auction results. For the Second SSO Period auction, bidders' names will be held confidential for sixty (60) days from the date of the Commission's order approving the auction results. For the First SCO Period, bidders' names will be held confidential for sixty (60) days from the date of the Commission's order approving the auction results.

## 10. SSO/SCO Price

1. The SSO/SCO Price each month during an SSO/SCO Period will be the NYMEX final settlement price for the month plus the Retail Price Adjustment determined by the SSO/SCO Auction. The result will be a price per Mcf.

2. The SSO/SCO Price paid by Columbia to SSO/SCO Suppliers shall represent full compensation for providing SSO/SCO supply service to Columbia during the term of the SSO/SCO Period.

3. The SSO/SCO Price paid by SSO/SCO Customers will be converted from dollars per Mcf ($/Mcf) to dollars per Ccf ($/Ccf) for billing purposes and for "Apples-to-Apples" posting purposes.

4. As an example of the prices and billings described above, assuming that the final settlement price for the April NYMEX was $8.00 per MMBtu, and the Retail Price Adjustment was $2.50, then the SSO/SCO Price paid to SSO/SCO Suppliers for gas consumed by SSO/SCO Customers in the April billing cycle would be $10.50 per Mcf, and the SSO/SCO Price paid by SSO/SCO Customers to Columbia would be $1.050 per Ccf. (Note that the SSO/SCO Customers will also pay Columbia the applicable Columbia Base/Distribution Rate, the CSRR and other applicable charges.)

# 11. SSO/SCO Supplier Qualifications

1. The purpose of these qualification requirements is to help ensure that potential SSO/SCO Suppliers have the resources and the requisite intent to provide supply to Columbia pursuant to the SSO/SCO Supplier Agreement.

2. Bidders in the SSO/SCO Auction must:
   - provide company information, contacts, and other pertinent identification and communication information as required by Columbia;
   - agree to execute an SSO/SCO Supplier Agreement as presented by Columbia in the event that they are a winning bidder (see Section 13);
   - meet SSO/SCO Supplier creditworthiness requirements (see Section 14);
   - agree to comply with all SSO/SCO Auction program rules and requirements as reflected in the Program Outline, SSO/SCO Supplier Agreement, Columbia tariff, and Commission Orders;
   - meet all key deadlines for participation such as timely submission of application and supporting documents, signing of contracts, etc.;
   - provide the number of tranches on which the applicant would like to be able to bid;
   - acknowledge receipt of SSO/SCO Auction rules and procedures and agree to be bound by those rules and procedures;
   - acknowledge receipt of SSO/SCO Customer supply requirement data;
   - participate in preparatory and informational meetings directed toward bidders;
   - acknowledge receipt from Columbia of the confidential notice from Columbia (to each bidder and the Auction Administrator) setting forth the maximum number of tranches for which the bidder is qualified to bid on; and
   - execute a confidentiality agreement providing Columbia access to financial information for creditworthiness evaluation and to require non-disclosure of the confidential notice described directly above.

3. Bidders must certify:
   - that they will maintain the confidentiality of their bidding strategy and not retain any bidding advisors or consultants providing similar service to another bidder; and
   - whether they will bid on a stand alone basis or will be part of a bidding partnership, joint venture, or other arrangement related to the SSO/SCO Auction, and whether or not they have a 10% or greater interest in another registered bidder or have any relationship that would provide financial or other incentives based on the outcome of bidding efforts.

4. Sanctions may be imposed on a bidder for failing to abide by any of the preceding certifications. Such sanctions may include, but are not limited to:
   - the loss of any rights awarded in the SSO/SCO Auction;
   - immediate termination of any other arrangements with Columbia;
   - forfeiture of any monies owed to the bidder by Columbia;

- liability for attorneys' fees and court costs incurred in any litigation that arises from failure to abide by the certifications; and
- being subject to any other legal actions, including prosecution, as Columbia in its sole discretion deems appropriate under the circumstances.

## 12. SSO/SCO Supplier Information and Education

1. Prior to each Auction, Columbia shall make available to all potential bidders information which describes and details the historic and projected commodity load by customer class.

2. Columbia shall use its current website or other method of making information available to potential bidders including answers to the most frequently asked questions. The website will contain all public auction documents and will be updated regularly with the most recent data.

3. One or more educational meetings will be held prior to the SSO/SCO Auctions with potential SSO/SCO Suppliers interested in participating.

4. At the meetings, topics related to Columbia's SSO/SCO Auction will be discussed in detail.

# 13. SSO/SCO Supplier Agreement

1. SSO/SCO Suppliers must execute an SSO/SCO Supplier Agreement containing the terms and conditions applicable to the relationship between Columbia and the SSO/SCO Supplier.

2. The SSO/SCO Supplier Agreement will be structured around standard NAESB language, plus an addendum to the NAESB base contract referred to as the Special Provisions, plus the Transaction Confirmation which also attaches to the base NAESB contract and which taken together with Columbia's tariff will address all of the terms and conditions unique to the SSO/SCO supply arrangement.

## 14. SSO/SCO Supplier Credit Requirements

1. Potential bidders in the SSO/SCO Auction must be pre-qualified to bid on up to four (4) tranches. Pre-qualification shall include a creditworthiness evaluation and bidders must meet Columbia's creditworthiness requirements in advance of participation in the Auction. Bidders will have their creditworthiness assessed against exposures that include 150% of the tranches that they express the intent to bid on. This level is required in order to allow for sufficient credit to enable an SSO/SCO Supplier to accept an increase in its tranche volumes in the event of an SSO/SCO or CHOICE Supplier default, up to a level equal to 150% of the design day demand of the original tranche level won by the SSO/SCO Supplier in the SSO/SCO Auction. Final creditworthiness requirements shall be communicated to potential bidders at the time that initial information packages for SSO/SCO 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.

2. On an ongoing basis, Columbia will review the factors that may result in credit risk exposure to ratepayers from SSO/SCO Suppliers. 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 Columbia storage to SSO/SCO Suppliers;
    b. Local Gas Purchase Charges;
    c. SSO/SCO Balancing Charges;
    d. Monthly pipeline and storage capacity charges that are due to the pipelines for capacity released by Columbia to SSO/SCO Suppliers;
    e. The cost incurred by Columbia of replacement gas supply and capacity, incurred as a result of an SSO/SCO Supplier's failure to deliver the required quantities;
    f. Columbia tariff charges that an SSO/SCO Supplier may incur as a result of over or under deliveries; and
    g. Penalties or fees charged to Columbia as a result of an SSO/SCO Supplier's non-performance.

3. Columbia may offset against any SSO/SCO Supplier's obligations or financial responsibilities, any SSO/SCO payments held or billed by Columbia. SCO Suppliers shall grant Columbia a perfected first priority security interest in any SCO Customer Payments billed by Columbia.

4. Columbia shall not provide Financial Assurance to SSO/SCO Suppliers related to Columbia's obligations under the SSO/SCO Supplier Agreement as long as Columbia continues to perform in compliance with said Agreement.

5. In addition to those creditworthiness requirements addressed above, upon the awarding of tranches, each winning bidder shall provide Columbia with a cash deposit in the amount of fifty cents per Mcf multiplied by the initial estimated

annual delivery requirements for the SSO/SCO Period of the tranches won by that SSO/SCO Supplier. This financial security shall be held and administered by Columbia exclusively for the benefit of the other SSO/SCO Suppliers who are called upon to cover for the SSO/SCO Supplier in case of their default. The payment of this SSO/SCO Supplier security to the other SSO/SCO Suppliers whose SSO/SCO supply requirements increase as a result of the default, shall be allocated in accordance to the amount of demand each such Supplier is allocated , up to the 150% level. For example, an SSO/SCO Supplier that covers 30% of a defaulting SSO/SCO Suppliers obligation shall receive 30% of the security that was put up by the defaulting SSO/SCO Supplier for this purpose. This process does not call for any proof of damages from the remaining SSO/SCO Suppliers, and constitutes the entire amount of monies that would be due the remaining SSO/SCO Suppliers from Columbia as a result of such default by an SSO/SCO Supplier. In the second and subsequent auctions the amount of the cash deposit shall be adjusted to reflect the relative change in the SSO/SCO tranches.

## 15. CHOICE/SSO/SCO Supplier Failure to Perform

In the event that a CHOICE/SSO/SCO Supplier defaults:

1. Columbia will notify the defaulting CHOICE/SSO/SCO Supplier of the occurrence of the event of default and will identify the remedies available to cure the default which must be cured within a prescribed maximum of 5 days of the notice.

2. In the event that a defaulting CHOICE/SSO/SCO Supplier fails to cure the default, the Supplier will be terminated from further participation in the CHOICE and SSO/SCO programs.

3. If the default is not cured by the defaulting CHOICE/SSO/SCO Supplier, Columbia will insure continuity of service in the short term until customers or tranches are re-assigned. During this time frame, Columbia will recall a defaulting Supplier's assigned capacity if the default is not cured by the Supplier. Columbia may purchase gas in the market as needed to supply the un-served demand.

4. If the failing Supplier is a CHOICE Supplier, the affected CHOICE Customers will pay their CHOICE contracted rate for the billing cycle in which the Supplier's termination from the CHOICE program occurs and they will pay the SSO/SCO rate in the subsequent billing cycles. If the customer of a defaulting CHOICE Supplier chooses a different CHOICE Supplier, that request will be processed within the standard timing of the CHOICE program and the customer will be placed under that CHOICE Supplier's rate accordingly.

5. CHOICE Customers or SSO/SCO tranche or customer quantities that are un-served as a result of a CHOICE/SSO/SCO Supplier default will be allocated to remaining SSO/SCO Suppliers, in concert with the monthly development of Demand Curves, in the next available monthly cycle considering the allocation process described below:

    i. Following a CHOICE/SSO/SCO Supplier default, non-defaulting SSO/SCO Suppliers will receive their pro rata share of unserved tranches or customers based on the design day demand originally awarded to each non-defaulting CHOICE/SSO/SCO Supplier's tranches up to an amount not to exceed 150% of the SSO/SCO Supplier's initial annual delivery requirement.

    ii. If, due to the 150% limit, the allocation described above does not result in all of the unassigned demand being assigned to non-defaulting SSO/SCO Suppliers, then Columbia shall supply the remaining demand, and shall retain associated upstream capacity related to that demand. If the un-served demand is the result of a CHOICE Supplier default, then the related customers will begin paying the SSO/SCO Price, just as if their demand had transferred to non-defaulting SSO/SCO Suppliers. Associated gas supply and capacity costs incurred by Columbia will be charged to the CSRR.

iii. Capacity recalled by Columbia from a defaulting CHOICE Supplier will be allocated proportionally in accordance with the monthly recall and reassignment of capacity as required under Section 22.

6. Defaulting SSO/SCO Suppliers will be required to reimburse Columbia for any incremental costs incurred. Any such incremental costs not recovered from defaulting SSO/SCO Suppliers by Columbia will be included in the CSRR.

## 16. SSO Aggregation Fee

This section is deleted.

## 17. CHOICE/SSO/SCO Supplier Payments

All gas-cost related payments shall be credited to the CSRR.

1. Payments to CHOICE/SSO/SCO Suppliers shall be made on a net basis – i.e., all costs or charges owed Columbia directly or indirectly shall be offset against, or recouped from, what Columbia may otherwise owe CHOICE/SSO/SCO Suppliers.

2. Net payments to CHOICE/SSO/SCO Suppliers will be rendered each month, by the 25th day of the month, for the prior month's activity.

3. Columbia will pay the SSO Suppliers a pro-rata share of the total SSO dollars billed to SSO customers for each billing month (i.e. total SSO dollars billed divided by number of tranches) less costs and charges owed Columbia. 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.

4. Columbia will pay the SCO Suppliers for the amounts billed to their actual assigned customers for the billing month, less costs and charges owed to Columbia.

5. Columbia will pay the CHOICE Suppliers for the dollars billed to their CHOICE Customers for the billing month (see Attachment 17 for timeline) less costs and charges owed Columbia.

6. SSO dollars billed shall be computed each billing month through the multiplication of quantities identified from monthly billing reports, as generated by Columbia's revenue reporting system, by the effective SSO rate.

7. Offsets to CHOICE/SSO/SCO Supplier costs or charges include the following:

    a. <u>Local Gas Purchase Charge</u> – A charge equal to the Local Gas Purchase Price multiplied by the Local Gas Purchase Requirement.

    b. <u>Credit Evaluation Fee</u> - A $50.00 charge per financial evaluation. This charge is not gas-cost related and shall not be credited to the CSRR.

    c. <u>Demand Curve Non-Compliance</u> - On days when an OFO/OMO is not in place, the higher of a $10.00 per Dth Demand Curve Non-Compliance Charge, or 150% times the TCO Daily Index adjusted for SST commodity and shrinkage will be billed based upon the quantity difference between the CHOICE/SSO/SCO Supplier's daily demand curve requirement using the actual temperature as posted by Columbia for the past day and the Supplier's actual pipeline daily confirmed volume after retroactive nominations, for each day of difference. On days when an OFO/OMO is in place, the higher of a $30.00 per Dth Demand Curve Non-Compliance Charge, or 150% times the

TCO Daily Index adjusted for SST commodity and shrinkage will be billed based upon the quantity difference between the CHOICE/SSO/SCO Supplier's daily demand curve requirement using the actual temperature as posted by Columbia for the past day and the Supplier's actual pipeline daily confirmed volume after retroactive nominations, for each day of difference.

d. Related Charges. If Columbia seeks reimbursement from a CHOICE/SSO/SCO Supplier for upstream pipeline penalties and/or costs resulting from the CHOICE/SSO/SCO Supplier's failure to comply with Columbia's tariff, Columbia shall have the burden of establishing the CHOICE/SSO/SCO Supplier's failure to comply with Columbia's tariff. Additionally, Columbia shall provide such CHOICE/SSO/SCO Suppliers with documentation of how the applicable penalties or cost have been calculated.

CHOICE/SSO/SCO Balancing Charge - A charge equal to the CHOICE/SSO/SCO Balancing Fee multiplied by: a) the billed throughput for each CHOICE/SCO Supplier's customers; or, b) the prorated allocation of billed SSO throughput for each SSO Supplier based upon the percentage of total load served (for example, a one tranche SSO Supplier would be charged the Balancing Fee for 1/16 of the billed SSO throughput. The CHOICE/SSO/SCO Suppliers shall pay a non-temperature balancing and peaking service fee ("Balancing Fee")_ of thirty-two cents ($.32) per Mcf. The fee shall not change during the term of the Joint Stipulation. Balancing service costs shall be trued-up through the CSRR by reconciling the actual costs incurred by Columbia associated with the retained assets to provide Balancing/Peaking Service and the revenues received from the CHOICE/SSO/SCO Balancing fee.

e. All other amounts owed to Columbia as a result of CHOICE/SSO/SCO Supplier program participation.

f. Gross receipts taxes, or any other applicable taxes, on amounts billed by Columbia to CHOICE/SSO/SCO Suppliers where applicable and where remitted by Columbia to the appropriate taxing authority.

g. Upon the next scheduled billing date, a late payment fee of 1.5% of the unpaid balance on the balance due Columbia from the CHOICE/SSO/SCO Suppliers. Interest shall only apply if after netting all amounts Columbia owes the supplier as well as all amounts the supplier owes Columbia there is still an outstanding balance more than thirty (30) days in arrears.

## 18. Columbia Capacity Contracts

1. Columbia will retain the combination of interstate and intrastate pipeline transportation and storage capacity, local gas suppliers and contract peaking services in effect at April 1, 2010, at a level of 1,999,901 Dth/day in total. ( See Attachment 18).

2. Columbia's holding of capacity not to exceed 1,999,901 Dth/day facilitates:

   a. Efficient and effective management of a widely-dispersed natural gas distribution network with over 840 points of receipt from capacity providers (excluding main line tap points of delivery) without the burdensome requirement of overseeing supplier contracts for all customers to ensure system integrity;

   b. Allowing Columbia to release capacity to follow the customer upon migration to/from a CHOICE Supplier in accordance with the capacity reassignment provisions set forth in Section 19;

   c. Utilization of a level playing field approach to system management including, but not limited to, assignment of capacity, balancing the system, and management of local gas and operationally retained capacity;

   d. Enhanced reliability in the provision of firm services resulting from Columbia's ability to recall all assigned capacity from a defaulting CHOICE or SSO/SCO Supplier.

## 19. Capacity Allocation Process

1. Columbia shall allocate capacity to be temporarily assigned CHOICE/SSO/SCO Suppliers on a "level playing field" basis utilizing its Peak Day Forecast of 2,037,600 Dth.

2. Columbia shall allocate capacity based on the Pipeline Scheduling Points ("PSP") for Columbia Gas Transmission, LLC (TCO).

3. The level of capacity that Columbia shall utilize for this Capacity Allocation Process shall be equal to Columbia's total capacity/city gate supply portfolio including firm pipeline capacity contracts, Ohio Production supply contracts, operationally required city gate supplies and firm peaking contracts less the firm capacity retained by Columbia for release to TS Customers and less the capacity retained by Columbia to provide Backup Service to TS Customers.

4. Capacity shall be assigned for each PSP equally to each CHOICE/SSO/SCO Supplier on a percentage of peak day demand basis; Columbia shall provide a peaking service for each PSP equally to each CHOICE/SSO/SCO Supplier on a percentage of peak day demand basis. There will be no designation by Columbia of constrained or non-constrained PSP. Each CHOICE/SSO/SCO Supplier will receive equal percentage assignments of capacity for each PSP to assist them in meeting their delivery obligation. (See Attachment 19A).

5. Columbia shall review the amount of capacity assigned to CHOICE/SSO/SCO Suppliers monthly. The assignment of capacity by Columbia to CHOICE/SSO/SCO Suppliers made on April 1, 2010 shall be reassigned on a monthly basis to match as closely as possible each supplier's customer group.

6. The process of determining how Columbia will allocate capacity to each PSP shall be as follows:

   a. Columbia shall determine the percentage of capacity it shall assign each CHOICE/SSO/SCO Supplier, taking into consideration any peaking service provided by Columbia ("Capacity Assignment Percentage"). This percentage shall be equal to the total amount of Columbia's capacity portfolio effective April 1, 2010 (less the firm capacity retained for assignment to TS Customers and provision of Backup Service to TS Customers), divided by the Peak Day Forecast quantity;

   b. Columbia shall retain TCO and PEPL storage capacity (including associated transportation capacity) equal to approximately 22% of the Peak Day Forecast quantity, all local gas contracts, any contract peaking service, and all capacity not otherwise assignable as described hereinafter. Columbia shall use this retained capacity to provide firm peaking and other limited firm supply services for CHOICE/SSO/SCO Suppliers and to provide its non-firm banking and balancing service to its TS Customers;

c. Columbia shall next determine the percentage of peak day demand to be assigned as storage to each CHOICE/SSO/SCO Supplier by PSP. For the pipeline scheduling point that includes the Maumee Gate, the assignment of PEPL storage and related firm transportation capacity shall be within the percentage calculated hereunder;

d. Columbia shall then determine the percentage of peak day demand to be assigned as Firm Transportation Capacity to CHOICE/SSO/SCO Suppliers by PSP. For the PSP that includes the Maumee Gate, the assignment of PEPL non-storage related firm transportation capacity shall be within the percentage calculated hereunder. For those PSPs within which Columbia has contracted for firm transportation capacity with North Coast Gas Transmission, LLC ("NCGT"), the assignment of NCGT firm transportation capacity shall be within the percentage calculated hereunder. For those PSPs that require the upstream delivery of natural gas from Tennessee Gas Pipeline ("TGP") to TCO, any TCO FTS capacity assigned in those PSPs shall have TGP FT-A capacity assigned for upstream supply delivery. All TCO FTS capacity assigned, with the exception of that capacity which requires the delivery by TGP, shall be assigned Columbia Gulf FTS-1 capacity.

e. To the extent that, under this methodology, Columbia assigns less than 100% of all city gate firm capacity including PEPL/TRK, NCGT/XRD and TCO/TGP capacities, Columbia shall retain the remaining capacity as operationally required capacity and utilize this capacity in providing peaking and other gas supply services as necessary (See Attachment 19A).

f. In the event that any pipeline capacity provider that Columbia has contracted with for capacity changes the configuration or scheduling requirements at its PSP(s), Columbia shall have the right to recall and reassign capacity from/to CHOICE/SSO/SCO Suppliers as it deems necessary.

## 20. Transportation Capacity Release

1. The initial assignment of Columbia's firm transportation capacity to all CHOICE/SSO/SCO Suppliers shall be made effective April 1, 2010 to be refreshed monthly consistent with changes in the CHOICE/SSO/SCO suppliers customer groups or delivery obligations.

2. Columbia's then existing pipeline firm transportation capacity, including all city gate and upstream capacities, will be temporarily released, with recall rights, to CHOICE/SSO/SCO Suppliers on a pro rata basis during the term of the SSO/SCO annual periods in accordance with the Capacity Assignment Process as set forth in Section 19. The projected 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 process. (See Attachment 18 for projected firm transportation, storage and peaking contracts as of April 1, 2010.)

3. Suppliers 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.

4. Columbia holds discounted contracts with PEPL and TRK where the utilization of alternate points will cause additional charges to be incurred by Columbia. More specifically, for releases under Columbia's PEPL Contract No. 18604, the Supplier must transport from the primary receipt point of Bourbon (PBRBN) to the primary delivery point of Columbia of Ohio Maumee (COLOH) or the following approved secondary delivery points: Lebanon Lateral (02821), Columbia Gas Maumee (COLGA), or Columbia Gas Cecil (CECIL). Also, approved secondary points at a 2 cent incremental commodity cost are NIPSCO (NIPS) and East Ohio (EOHIO). For releases under Columbia's TRK Contract No. 18122, the Supplier must transport to the primary delivery point of Bourbon-TGC (80023) from ELA or WLA receipt points. In the event the Supplier receives and/or delivers natural gas at points other than those approved points specified above and in so doing causes incremental costs to be incurred by Columbia, the Supplier shall pay Columbia for any and all associated incremental costs and/or penalties billed by PEPL and/or TRK due to such receipts or deliveries. Columbia shall have the right, through setoff in the CHOICE/SSO/SCO Suppliers' payments, to collect any costs owed Columbia as a result of a CHOICE/SSO/SCO supplier utilizing a receipt or delivery point other than those provided for in Columbia's PEPL and TRK contracts.

5. Columbia holds discounted contracts with TGP for delivery to TCO at Broad Run Cobb (Meter #020001) and for delivery to TCO at Dungannon OH (Meter #020060) where the utilization of alternate points will cause additional charges to be incurred by Columbia. The approved receipt and delivery points under these TGP contracts and the commodity pricing will be set forth in Columbia's tariff. In the event a Supplier assigned TGP capacity from

Columbia receives and/or delivers natural gas at points other than those approved points set forth in the tariff and in so doing causes incremental costs to be incurred by Columbia, the Supplier shall pay Columbia for any and all associated incremental costs and/or charges billed by TGP due to such receipts and/or deliveries. Columbia shall have the right, through setoff in the Suppliers' payments, to collect any costs owed Columbia as a result of a Supplier utilizing a receipt and/or delivery point other than those provided for in Columbia's TGP contracts.

6. The capacity released by Columbia to CHOICE/SSO/SCO Suppliers is subject to recall by Columbia if at any time a CHOICE/SSO/SCO Supplier does not perform in accordance with the applicable CHOICE/SSO/SCO Supplier agreement or fails to comply with other relevant provisions set forth in Columbia's tariff.

7. CHOICE/SSO/SCO Suppliers may re-release on a recallable basis any transportation capacity assigned 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 Columbia harmless in the event charges are not paid; 2) any re-release of such capacity remains subject to the requirements and restrictions identified in Columbia's tariff; and 3) the re-release of capacity does not alter in any fashion the CHOICE/SSO/SCO Supplier's requirement to deliver gas supplies to Columbia in accordance with the Columbia provided Supply and/or Demand Curve. A CHOICE/SSO/SCO Supplier is free to use other pipeline capacity to deliver supply as required by its Demand Curve and re-release portions of its Columbia-released pipeline capacity, subject to the previously mentioned restrictions.

8. Any re-release of PEPL city gate capacity, with or without associated upstream capacity, to a third party does not entitle that third party access to Columbia's Maumee Gate. Should a CHOICE/SSO/SCO Supplier re-release capacity to a third party (other than an agency or similar arrangement whereby the deliveries are made on behalf of the CHOICE/SSO/SCO Supplier); Columbia will not accept delivery of gas from such a third party at the Maumee Gate. Regardless of re-release activity engaged in by a CHOICE/SSO/SCO Supplier, they will remain fully responsible for delivering the correct amount of supply to meet their Maumee Gate Supply Curve provided by Columbia.

9. Any re-release of TGP capacity does not alter the Supplier's responsibility to abide by the delivery requirements of its Dungannon Supply Curve.

10. The costs of the released capacity will be paid directly to the pipelines by the CHOICE/SSO/SCO Suppliers pursuant to applicable pipelines' capacity release payment procedures.

## 21. Storage Capacity Release

1. The initial assignment to all CHOICE/SSO/SCO Suppliers of Columbia's storage and related firm transportation capacity shall be made effective April 1, 2010 and refreshed monthly consistent with the changes in CHOICE/SSO/SCO suppliers customer groups or delivery obligation.

2. Columbia's TCO and PEPL storage and related firm transportation capacity will be released to each CHOICE/SSO/SCO Supplier on a pro-rata basis in accordance with the capacity allocation process defined in Section 19.

3. SSO Suppliers will purchase between 2% and 4% of Suppliers assigned TCO SCQ on April 1, 2010, at the first of the month April 2010 TCO Monthly Index price, adjusted for the TCO SST commodity rate, TCO SST retainage rate, TCO FSS retainage rate, and TCO FSS injection charges, plus applicable taxes, if any, and will be responsible for refilling storage within Columbia specified guidelines (see Section 27). Any variance between the revenue associated with the sale of inventory to an SSO Supplier pursuant to this requirement and the book value of the gas sold will be flowed through the CSRR. After accounting for this required sale of inventory, any variance between the revenue and the book value of gas remaining in Columbia's TCO storage account on April 1, 2010 and sold through other arrangements shall be reflected in the OSS/CR Revenue Sharing Mechanism. Columbia shall bill CHOICE/SSO Suppliers separately for all purchases of storage inventory.

4. SSO Suppliers will not be required to purchase Columbia's storage inventory in its PEPL storage account. Any variance between the revenue and the book value of gas remaining in Columbia's PEPL storage account on April 1, 2010, and sold through other arrangements shall be reflected in the OSS/CR revenue sharing mechanism.

5. CHOICE/SSO/SCO Suppliers shall manage natural gas supply nominations and deliveries to Columbia to match deliveries as specified by their individual Demand Curves at the actual temperatures experienced through utilization of TCO FSS and SST capacity. All CHOICE/SSO/SCO Suppliers shall be obligated to provide confirmed nominations to Columbia that exactly matches the Demand Curve requirement as specified at actual incurred temperatures during the months of October through April. For the months of May through September CHOICE/SSO/SCO deliveries shall be made on an average day basis and shall exactly match the delivery requirements as specified by the Columbia provided Demand Curve.

6. CHOICE/SSO/SCO Suppliers shall utilize assigned PEPL storage and related firm transportation capacity and non-storage related firm transportation capacity to match the Maumee Gate specific Supply Curve to be provided each CHOICE /SSO/SCO Supplier by Columbia during the months of November through March

based on the forecast temperature for the Pipeline Scheduling Point that includes the Maumee Gate. The Maumee Gate Supply Curve shall be separate and distinct from the CHOICE/SSO/SCO Demand Curves provided by Columbia for the Pipeline Scheduling Point that includes the Maumee Gate. Supplies nominated at the Maumee Gate may be used by the CHOICE/SSO/SCO Suppliers to satisfy Demand Curve requirements of the Pipeline Scheduling Point that includes the Maumee Gate, nominate supplies for TS Customers in the Pipeline Scheduling Point that includes the Maumee Gate, sell gas to another CHOICE/SSO/SCO Supplier, or any combination of these options. Regardless of the decision made by a CHOICE/SSO/SCO Supplier regarding the disposition of supplies delivered to the Maumee Gate, such supplies must be equal to the Maumee Gate Supply Curve for the CHOICE/SSO/SCO Supplier.

7. A CHOICE/SSO/SCO Supplier may re-release on a recallable basis any storage and/or related 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 Columbia harmless in the event charges are not paid; 2) any re-release of such capacity remains subject to the requirements and restrictions identified in Columbia's tariff; and 3) the re-release of capacity does not alter in any fashion the CHOICE/SSO/SCO Supplier's requirement to deliver gas supplies to Columbia in accordance with the Columbia provided Demand and/or Supply Curve. Supplier is free to use other pipeline capacity to deliver supply as required by its Demand and/or Supply Curve and re-release portions of its Columbia-released pipeline capacity, subject to the previously mentioned restrictions.

8. The costs of the released storage and related transportation capacity will be paid directly to the pipelines by the CHOICE/SSO/SCO Suppliers pursuant to applicable pipeline capacity release payment procedures.

9. The released capacity is subject to recall at any time if Supplier does not perform in accordance with the CHOICE/SSO/SCO Supplier Agreement or fails to comply with other relevant provisions set forth in Columbia's tariff.

## 22. Capacity Recall/Reassignment

This Section is deleted.

## 23. Comparable Firm Capacity Requirement

1. To the extent that the Capacity Allocation Process identified in Section 19 is approved by the Commission and Columbia is permitted to continue to contract for the level of capacity as set forth in Section 18 , Columbia will not require the demonstration of comparable firm capacity for CHOICE/SSO/SCO Suppliers. However, to the extent the Capacity Allocation Process is modified by the Commission, and/or Columbia is not permitted to continue to contract for the level of capacity specified in Section 18 during the term of the Stipulation ending March 31, 2013, Columbia reserves the right to require a demonstration of comparable firm capacity by all CHOICE/SSO/SCO Suppliers by Pipeline Scheduling Point.

2. Should Columbia institute a Comparable Capacity Requirement, each CHOICE/SSO/SCO Supplier agrees to retain sufficient firm interstate pipeline transportation and storage capacity with primary delivery points to the Columbia city gates and/or city-gate firm gas supply arrangements to meet 100% of the monthly design peak day demands of its customers/tranches, less a percentage during certain winter months reflecting the provision of a Columbia provided peaking service to CHOICE/SSO/SCO Suppliers.

3. Columbia may verify the Supplier's compliance with a Comparable Capacity Requirement at any time. The Supplier agrees to provide Columbia on a timely basis all documentation necessary to verify its compliance with this requirement.

4. Should Columbia impose a Comparable Capacity Requirement, each CHOICE/SSO/SCO Supplier will provide capacity plans twice a year, in September and February, to demonstrate their plans for the upcoming winter and summer seasons, respectively.

## 24. System Balancing

1. Effective with the implementation of the SSO April 1, 2010, Columbia will retain a portion of TCO and PEPL storage capacity equal to approximately 22% of the Peak Day Forecast Quantity of 2,037,600 Dth to perform the system balancing function.

2. Columbia may utilize operational purchases and sales to ensure that the system is properly balanced. Examples include, but are not limited to, items such as purchases utilizing Operationally Retained Capacity and purchases/sales in managing storage inventory levels.

3. All costs incurred by Columbia in performing system balancing and all revenues received by Columbia for providing system balancing shall be recognized in the computation of the CSRR.

4. Columbia shall utilize the TCO and PEPL storage capacity retained to provide system balancing to its non-firm banking and balancing service for TS Customers. All revenues received from TS Customers pursuant to Columbia's provision of the non-firm banking and balancing service shall be flowed to CHOICE/SSO/SCO Customers through the CSRR.

## 25. Pipeline Delivery Point Imbalances

1. As meter operator, Columbia has the responsibility to manage daily imbalances that occur between all confirmed nominations at the PSP and system actual demand, which occur at the individual points of delivery. Columbia will manage these imbalances as follows:

TCO delivery points

a. Imbalances at TCO city gates will be managed utilizing the no-notice service provided under the TCO FSS/SST capacity Columbia will retain to provide CHOICE/SSO/SCO balancing services.

Panhandle – Maumee

a. Currently imbalances are managed under the existing FS storage service. Columbia will retain a portion of the existing FS storage service to balance this gate in the future. Retention of PEPL FS capacity will be included in the level of no-notice capacity Columbia has identified it must retain to provide CHOICE/SSO/SCO balancing.
b. Delivery point serves only the Toledo market.

Texas Eastern – Southern Supply Line

a. Imbalances are managed under the existing OBA.
b. Texas Eastern controls this meter remotely. Columbia works with TETCO's Gas Control to adjust the flow so that imbalances are minimized.
c. Month-end imbalance carries month to month.
d. Imbalance is not cashed out.
e. Delivery point serves only the Columbus market
f. No CHOICE/SSO/SCO deliveries presently flow through this point.

Dominion Transmission – Southern Supply Line

a. This station is presently inactive and there is no OBA in place.
b. DTI controls this meter remotely. Columbia works with DTI's Gas Control to adjust the flow so that imbalances are minimized.
c. Month-end imbalance rolls into DTI's park and loan service and is charged a daily fee until volumetrically resolved during the following month. Should this station be reactivated Columbia will investigate alternate balancing solutions with DTI.
d. Delivery point serves only the Columbus market
e. No CHOICE/SSO/SCO deliveries presently flow through this point.

ANR – Maumee

a. Imbalances are managed under the existing OBA.
b. ANR controls this meter remotely. Columbia works with ANR's Gas Control to adjust the flow so that imbalances are minimized.
c. Month–end imbalance is carried month to month.
d. Imbalances are not cashed out.

e. Delivery point serves only the Toledo market
f. No CHOICE/SSO/SCO deliveries presently flow through this point

North Coast – Findlay, Fostoria, Norwalk, Oberlin, Hinckley, Parma and Toledo

a. Imbalances are managed under OBAs for individual points of delivery.
b. Columbia controls the meters at the various locations. Columbia works with NCGT to adjust flow so that imbalances are minimized.
c. Month-end imbalance carries month to month.
d. Imbalance is not cashed out.
e. Delivery points serve only the markets specific to the individual delivery points.
f. Deliveries at the individual points of delivery are applicable to CHOICE/SSO/SCO delivery requirements for the PSP in which the NCGT point of delivery resides.

## 26. Ohio Production, Firm City Gate Supplies, Peaking and Operationally Retained Capacity

1. Columbia purchases certain local gas supplies to satisfy location-specific customer supply requirements (Ohio Production) that cannot be served via other means. These supplies are provided to Columbia under contracts that are either (a) not assignable under terms of the contract or (b) are of such small volume that direct assignment is impractical.

2. Columbia has a single peaking contract with limited seasonal capabilities that is not assignable under the terms of the contract.

3. Utilizing the Capacity Allocation Process identified in Section 19, Columbia will have certain TCO FTS capacity that must have supplies delivered by TGP at specific locations and certain NCGT FT capacity delivered directly to Columbia city gates that it will not be able to assign CHOICE/SSO/SCO Suppliers. Columbia will retain and refer to this capacity as Operationally Retained Capacity.

4. Columbia shall manage the Ohio Production, Firm City Gate Suppliers, Peaking and Operationally Retained Capacity to the benefit of all CHOICE/SSO/SCO Suppliers and Customers. Columbia shall utilize this capacity to provide each CHOICE/SSO/SCO Supplier a peaking service of equal percentage of peak day demand.

5. Columbia shall use the Ohio Production, Firm City Gate supplies and the operational purchases made with its Operationally Retained Capacity ("Local Gas Purchase Requirement") to reduce the Demand Curve daily delivery requirements of CHOICE/SSO/SCO Suppliers.

6. Annually, Columbia shall determine its expected Local Gas Purchase Requirement that will be used to modify the CHOICE/SSO/SCO Demand Curves to reflect Columbia's delivery of these daily and annual supplies and provide the basis for the monthly purchases by CHOICE/SSO/SCO Suppliers. This percentage shall be known as the Local Gas Adjustment Percentage. Each month, CHOICE/SSO/SCO Suppliers shall purchase from Columbia the equivalent volume represented by this Demand Curve adjustment.

7. Monthly purchases of the Local Gas Purchase Requirement shall be determined by the following formula:

   Local Gas Purchase Requirement = (Actual monthly deliveries * Local Gas Adjustment Percentage) / (1 - Local Gas Adjustment Percentage)

8. The purchase price including demand costs for the Local Gas Purchase Requirement shall be defined as the TCO Monthly Index plus a fixed dollar amount per Mcf ("Local Gas Purchase Price"). Columbia shall determine the

prospective fixed dollar amount annually by performing a historical analysis of actual purchases that will be normalized, with actual purchase prices applied to the normalized volumes. This cost will then be compared to the TCO Monthly Index price weighted by the normalized purchases by month to determine the fixed dollar amount. (See Attachment 26 for an example)

9. All costs incurred by Columbia for its Local Gas Purchase Requirement, including demand costs, shall be charged to the CSRR. All revenue received from the CHOICE/SSO/SCO Suppliers from the Local Gas Purchase Requirement shall be credited to the CSRR.

10 All Local Gas Purchase Requirement purchases shall be included in the annual volume reconciliation process for CHOICE/SSO/SCO Suppliers.

## 27. Storage Management

1. Columbia shall establish certain minimum volume in storage recommendations based on Columbia's historical planning practices, expressed as a percentage of the assigned SCQ for each Supplier's Columbia-released TCO storage in order to ensure system reliability (see Attachment 27). TCO storage parameters will apply to the Supplier Columbia-released TCO storage with the additional recommendation that Suppliers shall be 98% full in Columbia-released TCO storage by November 1st of each program year.

2. Inventory level recommendations established by Columbia for each CHOICE/SSO/SCO Supplier's TCO storage inventory shall reflect Columbia's use of its historic planning practices to plan for Design Peak Day Demand, as well as late winter cold days and to meet TCO's total storage inventory balance limits as contained in TCO's tariff.

3. Upon execution of the monthly assignment of capacity as set forth in Section 19, each CHOICE/SSO/SCO Supplier shall be solely responsible for the acquisition and/or disposition of any storage volumes to satisfy the provisions of Section 19, the provisions of the TCO and PEPL tariffs, and/or to satisfy the delivery requirements of their individual Demand and/or Supply Curves. CHOICE/SSO/SCO Suppliers will be able to use their capacity assets interchangeable for nomination purposes.

4. SSO/SCO Suppliers not continuing for any subsequent annual auction term and/or any CHOICE Supplier exiting the CHOICE program will be responsible to dispose of any gas inventory, at their own expense. Furthermore, any SSO/SCO Suppliers not continuing, or continuing but with a fewer number of tranches, as a Supplier for the next SSO/SCO period must offer for sale to the succeeding SSO/SCO Supplier(s) (and the replacement SSO/SCO Supplier must purchase) an amount of storage inventory equal to that percentage of SCQ specified by Columbia in Section 21(3) herein, to be purchased by SSO Suppliers as part of the initial SSO auction. For example, on April 1, 2011, SSO Suppliers for the First SSO Period are required to sell, and replacement SSO Suppliers are required to purchase the same percentage of storage inventory that initial SSO Supplier purchased from Columbia on April 1, 2010, to the SSO Suppliers of the Second SSO Period. The sale shall be completed using the same index based price formula as was used for the April 1, 2010 sale, minus excise tax. Payment for such transfers will occur not later than five days after receipt of an invoice. Columbia will not be required to be in the stream of the transfer of the volumes, but may be called upon to help facilitate communications between parties.

5. Any CHOICE/SSO/SCO Supplier terminated from participation as a CHOICE/SSO/SCO Supplier for their failure to deliver gas supplies to Columbia in accordance with their Columbia provided Demand and/or Supply Curve shall provide Columbia with a right of first refusal to purchase the Supplier's gas storage inventory in their Columbia assigned TCO FSS and PEPL FS storage capacities. The price to be paid for any gas purchased by Columbia shall be:

The average of the TCO Monthly Index prices for the April through October time period immediately preceding the date of purchase by Columbia, adjusted for the TCO SST commodity rate, TCO SST retainage rate, TCO FSS retainage rate, and TCO FSS injection charges. Should a Supplier be terminated in a month during the April through October time period, the price to be applied shall be the average of the TCO Monthly Index prices for the time period of the immediately preceding April through the month in which termination occurs. The rate to be paid per Dth by Columbia shall be calculated according to the following formula:

Price per Dth Paid by Columbia = {(Average TCO Monthly Index price / (1- TCO SST retainage rate) + TCO SST commodity rate) / (1- TCO FSS retainage rate) + TCO FSS injection charges}

## 28. Columbia's Design Peak Day Forecast

This Section is deleted.

## 29. Daily Nominations – Demand and/or Supply Curves

1. Demand Curves for CHOICE/SSO/SCO Suppliers shall be determined on an equivalent basis.

2. All CHOICE/SSO/SCO Suppliers shall nominate all gas supplies delivered to Columbia through Aviator, Columbia's internet-based nomination system.

3. Columbia shall proportionally adjust the Demand Curves determined from monthly customer billing data to the Peak Day Forecast quantity per Attachment 19A. Columbia shall determine an adjustment factor each month based on the Peak Day Demand Forecast and current month Demand Curves. This factor shall be applied to each Demand Curve for each Pipeline Scheduling Point. Columbia shall provide each Supplier and place on its website a copy of the Demand Curve for each PSP applicable to the Supplier.

4. Columbia may modify the Demand Curves during the calendar months of October and November to provide for deliveries by CHOICE/SSO/SCO Suppliers that are less than the projected consumption level of the CHOICE Suppliers Aggregation Pool and the demand of the customers being provided supply via the SSO/SCO Suppliers. Likewise, Columbia may modify the Demand Curves during the calendar months of May through August to offset such planned under-deliveries in the months of October and November. After prior notice to CHOICE/SSO/SCO Suppliers, Columbia may revise the Demand Curves as it deems necessary for operational reasons.

5. Columbia shall determine the Demand Curve for each CHOICE Supplier's Aggregation Pool for each Pipeline Scheduling Point consistent with current CHOICE practices. Demand Curves for SSO Suppliers shall be determined in a manner similar to that used in the CHOICE Program. Columbia shall determine a base SSO Demand Curve for each Pipeline Scheduling Point. That base Demand Curve shall then be divided by the number of winning tranches to determine the per tranche SSO Demand Curve. For SSO Suppliers that are the winners of multiple tranches, Columbia shall multiply the per tranche Demand Curve for each Pipeline Scheduling Point by the number of tranches won by each SSO Supplier. The allocation methodology for assignment of customers to SCO Supplier Tranches shall be determined at a later date.

6. Demand Curves for the months of October through April shall require the delivery of increasing quantities of supply as the temperature declines. Demand Curves for the months of May through September will require the same quantity of gas be delivered each day of the month.

7. By 8:00 a.m. Eastern Clock Time (ECT) each day (including Saturdays, Sundays, and Holidays), Columbia will post on its internet based website, the forecast temperatures by pipeline scheduling point for the gas day beginning 10:00 a.m. ECT the following day.

8. By 11:30 a.m. Eastern Clock Time (ECT) each day (including Saturdays, Sundays, and Holidays), Columbia will post on its internet based website, the actual temperature by pipeline scheduling point for the gas day ending 10:00 a.m. ECT on the same day.

9. All Demand Curves shall include Columbia system retention and statewide BTU conversion factor. The Demand Curve volumes will be stated in city gate Dths.

10. Separate Supply Curves shall be created for the Maumee Gate, Columbia's receipt points from North Coast Gas Transmission, LLC ("NCGT") under items 3 and 4 above and for deliveries to TCO from TGP at Dungannon. Supply Curves at the Maumee Gate will be determined based on Columbia's supply requirements. Supply Curves for the NCGT locations will be determined based on Columbia's ability to accept volumes through these specific interconnects. Supply Curves for Dungannon will be determined based on minimum delivery requirements established by TCO to maintain city gate delivery entitlements.

11. All CHOICE/SSO/SCO nominations to the Maumee Gate and from NCGT receipt points and to TCO from TGP at Dungannon will be made using the location specific Supply Curves and relevant forecast temperature for that location. Columbia may request intra-day changes to these nominations if it experiences sufficient differences between forecast and actual temperatures to risk operational problems.

12. Supplies at the Maumee Gate are required operationally and nominations constitute daily required deliveries during the months of November through March. CHOICE and SSO/SCO Suppliers must match both their Maumee Gate Supply Curve as well as their overall CHOICE/SSO/SCO Demand Curve requirements for the Pipeline Scheduling Point that includes the Maumee Gate.

13. Failure to deliver the specific volume of gas as required by the Maumee Gate Supply Curves at the forecast temperature and the CHOICE/SSO/SCO Demand Curves by Pipeline Scheduling Point at the actual temperature shall result in the Supplier incurring a per Dth Demand Curve Noncompliance Charge (see Section 17(7)(c)) to be paid Columbia based on the difference between the nomination required as specified by each Supply Curve and the actual nominations. All Noncompliance Charge revenues received shall be credited to customers via the CSRR rider.

14. Supplies at the NCGT interconnects are not required operationally. While the assignments of NCGT capacity will be part of the capacity Columbia assigns for certain PSP, CHOICE/SSO suppliers may use alternate capacity deliverable to those PSP. The NCGT Supply Curves shall represent the maximum amount of supply that a Supplier may nominate at the forecast temperature to Columbia through the NCGT interconnects.

15. The over-scheduling of supply at the NCGT interconnects at the forecast temperature shall result in the Supplier incurring a per Dth Demand Curve Noncompliance Charge (see Section (17(7)(c)) to be paid Columbia based on the difference between the maximum nomination available as specified by each NCGT Supply Curve and the actual nominations.

16. Supply deliveries to TCO from TGP at Dungannon are required operationally. CHOICE and SSO/SCO Suppliers must deliver, at a minimum, the volume specified by the Dungannon Supply Curve at the forecast temperature. CHOICE and SSO/SCO Suppliers must match their overall CHOICE/SSO/SCO Demand Curve for the Pipeline Scheduling Point that includes the Dungannon delivery point as well as deliver at least the minimum level of supply specified by their Dungannon Supply Curve from TGP to TCO at Dungannon.

17. Failure to deliver at a minimum the volume of gas specified by the Dungannon Supply Curves at the forecast temperature from TGP to TCO shall result in the Supplier incurring a per Dth Demand Curve Noncompliance Charge (see Sectopm 17(7)(c)) to be paid Columbia based on the difference between the minimum nomination required as specified by the Dungannon Supply Curve and the actual nominations.

18. CHOICE/SSO/SCO nominations from TCO to Columbia shall be utilized in conjunction with any supplies nominated from pipelines other than TCO, if any, to match the Demand Curve requirements for each Pipeline Scheduling Point at the actual temperature posted for that Pipeline Scheduling Point. CHOICE/SSO/SCO Suppliers may utilize the forecast temperature as a guideline but must utilize the actual posted temperature when making final nominations to Columbia.

19. All CHOICE/SSO/SCO Suppliers agree to adhere to the current nominating practices and guidelines set out in the applicable FERC or state approved tariff of the applicable upstream pipeline and to comply with any Columbia operating and/or upstream pipeline restrictions communicated by Columbia or the relevant pipeline.

20. In the event that Columbia incurs penalties assessed by any upstream pipeline for a violation, the penalties will be assessed to each Supplier and/or TS customer (or their agent) that contributed to the penalty proportional to their contribution to the violation. If such penalties cannot be attributed to any specific supplier or TS customer the penalty shall be recovered through the CSRR.

# 30. BTU Value

1. Columbia's CHOICE/SSO/SCO Customers will be billed volumetrically in Ccf.

2. Effective April 1, 2010, daily CHOICE/SSO/SCO nomination requirements for each Supplier's Demand Curve shall be converted to Dth utilizing Columbia's statewide weighted average BTU value.

3. Columbia shall post its weighted average BTU value prior to February 1 of each year.

4. Columbia shall determine its statewide weighted average BTU value annually based on data from the most recent twelve month period available for posting February 1 of each year. The weighted average BTU value shall be in effect for a twelve month period effective April 1 of each year.

5. For purposes of demonstration, Attachment 30 provides the monthly BTU Value for the 2 year period ending November 28, 2008 on the Columbia system.

# 31. Annual Volume Reconciliations

1. Until March 31, 2010, Columbia will reconcile CHOICE Supplier deliveries with participating customer consumption annually, for the twelve-month period ending July 31 of each year. Upon implementation of the SSO/SCO Auction, CHOICE/SSO/SCO Suppliers will be reconciled annually, for the twelve-month period ending March 31 of each year.

2. The CHOICE reconciliation period of August 1, 2009 through July 31, 2010, as contemplated under Columbia's existing CHOICE reconciliation process, shall be modified to the period of August 1, 2009 through March 31, 2010.

3. CHOICE and SSO/SCO deliveries shall include all nominations confirmed by an upstream pipeline to a Columbia Pipeline Scheduling Point and the Local Gas Purchase Requirement volumes purchased monthly by the CHOICE/SSO/SCO Suppliers from Columbia. The sum of these deliveries will then be converted to a Mcf basis through the use of Columbia's then current statewide BTU conversion factor and adjusted by Columbia's System-Wide Retention Factor.

4. CHOICE Suppliers will continue to be reconciled under the existing CHOICE reconciliation process. The sum total of each CHOICE Supplier's deliveries, as identified in item 3 above and adjusted for Columbia's retention and BTU conversion factor, shall be compared with the sum total of their participating CHOICE Customers' consumption for each twelve month period ending March 31, including any adjustments applicable to the annual period ended March 31. Columbia shall calculate and incorporate an unbilled adjustment into the CHOICE Customer's consumption determination. Any imbalance shall be cashed-in/cashed-out annually at either (1) a price equal to the arithmetic average of the TCO Monthly Index, adjusted for the TCO SST commodity rate, TCO SST retainage rate, TCO FSS retainage rate, and TCO FSS Injection charges for the corresponding April through March annual period times the imbalance between total annual volumes billed compared to the total annual volumes delivered (inclusive of BTU conversion, on-system retainage and other adjustments to reflect the local gas purchase adjustment), or (2) the difference between (a) the monthly allocated volumes of an individual CHOICE Supplier's customers or (b) the pro rate allocation of monthly billed SSO volumes allocated to an individual SSO Supplier compared to the corresponding calendar month delivered volumes (inclusive of BTU conversion, on-system retainage and the Local Gas Purchase Requirement) times the monthly price. The monthly price shall be determined by taking the TCO Monthly Index, adjusted for the TCO SST commodity rate, TCO SST retainage rate, TCO FSS retainage rate, and TCO FSS Injection charges. CHOICE Suppliers must elect one of the two options with the execution of an Aggregation Service Agreement. All payments due Columbia from a CHOICE Supplier will be further adjusted in recognition of the additional gross receipts tax liability incurred by Columbia resulting from this transaction.

5. The SSO/SCO Suppliers' reconciliation shall be similar to that applicable to CHOICE Suppliers. Each gas supply auction tranche shall have identical delivery requirements for each pipeline scheduling point. Each tranches' annual delivery quantity shall be equal to the sum total of the Supplier's deliveries as specified in item 3 above and as adjusted for Columbia's retention and BTU conversion factor. This delivery quantity shall be compared to the consumption allocated to each tranche. Columbia shall determine the consumption allocated to each tranche by subtracting the sum total of all CHOICE Customer consumption from the total of all CHOICE and SSO/SCO Customer consumption for the twelve-month period ending March 31. The result shall be divided by the number of winning tranches to determine the per tranche consumption. Any imbalance shall be cashed in/cashed out annually at either (1) a price equal to the arithmetic average of the TCO Monthly Index, adjusted for the TCO SST commodity rate, TCO SST retainage rate, TCO FSS retainage rate, and TCO FSS Injection charges for the corresponding April through March annual period, times the imbalance between total annual volumes billed compared to the total annual volumes delivered (inclusive of BTU conversion, on-system retainage and other adjustments to reflect the local gas purchase adjustment), or (2) a monthly price in accordance with the Tariff, times the monthly billed volumes compared to monthly delivered volumes (inclusive of BTU conversion, on-system retainage and other adjustments to reflect the local gas purchases. SSO/SCO Suppliers must elect one of the two options in advance of each auction period.(See Attachment 31 for reconciliation calculation example).

## 32. Customer Eligibility

Years 1 and 2 (April 1, 2010 through March 31, 2012) – no change from the current eligibility.

Year 3 (April 1, 2012 through March 31, 2013):

CHOICE/SCO Customer Eligibility.

All customer accounts using less than 6,000 Mcf per year.

Human Needs customer accounts using 6,000 Mcf or more per year.

Transportation Service ("TS") Customer Eligibility.

Non-residential customer accounts using less than 6,000 Mcf/year must subscribe to 100% Backup Service.

Non-residential Human Needs customer accounts with operable alternative fuel capability that consume 6,000 Mcf or more annually.

Other non-residential customer accounts that consume 6,000 Mcf or more annually.

Asphalt plants and grain dryers with annual usage less than 6,000 Mcf remain eligible for Transportation Service.

Public School Districts that are receiving Transportation Service as of the date of this Stipulation, including any new or existing facility placed into service in any such Public School District during the term of this Stipulation.

If a TS customer account is currently grandfathered and is not paying the PIPP or DSM rider today, that account will continue to be grandfathered and will not pay the PIPP or DSM rider after April 1, 2012 whether it defaults to CHOICE/SCO service or elects to remain on TS.[4]

After the initial SSO auction, Columbia will meet with the Stakeholder Group to discuss issues raised by the possibility of requiring installation of daily metering for TS customer eligibility, provided, however, that Public School Districts receiving Transportation Service as of the date of this Stipulation will not be required to install daily metering during the initial term of this Stipulation, or thereafter, until modified by the Commission.

[4] Commercial customers that do not pay the DSM Rider are not eligible to participate in Columbia's DSM program.

## 33. Rate Schedules Subject to SSO/SCO Rider

1. The SSO/SCO Rider will apply to all customers receiving service under the following rate schedules:

    a. Small General Service Sales Rate;
    b. Small General Service Schools Sales Rate;
    c. General Service Sales Rate;
    d. General Service Schools Sales Rate; and
    e. Large General Service Sales Rate (Human Needs Only).

## 34. Customer Education – SSO/SCO Program

1. A Stakeholder Group approach will be used to develop the initial customer education program.

2. Costs of the Customer Education program will be recovered through the CSRR (See Section 42).

# 35. CHOICE Program Customer Migration

1. During each SSO/SCO Period, customer migration to and from the CHOICE program each billing cycle will be allowed.

2. Customers who move into Columbia's service area will be permitted to enroll immediately in the CHOICE program without a mandatory minimum stay with SSO/SCO Service.

# 36. SSO/SCO Customer Billing

1. The billing month will be comprised of 21 billing units with the SSO/SCO Rider being the effective NYMEX price for the billing month plus the Retail Price Adjustment.

2. SSO/SCO Customers will continue to be billed on a billing cycle basis. There will be no proration of bills to compensate for the variance between calendar month deliveries and billing period deliveries.

3. SSO/SCO Customers will be billed at the monthly effective SSO/SCO Rider per one hundred cubic feet.

4. SSO/SCO Customers will be subject to all applicable service charges and billing adjustments set forth in Columbia's tariff plus any additional riders resulting from the auction process.

5. SSO Suppliers' names will not appear on customers' bills.

6. The name of the SCO Supplier providing service will appear on customers' bills in the same manner as a CHOICE Supplier's name appears on a CHOICE customer's bill. Technical information and requirements for billing SCO versus CHOICE customers will be established prior to the SCO auction.

# 37. Transportation Service ("TS") Banking and Balancing Provisions

1. TS Customers may select monthly bank tolerance levels equal to 1, 2, 3, or 4% of their Annual Transportation Volume ("ATV"). Selected monthly bank tolerance levels will be reduced by 50% at the end of each November billing cycle.

2. ATV will be calculated by Columbia using the arithmetic average of the actual Customer account consumption for the thirty-six month period ending each October billing cycle. These ATV revisions will be effective each January 1.

3. TS Customers must notify Columbia in writing of their selected monthly bank tolerance level by January 2, 2010. The selected monthly bank tolerance level will become effective April 1, 2010. In subsequent years, customers may change their monthly bank tolerance level by notifying Columbia in writing of the revised monthly bank tolerance level by January 2. The revised monthly bank tolerance level will become effective the following April 1.

4. Imbalance Charges

    a. In any month when a TS Customer's deliveries when added to their available bank volume, are less than their usage, the incremental shortfall will be sold to the TS Customer at a price equal to 130% of the average of the TCO Daily Index prices for each day of the applicable month, plus the 100% load factor TCO FTS costs (including demand, commodity and retainage), plus the gross receipts or other applicable taxes plus the applicable Columbia transportation. In addition, if, in any month, Columbia incurs other charges, including gas costs, penalty charges or cash-outs caused by excess monthly usage, the TS Customer shall be charged its pro rata share of such charges. All non-Columbia transportation revenue from such sales and charges paid by the TS Customer to Columbia shall be credited to the CSRR.

    b. In any month when a TS Customer's Volume Bank exceeds the allowed bank level, Columbia will purchase the excess volumes. The purchase price shall be equal to 70% of the average of the TCO Daily Index prices for each day of the applicable month, plus the 100% load factor TCO FTS costs (including demand, commodity and retainage). In addition, if, in any month, Columbia incurs other charges, including gas costs, penalty charges or cash-outs caused by excess monthly gas supply, the TS Customer shall be charged its pro rata share of such charges. All costs from such purchases made by Columbia from the TS Customer shall be debited to the CSRR with all revenues for the TS Customer credited to the CSRR.

5. Columbia will continue to offer a modified version of its Gas Transfer Service consistent with the agreements reached in this proceeding.

6. Columbia will continue to offer a Monthly Bank Transfer Service.

7. Columbia will continue to offer Backup Service to TS Customers.

# 38. Operational Flow Orders/Operational Matching Orders.

With the exception of the following changes related to failure to comply with OFOs/OMOs, Columbia shall retain its current Tariff provisions that provide for the applicability of OFOs and OMOs for TS customers or their agents.

Failure to comply with OFOs or OMOs will result in the assessment of a charge equal to the higher of the following:

i. Ten dollars ($10.00) times the OFO/OMO shortfall or overage; or

ii. 110% of the TCO Daily Index adjusted for the SST commodity and shrinkage times the OFO/OMO shortfall or overage, or

iii. The payment of a pro-rata share of all other charges, included in gas costs, penalty charges or cash-outs, incurred by the Company as a result on non-compliance on the date of the OFO/OMO shortfall or overage.

## 39. CHOICE Supplier Credit Requirements

1. Current CHOICE Suppliers must continue to meet their existing CHOICE Program creditworthiness requirements.

2. If a CHOICE Supplier is also an SSO/SCO Supplier, the requirements for SSO/SCO Supplier creditworthiness shall be in addition to those for existing CHOICE Program requirements.

3. If a CHOICE Supplier is also an SSO/SCO Supplier, Columbia will net the credit exposures of the two programs.

4. The occurrence and continuation of an event of default on either of the SSO/SCO or CHOICE programs by a Supplier shall be considered a cross default on the other program and any other Columbia program that the Supplier participates in.

## 40. Columbia's Gas Price Hedging Plan

1. Pursuant to its Gas Price Hedging Plan, Columbia has begun and continues to hedge its gas purchase prices for the November 2009 through March 2010 winter period.

2. In anticipation of the implementation of the First SSO Period on April 1, 2010, Columbia has terminated its Gas Price Hedging Plan effective with the gas purchase month April 2010.

# 41. Off System Sales and Capacity Release

1. Though most of Columbia's upstream capacity assets will be released to CHOICE/SSO/SCO Suppliers, certain capacity as described in Sections 24 and 26, will be retained by Columbia for purposes of providing non-temperature balancing, peaking and operational balancing services to the CHOICE/SSO/SCO Suppliers, as well as non-firm banking and balancing services to TS Customers.

2. The current definition of Off System Sales and limitations approved by the Commission in the 2007 Stipulation in Case No. 05-221-GA-GCR shall remain in effect, and shall be expanded to include the following:

   "Columbia is prohibited from shifting Off-System Sales from Ohio to another jurisdiction in order to avoid the sharing mechanism cap. For purposes of this Agreement, Off-System Sales are defined as a sale between Columbia Gas of Ohio and a buyer for the sale of unbundled or rebundled gas supply and capacity products, including the sale of a right to such arrangements that create value from the gas supply and capacity assets available to Columbia Gas of Ohio, including but not limited to flowing gas sales, incremental gas sales, physical gas options, exchanges, contract management fees, capacity release transactions, park transactions, loan transactions, exchange transactions, backhaul transactions, swap transactions and any other transaction or agreement of the foregoing types that uses any Interstate or Intrastate pipeline capacity, Interstate or Intrastate storage capacity, Columbia Gas of Ohio distribution lines, any gathering lines, or any peaking services or commodity that was or is planned to be retained for, or paid for, by customers."

3. Columbia shall maintain records of each off-system sale transaction in a form that can be subsequently audited and will accurately reflect all sales and transactions. There will be an annual financial audit of the CSRR that will include Off System Sales conducted by an outside auditor, paid for by Columbia.

4. If the PUCO rejects an SSO or SCO auction result during any year of the 3-year Stipulation period (April 1, 2010 through March 31, 2013), then Off System Sales revenues during that Program Year are to be shared on a basis of 80% to customers and 20% to Columbia.

5. This Off System Sales and Capacity Release revenue sharing mechanism is limited to a three year term (April 1, 2010 through March 31, 2013). It does not continue unless agreed to by the OCC and the PUCO Staff. Absent an agreement on an extension of the Off System Sales and Capacity Release revenue sharing, the default mechanism is 80% of the revenues to customers and 20% to Columbia. Columbia, Staff or the OCC may petition the

Commission for a change to the default mechanism, whereas the other parties retain the right to oppose any such changes.

6. Columbia will retain 20,000 Dth/day of TCO FTS capacity, as listed in Attachment 19A, and 20,435 Dth/day of Columbia Gulf FT-1 capacity, for release to TS Customers, the cost of which will be excluded from the CSRR and borne by Columbia. As a result of excluding the costs from the CSRR, all revenue from the release of such capacity will be kept by Columbia to mitigate those costs. In its efforts to mitigate these costs, Columbia may temporarily release or permanently assign this capacity to the TS Customers, suppliers of those customers, or other entities. Revenue and cost information concerning the retained TCO FTS and Columbia Gulf FT-1 capacity will be available through the CSRR financial audit.

7. For each SSO/SCO Period, Off System Sales and Capacity Release revenue generated by Columbia in a Program Year will be shared between Columbia and customers based on the formula below.

   The customers' share will be reflected as a credit to the CSRR.

| OSS & CR Revenue | Customer Share | Columbia Share |
|---|---|---|
| $0 to $2 million | - | 100% |
| $2 to $20 million | 50% | 50% |
| Over $20 million | 75% | 25% |

8. Columbia's retention of Off System Sales and Capacity Release revenues shall be subject to a cap of $20 million during each of the three program years (April through March) and a total cap on the three year period (April 1, 2010 through March 31, 2013) of $42 million.

# 42. CHOICE/SSO/SCO Reconciliation Rider ("CSRR")

1. Columbia's CHOICE/SSO/SCO programs will include a CSRR applicable to CHOICE/SSO/SCO Customers that provides for the recovery or pass back of the Unrecovered Gas Cost Balance and Refunds for the most recent four quarters, recovery of incremental program costs, and flow-through of shared Off-System Sales/Capacity Release Program revenues. Attachment 42 is a hypothetical example of the computation of CSRR rate.

2. "Unrecovered Gas Cost Balance" means the balance of Deferred Gas Purchase costs reflected on Columbia's books at December 31, 2009, and change each quarter thereafter, to be recovered or passed back to customers through the CHOICE/SSO/SCO Reconciliation Rider. These deferred gas purchase costs will include:

| | |
|---|---|
| Capacity Costs | Reconciliation Adjustments |
| Commodity Costs | Refunds |
| Miscellaneous Costs | |
| Operational Sales or Purchases | Storage Carrying Costs |
| Penalty Charges | |
| Incremental SSO/SCO Program Costs. | |

3. "Capacity Costs" means the cost of that capacity not assigned to CHOICE/SSO/SCO Suppliers and retained by Columbia to meet the operational, balancing and peaking requirements of customers served through Columbia's SSO/SCO, CHOICE and TS programs. These costs include reservation charges for upstream pipeline capacity retained by Columbia; peaking contract reservation charges and leased pipeline costs. These costs may also include any reservation charges for interstate or intrastate pipeline capacity recalled by Columbia when a CHOICE/SSO/SCO Supplier defaults. These costs will be offset by revenue received by Columbia in providing balancing and peaking services and any demand related costs recovered by Columbia in the pass-through of local gas costs.

4. "Commodity Costs" means the cost of gas purchased to meet the daily; seasonal and short-term delivery requirements of customers served through Columbia's SSO/SCO, CHOICE and TS programs. These costs include the cost of gas; transportation commodity costs; injection and withdrawal costs and shrinkage costs. These costs will be offset by the revenue received by Columbia related to the pass-through of local gas and retained capacity commodity purchase costs; Supplier cash-outs; etc.

5. "Miscellaneous Costs" means any prudent and necessary gas costs incurred by Columbia in the provision of CHOICE/SSO/SCO service approved by the Commission.

6. "Operational Sale or Purchase" means a sale or purchase of gas by Columbia necessary for the effective management of Columbia's system. These include, but are not limited to, transactions such as sales or purchases to avoid penalties from a transmission provider; purchases of gas commodity to provide peaking services; purchases of gas commodity utilizing operationally retained capacity; purchases under retained peaking services; etc.

7. "Penalty Charge" means a charge billed by an interstate or intrastate pipeline resulting from the violation of a tariff provision of an interstate or intrastate pipeline.

8. "Quarter" means the three month period used to calculate the current CSRR quarterly rate. Columbia's CSRR will ultimately be comprised of four quarters of activity with Columbia's initial filing to be based on balances on its books at December 31, 2009. Columbia's initial CSRR filing will provide for recovery or pass back of unrecovered gas costs less all refunds reflected on the company's books at that date with the filing to be made no later than February 15, 2010. An adjustment to CSRR will be made in June 2010 for the quarter ending March 31, 2010 and continue to be made each quarter thereafter. Upon progression of program into the fifth quarter the process will provide for replacement of the oldest outstanding quarter with the new quarter.

9. "Reconciliation Adjustment" means a positive or negative adjustment to a future CSRR to reconcile variance between actual and projected CSRR Rider revenue to be received or passed back.

10. "Refunds" means the balance of refunds at December 31, 2009, and refunds received from an interstate pipeline or other upstream transportation or storage service provider each quarter thereafter, to be passed back to CHOICE/SSO/SCO Customers where such refund is received as a lump sum or credit.

11. "Revenue" means all revenue received from sale of gas; provision of a balancing service(s); billing of a penalty charge(s); OFO/OMO charge(s); Reconciliation Adjustment; CHOICE program and TS Program Cash-Out(s) or customer's share of Off-System Sales and Capacity Release Sharing Mechanism.

12. "Storage Carrying Costs" means carrying costs incurred by Columbia on gas stored underground for daily and seasonal balancing purposes.

13. "Throughput" means all historic deliveries to customers participating in the CHOICE and SSO/SCO programs for the twelve month period ending with the last month of current quarter.

14. "Upstream Pipeline" means those pipeline companies delivering supply both directly and indirectly to Columbia. These are primarily interstate pipelines, but can include without limitation; intrastate and gathering pipelines; as well as LDCs.

15. "Incremental Program Costs" means any prudent and necessary expense incurred by Columbia resulting from the implementation of the SSO/SCO programs. These

include, but are not limited to, actual incremental SSO/SSO educational expenses; audit expenses; and information technology expenses incurred in development of revisions to current programs and development of new programs necessary to meet operational and reporting requirements.

16. "Shared OSS/CR Revenue" means all revenue to be shared with customers through the OSS/CR Program in accordance with those provisions set forth in Section 41 of Amended Exhibit I filed in Case No. 08-1344-GA-EXM.

# Columbia Gas of Ohio, Inc.
# Example Monthly Billing/Payment Timeline

| **Date** | **Action** |
|---|---|
| Month prior to flow of supplies | |
| 15th [1] | Monthly CHOICE file closed to new additions, removes or changes. |
| 16th-20th | Columbia develops monthly demand curves for CHOICE and SSO Suppliers. |
| 21st-23rd | Columbia provides demand curves to CHOICE and SSO Suppliers. |
| 21st-25th | Columbia evaluates need for recall and reassignment of capacity. |
| 25th-EOM [2] | Columbia notifies affected suppliers of recall and reassignment and performs the recall and reassignment of capacity to affected suppliers. |
| Month of flow | |
| 1st | First gas day of flow under new demand curves. |
| 28th-31st | Last gas day of flow under current demand curve. |
| Month following flow of supplies | |
| 5th-23rd | Columbia gathers customer billing and flow information for billing purposes. |
| 25th [3] | Columbia provides payment to CHOICE and SSO Suppliers. |

[1] If this date falls on a weekend or holiday the date under this example shall be the immediately preceding business day.
[2] End of month whether the 28th, 29th, 30th or 31st.
[3] If this date falls on a weekend or holiday the date under this example shall be the immediately preceding business day.

# Columbia Gas of Ohio
## Interstate/Intrastate Pipeline City Gate Capacity Contracts
April 2010 through March 2011

| Pipeline | Rate Schedule | Contract No. | | Apr-10 MDQ | May-10 MDQ | Jun-10 MDQ | Jul-10 MDQ | Aug-10 MDQ | Sep-10 MDQ | Oct-10 MDQ | Nov-10 MDQ | Dec-10 MDQ | Jan-11 MDQ | Feb-11 MDQ | Mar-11 MDQ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TCO | Storage Transportation SST | 03044 | | 722,551 | 722,551 | 722,551 | 722,551 | 722,551 | 722,551 | 1,445,102 | 1,445,102 | 1,445,102 | 1,445,102 | 1,445,102 | 1,445,102 |
| | FTS | 80152 | | 240,684 | 240,684 | 240,684 | 240,684 | 240,684 | 240,684 | 240,684 | 240,684 | 240,684 | 240,684 | 240,684 | 240,684 |
| | | 82544 | | 38,974 | 38,974 | 38,974 | 38,974 | 38,974 | 38,974 | 38,974 | 38,974 | 38,974 | 38,974 | 38,974 | 38,974 |
| | | 82545 | | 29,231 | 29,231 | 29,231 | 29,231 | 29,231 | 29,231 | 29,231 | 29,231 | 29,231 | 29,231 | 29,231 | 29,231 |
| | | 85154 | | 45,538 | 45,538 | 45,538 | 45,538 | 45,538 | 45,538 | 45,538 | 45,538 | 45,538 | 45,538 | 45,538 | 45,538 |
| | | | | 354,427 | 354,427 | 354,427 | 354,427 | 354,427 | 354,427 | 354,427 | 354,427 | 354,427 | 354,427 | 354,427 | 354,427 |
| North Coast | FT | 30014-A | (a) | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 |
| | | 30013-A | | 30,557 | 30,557 | 30,557 | 30,557 | 30,557 | 30,557 | 30,557 | 30,557 | 30,557 | 30,557 | 30,557 | 30,557 |
| | | | | 45,557 | 45,557 | 45,557 | 45,557 | 45,557 | 45,557 | 45,557 | 65,557 | 65,557 | 65,557 | 65,557 | 65,557 |
| PEPL | Storage Transportation EFT | 018606 | (b) | 10,244 | 10,244 | 10,244 | 10,244 | 10,244 | 10,244 | 10,244 | 26,338 | 26,338 | 26,338 | 26,338 | 26,338 |
| | Long Haul West End EFT | 018605 | | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| | Short Haul - Winter Only EFT | 018604 | | - | - | - | - | - | - | - | 28,662 | 28,662 | 28,662 | 28,662 | 28,662 |
| **Total City Gate Deliverability** | | | | **1,137,535** | **1,137,535** | **1,137,535** | **1,137,535** | **1,137,535** | **1,137,535** | **1,860,086** | **1,935,086** | **1,935,086** | **1,935,086** | **1,935,086** | **1,935,086** |

(a) Requires purchase of supplies at the Dominion East Ohio Maumee delivery point.
(b) For April through October serves as storage injection capacity - Not included in City Gate volumes during these months.

# Columbia Gas of Ohio
## Ohio Production and Peaking Contracts
April 2010 through March 2011

| Provider | Service Type | Contract No. | Apr-10 MDQ | May-10 MDQ | Jun-10 MDQ | Jul-10 MDQ | Aug-10 MDQ | Sep-10 MDQ | Oct-10 MDQ | Nov-10 MDQ | Dec-10 MDQ | Jan-11 MDQ | Feb-11 MDQ | Mar-11 MDQ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sempra | Peaking | | - | - | - | - | - | - | - | 31,200 | 31,200 | 31,200 | 31,200 | 31,200 |
| Gatherco | Ohio Production | (c) | 25,865 | 25,865 | 25,865 | 25,865 | 25,865 | 25,865 | 25,865 | 25,865 | 25,865 | 25,865 | 25,865 | 25,865 |
| Producers Gas | Ohio Production | (c) | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| Misc Producers | Ohio Production | (c) | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 |
| Annual Contract | City Gate - Brewster | (c) | 950 | 950 | 950 | 950 | 950 | 950 | 950 | 950 | 950 | 950 | 950 | 950 |
| **Total City Gate Deliverability** | | | **31,615** | **31,615** | **31,615** | **31,615** | **31,615** | **31,615** | **31,615** | **64,815** | **64,815** | **64,815** | **64,815** | **64,815** |

(c) Estimated delivery levels on Design Peak Day

# Columbia Gas of Ohio
## Interstate/Intrastate Pipeline Upstream Capacity Contracts
April 2010 through March 2011

| Pipeline | Rate Schedule | Contract No. | Apr-10 MDQ | May-10 MDQ | Jun-10 MDQ | Jul-10 MDQ | Aug-10 MDQ | Sep-10 MDQ | Oct-10 MDQ | Nov-10 MDQ | Dec-10 MDQ | Jan-11 MDQ | Feb-11 MDQ | Mar-11 MDQ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TCO | Storage Service | | | | | | | | | | | | | |
| | FSS - SCQ | 03045 | 80,441,913 | 80,441,913 | 80,441,913 | 80,441,913 | 80,441,913 | 80,441,913 | 80,441,913 | 80,441,913 | 80,441,913 | 80,441,913 | 80,441,913 | 80,441,913 |
| | FSS - MDQ | | 1,445,102 | 1,445,102 | 1,445,102 | 1,445,102 | 1,445,102 | 1,445,102 | 1,445,102 | 1,445,102 | 1,445,102 | 1,445,102 | 1,445,102 | 1,445,102 |
| PEPL | Storage Service | | | | | | | | | | | | | |
| | FS - SCQ | 018601 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| | FS - MDQ | | 26,667 | 26,667 | 26,667 | 26,667 | 26,667 | 26,667 | 26,667 | 26,667 | 26,667 | 26,667 | 26,667 | 26,667 |
| Col Gulf | FTS-1 | 80061 | 294,185 | 294,185 | 294,185 | 294,185 | 294,185 | 294,185 | 294,185 | 294,185 | 294,185 | 294,185 | 294,185 | 294,185 |
| Tennessee | FT-A | 46986 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| | | 63440 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Crossroads | FT-1 | Various | 30,944 | 30,944 | 30,944 | 30,944 | 30,944 | 30,944 | 30,944 | 30,944 | 30,944 | 30,944 | 30,944 | 30,944 |
| Trunkline | EFT | 018122 | - | - | - | - | - | - | - | 29,223 | 29,223 | 29,223 | 29,223 | 29,223 |

# Columbia Gas of Ohio
# Capacity Allocation Process

| Line | | Settlement In Principle |
|---|---|---|
| 1 | Total City Gate Contract Capacity | **1,999,901** |
| 2 | Reduced for Capacity COH retains to assign to TS Customers (a) | 20,000 |
| 3 | Reduced for Capacity COH retains to provide Standby and Supplemental Service (a) | 7,200 |
| 4 | Net COH contract capacity available for assignment to CHOICE/SSO Suppliers | **1,972,701** |
| 5 | Current estimate of Design Peak Day Demand for all CHOICE/SSO eligible customers | **2,037,600** |
| 6 | Capacity Assignment Percentage (4 / 5) | **96.81%** |
| 7 | Determine amount of Storage COH must retain to provide CHOICE/SSO balancing services - 22.12% of Design Peak Day Demand (5 * .2212) | **450,717** |
| 8 | Determine level of Storage to be assigned CHOICE/SSO Suppliers (8a + 8b - 7 - 3) | **1,013,523** |
| 8a | - TCO FSS/SST contract Peak Day Entitlement | 1,445,102 |
| 8b | - PEPL FS/EFT contract Peak Day Entitlement | 26,338 |
| 9 | Determine Percentage of Design Peak Day Demand in each Pipeline Scheduling Point to be assigned as storage (8 / 5) | **49.74%** |
| 10 | Determine level of FTS to be assigned CHOICE/SSO Suppliers (Sum 10a thru 10e) | **385,871** |
| 10a | - TCO/Gulf | 266,224 |
| 10b | - TCO/TGP | 18,275 |
| 10c | - NCGT | 57,710 |
| 10d | - PEPL West End | 15,000 |
| 10e | - PEPL/TRK | 28,662 |
| 11 | Determine Percentage of Design Peak Day Demand in each Pipeline Scheduling Point to be assigned as FTS (10 / 5) | **18.94%** |
| 12 | Ohio Production, Peaking and Operationally Retained Capacity (12a + 12b + 12c) | **122,590** |
| 12a | - Ohio Production | 33,613 |
| 12b | - Peaking | 31,200 |
| 12c | - Operationally Retained | 57,777 |
| 13 | Peaking Service provided by Columbia (7 + 12) | **573,307** |
| 13a | % of Design Peak Day Demand | **28.14%** |
| 14 | Capacity Responsibility of CHOICE/SSO Suppliers (5 - 8 - 10 - 13) | **64,899** |
| 14a | % of Design Peak Day Demand | **3.19%** |

(a) Estimate based on current conditions, subject to change

# Columbia Gas of Ohio
## Capacity Allocation Process
## Capacity Allocation by Pipeline Scheduling Point

| Market Area | Design Peak Day Demand | Pipeline | Storage % | Storage Vol | | FTS % | FTS Vol | Peaking by COH % | Peaking by COH Vol | Provided by Supplier % | Provided by Supplier Vol | Total % | Total Vol | Total Provided by COH % | Total Provided by COH Vol |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 423,200 | | | | | | | | | | | | | | |
| (Toledo) | | Total | 49.74% | 210,504 | | 18.94% | 80,144 | 28.14% | 119,073 | 3.19% | 13,479 | 100.00% | 423,200 | 96.81% | 409,721 |
| | | TCO/CGT | 47.18% | 199,650 | | 6.21% | 26,292 | | | | | | | 96.81% | |
| | | PEPL | 2.56% | 10,854 | West End | 3.54% | 15,000 | | | | | | | | |
| | | PEPL/TRK | | | Winter Only | 6.77% | 28,662 | | | | | | | | |
| | | NCGT/XRD | | | Findlay | 0.99% | 4,190 | | | | | | | | |
| | | NCGT/XRD | | | Fostoria | 1.42% | 6,000 | | | | | | | | |
| 2 | 282,400 | | | | | | | | | | | | | | |
| (Parma) | | Total | 49.74% | 140,469 | | 18.94% | 53,480 | 28.14% | 79,457 | 3.19% | 8,995 | 100.00% | 282,400 | 96.81% | 273,405 |
| | | TCO/CGT | 49.74% | 140,469 | | 4.53% | 12,780 | | | | | | | 96.81% | |
| | | NCGT/XRD | | | Hinckley | 2.02% | 5,700 | | | | | | | | |
| | | NCGT | | | Parma | 12.39% | 35,000 | | | | | | | | |
| 3 | 59,400 | | | | | | | | | | | | | | |
| (Lima) | | Total | 49.74% | 29,546 | | 18.94% | 11,249 | 28.14% | 16,713 | 3.19% | 1,892 | 100.00% | 59,400 | 96.81% | 57,508 |
| | | TCO/CGT | 49.74% | 29,546 | | 18.94% | 11,249 | | | | | | | 96.81% | |
| 4 | 68,700 | | | | | | | | | | | | | | |
| (Alliance) | | Total | 49.74% | 34,172 | | 18.94% | 13,010 | 28.14% | 19,330 | 3.19% | 2,188 | 100.00% | 68,700 | 96.81% | 66,512 |
| | | TCO/TGP | 49.74% | 34,172 | Dungannon | 18.94% | 13,010 | | | | | | | 96.81% | |
| 5 | 585,200 | | | | | | | | | | | | | | |
| (Columbus) | | Total | 49.74% | 291,084 | | 18.94% | 110,822 | 28.14% | 164,654 | 3.19% | 18,639 | 100.00% | 585,200 | 96.81% | 566,561 |
| | | TCO/CGT | 49.74% | 291,084 | | 18.94% | 110,822 | | | | | | | 96.81% | |
| 6 | 161,100 | | | | | | | | | | | | | | |
| (Dayton) | | Total | 49.74% | 90,081 | | 18.94% | 34,296 | 28.14% | 50,955 | 3.19% | 5,768 | 100.00% | 181,100 | 96.81% | 175,332 |
| | | TCO/CGT | 49.74% | 90,081 | | 18.94% | 34,296 | | | | | | | 96.81% | |
| 7 | 122,500 | | | | | | | | | | | | | | |
| (Sandusky) | | Total | 49.74% | 60,933 | | 18.94% | 23,198 | 28.14% | 34,467 | 3.19% | 3,902 | 100.00% | 122,500 | 96.81% | 118,598 |
| | | TCO/CGT | 49.74% | 60,933 | | 13.37% | 16,378 | | | | | | | 96.81% | |
| | | NCGT/XRD | | | Norwalk | 3.59% | 4,400 | | | | | | | | |
| | | NCGT/XRD | | | Oberlin | 1.98% | 2,420 | | | | | | | | |
| 8 | 135,300 | | | | | | | | | | | | | | |
| (Mansfield) | | Total | 49.74% | 67,300 | | 18.94% | 25,622 | 28.14% | 38,069 | 3.19% | 4,309 | 100.00% | 135,300 | 96.81% | 130,991 |
| | | TCO/CGT | 49.74% | 67,300 | | 18.94% | 25,622 | | | | | | | 96.81% | |
| 9 | 100,300 | | | | | | | | | | | | | | |
| (OH Misc) | | Total | 49.74% | 49,890 | | 18.94% | 18,994 | 28.14% | 28,221 | 3.19% | 3,195 | 100.00% | 100,300 | 96.81% | 97,105 |
| | | TCO/CGT | 49.74% | 49,890 | | 18.94% | 18,994 | | | | | | | 96.81% | |
| 15 | 27,800 | | | | | | | | | | | | | | |
| (Portsmouth) | | Total | 49.74% | 13,828 | | 18.94% | 5,265 | 28.14% | 7,822 | 3.19% | 885 | 100.00% | 27,800 | 96.81% | 26,915 |
| | | TCO/TGP | 49.74% | 13,828 | Broad Run | 18.94% | 5,265 | | | | | | | 96.81% | |
| 35 | 50,600 | | | | | | | | | | | | | | |
| (Pittsburgh) | | Total | 49.74% | 25,169 | | 18.94% | 9,582 | 28.14% | 14,237 | 3.19% | 1,612 | 100.00% | 50,600 | 96.81% | 48,988 |
| | | TCO/CGT | 49.74% | 25,169 | | 18.94% | 9,582 | | | | | | | 96.81% | |
| 39 | 1,100 | | | | | | | | | | | | | | |
| (New Castle) | | Total | 49.74% | 547 | | 18.94% | 208 | 28.14% | 310 | 3.19% | 35 | 100.00% | 1,100 | 96.81% | 1,065 |
| | | TCO/CGT | 49.74% | 547 | | 18.94% | 208 | | | | | | | 96.81% | |
| Total | 2,037,600 | Total | 49.74% | 1,013,523 | | 18.94% | 385,871 | 28.14% | 573,307 | 3.19% | 64,899 | 100.00% | 2,037,600 | 96.81% | 1,972,701 |
| | | TCO | 49.21% | 1,002,669 | TCO/CGT | 13.07% | 266,224 | | | | | | | 96.81% | |
| | | PEPL | 0.53% | 10,854 | TCO/TGP | 0.90% | 18,275 | | | | | | | | |
| | | | | | PEPL | 2.14% | 43,662 | | | | | | | | |
| | | | | | NCGT | 2.83% | 57,710 | | | | | | | | |

# Columbia Gas of Ohio
## Ohio Production, Peaking and Retained Capacity Purchase Cost Example

| | Purchase Volumes - Mcf (a) | | | | | | Total | Unit | TCO Monthly | Difference Off TCO |
|---|---|---|---|---|---|---|---|---|---|---|
| Month | Brewster | Gatherco | Producers | Misc Small | Retained | Total | Costs (b) | Costs | Index (c) | Index |
| January | 27,900 | 439,400 | 204,700 | 30,900 | 688,000 | 1,390,900 | $ 13,522,504 | $ 9.722 | $ 8.400 | $ 1.322 |
| February | 25,500 | 490,600 | 174,400 | 28,000 | 584,000 | 1,302,500 | $ 11,998,840 | $ 9.212 | $ 8.020 | $ 1.192 |
| March | 28,200 | 376,100 | 175,000 | 26,800 | 484,000 | 1,090,100 | $ 10,530,264 | $ 9.660 | $ 8.190 | $ 1.470 |
| April | 24,100 | 204,800 | 163,000 | 30,000 | 250,000 | 671,900 | $ 7,055,622 | $ 10.501 | $ 8.533 | $ 1.968 |
| May | 21,700 | 114,300 | 178,700 | 32,400 | - | 347,100 | $ 4,312,738 | $ 12.425 | $ 9.043 | $ 3.382 |
| June | 21,000 | 74,000 | 166,800 | 33,100 | - | 294,900 | $ 3,730,103 | $ 12.649 | $ 8.847 | $ 3.802 |
| July | 19,100 | 75,700 | 155,900 | 31,000 | - | 281,700 | $ 3,181,343 | $ 11.293 | $ 6.893 | $ 4.400 |
| August | 19,100 | 71,300 | 176,400 | 34,000 | - | 300,800 | $ 3,358,547 | $ 11.165 | $ 7.167 | $ 3.999 |
| September | 21,000 | 78,900 | 170,600 | 32,200 | 150,000 | 452,700 | $ 4,651,204 | $ 10.274 | $ 7.970 | $ 2.304 |
| October | 26,400 | 137,800 | 173,800 | 33,200 | 350,000 | 721,200 | $ 6,474,901 | $ 8.978 | $ 8.557 | $ 0.421 |
| November | 27,000 | 261,000 | 191,600 | 32,400 | 367,000 | 879,000 | $ 9,338,348 | $ 10.624 | $ 9.810 | $ 0.814 |
| December | 28,700 | 402,500 | 195,300 | 28,700 | 577,000 | 1,232,200 | $ 12,153,801 | $ 9.863 | $ 9.213 | $ 0.650 |
| Total | 289,700 | 2,726,400 | 2,126,200 | 372,700 | 3,450,000 | 8,965,000 | $ 90,308,215 | | | |
| Average | | | | | | | | $ 10.073 | $ 8.521 | $ 1.552 |

(a) Approximate average monthly purchases for the period January 2006 through June 2008.
(b) Includes commodity and demand costs.
(c) TCO Monthly Index values represent averages for the period of July 2005 through June 2008. The average represents weighted average of TCO Monthly Index weighted by purchase volumes.

# Columbia Gas of Ohio, Inc.
# TCO FSS Inventory Level Recommendations and Tariff Limitations

| Inventory Level Recommendations | | Tariff Inventory Limitations | |
|---|---|---|---|
| Date | Percent of Assigned SCQ (Minimum Levels) | Date | Percent of Assigned SCQ (Maximum Levels) |
| 1-Nov | 98% | 31-Mar | 25% |
| 15-Feb | 30% | 30-Jun | 60% |
| 5-Mar | 20% | 31-Aug | 85% |
| 22-Mar | 10% | 1-Nov | 100% |
| 1-Apr | 2% | 1-Feb | 65% |

| Monthly & Daily Injection Limitations | | | Daily Withdrawal Levels | |
|---|---|---|---|---|
| Month | Monthly Maximum (MMIQ) | Daily Maximum (MDIQ) | Percent MDQ | Percent of Assigned SCQ |
| November | 5% of Assigned SCQ | MMIQ / 30 | 100% | 100% - 30% |
| December | 10% of Assigned SCQ | MMIQ / 30 | | |
| January | 10% of Assigned SCQ | MMIQ / 25 | 80% | <30% - 20% |
| February | 10% of Assigned SCQ | MMIQ / 25 | | |
| March | 10% of Assigned SCQ | MMIQ / 25 | 65% | <20% - 10% |
| April | 15% of Assigned SCQ | MMIQ / 25 | | |
| May | 20% of Assigned SCQ | MMIQ / 25 | 50% | <10% |
| June | 20% of Assigned SCQ | MMIQ / 25 | | |
| July | 20% of Assigned SCQ | MMIQ / 25 | | |
| August | 20% of Assigned SCQ | MMIQ / 25 | | |
| September | 13% of Assigned SCQ | MMIQ / 25 | | |
| October | 7% of Assigned SCQ | MMIQ / 25 | | |

# Columbia Gas of Ohio, Inc.
# BTU Factors: Dth/Mcf By Month
### Twenty-Four Months Ended November 2008

| | Weighted Average BTU |
|---|---|
| Dec-06 | 1.037 |
| Jan-07 | 1.039 |
| Feb-07 | 1.036 |
| Mar-07 | 1.036 |
| Apr-07 | 1.036 |
| May-07 | 1.034 |
| Jun-07 | 1.038 |
| Jul-07 | 1.039 |
| Aug-07 | 1.041 |
| Sep-07 | 1.039 |
| Oct-07 | 1.037 |
| Nov-07 | 1.035 |
| 12 Months Ended Nov 07 | 1.037 |
| Dec-07 | 1.037 |
| Jan-08 | 1.036 |
| Feb-08 | 1.034 |
| Mar-08 | 1.035 |
| Apr-08 | 1.036 |
| May-08 | 1.035 |
| Jun-08 | 1.041 |
| Jul-08 | 1.040 |
| Aug-08 | 1.040 |
| Sep-08 | 1.039 |
| Oct-08 | 1.038 |
| Nov-08 | 1.039 |
| 12 Months Ended Nov 08 | 1.037 |

# Columbia Gas of Ohio, Inc.
# Example Annual Reconciliation

An annual reconciliation between supplies delivered and/or credited to each CHOICE and SSO Supplier will be performed for each twelve month period ending March 31 of each year. Below is an example reconciliation for both CHOICE and SSO Suppliers.

CHOICE[1]

| | |
|---|---|
| a. Total credited city gate supplies[2]: | 5,000,000 Dth |
| b. Adjusted for Columbia's System-wide Retention (1%): | 4,950,000 Mcf |
| c. Converted to Mcf (1.037 Dth/Mcf): | 4,773,385 Mcf |
| d. Burner tip credited supplies: | 4,773,385 Mcf |
| e. Annual consumption of Supplier's CHOICE customers[3]: | 4,821,119 Mcf |
| f. Difference: Over/(Under) Deliveries (d – e): | (47,734 Mcf) |
| g. Annual TCO Index Price as adjusted for TCO SST retainage and commodity, TCO FSS retainage and injection and converted to Mcf | $7.05/Mcf |
| h. Total due/(from) CHOICE Supplier (f * g): | ($336,524.70) |

SSO[4]

| | |
|---|---|
| a. Total credited city gate supplies, per tranche[5]: | 5,000,000 Dth |
| b. Adjusted for Columbia's System-wide Retention (1%): | 4,950,000 Mcf |
| c. Converted to Mcf (1.037 Dth/Mcf): | 4,773,385 Mcf |
| d. Burner tip credited supplies: | 4,773,385 Mcf |
| e. Annual consumption of SSO customers[6]: | 80,000,000 Mcf |
| f. Annual consumption per tranche (16 tranches): | 5,000,000 Mcf |
| g. Difference: Over/(Under) Deliveries (d – f): | (226,615 Mcf) |
| h. Annual TCO Index Price as adjusted for TCO SST retainage and commodity, TCO FSS retainage and injection and converted to Mcf | $7.05/Mcf |
| i. Total due/(from) SSO Supplier (g * h): | ($1,597,635.75) |

---

[1] CHOICE reconciliations will be made by nomination group.
[2] Total of all confirmed nominations, differences between confirmed deliveries and deliveries specified by Columbia provided demand curves, and monthly Local Gas Purchase Requirements.
[3] Inclusive of all adjustments, including unbilled volumes.
[4] SSO reconciliations will be made per tranche.
[5] Total of all confirmed nominations, differences between confirmed deliveries and deliveries specified by Columbia provided demand curves, and monthly Local Gas Purchase Requirements.
[6] Inclusive of all adjustments, including unbilled volumes.

## Columbia Gas of Ohio, Inc.
### SSO Annual Reconciliation Illustration for a Single SSO Tranche
All volumes have units Dth and are measured at the city gate

| | | | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Sum Apr10_Mar11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **SSO Supplier Deliveries** | | | | | | | | | | | | | | |
| 1 | Calendar Month | | 425,067 | 216,499 | 116,408 | 106,030 | 105,573 | 134,324 | 309,377 | 542,193 | 849,481 | 1,008,421 | 885,798 | 720,443 | 5,397,615 |
| | **Monthly Consumption** | | | | | | | | | | | | | | |
| 11 | Billing Month | | 567,746 | 291,134 | 160,661 | 105,116 | 101,004 | 106,030 | 182,885 | 394,358 | 698,187 | 1,017,517 | 992,388 | 786,300 | 5,403,326 |
| | **Price Index: TCO First Of Month (FOM), Including retainage and commodity adjustments** | | | | | | | | | | | | | | |
| 21 | Arith Avg: Prog Year | (average of line 22) | | | | | | | | | | | | | $6.72 |
| 22 | Monthly | | $6.12 | $6.15 | $6.22 | $6.31 | $6.38 | $6.44 | $6.59 | $6.94 | $7.27 | $7.50 | $7.48 | $7.27 | |
| | **True-Up: Supplier Payment to CSRR** | | | | | | | | | | | | | | |
| 31 | Volume owed CSRR | 11 - 1 | 142,679 | 74,636 | 44,253 | -914 | -4,569 | -28,294 | -126,492 | -147,835 | -151,294 | 11,096 | 126,590 | 65,857 | 5,711 |
| | Payment to CSRR @ TCO FOM: $000 | | | | | | | | | | | | | | |
| 32 | Opt. 1. Arith Avg: Prog Yr | 21 * sum(31) | | | | | | | | | | | | | $38 |
| 33 | Opt. 2. Monthly | 22 * 31 | $874 | $459 | $275 | ($8) | ($29) | ($182) | ($833) | ($1,026) | ($1,101) | $83 | $947 | $479 | ($59) |

Notes:

Supplier deliveries include the Local Gas Purchase Requirement.

Suppliers paid on Monthly Billed Volumes

Positive True-Up Volumes/Payments are due CSRR, Negative are due Supplier

**Columbia Gas of Ohio, Inc.**
**Computation of CSRR Rider**

**EXAMPLE – FIRST QUARTER (FOR ILLUSTRATIVE PURPOSES ONLY)**

| | |
|---|---|
| **REVENUE** | |
| SSO Revenue | $ |
| Non-Temperature Balancing Service Revenue | |
| TS Balancing Service Revenue | |
| BSR Revenue | |
| Share of Operational Sales Revenue | |
| TS Cash-out Revenue | |
| CHOICE Program Cash-out Revenue | |
| Penalty Charge Revenue | |
| Off-System Sales & Capacity Release Revenue | |
| | |
| **CAPACITY COSTS** | |
| Interstate Pipeline Capacity | |
| Peaking Reservation Charge | |
| Leased Supply Pipeline Charges | |
| | |
| **COMMODITY COSTS** | |
| SSO Purchases | |
| Gas Withdrawn From Storage | |
| Gas Injected Into Storage | |
| Delivery Charges | |
| | |
| **OPERATIONAL SALE OR PURCHASE** | |
| Cost of Gas | |
| Revenue | |
| | |
| **PENALTY CHARGES** | |
| | |
| **REGULATORY ASSESSMENTS** | |
| | |
| **STORAGE CARRYING COSTS** | |
| | |
| **RECONCILIATION ADJUSTMENT** | |
| | |
| **REFUNDS** | ( 2,750,000) |
| **BASE CHIP GAS COST BALANCE** | 8,199,000 |
| **DEFERRED GAS PURCHASE BALANCE – 12/31/09** | 50,000,000 |
| | |
| **NET CHANGE FOR QUARTER** | $ 55,449,476 |
| | |
| **SSO/CHOICE DELIVERIES - MCF** | 170,000,000 |
| | |
| **CSRR** | $ 0.3262 |

| | |
|---|---|
| CSSR RIDER – FIRST QUARTER | $ 0.3262 |
| CSSR RIDER – SECOND QUARTER | |
| CSSR RIDER – THIRD QUARTER | |
| CSSR RIDER – FOURTH QUARTER | |
| TOTAL CSSR RIDER EFFECTIVE APRIL 2010 | $ 0.3262 |

**EXAMPLE – SECOND QUARTER (FOR ILLUSTRATIVE PURPOSES ONLY)**

| | |
|---|---|
| **REVENUE** | |
| SSO Revenue | $ |
| Non-Temperature Balancing Service Revenue | |
| TS Balancing Service Revenue | |
| BSR Revenue | |
| Share of Operational Sales Revenue | |
| TS Cash-out Revenue | |
| CHOICE Program Cash-out Revenue | |
| Penalty Charge Revenue | |
| Off-System Sales & Capacity Release Revenue | |
| | |
| **CAPACITY COSTS** | |
| Interstate Pipeline Capacity | |
| Peaking Reservation Charge | |
| Leased Supply Pipeline Charges | |
| | |
| **COMMODITY COSTS** | |
| SSO Purchases | |
| Gas Withdrawn From Storage | |
| Gas Injected Into Storage | |
| Delivery Charges | |
| | |
| **OPERATIONAL SALE OR PURCHASE** | |
| Cost of Gas | |
| Revenue | |
| | |
| **PENALTY CHARGES** | |
| | |
| **REGULATORY ASSESSMENTS** | |
| | |
| **STORAGE CARRYING COSTS** | |
| | |
| **RECONCILIATION ADJUSTMENT** | |
| | |
| **REFUNDS** | |
| **DEFERRED GAS PURCHASE BALANCE – 12/31/09** | ( 10,000,000) |
| | |
| **NET CHANGE FOR QUARTER** | $ ( 10,000,000) |
| | |
| **SSO/CHOICE DELIVERIES - MCF** | 168,000,000 |
| | |
| **CSRR** | $ ( 0.0595) |

| | |
|---|---|
| CSSR RIDER – FIRST QUARTER | $ 0.3262 |

| | |
|---|---|
| CSSR RIDER – SECOND QUARTER | ( 0.0595) |
| CSSR RIDER – THIRD QUARTER | |
| CSSR RIDER – FOURTH QUARTER | |
| TOTAL CSSR RIDER EFFECTIVE JULY 2010 | $ 0.2667 |

**EXAMPLE – THIRD QUARTER (FOR ILLUSTRATIVE PURPOSES ONLY)**

| | |
|---|---|
| **REVENUE** | |
| SSO Revenue | $ ( 250,000,000) |
| Non-Temperature Balancing Service Revenue | ( 3,050,000) |
| TS Balancing Service Revenue | ( 250,000) |
| BSR Revenue | |
| Share of Operational Sales Revenue | ( 100,000) |
| TS Cash-out Revenue | |
| CHOICE Program Cash-out Revenue | |
| Penalty Charge Revenue | ( 10,000) |
| Off-System Sales & Capacity Release Revenue | ( 500,000) |
| | |
| **CAPACITY COSTS** | |
| Interstate Pipeline Capacity | 5,460,000 |
| Peaking Reservation Charge | 156,000 |
| Leased Supply Pipeline Charges | 50,000 |
| | |
| **COMMODITY COSTS** | |
| SSO/ Purchases | 245,000,000 |
| Gas Withdrawn From Storage | 2,000,000 |
| Gas Injected Into Storage | ( 1,000,000) |
| Delivery Charges | 30,000 |
| | |
| **OPERATIONAL SALE OR PURCHASE** | |
| Cost of Gas | |
| Revenue | |
| | 10,000 |
| **PENALTY CHARGES** | |
| | |
| **REGULATORY ASSESSMENTS** | 300,000 |
| | |
| **STORAGE CARRYING COSTS** | 2,000,000 |
| | |
| **RECONCILIATION ADJUSTMENT** | |
| | |
| **REFUNDS** | |
| | |
| **NET CHANGE FOR QUARTER** | $ 96,000 |
| | |
| **SSO/CHOICE DELIVERIES – MCF** | 171,000,000 |
| | |
| **CSRR** | $ ( 0.0006) |

| | |
|---|---|
| CSSR RIDER – FIRST QUARTER | $ 0.3262 |
| CSSR RIDER – SECOND QUARTER | ( 0.0595) |

| | | |
|---|---|---|
| CSSR RIDER – THIRD QUARTER | | 0.0006 |
| CSSR RIDER – FOURTH QUARTER | | |
| TOTAL CSSR RIDER EFFECTIVE OCTOBER 2010 | $ | 0.2673 |

**EXAMPLE – FOURTH QUARTER (FOR ILLUSTRATIVE PURPOSES ONLY)**

| | |
|---|---|
| **REVENUE** | |
| SSO Revenue | $ ( 150,000,000) |
| Non-Temperature Balancing Service Revenue | ( 900,000) |
| TS Balancing Service Revenue | ( 100,000) |
| BSR Revenue | |
| Share of Operational Sales Revenue | |
| TS Cash-out Revenue | |
| CHOICE Program Cash-out Revenue | |
| Penalty Charge Revenue | |
| Off-System Sales & Capacity Release Revenue | ( 1,500,000) |
| | |
| **CAPACITY COSTS** | |
| Interstate Pipeline Capacity | 9,320,000 |
| Peaking Reservation Charge | 156,000 |
| Leased Supply Pipeline Charges | 50,000 |
| | |
| **COMMODITY COSTS** | |
| SSO Purchases | 160,000,000 |
| Gas Withdrawn From Storage | |
| Gas Injected Into Storage | |
| Delivery Charges | 30,000 |
| | |
| **OPERATIONAL SALE OR PURCHASE** | |
| Cost of Gas | |
| Revenue | |
| | |
| **PENALTY CHARGES** | |
| | |
| **REGULATORY ASSESSMENTS** | 400,000 |
| | |
| **STORAGE CARRYING COSTS** | 2,600,000 |
| | |
| **RECONCILIATION ADJUSTMENT** | |
| | |
| **REFUNDS** | |
| | |
| **NET CHANGE FOR QUARTER** | $ 20,056,000 |
| | |
| **SSO/CHOICE DELIVERIES – MCF** | 170,000,000 |
| | |
| **CSRR** | $ 0.1180 |

| | |
|---|---|
| CSSR RIDER – FIRST QUARTER | $ 0.3262 |
| CSSR RIDER – SECOND QUARTER | ( 0.0595) |
| CSSR RIDER – THIRD QUARTER | 0.0006 |
| CSSR RIDER – FOURTH QUARTER | 0.1180 |
| TOTAL CSSR RIDER EFFECTIVE JANUARY 2011 | $ 0.3853 |

**EXAMPLE – FIFTH QUARTER (FOR ILLUSTRATIVE PURPOSES ONLY)**

| | |
|---|---|
| **REVENUE** | |
| SSO Revenue | $ ( 550,000,000) |
| Non-Temperature Balancing Service Revenue | ( 12,495,000) |
| TS Balancing Service Revenue | ( 300,000) |
| BSR Revenue | |
| Share of Operational Sales Revenue | ( 2,000,000) |
| TS Cash-out Revenue | |
| CHOICE Program Cash-out Revenue | |
| Penalty Charge Revenue | |
| Off-System Sales & Capacity Release Revenue | ( 1,000,000) |
| | |
| **CAPACITY COSTS** | |
| Interstate Pipeline Capacity | 9,320,000 |
| Peaking Reservation Charge | 156,000 |
| Leased Supply Pipeline Charges | 50,000 |
| | |
| **COMMODITY COSTS** | |
| SSO Purchases | 575,000,000 |
| Gas Withdrawn From Storage | 4,000,000 |
| Gas Injected Into Storage | |
| Delivery Charges | 50,000 |
| | |
| **OPERATIONAL SALE OR PURCHASE** | |
| Cost of Gas | 3,000,000 |
| | |
| **PENALTY CHARGES** | |
| | |
| **REGULATORY ASSESSMENTS** | 600,000 |
| | |
| **STORAGE CARRYING COSTS** | 500,000 |
| | |
| **RECONCILIATION ADJUSTMENT** | |
| | |
| **REFUNDS** | |
| | |
| **NET CHANGE FOR QUARTER** | $ 26,881,000 |
| | |
| **SSO/CHOICE DELIVERIES – MCF** | 172,000,000 |
| | |
| **CSRR** | $ 0.1563 |

| | |
|---|---|
| CSSR RIDER – FIRST QUARTER | $ ( 0.0595) |
| CSSR RIDER – SECOND QUARTER | 0.0006 |
| CSSR RIDER – THIRD QUARTER | 0.1180 |
| CSSR RIDER – FOURTH QUARTER | 0.1563 |
| TOTAL CSSR RIDER EFFECTIVE APRIL 2011 | $ 0.2154 |