



Natural Gas Choice 101

Over the past few years, natural gas prices have been very volatile. Because rates change monthly, many consumers may want to explore the option of purchasing natural gas from an alternative supplier based on a variable rate or lock in a fixed rate that will remain the same from month to month. The Office of the Ohio Consumers' Counsel offers the following information that can help consumers learn about researching and evaluating offers from natural gas suppliers in order to make an informative decision that meets the needs of their household.

Natural gas supplies

The United States' supply of natural gas is used by four primary categories of customers:

- Commercial – 15 percent is used by churches, schools, hospitals and other businesses;
- Industrial – 33 percent is used by manufacturing plants and other types of production facilities;
- Residential – 22 percent is used by homes and apartments; and
- Electric Power Generation – 31 percent is used by power plants to generate electricity.

Q. What is natural gas choice?

A. If you are a customer of Columbia Gas of Ohio, Dominion East Ohio, Duke Energy or Vectren Energy Delivery of Ohio, you may purchase your gas from a supplier. Natural gas choice allows you to comparison shop for natural gas just like you would for other goods and services. Even if you choose a natural gas supplier, your local utility company will still provide the pipelines and other equipment that transports gas to your home. No additional pipelines or meters will be needed if you decide to switch. If you experience any service-related problems or an emergency situation, you will still contact your local utility.

The Office of the Ohio Consumers' Counsel (OCC), your residential utility consumer advocate, has played a major role in the implementation and monitoring of Ohio's choice programs to ensure residential consumers have the information needed

to make an educated decision and to ensure their rights are protected.

This publication was designed as a guide to participating in natural gas choice. Ultimately, the choice is yours, and you should choose a supplier that best meets the needs of you and your family.

Choices available to you

Q. What are my options?

A. You have several options:

1. You may stay with your local utility. If you choose not to participate in a natural gas choice program, your local utility will continue to supply you with natural gas. The price you pay for natural gas will continue to be regulated by the Public Utilities Commission of Ohio (PUCO). If you are a Dominion East Ohio Gas customer and are not enrolled in a choice program, you will receive your gas at the Standard Choice Offer (SCO) rate and be assigned to a supplier who's name will appear on your bill. If you are on the Percentage of Income Payment Plan (PIPP) or otherwise ineligible to participate in a choice program you will receive your gas at the Standard Service Offer (SSO). No supplier name will appear on your bill.
2. You may choose to purchase natural gas from a certified natural gas supplier. By electing to choose a competitive natural gas supplier, you have the ability to select who you want to provide your gas, and at what price. This can impact your bill because the cost of natural gas is equal to approximately 60 to 70 percent of your total monthly charges. You will continue to pay your local utility for the delivery of natural gas to your home.
3. Your community may become part of an aggregated group. Ohio law allows local governments such as cities, townships and counties to pool residents and businesses together as a buying group for the purchase of natural gas. The aggregator will enter into

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a contract with a certified natural gas supplier on behalf of everyone in the group. Aggregated groups may possess greater bargaining power than individual consumers, which may result in savings or other benefits. Currently, there are over 200 communities participating in aggregation.

4. You may become part of an affinity aggregated group. This type of aggregation makes group buying power available to associations and other organizations such as churches, schools and membership-based groups. Only members of that group will be eligible for an affinity aggregation offer.

For additional information about how residents participate, call the OCC toll free at 1-877-PICKOCC (1-877-742-5622) and ask for a free copy of “The Basics of Governmental Aggregation” or visit online at www.pickocc.org.

Requirements to participate

Q: Can all customers participate in a choice program?

A. No. Consumers interested in participating in a natural gas choice program must meet the following requirements:

1. A customer’s account with the natural gas utility must be current, meaning there are no balances due from previous months, or a customer must have entered into a plan with the natural gas utility to pay off any balances due; and
2. Consumers cannot currently be enrolled in the Percentage of Income Payment Plan (PIPP), a low-income payment assistance program.

Suppliers and their offers

Q. How do I know which suppliers I can choose?

A. The OCC offers a weekly, updated list of certified suppliers currently enrolling residential customers in each utility’s service area. The fact sheet includes the supplier’s current rate, offer description and the length of the contract. You can use the “Comparing Your Energy Choices” fact sheet to get an estimate of what your bill would be if you choose a competitive natural gas supplier. Any calculated estimates of a competitive supplier’s rate can only

be compared to the local utility company’s rate for one month. You can use “Calculating Your Energy Choices” to verify charges on your bill as well as calculate what you might pay if you switch to an alternative supplier.

To get a free copy of “Comparing Your Energy Choices” contact the OCC toll free at 1-877-PICKOCC (1-877-742-5622) or visit the Web site at www.pickocc.org to view the fact sheet and use the online natural gas comparison calculator.

Q. What types of supplier offers are available?

A. There are several different types of offers. Currently, natural gas suppliers are offering the following types of rates:

Fixed Rate - This price per unit of natural gas is guaranteed not to change for the length of your contract. Typically, contract periods can range anywhere from six months to three years.

Variable Rate - This type of offer includes a price per unit of natural gas that can change based on various conditions. Natural gas is a commodity and monthly changes may occur. Consumers considering entering into a variable rate contract should ask the supplier how often the rate is subject to change and what factors will cause the rate to change.

Incentive Offers – In addition to a rate per Mcf or Ccf (units of natural gas), some supplier offers may include additional incentives or discounts. You may see a fixed or variable rate offer that includes a certain month of the year for free, or offers a rebate at the end of the contract period.

This list is not all inclusive, but provides you with a better understanding about the available options.

Q. What rate will I pay if I choose to stay with my local natural gas utility company?

A. Under state law, natural gas utilities may only charge residential customers for the actual cost of natural gas, which is billed as either the Gas Cost Recovery (GCR) rate, the Standard Service Offer (SSO), or the Standard Choice Offer (SCO). These rates make up approximately two-thirds of your monthly natural gas bill. You can find the current monthly rate on “Comparing Your Energy Choices” or the natural gas section on www.pickocc.org.

If you choose to purchase natural gas from a competitive supplier, you will no longer see the GCR, SSO or SCO rate on your monthly utility bill. Instead, you will see your new supplier’s charges.

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Making a decision

Q. Are there any questions I should ask a supplier before making a decision?

A. Yes. The following list will assist you as you shop for a natural gas supplier:

- Is there a fee to sign up?
- Will I be charged a fee if I decide to go back to my local utility company or decide to switch to another natural gas supplier?
- How long is the contract?
- How much will I pay (the rate) for natural gas?
- Is the offer a flat rate for a certain time period or will the price fluctuate?
- Is there a fee to cancel my contract?
- How much is the fee to cancel my contract?
- What happens when my contract expires?
- Does it automatically renew?
- If I have a billing problem, whom should I contact?
- What are the terms and conditions of the contract? (Always obtain and keep a copy of the contract.)
- What happens if I decide to move before the contract expires?
- When will my new rate for natural gas start appearing on my bill?

Enrollment

Q. Once I've selected a supplier, how do I enroll?

A. You may be able to enroll by telephone, mail, fax, Internet or with a door-to-door representative. Whichever method is used, it is critical that you obtain and read a copy of your contract and keep it through the duration of your service contract.

Once you've enrolled with a supplier, the supplier will notify your local natural gas utility of the switch. Your local utility will then mail you a letter confirming your choice to purchase natural gas from a competitive supplier, the supplier chosen and the date the switch will become effective. You then have seven business days from the postmark date on that letter to cancel your contract without penalty. To cancel the contract you must contact your natural gas utility company.

Q. How long will it take from the time I enroll with a supplier until I see the new natural gas rate reflected on my monthly natural gas bill?

A. The actual switch to a supplier depends on your meter read date. Your meter read date can be found on your monthly bill and indicates the next time your meter will be read and a new billing cycle will begin. Generally, switches occur within one to three months depending on the company.

It's important to know that no matter when the actual switch occurs, you will not see an interruption in your natural gas service.

Q. What happens when my contract with a natural gas supplier ends?

A. You will need to review your contract terms and conditions and look for information about what happens at the end of the contract period and for any automatic renewal provisions. If your contract does not have a renewal provision, you either will be returned to your local utility company, or assigned to another supplier at the end of the contract period, depending on the company.

However, automatic renewals are common in supplier contracts. If your contract has an automatic renewal provision it is important to read all materials carefully and understand any changes and notification requirements:

- A supplier is required to provide you with a notice by mail that your original contract is ending. In most instances, that notice also will contain information about automatically renewing your contract.
- If your agreement will renew for less than six months then the supplier is not required to send any notification.
- If the renewal notice contains no material changes, such as an increase in a fixed rate, a change from a fixed to a variable rate or any new fees, from your original contract and is for a period of six months or longer, the supplier is required to send you a notice about your new contract's expiration by mail at least 45 days before your original contract ends.
- If the renewal notice includes material changes, the type of renewal notice you will receive depends on the type of cancellation provisions in your new contract. If your new contract contains an early cancellation fee for more than \$25, the supplier must send you a renewal notice explaining the changes at least 45 days before the contract ends.

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- The notice shall at a minimum state any renewal period and how the customer must renew, terminate and/or extend the contract offer.
- If your new contract contains material changes and has an early cancellation fee of \$25 or less, you will receive two renewal notices explaining the changes. The first notice is sent at least 45 days before your original contract ends.

Q. Can I go back to my local utility or switch to another natural gas supplier before the end of my contract period?

A. Yes. You can return to your local utility or switch to another natural gas supplier at any time, but there may be substantial penalties for doing so. Depending on the supplier, you may be charged a cancellation fee to end your contract early. Check your contract or contact the marketer to determine the amount of the fee.

To return to your local utility you should call the natural gas supplier directly. If you move directly from one natural gas supplier to another, the actual switch will not take place until at least the next billing cycle and make take two or three billing cycles to occur. At no time during the switch should you experience a disruption in your natural gas service.

Q. What happens if my supplier leaves the natural gas choice program or merges with another supplier before the contract period is over?

A. In the past, there have been situations where a supplier has been unable to meet its obligations or has completely withdrawn from the natural gas choice program. In these situations, you would be returned to your local utility company at its current monthly rate. If you encounter a situation where you are returned to your local utility company before the end of the contract period without your consent, it is important that you contact the OCC to inquire about any options that may be available.

If your supplier merges with another company or sells its customer accounts to another supplier, your current supplier must provide a notice to you

by mail before the change occurs. The new supplier is obligated to comply with the terms and conditions of your original contract. These situations emphasize why it is so important for you to keep a copy of your original contract to make sure the new company complies with those terms and conditions.

Q. If I sign up with a natural gas supplier and my local utility's monthly rate falls below the rate I am currently paying, can I go back to my local utility?

A. Yes. You can always return to the local utility company by calling the utility or your supplier directly. However, depending on the supplier and the terms and conditions outlined in your contract, there may be cancellation fees or other costs. You should try calling your supplier first to see if the company is willing to lower your rate. The supplier is under no legal obligation to lower its rate, but may be willing to work with you. Remember, the natural gas utility's rate changes every month and there is no way of knowing what the next month's rate will be. Before you make any decisions, you should take into consideration any fees you would be required to pay to end the contract early and whether you think the rate you signed up for will produce savings over the course of the contract period.

For more information

Regardless of the choice you make, the Office of the Ohio Consumers' Counsel (OCC), your residential utility consumer advocate, offers a variety of utility information to meet your changing needs. We are available to provide you with up-to-date information so you can ask the right questions and make a smart choice for you and your family. For more information about any of the topics discussed, please call the OCC toll free at 1-877-PICKOCC (1-877-742-5622) or visit the OCC Web site at www.pickocc.org.

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The Office of the Ohio Consumers' Counsel is an equal opportunity employer and provider of services.

For additional information from the Office of the Ohio Consumers' Counsel:

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