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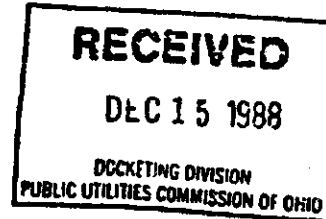
December 15, 1988

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WRITER'S DIRECT DIAL NUMBER

Mr. James Logsdon
Acting Secretary
Public Utilities Commission
of Ohio
180 East Broad Street
Columbus, Ohio 43266-0573



Re: 85-800-GA-COI; Ohio Gas Company

Dear Mr. Logsdon:

89-135-GA-ATA

On November 8, 1988, the Commission issued an order directing gas utilities to file tariffs to accommodate transportation service. On December 8, 1988, Ohio Gas Company filed an application for rehearing asking the Commission to make the filing of transportation tariffs an optional as opposed to mandatory feature of the natural gas transportation guidelines. Ohio Gas believes that the transportation tariffs will raise more questions than they will answer and are ill-suited to deal with the rapid pace of change taking place in the gas industry. Ohio Gas' recent experience regarding its efforts to implement a bad check charge reinforces this concern.

Notwithstanding Ohio Gas Company's concerns about the utility of gas transportation tariffs, it encloses herewith, for filing, tariffs which have been prepared to respond to the Commission's November 8, 1988, order in this case. These tariffs should not be understood to indicate Ohio Gas is withdrawing its rehearing request or that Ohio Gas will only provide transportation service pursuant to the terms and conditions in said tariff. Ohio Gas' record regarding transportation service indicates that Ohio Gas is ready and willing to meet the transportation needs of its customers in a creative and constructive way.

Respectfully submitted,

Samuel C. Randazzo
Samuel C. Randazzo

SCR:lk

P.U.C.O No. 1

SECTION 9: - STANDARD TRANSPORTATION SERVICES

A. APPLICABILITY

Transportation services are available from Ohio Gas Company's existing facilities to any End User having an average daily throughput of 50 Mcf or more provided application is made for such services under the terms and conditions of this Section 9. Each End User desiring Ohio Gas Company to provide transportation services must enter into a Transportation Service Agreement. The availability of all such services is subject to Ohio Gas Company's service obligations to its General Service Rate customers on a daily and longer term basis, to the law, to applicable rules, regulations and rates filed by Ohio Gas Company from time to time with the Public Utilities Commission of Ohio ("Commission") and subsequent revisions thereto and to lawful orders adopted by such regulatory authorities as may have jurisdiction over such service.

All transportation services provided hereunder are specifically made subject to the gas transportation guidelines attached hereto and incorporated herein as such guidelines may be modified or revised from time to time. Accordingly, such guidelines limit the availability of transportation service to "Human Needs and Public Welfare" customers.

B. DEFINITIONS

1. The term "gas" shall mean the gas which is provided to End User's plant, and made available to Company under this Special Arrangement.
2. The term "month" shall mean calendar month.
3. The term "Mcf" shall mean one thousand (1,000) cubic feet of gas with the unit of volume utilized for measurement purposes being based upon one (1) cubic foot of gas at a pressure of fourteen and six tenths (14.6) pounds per square inch absolute with corrections for super compressibility and at a temperature of sixty (60) degrees Fahrenheit.

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4. The term "Delivery Point" shall mean the location at which Company shall first receive End User's gas supply.
5. The term "Redelivery Point" shall mean the location where gas is metered at End User's premises for billing purposes.
6. The term "Nomination" shall mean the quantity of gas which End User will have delivered to the Delivery Point for redelivery by Company for the relevant period. It is understood that the ultimate Nomination each month must take into account Company's allowance for unaccounted for gas and any similar reductions made by other transporters.
7. The term "Imbalance" shall mean the difference between the quantity received by Company at the Delivery Point and the quantity consumed by End User as measured at the Redelivery Point. It is understood that quantity received by Company at the Delivery Point must exceed the quantity measured at the Redelivery Point by the amount specified in the portion of this Section 9 dealing with unaccounted for gas.
8. The term "Commission" shall mean the Public Utilities Commission of Ohio.
9. The term "End User" refers to a customer of Ohio Gas Company and the ultimate consumer of natural gas transported pursuant to this Section 9.

C. FIRM TRANSPORTATION SERVICE

Where an End User has made arrangements for firm delivery of natural gas (owned or controlled by the End User) to Ohio Gas Company's facilities, Ohio Gas Company will redeliver (through existing facilities) such gas to the location designated by the End User.

Bills for Firm Transportation Service provided hereunder shall be based upon the following schedule of rates and charges:

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Customer Charge \$100.00 per month per Redelivery Point.

Throughput Charge The maximum throughput charge for Firm Transportation Service shall be \$1.77 per Mcf per month at any given monthly throughput level, and the minimum throughput charge for any given throughput level shall be \$.67 per Mcf per month. Throughput volumes shall be based upon metered amounts at the Redelivery Point.

D. INTERRUPTIBLE TRANSPORTATION SERVICE

Where an End User has made arrangements for delivery of natural gas (owned or controlled by the End User) to Ohio Gas Company's facilities, Ohio Gas Company may, in the exercise of its sole judgment, redeliver such gas through its existing facilities to the location designated by the End User. Interruptible Transportation Service may be discontinued, without notice, whenever (and for such period of time as) Ohio Gas Company may deem appropriate for operational, gas supply, maintenance, capacity, safety or economic considerations. It is understood that any obligation Ohio Gas Company may have to provide Transportation Service hereunder is subordinate to Ohio Gas Company's obligation to anticipate and meet the service needs of its General Service Tariff customers, Firm Transportation Service customers and Standby Service customers. It is also understood that Ohio Gas Company shall attempt to provide verbal notice to an End User prior to discontinuing service but its failure to do so shall not give rise to any claim or cause of action by the End User since such interruption is fully contemplated given the nature of this service.

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Bills for Interruptible Transportation Service provided hereunder shall be based upon the following schedule of rates and charges:

Customer Charge \$50.00 per month per Redelivery Point.

Throughput Charge The maximum throughput charge for Interruptible Transportation Service shall be \$1.77 per Mcf per month at any given monthly throughput level and the minimum throughput charge at any given throughput level shall be \$.67 per Mcf per month. Throughput volumes shall be based upon metered amounts at the Redelivery Point.

E. STANDBY OR BACK-UP SERVICE

Ohio Gas Company, upon request, will determine the cost and availability of an energy supply to function as a Standby or Back-up source of energy for an End User in the event the End User's primary energy source is inadequate to meet the End User's needs. Because each End User's requirements for this type of service can be different, requests for Standby or Back-up Service will be dealt with on a case-by-case basis and involve the execution of specific agreements. Ohio Gas Company's willingness to consider requests for Standby or Back-up Service should not be understood to indicate that Ohio Gas Company has an obligation to supply gas to an End User in cases where a failure in the End User's gas supply occurs or is threatened.

F. ALLOWANCE FOR UNACCOUNTED FOR GAS

For all services supplied under this Section 9, each End User's monthly meter readings used for billing purposes shall be adjusted upward so as to include an allowance for unaccounted for gas. This adjustment is

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to reflect the fact that Ohio Gas Company will accept, for redelivery, an amount of End User's gas which is in excess of the amount metered at the Redelivery Point. Said adjustment shall operate, in effect, to increase End User's monthly meter readings by one percent (1%). The meter reading, adjusted for the allowance for unaccounted for gas, shall serve as the basis for billing for all transportation services and shall be used to determine if an imbalance condition exists as discussed below.

G. IMBALANCE

A positive Imbalance shall exist if the volumes accepted by Ohio Gas Company for redelivery are in excess of the volumes consumed by End User. A negative Imbalance shall exist if the volumes consumed by End User are in excess of the volumes accepted by Ohio Gas Company for redelivery. To the extent End User causes an Imbalance to occur during any month, Ohio Gas Company, notwithstanding any other provision herein, may terminate service provided under this Section 9 if, in its sole judgment, such Imbalance has the potential of causing operating or economic problems for Ohio Gas Company.

If a positive or negative Imbalance in excess of five percent (5%) of End User's consumption shall exist at the end of any month, it shall be eliminated by End User in the following month. In the event such positive or negative Imbalance in excess of five percent (5%) (hereinafter referred to as "Excess Imbalance") is not eliminated by the end of the month following its creation, End User shall pay to Ohio Gas Company an Imbalance fee equal to \$.20 (per Mcf per month) in addition to all other charges specified herein.

If a negative Excess Imbalance is not eliminated by End User in the month following its creation, End User shall be obligated to pay to Ohio Gas Company a sum (in addition to all other charges specified herein) equal to the total amount of the negative Imbalance multiplied by the rates and charges in Ohio Gas Company's General Service Tariff on file and approved

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by the Commission including the applicable charge for the cost of purchased gas. The first block in said Tariff shall be used for such purpose. This additional charge does not entitle End User to rely upon Ohio Gas Company to secure a supply of gas or provide Back-up or Standby gas service but merely represents a means of eliminating the Imbalance condition to the extent Ohio Gas Company has gas available to it to do so.

H. MISCELLANEOUS

1. Term.

The term of any transportation service provided by Ohio Gas Company shall be specified in the Agreement for Standard Transportation Service entered into by Ohio Gas Company and the End User. Said Agreement shall also govern termination of transportation service to the End User. The termination procedures agreed upon by the parties to such service agreements shall be effective without need to first obtain any regulatory approval which may be required prior to service termination.

2. Gas Quality.

The gas made available to Ohio Gas Company by End User for redelivery shall be of a quality equal to or better than the quality specifications contained in the tariffs or contracts governing Ohio Gas Company's purchase of natural gas from its interstate pipeline suppliers. It is understood that Ohio Gas Company shall have no obligation to redeliver End User's gas on even an interruptible basis in the event it is not of a quality which is acceptable to Ohio Gas Company and End User shall hold harmless, defend and indemnify Ohio Gas Company against any claim for damage or injury alleged to have been caused in whole or part by End User's gas.

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3. In view of the nature of the transportation services provided under this Section 9, End Users are assuming the responsibility of securing their own gas supply and understand that Ohio Gas Company may, accordingly, not consider their gas requirements in arranging for the gas supply which Ohio Gas Company purchases. By arranging for transportation service, End Users relieve Ohio Gas Company from any obligation Ohio Gas Company may have to obtain a gas supply on their behalf unless otherwise agreed.

4. End User Specific Rates.

The specific Throughput Charges for Firm and Interruptible Transportation Service applicable to each End User shall be set forth in an Agreement for Standard Transportation Service entered into by Ohio Gas Company and each End User. Provided said specific Throughput Charges are within the range established by the maximum and minimum charge specified above for the relevant service, they shall be deemed to be specified within this Section 9 and on file with the Commission.

5. Billing and Collection.

For services provided under this Section 9, Ohio Gas Company will bill each End User on a monthly basis and all bills shall be due and payable within fifteen (15) days of the date the bill is postmarked. Any bill not paid by the due date shall be increased by five percent (5%) of the amount not timely paid each month.

6. Special Transportation Arrangements.

The terms, rates and conditions contained in this Section 9 are not intended to be applicable to every request that Ohio Gas Company provide transportation service and should not be understood to indicate an unwillingness by Ohio Gas Company to provide transportation service

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pursuant to a special arrangement or contract. Upon request, Ohio Gas Company will work with an End User to determine what specific terms and conditions would be acceptable if transportation service were to be performed under an special arrangement or contract.

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