

## Natural Gas Governmental Aggregation Programs Frequently Asked Questions

(Green - March 2010 Update)

### What are Governmental Natural Gas Aggregation Programs?

Governmental Aggregations allow an entire community, or groups of communities, to join together to form one large buying group. Once voters authorize an aggregation, elected officials are then permitted to shop for natural gas on behalf of their residents and small businesses.

### What are the Benefits of Gas Aggregation?

As a large buying group, residents participating in an Aggregation have more buying power. The aggregation is in a better position to negotiate favorable pricing and supply terms than what could ordinarily be achieved by any one individual resident.

### What are the different types of Aggregations?

In Ohio there are two types of Aggregations. A community may conduct an "Opt-Out" program or an "Opt-In" program. With Opt-Out programs, each eligible resident is automatically enrolled in the program unless they notify the supplier that they DO NOT wish to participate. With Opt-In programs, each resident must notify the supplier to actively enroll in the program. Opt-Out Aggregations are the most common types of aggregation programs, because they result in higher participation that usually results in lower rates.

### What does a community need to do to become an Aggregator?

For starters, a community must obtain the approval of voters to form a natural gas aggregation program. Community leaders are then permitted to proceed through a series of steps to become certified by the Public Utilities Commission of Ohio as a Governmental Natural Gas Aggregator.

### What are the key steps in an Opt-Out Aggregation?

With the assistance of a PUCO certified consultant, a community seeks bids from Certified Retail Natural Gas Service Providers. A qualified bidder is selected to supply the aggregation with its gas for a set period of time. An "Opt-out" notice is sent to each eligible community resident prior to the start of the aggregation. Each resident has 21 days from the postmarked date on the notice to contact the supplier to withdraw or "Opt-Out" of the program. After the 21-day period, any resident not opting out will be submitted to the utility company for enrollment in the program. The utility company will send notice of the pending enrollment to each participating resident. Each resident will then have 7 days to rescind their enrollment in the program by contacting the utility company. After the 7-day rescission period, all participating customers are officially enrolled in the program. The new supplier will appear on your natural gas bill within one to two billing cycles after enrollment is verified by the utility.

### Whom do I call if I have a problem with my natural gas service?

Dominion East Ohio (DEO) will continue to deliver your natural gas and maintain the pipeline system that brings it to your home or business. You will continue to call DEO 1-877-542-2630 for emergency repairs or gas leaks. For non-emergencies such as billing questions, service turn on or turn off, call 1-800-362-7557.

### Who is the natural gas supplier for the City's program?

Vectren Source with headquarters in Evansville, Indiana is our current supplier. The current program will end for participants on their April 2010 bill cycle. Vectren Source recently won a competitive bid process and was chosen as our program's supplier through the April 2012 bill cycle. Vectren Source is certified by the Public Utilities Commission of Ohio, and currently supplies customers and governmental aggregation programs across Ohio.

### Will it cost me to join the program?

No. Enrollment in the program is free and you need not take any action. You only need to be eligible to participate. Please refer to the eligibility criteria shown below.

### **Does our community benefit from the program?**

Yes. Our eligible community-owned facilities will be included in the program.

### **Is everyone eligible for the program?**

No, by law there are certain limitations on eligibility. All of the current participants in our community's program will receive a notice of the new program rates, terms and conditions and continue to be eligible. Newly eligible residents or businesses must be located within the community limits. Furthermore, they must have received an opt-out notice from Vectren Source. Here are the criteria for new member eligibility:

1. you must not have already chosen a natural gas supplier on your own;
2. you must not be a PIPP (percentage of income payment program) customer;
3. you must not be in arrears on your bill payment; and
4. you must not be a mercantile customer (natural gas commercial accounts using over 500 Mcf/year)

### **When does the next program start?**

Customer switching takes place when meters are read. Therefore, your start date will depend on when DEO reads your meter. Your service from Vectren Source in the next program is expected to begin with gas flowing in April 2010 or in May (May or June bill cycle). Vectren will mail opt-out notices in March 2010 that explain the new rate, terms and conditions.

### **How long is the program?**

The community's governmental aggregation program can go on indefinitely. The new offer from Vectren Source is for two years and will end with your April 2012 billing period.

### **What if I don't want to participate?**

While most residents will remain in, and benefit from governmental aggregation programs, the choice is up to you. If you do not want to participate you will have 21 days in which to return a reply card to Vectren Source or call them toll free at 1-866-200-5419. If you fail to do that, Vectren Source will continue to serve you or enroll you as a new customer. For new customers, DEO will acknowledge the enrollment and send you a confirmation letter reminding you of the pending switch. That letter will mention that you can cancel the switch by contacting DEO within 7 days.

### **Will I get two bills?**

No. For your convenience, you will continue to receive only one bill from DEO. It will show DEO's delivery charges and the supply charge amount owed Vectren Source. DEO continues to read your meter, issue monthly bills and responds to all service calls.

### **What is my price for gas?**

A formula (NYMEX futures price x 1.031 + \$1.195/Mcf) for setting rates has been established but the actual rate has not. Green's program will begin with variable pricing that will change each month and follow the trend of wholesale natural gas prices as determined by the New York Mercantile Exchange (NYMEX). We are starting with variable pricing because wholesale natural gas prices are currently at 5-6 year lows and we are about to enter the low-use spring and summer months. The formula that we negotiated with Vectren Source for setting your monthly price is lower than that of our previous program and is shown in your offer terms and conditions. We are starting with a variable rate because we believe most residents like to know their options just prior to winter arriving. We anticipate most residents wanting to convert to a fixed rate are likely to exercise that option next September/October when gas suppliers tend to aggressively seek your business.

### **How do I convert my variable rate to a fixed rate, if I decide to go that route?**

In the new program, Members will also have the option at any time during the program to convert their monthly variable rate to a fixed rate price for a twelve month period, or through the expiration of the Program, whichever occurs first. Any customer wanting to convert to a fixed rate must contact Vectren Source at 1-866-200-5419. If elected by the Customer, the fixed rate offered to the Customer will be a stable price per

MCF which will be equal to a 12% discount off the standard Vectren Source fixed rate offer shown on the PUCO's Apples to Apples Price Comparison Chart at the time the customer makes the decision to convert.

**Can I remain on budget billing?**

Yes. If you are on budget billing you will remain on budget billing. (Note: DEO calculates your monthly budget amount each month by summing your total delivered gas cost on a rolling 12-month basis and dividing that total by average monthly usage in the same 12-month period.)

**Can I exit this program without penalty?**

In our program, if you remain on variable pricing and decide you would like to leave Green's program at a later date, Vectren Source will not charge you an early termination fee. However, if you do decide to convert to the fixed rate option and subsequently decide to leave the Green program or revert back to a variable rate before the expiration of your fixed price period, Vectren Source may charge you an early termination fee of \$25. Vectren Source charges the fee, because they must buy gas in advance for an extended period of time and often takes a considerable loss when contracts are prematurely terminated. There are several "formal" opportunities to take yourself out of the program. First, when an offer is presented you will have 21-days to opt-out by returning a card to Vectren Source or making a toll-free phone call. If you do not opt-out DEO will then send to new members a confirmation notice giving you 7 more days to cancel the switch. Furthermore, by law, you will be able to leave without penalty at least every two years.

**My friend lives in a nearby community and has a different rate from Vectren Source than mine. Why?**

Natural gas prices are highly volatile. Market rates change often and quickly. Price differences between communities will vary based primarily on the contract term and the dates on which pricing was secured for the community.

**Can I enroll if I do not receive an Opt-Out notice?**

Yes. During the initial enrollment, any eligible resident that does not receive an Opt-Out notice may contact Vectren Source directly to enroll in the program.

**Can I enroll after the initial enrollment period?**

Vectren Source will always try to accommodate residents should they wish to enroll after the initial enrollment period. However, Vectren Source reserves the right to decline late enrollments depending on market conditions.

**Can I enroll even if I currently purchase my gas from another supplier?**

Yes, however your supplier may charge an early termination fee. All residents should check the terms and conditions of their current contract for more information.

**What happens if I'm part of the program and I move?**

A resident moving within the same community can stay in the aggregation by providing Vectren Source with their new address. If a resident moves out of the community or does not provide Vectren Source their new address, their participation will end and no early termination fee will apply.

**This sounds complex is our community qualified to handle such a program?**

We have retained Independent Energy Consultants, Inc. a PUCO certified broker and aggregator of natural gas without using any taxpayer money. They have designed, implemented, and administer dozens of successful programs across Ohio. We will have their assistance and that of Vectren Source.

**These FAQs help but I still have a question?**

If you have additional questions please call Vectren Source at 1-866-200-4793, weekdays, from 8:00 a.m. to 8:00 p.m. EST. For general information on natural gas deregulation in Ohio, you can also visit the Web Sites of the Ohio Consumer's Counsel ([www.pickocc.org](http://www.pickocc.org)), or the Public Utilities Commission of Ohio ([www.PUCO.ohio.gov](http://www.PUCO.ohio.gov)). **Please do not contact our offices. We are pleased to have made this program possible, but are not prepared to handle calls.**