

## Natural Gas Governmental Aggregation Programs Frequently Asked Questions

(Mogadore - April 2008 Program Start Date)

### 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 was selected to serve our community's program for another 2-year period. The current program will end for current participants on their April 2008 bill cycle. Vectren Source won a competitive bid process and was chosen as our program's supplier through the April 2010 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 is expected to begin with gas flowing in April 2008 or in May (May or June bill cycle).

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

The community's governmental aggregation program can go on indefinitely. This offer from Vectren Source is for two years and will end with your April 2010 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 1-800-601-3920. 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 initial price for gas?**

Gas prices are very high at this time and we do not see this as a good buying opportunity. Therefore, the program will begin with variable pricing that may change from month-to-month. The formula (NYMEX futures price x 1.031 + \$1.35/Mcf) for calculating our monthly price has been set, but the actual price has not. We will set the first month's price closer to April when we feel the natural gas market conditions have improved.

### **How will my price be set in future months?**

We continue to watch the natural gas markets closely and will instruct Vectren to buy gas when we believe conditions are favorable. That means your rate is likely to vary from month-to-month. If we see a nice downturn in the markets we have the ability to lock-in fixed-rates for any remaining period of time. The formula shown above will be used to determine your price regardless of it being variable or a fixed rate. We pay particular attention to market conditions and longer-term weather forecasts when deciding whether or not to fix rates during the winter heating season when residents consume almost 75% of their annual gas needs. While DEO's rates change monthly, the community's program has the option to fix rates during this period when rates tend to be higher priced and more volatile.

### **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?**

Yes. A very attractive feature of our program is your ability to leave free of charge at any time for any reason. 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. If you would like to leave the program at any time, simply notify Vectren Source at 1-800-601-3920.

**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. Their founder has designed, implemented, and administered dozens of successful programs elsewhere in Ohio. We will have their assistance and that of Vectren Source throughout the program.

**What's this Vectren Source Rewards Program all about?**

As a sign of their appreciation for our business, Vectren has made this program available to participants in our community's program. You will receive “reward points” for joining and remaining in the natural gas program. These points can be used to obtain online discounts on select merchandise and services. We have nothing to do with this program, and your participation in no way affects your gas prices. We ask that you direct all questions to Vectren.

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

If you have additional questions please call Vectren Source at 1-800-601-3920, 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.**