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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

APPLICATION NOT FOR AN INCREASE IN RATES, PURSUANT TO SECTION 4909.18, REVISED CODE

In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of Various Revisions to its Tariffs for Standard Choice Offer Service and Rate 385, Pooling Service (Residential and General).	)))))	Case No. 11-1084-GA-ATA

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1. APPLICANT RESPECTFULLY PROPOSES: (Check applicable proposals)

______ New Service	______ Change in Rule/Regulation
______ New Classification	______ Reduction in Rates
______ Change in Classification	______ Correction of Error
__X__ Other, not involving increase in rates:	

Various related and unrelated textual revisions, without change in intent.

2. DESCRIPTION OF PROPOSAL

Vectren Energy Delivery of Ohio, Inc. (VEDO), proposes several minor revisions to its tariffs for Standard Choice Offer (SCO) Service and Rate 385, Pooling Service (Residential and General) to reflect clarifications and operational refinements. The changes proposed in this application were reviewed and discussed by VEDO's Exit Working Group in December 2010 and received consensus support.

3. TARIFFS AFFECTED:

The sheets in VEDO's Tariff for Gas Service, P.U.C.O. No. 3, which are affected by this proposal, are:

1. Sheet No. 21, Page 4 of 4, Rate 385, Pooling Service (Residential and General)
2. Sheet No. 23, Page 3 of 4, SCO Supplier Service
3. Sheet No. 41, Page 1 of 1, Exit Transition Cost Rider
4. Sheet No. 52, Page 11 of 14, Pooling Service Terms and Conditions (Residential and General)

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5. Sheet No. 56, Page 6 of 7, SCO Supplier Terms and Conditions
6. Sheet No. 56, Page 7 of 7, SCO Supplier Terms and Conditions

4. Attached hereto and made a part hereof are: (Check applicable Exhibits)

 X Exhibit A - existing schedule sheets (to be superseded) if applicable.

 X Exhibit B - proposed schedule sheets.

 X Exhibit B-1 - Red-lined tariff sheets showing changes made to existing tariffs.

____ Exhibit C-1

(a) if new service is proposed, describe;

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

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

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

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

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

6. VEDO respectfully requests the Commission to permit the filing of the proposed schedule sheets, to become effective on the date, subsequent to filing, to be shown on the proposed schedule sheets which will be filed with the Commission; and to be in the form of the schedule sheets in Exhibit B modified by any further revisions that have become effective prior to the effective date of the proposed schedule sheets.

Respectfully submitted,

Gretchen J. Hummel

Attorney for Vectren Energy Delivery of Ohio, Inc.

{C33388: }

RATE 385
POOLING SERVICE
(RESIDENTIAL AND GENERAL)

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

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

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

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

CONTRACT

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

POOLING SERVICE TERMS AND CONDITIONS

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

TERMS AND CONDITIONS

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

RATE 396
SCO SUPPLIER SERVICE

REQUIREMENTS FOR SCO SUPPLIER PARTICIPATION

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

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

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

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

CONTRACT

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

EXIT TRANSITION COST RIDER

APPLICABILITY

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

- Rate 310 – Residential Default Sales Service
- Rate 311 – Residential Standard Choice Offer Service
- Rate 315 – Residential Transportation Service
- Rate 320 – General Default Sales Service
- Rate 321 – General Standard Choice Offer Service
- Rate 325 – General Transportation Service
- Rate 341 – Dual Fuel Standard Choice Offer Service

DESCRIPTION

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

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

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

This ETC Rider will also recover/passback the following:
1) All stranded gas supply costs related to Customer migrations to Choice Service,
2) Any incremental provider of last resort costs not recovered from a defaulting SSO Supplier, SCO Supplier, or Choice Supplier,
3) Any imbalance costs not recovered from Transportation Customers or Pool Operators,
4) Gas costs incurred by Company when diverting Customers' transportation gas quantities during a Curtailment (see Sheet No. 70, paragraph 11.B1.(9)),
5) Any cash-out amounts resulting from the Annual Volume Reconciliations for Choice and SCO Suppliers.
6) Other costs or credits applicable to SCO Service (Rate 311, Rate 321, and Rate 341), Residential and General Default Sales Service (Rate 310 and Rate 320), and Choice Customers (Rate 315 and Rate 325) as approved by the Commission.

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

EXIT TRANSITION COST RIDER RATE

The Exit Transition Cost Rider Rate is $0.00351 per Ccf.

POOLING SERVICE TERMS AND CONDITIONS (RESIDENTIAL AND GENERAL)

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

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

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

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

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

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

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

SCO SUPPLIER TERMS AND CONDITIONS

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

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

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

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

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

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

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

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

SCO SUPPLIER TERMS AND CONDITIONS

ANNUAL VOLUME RECONCILIATION

1. SCO and Choice Suppliers' deliveries will be reconciled to their requirements on an annual basis.
2. For each month during the SCO Period, Company will compare each Supplier's Deliveries to the Supplier's Pool and Allocated Requirements to determine the Supplier's monthly Reconciliation Volumes.

   a. The Supplier's Deliveries will be the sum of the Supplier's confirmed deliveries to the city-gate, its no-notice storage activity, and its allocated share of propane.
   b. The Supplier's Pool Requirements will be determined by adjusting the Supplier's Pool's actual billed usage for annual Standard Btu Value and the UAFG % identified in Company's Tariff.
   c. The Supplier's Allocated Requirements will include the Supplier's portion of Large Transporter Imbalance volumes, Company's Line Pack changes, and Company's Operational Balancing Agreement (OBA) volume changes.

3. The reconciliation cash-out price for each month will be the IFERC Gas Market Report First-of-the-month price for Columbia Gas Transmission Corp, Appalachia plus applicable variable costs including fuel retention and pipeline variable charges.
4. The sum of the monthly reconciliation cashout amounts, plus any applicable taxes, will be the annual cashout credit or charge. The annual cashout credit or charge will recovered or passed back in the Exit Transition Cost (ETC) Rider.
5. Such reconciliations will be performed in the second month following the end of the last month of flow.
6. The Supplier's Annual Volume Reconciliation cashout charges and credits will remain subject to revision based on any corrections to underlying data and any issues identified in the annual ETC Audits.

SCO SUPPLIER DEFAULT OR TERMINATION

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

SCO Suppliers will be required to sell to succeeding Suppliers five percent (5%) of their TCO Storage Contract Quantity (SCQ) at the end of the SCO phase at the April first of the month "Monthly Contract Index" price for "Columbia Gas Transmission Corp, Appalachia" as reported by Inside FERC's Gas Market Report in the table "Prices of Spot Gas Deliveries to Pipelines" plus applicable variable costs, including fuel retention and pipeline variable costs.

Upon default, SCO Supplier will be required to sell to succeeding/remaining Suppliers five percent (5%) of its TCO Storage Contract Quantity (SCQ) at the April first of the month "Monthly Contract Index" price for "Columbia Gas Transmission Corp, Appalachia" as reported by Inside FERC's Gas Market Report in the table "Prices of Spot Gas Deliveries to Pipelines" plus applicable variable costs, including fuel retention and pipeline variable costs.

RATE 385
POOLING SERVICE
(RESIDENTIAL AND GENERAL)

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

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

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

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

CONTRACT

Pursuant to Rule 4901:1-29-13(b) OAC, Choice Supplier must enter into a written Pooling Agreement with Company. At a minimum the Pooling Agreement shall include the following provisions: representations and warranties, indemnification, limitations on liability, default (breach), remedies, force majeure, commencement and term. Such Pooling Agreement shall set forth specific covenants and obligations undertaken by Company and Choice Supplier under this Rate Schedule on behalf of its Pool Customers. The Pooling Agreement shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter subject to cancellation by either party after written notice submitted not less than ninety (90) days advance written notice prior to a contract expiration date, or unless terminated pursuant to the provisions of the Agreement. However, in no case shall any service pursuant to the Agreement be terminated during a winter month (November through March) unless such winter period is mutually agreed upon and/or except as pursuant to the Agreement.

POOLING SERVICE TERMS AND CONDITIONS

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

TERMS AND CONDITIONS

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

RATE 396
SCO SUPPLIER SERVICE

REQUIREMENTS FOR SCO SUPPLIER PARTICIPATION

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

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

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

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

CONTRACT

Pursuant to Rule 4901:1-29-13(b) OAC, SCO Supplier must enter into a written SCO Supplier Agreement with Company which shall set forth specific covenants and obligations undertaken by Company and SCO Supplier under this Rate Schedule. At a minimum the SCO Supplier Agreement shall include the following provisions: representations and warranties, indemnification, limitations on liability, default (breach), remedies, force majeure, commencement and term. The Agreement shall have a term consistent with the SCO Phase term as approved by the Commission.

EXIT TRANSITION COST RIDER

APPLICABILITY

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

- Rate 310 – Residential Default Sales Service
- Rate 311 – Residential Standard Choice Offer Service
- Rate 315 – Residential Transportation Service
- Rate 320 – General Default Sales Service
- Rate 321 – General Standard Choice Offer Service
- Rate 325 – General Transportation Service
- Rate 341 – Dual Fuel Standard Choice Offer Service

DESCRIPTION

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

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

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

This ETC Rider will also recover/passback the following:
1) All stranded gas supply costs related to Customer migrations to Choice Service,
2) Any incremental provider of last resort costs not recovered from a defaulting SSO Supplier, SCO Supplier, or Choice Supplier,
3) Any imbalance costs not recovered from Transportation Customers or Pool Operators,
4) Gas costs incurred by Company when diverting Customers' transportation gas quantities during a Curtailment (see Sheet No. 70, paragraph 11.B1.(9)),
5) Any cash-out amounts resulting from the Annual Volume Reconciliations for Choice and SCO Suppliers,
6) Adjustments to charges billed in prior Exit Program period(s), and
7) Other costs or credits applicable to SCO Service (Rate 311, Rate 321, and Rate 341), Residential and General Default Sales Service (Rate 310 and Rate 320), and Choice Customers (Rate 315 and Rate 325) as approved by the Commission.

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

EXIT TRANSITION COST RIDER RATE

The Exit Transition Cost Rider Rate is $0.00351 per Ccf.

POOLING SERVICE TERMS AND CONDITIONS (RESIDENTIAL AND GENERAL)

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

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

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

Procedure for Gas Emergency Calls:
Choice Suppliers are required to adhere to Company's Gas Emergency Call Handling Procedure as it may be amended from time to time.

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

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

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

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

SCO SUPPLIER TERMS AND CONDITIONS

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

Procedure for Gas Emergency Calls:
SCO Suppliers are required to adhere to Company's Gas Emergency Call Handling Procedure as it may be amended from time to time.

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

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

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

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

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

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

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

SCO SUPPLIER TERMS AND CONDITIONS

ANNUAL VOLUME RECONCILIATION

1. SCO and Choice Suppliers' deliveries will be reconciled to their requirements on an annual basis.
2. For each month during the SCO Period, Company will compare each Supplier's Deliveries to the Supplier's Pool and Allocated Requirements to determine the Supplier's monthly Reconciliation Volumes.

    a. The Supplier's Deliveries will be the sum of the Supplier's confirmed deliveries to the city-gate, its no-notice storage activity, and its allocated share of propane.
    b. The Supplier's Pool Requirements will be determined by adjusting the Supplier's Pool's actual billed usage for annual Standard Btu Value and the UAFG % identified in Company's Tariff.
    c. The Supplier's Allocated Requirements will include the Supplier's portion of Large Transporter Imbalance volumes, Company's Line Pack changes, and Company's Operational Balancing Agreement (OBA) volume changes.

3. The reconciliation cash-out price for each month will be the IFERC Gas Market Report First-of-the-month price for Columbia Gas Transmission Corp, Appalachia plus applicable variable costs including fuel retention and pipeline variable charges.
4. The sum of the monthly reconciliation cashout amounts, plus any applicable taxes, will be the annual cashout credit or charge. The annual cashout credit or charge will recovered or passed back in the Exit Transition Cost (ETC) Rider.
5. Such reconciliations will be performed in the second month following the end of the last month of flow.
6. The Supplier's Annual Volume Reconciliation cashout charges and credits will remain subject to revision based on any corrections to underlying data and any issues identified in the annual ETC Audits.

SCO SUPPLIER DEFAULT OR TERMINATION

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

SCO Suppliers will be required to sell to succeeding Suppliers five percent (5%) of their TCO Storage Contract Quantity (SCQ) at the end of the SCO phase at the April first of the month "Monthly Contract Index" price for "Columbia Gas Transmission Corp, Appalachia" as reported by Inside FERC's Gas Market Report in the table "Prices of Spot Gas Deliveries to Pipelines" plus applicable variable costs, including fuel retention and pipeline variable costs.

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RATE 385
POOLING SERVICE
(RESIDENTIAL AND GENERAL)

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

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

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

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

CONTRACT

Pursuant to Rule 4901:1-29-13(b) OAC, Choice Supplier must enter into a written Pooling Agreement with Company. At a minimum the Pooling Agreement shall include the following provisions: representations and warranties, indemnification, limitations on liability, default (breach), remedies, force majeure, commencement and term. Such Pooling Agreement shall set forth specific covenants and obligations undertaken by Company and Choice Supplier under this Rate Schedule on behalf of its Pool Customers. The Pooling Agreement shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter subject to cancellation by either party after written notice submitted not less than ninety (90) days advance written notice prior to a contract expiration date, or unless terminated pursuant to the provisions of the Agreement. However, in no case shall any service pursuant to the Agreement be terminated during a winter month (November through March) unless such winter period is mutually agreed upon and/or except as pursuant to the Agreement.

POOLING SERVICE TERMS AND CONDITIONS

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

TERMS AND CONDITIONS

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

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RATE 396
SCO SUPPLIER SERVICE

REQUIREMENTS FOR SCO SUPPLIER PARTICIPATION

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

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

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

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

CONTRACT

Pursuant to Rule 4901:1-29-13(b) OAC, SCO Supplier must enter into a written SCO Supplier Agreement with Company which shall set forth specific covenants and obligations undertaken by Company and SCO Supplier under this Rate Schedule. At a minimum the SCO Supplier Agreement shall include the following provisions: representations and warranties, indemnification, limitations on liability, default (breach), remedies, force majeure, commencement and term. The Agreement shall have a term consistent with the SCO Phase term as approved by the Commission.

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EXIT TRANSITION COST RIDER

APPLICABILITY

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

- Rate 310 – Residential Default Sales Service
- Rate 311 – Residential Standard Choice Offer Service
- Rate 315 – Residential Transportation Service
- Rate 320 – General Default Sales Service
- Rate 321 – General Standard Choice Offer Service
- Rate 325 – General Transportation Service
- Rate 341 – Dual Fuel Standard Choice Offer Service

DESCRIPTION

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

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

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

This ETC Rider will also recover/passback the following:
1) All stranded gas supply costs related to Customer migrations to Choice Service,
2) Any incremental provider of last resort costs not recovered from a defaulting SSO Supplier, SCO Supplier, or Choice Supplier,
3) Any imbalance costs not recovered from Transportation Customers or Pool Operators,
4) Gas costs incurred by Company when diverting Customers' transportation gas quantities during a Curtailment (see Sheet No. 70, paragraph 11.B1.(9)),
5) Any cash-out amounts resulting from the Annual Volume Reconciliations for Choice and SCO Suppliers,
6) Adjustments to charges billed in prior Exit Program period(s), and
7) Other costs or credits applicable to SCO Service (Rate 311, Rate 321, and Rate 341), Residential and General Default Sales Service (Rate 310 and Rate 320), and Choice Customers (Rate 315 and Rate 325) as approved by the Commission.

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

EXIT TRANSITION COST RIDER RATE

The Exit Transition Cost Rider Rate is $0.00351 per Ccf.

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POOLING SERVICE TERMS AND CONDITIONS (RESIDENTIAL AND GENERAL)

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

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

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

Procedure for Gas Emergency Calls:
Choice Suppliers are required to adhere to Company's Gas Emergency Call Handling Procedure as it may be amended from time to time.

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

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

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

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

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SCO SUPPLIER TERMS AND CONDITIONS

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

Procedure for Gas Emergency Calls:
SCO Suppliers are required to adhere to Company's Gas Emergency Call Handling Procedure as it may be amended from time to time.

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

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

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

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

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

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

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

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SCO SUPPLIER TERMS AND CONDITIONS

ANNUAL VOLUME RECONCILIATION

1. SCO and Choice Suppliers' deliveries will be reconciled to their requirements on an annual basis.
2. For each month during the SCO Period, Company will compare each Supplier's Deliveries to the Supplier's Pool and Allocated Requirements to determine the Supplier's monthly Reconciliation Volumes.

   a. The Supplier's Deliveries will be the sum of the Supplier's confirmed deliveries to the city-gate, its no-notice storage activity, and its allocated share of propane.
   b. The Supplier's Pool Requirements will be determined by adjusting the Supplier's Pool's actual billed usage for annual Standard Btu Value and the UAFG % identified in Company's Tariff.
   c. The Supplier's Allocated Requirements will include the Supplier's portion of Large Transporter Imbalance volumes, Company's Line Pack changes, and Company's Operational Balancing Agreement (OBA) volume changes.

3. The reconciliation cash-out price for each month will be the IFERC Gas Market Report First-of-the-month price for Columbia Gas Transmission Corp, Appalachia plus applicable variable costs including fuel retention and pipeline variable charges.
4. The sum of the monthly reconciliation cashout amounts, plus any applicable taxes, will be the annual cashout credit or charge. The annual cashout credit or charge will recovered or passed back in the Exit Transition Cost (ETC) Rider.
5. Such reconciliations will be performed in the second month following the end of the last month of flow.
6. The Supplier's Annual Volume Reconciliation cashout charges and credits will remain subject to revision based on any corrections to underlying data and any issues identified in the annual ETC Audits.

SCO SUPPLIER DEFAULT OR TERMINATION

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

SCO Suppliers will be required to sell to succeeding Suppliers five percent (5%) of their TCO Storage Contract Quantity (SCQ) at the end of the SCO phase at the April first of the month "Monthly Contract Index" price for "Columbia Gas Transmission Corp, Appalachia" as reported by Inside FERC's Gas Market Report in the table "Prices of Spot Gas Deliveries to Pipelines" plus applicable variable costs, including fuel retention and pipeline variable costs.

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Upon default, SCO Supplier will be required to sell to succeeding/remaining Suppliers five percent (5%) of its TCO Storage Contract Quantity (SCQ) at the April first of the month "Monthly Contract Index" price for "Columbia Gas Transmission Corp, Appalachia" as reported by Inside FERC's Gas Market Report in the table "Prices of Spot Gas Deliveries to Pipelines" plus applicable variable costs, including fuel retention and pipeline variable costs.¶

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EXHIBIT C-3

The reasons for the proposals made in this application are as follows:

1. Sheet No. 21, Page 4 of 4, Rate 385, Pooling Service (Residential and General)

   To provide the appropriate Ohio Administrative Code reference and clarify the content requirements already reflected in the Pooling Agreement which is the subject of the provision being revised.

2. Sheet No. 23, Page 3 of 4, SCO Supplier Service

   To provide the appropriate Ohio Administrative Code reference and clarify the content requirements already reflected in the Pooling Agreement which is the subject of the provision being revised.

3. Sheet No. 41, Page 1 of 1, Exit Transition Cost Rider

   To clarify the components subject to recovery in the Exit Transition Cost Rider.

4. Sheet No. 52, Page 11 of 14, Pooling Service Terms and Conditions (Residential and General)

   To memorialize in the tariff a requirement already imposed on Choice suppliers.

5. Sheet No. 56, Page 6 of 7, SCO Supplier Terms and Conditions

   To memorialize in the tariff a requirement already imposed on SCO suppliers.

6. Sheet No. 56, Page 7 of 7, SCO Supplier Terms and Conditions

   To eliminate the requirement for a defaulting SCO Supplier to sell 5% of its TCO storage requirement to remaining SCO Suppliers. The storage contract quantity to which the proposed deletion refers is recallable by VEDO and may be reassigned by VEDO as needed.