Office of the Ohio
Consumers' Counsel

Your Residential Utility Consumer Advocate

CONSUMERS' FACT SHEET

THE STANDARD CHOICE OFFER IS A DEPENDABLE OPTION FOR SAVING MONEY ON NATURAL GAS

Ohio consumers should be aware of some of the risks and important steps to take before considering signing up with an energy marketer. The Office of the Ohio Consumers' Counsel (OCC) is the residential utility consumer advocate and has resources to help consumers make informed decisions about their utilities.

Accepting an offer from an energy marketer is risky. Ohioans often save money by staying with their utility's Standard Choice Offer.

The value of the Standard Choice Offer

The Standard Choice Offer (SCO) is the cost for the natural gas supply for consumers who get their natural gas through their utility. This price is set annually by a competitive auction with many companies bidding, making the Standard Choice Offer a dependable market-based price.

The Standard Choice Offer and marketer offers do not include distribution costs, which consumers pay to their utility separate from their natural gas supply costs. To save a consumer money on natural gas supply, a marketer would have to offer a rate that is consistently lower than the Standard Choice Offer.

How to select the Standard Choice Offer

Consumers can confirm that they are on the Standard Choice Offer by contacting their utility or by checking for "SCO" on their natural gas bills. Consumers can contact their utility to switch from a marketer to the Standard Choice Offer. Customers enrolled with an energy marketer should contact their marketer to ask about any early termination fees. If consumers are on a local utility's budget billing plan, they should get more information about their options.

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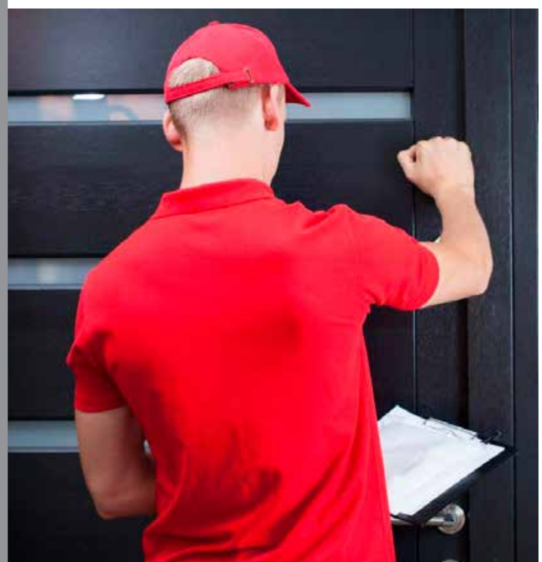
Government aggregation is available in some areas

For some Ohioans, government aggregation is another option to get a competitive price for natural gas. Under government aggregation, communities can authorize the local government, often through an election, to supply gas to their residents. Governments use the buying power of many customers to get competitive prices.



The risks of marketer offers

Consumers can also choose to purchase their natural gas supply from a marketer. Ohioans frequently receive phone calls, flyers or visits to their doorstep promising a chance to save money on natural gas bills. Consumers who want fewer of these visits or calls should contact their utility and ask them to stop sharing their contact information with marketers.

> ***OCC has found that the natural gas utility's Standard Choice Offer is frequently the most cost-effective choice to make in the long-run.***

Considering and managing offers from an energy marketer properly takes time, research and careful record keeping. OCC recommends consumers get their natural gas supply directly through their utility's Standard Choice Offer.

Some marketers offer discounts or incentives to entice consumers to sign up. Consumers may be offered a rate discount, gift card, rebate, or cash back incentives for example. These incentives may at first seem like a good deal, but OCC has found that they come at a high price to consumers.

Consumers should also be aware of the following

Teaser Rate: A teaser rate is low for a brief period, perhaps one to three months, and then increases to a higher price for the remainder of the contract.

Early Termination Fee (ETF): This is a charge for ending a marketer contract early. The ETF can be $100 or more. There is no early termination fee when returning to the utility's Standard Choice Offer at the end of a marketer contract. However, many marketer contracts automatically renew to significantly higher monthly variable rates at the end of the contract period if the customer does not follow up. Customers need to ask how their natural gas will be supplied (and at what rate) after the contract ends.

Marketers may offer the option of a fixed or variable rate

Fixed Rate: This is the price that will remain the same throughout the contract period. Consumers should ask how the fixed rate has compared with the Standard Choice Offer over time.

Variable Rate: This is the price that can change each month. Consumers should ask how often a variable rate may change and if there are limits on how much a variable rate can increase. Marketers should be able to explain the factors that cause the variable rate to change.

If a consumer chooses to sign up for a marketer's contract, the marketer will notify the consumer's utility and then the utility will send the consumer a confirmation notice. Consumers have seven days after this notice to cancel the new marketer contract without penalties.

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The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, represents the interests of 4.5 million households in proceedings before state and federal regulators and in the courts.

The state agency also educates consumers about electric, natural gas, telephone and water issues.

For more information, please visit the OCC website at www.occ.ohio.gov.

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

After enrolling, most consumers will see the marketer's charges separately identified on their monthly utility bill. It can take up to two to three billing cycles for the switch to a marketer to show up on the bill and about the same amount of time for it to come off after a contract is cancelled.

Important to understand

Customers should remember that the Standard Choice Offer varies. Review old bills to see how the Standard Choice Offer has changed over time. Consumers should always compare marketer offers with the Standard Choice Offer to see if they can save money with the marketer.

> ***OCC stresses that the utility's Standard Choice Offer is frequently the best way to save money when compared to marketer offers.***

Natural gas choice is offered to consumers of Columbia Gas of Ohio, Dominion East Ohio, Duke Energy Ohio, and Vectren Energy Delivery of Ohio. Customers of these utilities who are current with their utility bills are eligible for energy choice. Energy choice is not available to consumers of smaller Ohio natural gas companies, municipal gas systems, members of co-ops, or participants in the Percentage of Income Payment Plan (PIPP Plus).

Special note for natural gas customers of Duke Energy: Instead of a Standard Choice Offer, Duke offers a Gas Cost Recovery (GCR) rate. Duke calculates the GCR rate on a monthly basis based upon its expected costs. Duke cannot make a profit on the GCR, it can only charge the costs it incurs. The GCR can be a better option for saving money than marketer offers.

Consumers can visit the Public Utilities Commission of Ohio's Energy Choice Ohio website to view historical Standard Choice Offer rates. This site is helpful in comparing energy prices. www.energychoice.ohio.gov/ApplesToApplesCategory.aspx?Category=NaturalGas

Also, please note that much of the advice here applies similarly to Ohio electricity bills. The OCC fact sheet, *"The Price to Compare is a Dependable Option for Saving Money on Electricity"* has more details on electric choice.

Learn More about natural gas bills on OCC's website at www.occ.ohio.gov/naturalgas.

Questions to ask when considering switching from the Standard Service Offer:

- **Are savings guaranteed or is it possible for the price to go higher than the Price to Compare?**
  There are likely no guaranteed savings with a marketer.
- **When switching to a marketer for the supply of electricity, does the price remain the same for the contract term (fixed rate) or can the price change over time (variable rate)?**
  Fixed rates may be higher than variable rates.
- **Is there a fee to terminate the contract early? How long is the contract?**
  Some Early Termination Fees (ETF) are more than $100. Keep a copy of the contract.
- **Will the contract automatically renew at the end of its term if not cancelled or actively renewed, or will it default back to the standard offer?**
  The OCC has found that many consumers are not aware that their contracts may automatically renew to monthly variable rates that can be more than twice the price of the utility's standard offer.
- **Is this an introductory rate?**
  If so, it may change to a significantly higher rate. Consumers need to know the rate after the introductory rate expires.