

# Standard Choice Offer (SCO) Questions & Answers

## General Questions

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**What?** Today, customers who are eligible for Energy Choice but have not chosen a supplier or joined an aggregation program buy their natural gas from Dominion East Ohio at the Standard Service Offer (SSO) rate. In April 2009, these customers will be assigned to a supplier and move to a new Standard Choice Offer (SCO) rate.

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**Who's ineligible for Energy Choice? Can PIPP customers choose suppliers?** Percentage of Income Payment Plan (PIPP) customers and customers with more than one broken payment plan in the past 12 months are ineligible for Energy Choice. These customers will remain on the SSO rate.

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**Why has Dominion East Ohio decided to allow customers to be assigned to suppliers?** **Points to review with customers:**

- Over 70% of customers already on Energy Choice.
- Dominion East Ohio makes no profit on the cost of the gas. We are only permitted to make money on its delivery.
- We are moving from the traditional regulated merchant function into a more competitive commodity market for its customers.
- Dominion East Ohio will focus on providing delivery service rather than gas commodity service.

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**Will Dominion buy gas?** Today, Dominion East Ohio purchases the natural gas for its customers that do not participate in Energy Choice. We buy that gas from a group of suppliers chosen through a process overseen by the Public Utilities Commission of Ohio (PUCO). In April, those customers who still buy their gas supply from Dominion East Ohio but are eligible to participate in Energy Choice will be assigned to a supplier under the new SCO rate. This new rate is based on the results of an auction held in February 2009 that was designed to provide the lowest competitive price for natural gas, the results of which were approved by the PUCO. This time, however, the supplier name will show on the bill to let customers know who is actually supplying their natural gas.

Dominion East Ohio will continue to purchase gas for PIPP and non-Choice eligible customers.

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**Isn't that slamming?**

No. Slamming is a term used during the deregulation of the telephone industry. Through illegal practices, customers had their local or long-distance telephone service switched to another provider without permission. With the assignment of SCO suppliers, the entire process of selecting suppliers and setting the price is overseen by the PUCO, including the rotation of the suppliers. Every customer who moves to SCO service will pay the same rate, regardless of the assigned supplier.

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**Do I have to choose a supplier now?**

No. However, if you are eligible for Energy Choice, you can select a supplier or join an aggregation program if one exists for your community.

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**Doesn't this discourage customers from shopping?**

No. The SCO and MVR rates will change each month. They may be more, or less, than the price of gas a customer may find with a supplier or aggregation program. Plus, a supplier may be able to offer a fixed rate, which helps customers plan their gas costs.

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**Is the SCO a default supplier rate?**

Yes. Customers will always have gas supply. For Choice-eligible customers, that would be the SCO rate.

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**Will CCS show the rate type?**

Yes. It will display in several places, including the Account Select, Bill History and Service Agreement panels.

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**Can I stay with Dominion East Ohio as my supplier?**

No. If you do not choose one of those options, and are Choice-eligible, a supplier will be assigned to you through the SCO process in April 2009. Every customer assigned to SCO service in April 2009 will pay the same variable monthly rate for natural gas regardless of his or her supplier.

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**Once a supplier is assigned, do I call Dominion for service?**

Yes. Dominion East Ohio will continue to deliver natural gas to all customers, offer payment plans and other customer service options, and handle all emergency calls.

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### Auction Questions

**Explain the auction process and how it determines the rate?**

Unlike most auctions, this auction is designed to yield the lowest price. In the auction, bidders offer to supply gas at progressively lower prices until Dominion East Ohio has the amount of supply that it needs at the lowest possible cost. Suppliers base their bids on the amount to be added to a market-based reference price (the NYMEX price). This NYMEX adder, or “Retail Price Adjustment,” reflects the suppliers’ cost of delivering the gas from wherever it is produced to our system for delivery on to the customers. The suppliers that offered bids at the lowest price were awarded the opportunity to supply customers. The PUCO approved the auction results on February 11, 2009.

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**What happens to Energy Choice customers whose contracts expire?**

They will return to SSO for up to 2 billing periods. If former Energy Choice and Opt-In customers have not selected another EC or aggregation supplier, or elected SCO, they will revert to a Monthly Variable Rate “MVR” (similar to procedures established for SCO assignments). Former Opt-Out customers, who have not selected an Energy Choice or aggregation supplier, will revert back to SCO service.

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**What is the difference between the auctions?**

The auction processes used to establish the SSO and SCO prices are identical. However, differences in the number of suppliers and the customers assigned to the two rates could have caused the adders to be slightly different. However, it happened that the adder for both the SSO and SCO are identical -- \$1.40 per MCF.

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**How many suppliers won the bid?**

**SSO.** Three suppliers were successful bidders for the SSO gas supplies. Each supplier won 1 tranche (pool of gas). Each tranche is approximately 5 Bcf annually (40,000 PIPP customers).

**SCO.** Four suppliers were successful bidders for the SCO gas supplies. They won the right to serve 10 tranches (the original amount was 9 but it was prorated). Each tranche is approximately 3 Bcf annually (24,000 customers).

**Please note:** The Commission order states that the names of the winning auction bidders will not be provided for 60 days. This period of confidentiality protects the bidders’ positions in negotiations with pipeline companies for the incremental capacity necessary to meet their obligations as standard service offer suppliers.

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**How are customers divided into the different suppliers?**

Customers are assigned to an SCO or MVR supplier on a rotating basis until the tranches are filled.

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**What is the SSO & SCO adder?**

The retail price adjustment (adder) cost will be \$1.40 per MCF for both the SSO and SCO rates, which takes into consideration the cost of transporting gas from producing areas to Ohio. The retail price adjustment (adder) cost will remain \$1.40 per MCF from April 2009 through March 2010. The adder amount, along with the closing monthly NYMEX price, will set the monthly rate for the following month.

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**How could the auction drop to \$1.40 and suppliers still make a profit?**

It is part of the risk that suppliers incur. Suppliers may make a profit on gas commodity; they are not guaranteed a profit. The adder, or Retail Price Adjustment, includes the costs of transportation and other related costs that gas suppliers incur to bring that gas to Dominion East Ohio's service territory.

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**Is the adder the same thing as a rider?**

No. An adder is the amount added on to the NYMEX price to set the SSO or SCO rate for the following month. A rider is a PUCO-approved DEO tariff charge, such as the PIPP or Uncollectible Expense riders.

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**The auction is only good for a year; what happens next?**

There will be another set of auctions in February 2010 that will reset the price for SCO and SSO rates, which includes the adder, to be effective in April 2010. This may result in SCO customers being re-assigned to a new supplier.

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## Standard Choice Offer (SCO) Questions & Answers, Continued

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### Communications

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**Will customers receive notice before the change goes into affect?**

In the February 2009 bills, the customer newsletter announced the coming SCO change. A letter, "Gas Supply Changes Coming in April 2009" (LCA186) will be mailed to potential SCO customers in February 2009. With the March 2009 bills, there will be another insert for all customers announcing the coming SCO again.

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**How will eBill customers be notified?**

Potential SCO customers will receive the letter by mail. eBill customers receive a link to that month's bill messages with each statement they receive.

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**Will ineligible customers be notified?**

They will receive the bill inserts, but no letter. They will remain on SSO.

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**Will an Apples to Apples Chart be sent to customers?**

No. The letter advises the customer how to seek comparison information – through the PUCO, OCC or [www.DominionGasChoice.com](http://www.DominionGasChoice.com).

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**If Dominion assigns my supplier, will my bill change?**

Beginning with bills issued with Cycle 6 in April 2009 (cycle 6 opens April 20), the SCO rate will be identified on the monthly bill along with the contact information, including the phone number, for the assigned supplier.

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**Will customers receive info about the assigned supplier with a breakdown of charges?**

Yes. Information about gas usage, gas cost and other rates will be included in the customer's monthly billing statements from DEO along with the supplier's contact information.

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### SCO and MVR Rates

<b>Will my rate be locked in once a supplier is assigned to me?</b>	The SCO rate will change monthly based on the monthly closing price of the NYMEX, plus a retail price adjustment. You always have the option to “shop” for another supplier and rate within the Energy Choice or aggregation programs without incurring a penalty.
<b>What happens if my bill is not current?</b>	If you have past-due amounts owed to Dominion East Ohio and are not on a payment plan at the time of your first SCO bill, you will be automatically enrolled in Dominion's Payment Plan program. The plan amount (current amount due, plus one-sixth of the past-due balance) will be stated on that bill.
<b>Will this change result in a price increase?</b>	The Standard Choice Offer (SCO) will be set by market prices, just like the Standard Service Offer (SSO) rate is today. The rate will change monthly. It may cost more, or less, each month, based on supply and demand, as well as additional factors, such as weather.
<b>Will there any supplier fees (i.e., service charges)?</b>	No.
<b>If assigned to an SCO or MVR supplier, is there a penalty if the customer wants to choose supplier?</b>	No. To select a supplier, the customer would need to enroll in Energy Choice or an aggregation program, if one is available.
<b>What happens if the supplier goes out of business or stops participating?</b>	The process will be no different than it is today under Energy Choice. The customer will initially return to SSO service. If the customer does not select another supplier within two months, Dominion East Ohio will assign a supplier to provide natural gas service to the customer.

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**Will I still pay transportation and will it be the same as if I had picked my own supplier?**

Yes. You will still pay the same transportation rate to Dominion East Ohio for delivering the gas.

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**Do the SCO rate and the assigned Supplier change monthly?**

The SCO rate changes monthly based on change in the NYMEX price, but the Supplier and retail price adjustment (adder) remains the same through March 2010, after which Dominion East Ohio will go through the same process to set pricing and select suppliers for the following year.

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**Will there be a cancellation fee charged by the assigned Supplier (SCO) if I choose another supplier on my own?**

No.

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**How do I obtain additional information about Energy Choice?**

If you want to choose your own supplier, there's help. A good one-stop source for prices and options include a Web site dedicated to Energy Choice information. Go to [www.DominionGasChoice.com](http://www.DominionGasChoice.com).

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**Will the SCO / MVR customer pay sales tax or gross receipts tax?**

Both. They will pay Sales tax on the commodity, just like an Energy Choice customer. They will continue to pay gross receipts tax on delivery and all Dominion East Ohio charges. (i.e., returned check fees, basic monthly charge, etc.)

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**Once on SCO or MVR, what happens if a customer enrolls in PIPP?**

Same as before. We notify the suppliers that the customer has been enrolled in PIPP during the nightly file update.

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**Is the SCO transferable if the customer moves to a new address?**

Yes. The SCO supplier can be transferred to the customer's new address. You have to check the supplier checkbox to do so. If you fail to do so, the customer can call us back within 30 days and an agent can make the change. After 30 days, you have to send a work queue to Gas Energy Choice.

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**If an SCO customer breaks 2 payment plans, do they go back to SSO? Why not break them so they can go back to SSO?**

Customers will return to the SSO after two broken payment plans. By not paying the minimum in full and on time, customers run the risk of falling farther behind and being shut off for non-payment. We should always encourage customers to pay their bills; they remain legally responsible for their account balances.

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**With SCO or MVR, what amount will be required for reconnection?**

To be reconnected, customers must pay the full account balance, except for Products and Services charges. Plan customers must pay past-due plan amounts for reconnection.

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**If my past-due budget amount becomes current, will I be eligible for SCO?**

Yes.

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**Are SSO & SCO based on NYMEX and do they change monthly?**

Yes.

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**To avoid going to the MVR, can a customer request to go straight to the SCO in Month 3? Does the customer have 60 days to make a change to avoid the MVR?**

Yes. Former Energy Choice or Aggregation Opt-In customers are initially placed on the SSO for two billing periods or about 60 days. The customer can shop for a supplier during those 60 days, but we do not control when we might receive an Energy Choice enrollment from a supplier. They can also elect to go onto the SCO rate. If they don't make a choice and they remain choice eligible, the customer will move to the MVR with their third bill. If they remain Choice-eligible, and a new supplier enrollment is not in effect yet, the customers will move to the MVR with their third bill.

**Once on the MVR**, customers may:

- Remain on the MVR
- Switch to the SCO rate and thereby be assigned to an SCO supplier
- Shop for his or her own Choice supplier or
- Join an aggregation program, if one is available in the community.

A bill message will tell MVR customers what their options are.

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**Explain the movement between rates**

After April 2009, customers who leave Energy Choice or Aggregation, or those whose service is restored after shutoff, will move to SSO for 2 months.

If customer does not elect a supplier, and remains credit-eligible, then after two months:

- Former Energy Choice or Aggregation Opt-In customer will move to MVR
  - Former Aggregation Opt-Out customer will move to SCO
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**Do PIPP customers still pay gross receipts tax on the SSO rate?**

Yes. They will continue to pay gross receipts tax on the commodity and Dominion East Ohio charges (i.e., returned check fees, basic monthly charge, etc.)

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**Is MVR a better rate? How long can they be on it?**

We do not know what the price will be once a customer is switched to the MVR. It will be an unregulated rate. They can remain on the MVR as long as they would like. They will only be moved to the SCO if they request it.

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**Do customers move to SSO, then to MVR?**

Prior to moving to the MVR, the customer will receive two bill messages telling him that he will be switched to the MVR rate.

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**Will MVR be indicated on the customer's bill?**

Once on the MVR rate, the bill will display an MVR rate.

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**Will customers receive drop letters or bill messages?**

If the customer contacts Dominion East Ohio and drops his or her supplier (Energy Choice or aggregation), we will issue a letter to confirm that he or she intended to take such action. If the supplier or aggregation program allows the contract to expire, the customer will be advised in a message on their bill.

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**When an SCO customer claims they are sales tax-exempt**

To be billed as sales tax exempt, customers must provide a valid tax exemption certificate to their Energy Choice, aggregation, SCO or MVR supplier.

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**How does an MVR customer select SCO?**

Customers will need to call Dominion East Ohio. This requires CCS programming. Remember that the first customers to move to the MVR will not take place until mid-June. When the programming is finished, agents will receive more information.

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**Should SCO/MVR customers block their names from supplier lists?**

SCO and MVR customers will not be included in any customer lists for individual Energy Choice or opt-in aggregation solicitations. However, they will be included in lists for opt-out aggregation, unless they choose to be blocked from solicitations.

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**How often will the assigned suppliers change?**

The SCO or MVR customer's assigned default supplier will not change again until April 2010. The SCO or MVR rate will transfer if the customer moves. However, if the customer's account is finalized, he or she will go through the SCO/MVR rotation again once service is restored, which means the customer may end up with the same, or a different, SCO/MVR supplier.

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**Will SCO customers be included in any aggregation opt-out programs?**

SCO customers would receive an opt-out notice and if they don't opt out, they will be enrolled.

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**Can a SCO/MVR customer enroll in an opt-in aggregation?**

Yes.

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**If the SSO price drops, can we advise different plans to elderly people?**

First of all, agents must remain neutral when speaking with customers; they cannot recommend or persuade customers to a particular rate or supplier. This is part of Energy Choice rules set forth by the PUCO. The SSO rate is only available:

- To PIPP and Choice-ineligible customers
  - For two months for customers who have cancelled their Energy Choice or aggregation agreement, or their contract expired. After two months on the SSO, and the customer remains Choice-eligible, the customer will then move on to the SCO or MVR
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**Will Low-Income, Low-Use Customers be excluded from SCO?**

No. As long as they remain credit-eligible, they will move to SCO as well.

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