

Dominion East Ohio Energy Choice Pooling Service Frequently Asked Questions (FAQ)

The information presented in this document regarding the Energy Choice process is for the sole purpose of providing general information about the Energy Choice program. The information is subject to change, and it is not intended to be a summary of the General Terms and Conditions of Energy Choice Pooling Service. These terms can be found at <http://www.dom.com/dominion-east-ohio/customer-service/rates-and-tariffs/tariff-information.jsp>. While Dominion East Ohio has used reasonable efforts to ensure the accuracy of the information presented herein, it does not warrant the accuracy of that information for use by any party in assessing participation in the Energy Choice Program.

Background

In 1997, Dominion East Ohio (DEO) began a pilot Energy Choice program in ten counties. In October 2000, the program was expanded system-wide. By March 2001, 17 suppliers and over 400,000 customers were participating in the Energy Choice program. In October 2002, government aggregation was introduced and within one year, approximately 77,000 customers were participating via the opt-out government aggregation program.

By August 2006, over 787,000 customers were participating in the Energy Choice program in some fashion. October 2006 was the next major change for the program as winning suppliers began serving the remaining customers' supply needs under the Standard Service Offer (SSO) program. The first SSO Auction was held in August 2006. At that time, six suppliers won the right to serve the remaining customers on DEO's system at a rate of NYMEX + \$1.44 for a term of 23 months (October 2006 through August 2008). (NYMEX refers to the settlement price for the prompt month contract to which the \$1.44 is added to produce the billing rate per Mcf for prompt month commodity service.) On July 2008, DEO held a second SSO Auction as a transition step to move towards the implementation of the Standard Choice Offer (SCO) program. At that time, five suppliers won the right to serve the remaining customers on DEO's system, at a rate of NYMEX + \$2.33, for a term of seven months (September 2008 through March 2009).

In February 2009, DEO held a third SSO Auction and the first SCO Auction. The SSO Auction continued the wholesale relationship between supplier and customers. The customers served via the SSO Auction were Percentage Income Payment Plan (PIPP), Choice-ineligible¹ and transitional² customers. The SCO Auction created a retail relationship between winning and electing SCO suppliers and choice eligible customers who had not elected a supplier. Three

¹ In order to participate in the Energy Choice program, a customer must have no arrears of 30 days or more, be current on a payment plan to discharge those arrears, or not have broken a prior payment plan more than once in the preceding 12-months.

² Transitional customers comprise Choice-eligible customers that may be provided SSO commodity service for up to two consecutive billing periods. Such customers include those establishing new service and those whose Energy Choice supplier agreement or aggregation program terminates without timely enrollment with another supplier or aggregator.

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suppliers won the SSO Auction, and four won the SCO Auction. All suppliers agreed to serve customers on DEO's system at a rate of NYMEX + \$1.40 for a term of twelve months (April 2009 through March 2010). These Auctions were repeated February 2010. Three suppliers won the SSO Auction and five won the SCO Auction. All suppliers agreed to serve customers on DEO's system at a rate of NYMEX + \$1.20 for a term of twelve months (April 2010 through March 2011).

FAQs – Getting Started

**These FAQs deal with initial steps suppliers need to take
to start a choice pool and submit enrollments.**

Q: How can a company become an approved Energy Choice supplier?

A: Interested suppliers need to contact DEO and request a pooling application. Requests can be sent to Gas_Energy_Choice@dom.com. In addition to meeting DEO's contractual requirements, suppliers need to contact the Public Utility Commission of Ohio (PUCO) and submit an application for an Ohio Competitive Retail Natural Gas Marketer Certificate. Suppliers may not participate in the Energy Choice program without an active certificate.

Once a supplier receives a certificate and executes an Energy Choice Pooling Service agreement, they are issued a unique ID code and can begin adding customers to their pool.

Q: Can I purchase a customer list to use for customer solicitation efforts?

A: Yes. Suppliers can purchase a list of all eligible Energy Choice customers who are not currently participating in a transportation program. This limits the current list to transitional customers only. DEO has been approached by suppliers to expand this list to include all Choice-eligible customers. That discussion is ongoing.

Q: As an approved supplier, how do I add customers to my pool?

A: Suppliers should review Section 4901:1-29-06 Customer enrollment of the Ohio Administrative Code prior to engaging in any marketing to Ohio customers.

Once you are approved, you will receive a unique ID. Once you acquire customers, you will need to send their enrollment information to DEO, via the supplier web portal. The information must be transmitted via a fixed width text file. The file format and web portal can be found at <http://www.dom.com/dominion-east-ohio/customer-service/for-businesses/transportation-services.jsp>.

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Q: A customer said they have a 5 digit account number. Is this valid?

A: Possibly. DEO uses 13 digit account numbers for almost 99.7% of customer accounts. However, DEO has approximately 3,000 accounts that have 5 digit account numbers. These are mostly larger industrial or commercial customers that are served at pressures greater than the standard residential customer. These customers are enrolled in the same manner as the 13 digit account number (add eight zeroes before the 5 digit account number) but the response files are different.

Q: Once I submit an enrollment, how can I tell if it was accepted?

A: Enrollment files need to be uploaded to the DEO web portal prior to 6 PM EST. They are processed nightly, and the next business day a daily confirmation (C) file is available for the supplier. This file will alert the supplier if the enrollment (or change) was accepted and when it will be effective. There is also an activity (F) file that will show two records for every valid enrollment. The first record will show all pending enrollments (drops or adds). A second record will be sent if the enrollment is canceled (customer rescinds) or if the enrollment is completed. A monthly (M) confirmation file is produced the 15th of each month (or the next business day if the 15th is a non-business day). This file will show all active customers including any pending customers being added or dropped.

For the 5 digit account numbers, an e-mail is sent to the supplier only if the account rejects. In addition, a list of all active 5 digit customers is provided the 25th of each month (or the next business day if the 25th is a non-business day) via DEO's E-Script Electronic Bulletin Board (EBB).

Q: What is the rescission period?

A: When a supplier enrolls a customer, the customer is sent a letter letting them know they have elected the supplier to serve their commodity needs. The letter also lets the customer know if DEO will bill the supplier charges or if they will receive a separate invoice from the supplier for the commodity portion of their usage. If the customer does nothing, the enrollment will process normally. If the customer contacts DEO, they can request to cancel the enrollment. If this occurs, the enrollment is cancelled and the customer is not added to the supplier's pool. A record is sent through the activity (F) file notifying the supplier of the customer's decision.

Q: What billing options can a supplier elect for their customers under the Energy Choice program?

A: Suppliers have two billing options under the Energy Choice program. Suppliers can elect to have DEO send one bill to customers with both DEO's and the supplier's charges included. Suppliers can also elect to send their own bill for the commodity service separate from DEO's charges. Suppliers can use both options for customers in their pool but only one option per

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customer. This option can be changed each billing cycle. For customers where the supplier elects DEO to send one combined bill, suppliers must send DEO the billing rate they plan to use to enroll customers prior to the start of enrollments. Suppliers are remitted the full amount of their rate times the customer's usage plus the applicable sales tax regardless of what the customer pays DEO.

Q: If DEO bills on a supplier's behalf, how is the rate applied? Can it be prorated? How often can rates be updated?

A: DEO bills customers over 21 billing cycles. The Rate Effective Month begins with Cycle 6 open (approximately the middle of the month) through Cycle 5 close. For example, if the supplier submits a rate on May 5th, the rate is effective for May billings. That is any customer billed May cycle 6 through June cycle 5. The charge is not prorated for the month the usage occurs within. Charges are assessed based on the bill cycle and the number of days between billing.

Suppliers are allowed 15 rates in the billing system with no charge. Additional rates, if approved, may be purchased for a fee. Each additional fixed rate (updated on an annual basis) costs \$10 per month. Each additional variable rate (updated more than once per year) costs \$40 per month. DEO reserves the right to limit the number of rate codes.

Q: Are there any additional costs if an Energy Choice Supplier elects to have DEO bill on their behalf?

A: No.

Q: Can a supplier elect to bill the customer and include DEO's utility charges?

A: DEO does not currently offer suppliers the option to bill on behalf of the utility.

Q: How are taxes handled if DEO bills the customer?

A: The electronic enrollment file includes a field to indicate whether sales tax applies to the account. Suppliers are responsible to maintain a copy of the customer's sales tax exemption certificates. If the customer pays sales tax, the tax will be added to the customer's invoice and the amount of the tax will be remitted to the supplier. The supplier must then remit the sales tax to the state. DEO will provide suppliers a monthly report of all sales tax sent to them broken down by the proper sales tax district.

For suppliers participating in the SCO or Monthly Variable Rate (MVR) program, DEO may determine the sales tax exemption prior to assignment. If the customer assignment shows the account as being sales tax exempt, suppliers must obtain a certificate. If the customer fails to

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provide a certificate, suppliers need to send an enrollment file to update the taxable percentage.

Q: What is the MVR program?

A: Choice-eligible customers whose Energy Choice or opt-in governmental aggregation contract expires without renewal may enroll with an Energy Choice supplier, participate in an opt-out governmental aggregation program or elect to be assigned to an Energy Choice Supplier that has agreed to accept customers at the price established in the retail SCO auction under the standard terms and conditions of SCO commodity service included in DEO's tariff. If they do not do so, such customers will, after their second SSO bill, be assigned to an Energy Choice Supplier that has agreed to accept customers at the supplier's posted MVR rate under the standard terms and conditions of Energy Choice service included in DEO's tariff. Suppliers must elect to participate in the MVR program on an annual basis.

Q: An Energy Choice supplier did not win any customers in the SCO Auction. Can they still elect to participate in the SCO customer assignment?

A: Yes. Suppliers that do not win customers in the SCO Auction may elect to serve new SCO customers at the winning SCO rate. After the initial SCO Auction, new SCO customers are created by the migration of choice eligible customer from SSO to SCO. The following explains the movement of customers.

New Choice-eligible customers will receive at least one SSO bill, after which they may enroll with an Energy Choice supplier or participate in an opt-out governmental aggregation program. If they do not do so, such customers will, after their second SSO bill, be assigned to an Energy Choice Supplier that has agreed to accept customers at the price established in the retail SCO auction under the standard terms and conditions of SCO commodity service included in DEO's tariff. Suppliers awarded tranches in the SCO auction are obligated to take on additional Choice-eligible customers that will be assigned to suppliers on a rotating basis.

Choice-eligible customers whose opt-out governmental aggregation program is terminated may enroll with an Energy Choice supplier or participate in an opt-out governmental aggregation program if a subsequent one is offered. If they do not do so, such customers will, after their second SSO bill, be assigned to an Energy Choice Supplier that has agreed to accept customers at the price established in the retail SCO auction under the standard terms and conditions of SCO commodity service included in DEO's tariff. Supplier participation will be handled in the manner described for new Choice-eligible customers.

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Q: What supplier information is displayed on DEO's bill?

A: DEO displays the supplier name, address, web site and phone number as well as the supplier commodity rate if the supplier elects to have DEO bill on their behalf. DEO cannot add any additional supplier information to customer bills at this time.

Q: What happens if a supplier submits the wrong rate and customers are billed incorrectly?

A: When suppliers submit their rates, DEO send a list of all the rates being billed with the rate changes highlighted. Suppliers are urged to review this information to ensure they did not submit an incorrect rate. If they inform DEO of an error and it is prior to the start of cycle 6, DEO can adjust the rate before any bills are rendered. If bills do go out incorrectly, DEO can re-bill the accounts at the corrected rate. However, DEO will charge the supplier for all accounts that are re-billed at the supplier's request.

Q: How do I know what customer are billed?

A: Each business day DEO places a billing (B) file on the web portal site for all of the supplier's customers. A customer will have one record showing their usage and charges from DEO (transport charges). If DEO is billing on behalf of the supplier there will be a second line showing the supplier's billed amount and sales tax, if applicable. In the event of a re-bill (adjustment to a past invoice), the supplier will be notified of the reversal of the previous charges and the new revised invoice.

Q: What is government aggregation?

A: Government aggregation ("GA") is a program that permits local communities to aggregate the load of Choice-eligible customers that have not already chosen another supplier in order to have that aggregated load served by a supplier chosen by the community. For more information, please visit the PUCO website on aggregation at:
<http://www.puco.ohio.gov/PUCO/Consumer/Information.cfm?id=4068&terms=aggregation&se archetype=1&fragment=False>

Q: What is portability?

A: Portability is a service that DEO offers Energy Choice suppliers to maintain contracts with customers who move to another address within DEO's service territory. If an Energy Choice supplier elects to participate in portability, customers enrolled with the supplier can retain their contract with the supplier if they move to a new address elsewhere within the DEO service territory. Suppliers are notified of customers who "port" their contract via the daily transfer (T) file. This file provides the old and new account number when a contract is ported. At present, over 99% of DEO's Energy Choice customers have the option to port their contract.

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FAQs – Supplying Accounts you Enroll

**These FAQs deal with the assets assigned Energy Choice suppliers
and the required daily supply targets.**

Q: What assets are Energy Choice suppliers assigned to serve customers they enroll?

A: Energy Choice suppliers are assigned on-system storage capacity and access to constrained receipt points at no charge. The assigned assets are stated as a percentage of your customers' forecasted aggregate peak day requirements. In addition, if your pool is of sufficient size, pipeline capacity may be assigned to your pool when DEO holds future SSO-SCO Auctions. The term of the releases matches the SSO-SCO Auctions terms. The on-system storage and receipt point access assignment may change monthly due to customer enrollments and forecast factor updates.

Q: How are suppliers notified of their monthly asset allocation?

A: On the 15th of the month, prior to flow (or the next business day if the 15th falls on a non-business day), an e-mail is sent to the supplier with an Asset Allocation sheet. The sheet shows the forecasted peak day, assigned storage, total number of customers, receipt point assignment, and required comparable capacity (if applicable).

Q. What are the monthly percentages of Receipt Point Capacity listed on Section 4 of the Asset Allocation Sheet?

A. The table below displays the monthly percentages by receipt point as of May 2010. DEO may adjust the percentages in the event operating conditions dictate.

Month	West Side	TGP	TETCo
Nov	6.6%	2.2%	3.6%
Dec	7.5%	2.2%	3.6%
Jan	7.5%	2.2%	3.6%
Feb	7.5%	2.2%	3.6%
Mar	6.6%	2.2%	3.6%
Apr	5.4%	3.8%	2.0%
May	5.4%	3.8%	2.0%
Jun	3.4%	3.8%	2.0%
Jul	1.8%	3.8%	2.0%
Aug	3.4%	3.8%	2.0%
Sep	5.4%	3.8%	2.0%
Oct	5.4%	3.8%	2.0%

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Q: How does DEO calculate a daily target for an Energy Choice pool?

A: DEO’s forecast is based on the monthly billing history of the customers enrolled in a supplier’s pool. This information is used to create monthly baseload and heating factors that predict customer usage as a function of heating degree days (HDD). These factors are unique for each pool based on the composition of customers within the pool. The following formula is then applied to calculate daily targets:

$$\text{Daily HDD} = 65 - \text{Forecasted Temperature (Fahrenheit)}$$

Residential – CCS forecasts

$$\text{Daily Target} = (\text{base load factor} + \text{heat load factor} * \text{daily HDD}) * \# \text{ of residential customers}$$

Non-Residential – CCS forecasts

$$\text{Daily Target} = ((\text{base load factor} + \text{heat load factor} * \text{daily HDD}) * \# \text{ of non-residential customers}) * \text{DOW}$$

DOW = Day of the week factor

<u>Day of Week</u>	<u>Factor</u>
Sunday	0.85
Monday	0.85
Tuesday	1.00
Wednesday	1.00
Thursday	0.95
Friday	0.90
Saturday	0.75

High-pressure Accounts

$$\text{Daily Target} = (\text{slope} * \text{daily HDD} + \text{Y-int}/30)/10$$

This volume is for the total number of high-pressure customers served. If the resultant target is less than the historical minimum (which will be provided), DEO will use the minimum target.

Q: How is the supplier’s pool peak day calculated?

A: When DEO sends the forecasting factors to the supplier, the winter month factors that produce the highest peak day usage based on -13 °F (78 HDD) are identified. These factors are used to estimate the pools’ peak day usage at 78 HDD. The monthly factors are used for every other month using the following peak day monthly temperatures.

Month	HDD
Jan	78
Feb	67
Mar	58

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Apr	43
May	28
Jun	0
Jul	0
Aug	0
Sep	20
Oct	33
Nov	53
Dec	70

Q: What does comparable capacity mean?

A: During the winter months (November through March), Energy Choice suppliers must demonstrate that they have sufficient capacity to meet 91.75% of their customers' forecasted peak day demand for the applicable month. Suppliers are given a credit for any local production assigned to their pools. A credit is given for the assigned Energy Choice storage plus any additionally purchased storage service from DEO. In addition, firm transportation (FT) interstate pipeline contracts where the supplier is the shipper and DEO is listed as the primary delivery point are also accepted. In-the-path FT capacity does not count. Other acceptable forms are city gate purchase agreements showing the transaction type as firm and the supplier as the buyer. Suppliers must have sufficient receipt point access if the pipeline deliver point is a constrained point on DEO.

Q: Why do suppliers only have to show 91.75% of peak day capacity per month during the winter?

A: DEO retains Operational Balancing Capacity (OBC) to help balance its system on a daily basis. As part of the Energy Choice program, DEO has agreed to use this capacity to supply additional storage withdrawals, if operationally feasible, on a peak day. This amount equals 8.25% of customers' peak day needs. Based on this fact, suppliers only need to demonstrate that they have comparable capacity for 91.75% of their peak day requirements. Suppliers still need to have supply to meet 100% of their target, regardless of the source.

Q: Where do I see the posted target? When must supply be scheduled?

A: Targets are posted every business day no later than 10 AM EST to DEO's E-Script EBB. The target can be found on the Target Requirement Screen or as a nomination in the Energy Choice pool. Supply must be scheduled per the nomination deadlines posted in E-Script.

Q: What happens if the daily supply does not match the posted target?

A: If the supply delivered to the Energy Choice pool is different than the posted target, the difference will be treated as a daily imbalance and resolved per Section 18 of the General Terms and Conditions of Energy Choice Pooling Service (GT&C of ECPS).

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Q: What happens if the monthly delivered supply does not match the amount of gas consumed by my customers?

A: DEO typically posts targets two business days in advance. Due to weather forecasting error, model variability, the difference between billing cycle usage versus monthly target deliveries, and many other unpredictable variables, the volume delivered by the supplier to match the daily targets will not match the volumes eventually billed to their customers. Section 19 of the GT&C of ECPS shows how this difference is reconciled. The example below is for an Energy Choice supplier. The true-up procedure is applicable to Energy Choice, SCO, and SSO suppliers. SSO suppliers have a separate financial true-up portion as well.

(All volumes in mcf burnertip)

Step	Description	Volume
A	January Target	10,000
B	January 13 digit (CCS) Cycle 1-21 billed usage	9,000
C	February CCS Cycle 1-5 forecasted billed usage	1,500
D	January CCS Cycle 1-5 forecasted billed usage (previous month)	750
E	January Free Gas	-10
F	Total CCS usage (B+C-D+E)	9,740
G	January 5 digit (SBS) estimated billed usage	500
H	December SBS estimated billed usage (previous month)	400
I	December SBS actual billed usage	400
J	Total SBS usage (G+H-I)	500
K	Total Usage (F+J)	10,240
L	January True-up volume (A-K)	-240

In this example, the supplier owes DEO 240 mcf burnertip. The supplier has three options to eliminate the imbalance:

- Buy the imbalance from DEO at the posted imbalance sale price (plus Gross Receipts Tax).

AND/OR

- Buy gas from another supplier during the imbalance trading period.

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AND/OR

- Adjust their Energy Choice storage inventory. Storage must stay within the mandated inventory ratchets.

The Energy Choice True-up Instruction document has detailed instructions on how to enter nominations in E-Script.

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FAQs – Additional Questions

These FAQs deal with a wide variety of topics.

Q: What is a “shell” account?

A: DEO uses 13 digit account numbers for about 99.7% of customer accounts. However, DEO has approximately 3,000 accounts that have 5 digit account numbers. These are mostly larger industrial commercial customers that are served at pressures greater than the standard residential customer. These accounts are billed out of a different billing system (SBS). A shell account is the 13 digit account number used by DEO to identify these customers in our main billing system (CCS). Shell accounts are used by DEO’s operation departments when assigning field work orders for these customers. The account number cannot be used to enroll a customer as all of the billing is done with the 5 digit account number.

Q: Can customers still receive budget billing from the utility if DEO is billing on supplier’s behalf?

A: Yes. Customers can elect budget billing. The supplier will be paid the rate the customer is enrolled in multiplied by the actual usage plus applicable sales tax.

Q: What does a “free consumer” mean?

A: DEO provides service to a handful of customers who have natural gas wells on their property. In some cases the home owner has an agreement with the well owner to receive a credit on their usage. This is a free consumer. When DEO bills these customers, the free gas credit is used prior to them being charged for their gas. Once the credit is depleted, any additional gas is billed at the applicable rate. DEO backs free consumer usage from the supplier’s usage so the supplier is not required to serve gas the customer is not paying for.