COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED MARCH 9, 2021

1. Refer to the response to Item 2.a. of Commission Staff's First Request for Information (Staff's First Request). Describe the magnitude of the Columbia Gas Transmission (TCO) rate increase that went into effect February 1, 2021, subject to refund.

Response: TCO's filing indicates a 78% increase for Firm Transportation Service (FTS) and 134% for Firm Storage Service (FSS) from the most recently updated rates during the second Modernization settlement. Columbia Kentucky (CKY) analyzed the specific rates that will impact its cost. The percent increase of the standard reservation rates for Rate Schedules FTS, SST, FSS Deliverability, and FSS Capacity are approximately: 79%, 83%, 149%, and 133% respectively. The effective overall annual impact of the TCO rate increase that went into effect 1 February 2021 to CKY is approximately $12.2 million or nearly a 70% increase. CKY's negotiated discount SST capacity dampens the overall percent cost increase. CKY's actions in 2019 to secure the discounted SST rate, was saving CKY customer approximately $5.1 million annually compared to the TCO rates in effect

December 1, 2020. With the TCO rates that went into effect on February 1, 2021, the discounted SST rates will generate approximately $15.9 million in savings annually.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED MARCH 9, 2021

2. Refer to the response to Item 2.b. of Staff's First Request. Columbia Kentucky states in this response, "Columbia Kentucky and the other members of the Columbia Distribution Customers are actively participating in the ongoing settlement negotiations, and hope that an acceptable settlement can be achieved." State whether the other NiSource LDCs with whom Columbia indicates it has intervened are also participating in settlement discussion.

Response: All NiSource LDCs that have intervened in the case, RP20-1060, are participating in settlement discussions.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED MARCH 9, 2021

3. Refer to the response to Item 7 of Staff's First Request. Provide a real world example in which the opportunity for gas cost savings would be assigned to one Columbia LDC as opposed to another.

Response:

NiSource routinely markets capacity of all its Columbia LDCs in return for a capacity release payment. Some counterparties responding to the marketed capacity releases ask for volumes specific to Columbia Kentucky while others give flexibility as to which capacity is released to them. At this time, NiSource releases the Columbia Kentucky capacity to those counterparties requesting it specifically, and evaluates the best place to release capacity with flexibility on behalf of the other LDCs in alignment with NiSource's fiduciary obligations.

KY PSC Case No. 2020-00378
Response to Staff's Data Request Set Two No. 4
Respondent: Brad Stuck and Patrick Pluard

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED MARCH 9, 2021

4. Refer to the response to Item 10 of Staff's First Request. Provide the current tariffs for the sharing mechanisms used by Columbia Kentucky's affiliates in Ohio, Pennsylvania, Maryland, Virginia, and Indiana

Response:

Please see the following attachments, which contain copies of the current tariff pages responsive to this request:

- 2020-00387 PSC Staff DR Set 2 No 4 Attachment A (containing the Indiana tariff pages (NIPSCO Gas)
- 2020-00387 PSC Staff DR Set 2 No 4 Attachment B (containing the Ohio tariff page and the "Revised Program Update" referenced in the Ohio tariff)
- 2020-00387 PSC Staff DR Set 2 No 4 Attachment C (containing the Maryland tariff page)

- 2020-00387 PSC Staff DR Set 2 No 4 Attachment D (containing the Virginia tariff page)
- 2020-00387 PSC Staff DR Set 2 No 4 Attachment E (containing the Pennsylvania tariff pages)

GENERAL RULES AND REGULATIONS
Applicable to Gas Service

15. GAS COST INCENTIVE MECHANISM

The Company will adjust the Gas Cost Adjustment factors for billing purposes by the effect of the application of the Gas Cost Incentive Mechanism most recently approved in Cause No. 44081.

The Gas Cost Incentive Mechanism rewards and/or penalizes the Company for its performance of gas supply acquisition when compared to a market standard ("Benchmark").

The Benchmark shall incorporate a "Benchmark Price," which (1) for daily purchases will be the mid-point average of the "Daily Pricing" as published in Gas Daily "Daily Price Survey, Daily Midpoint" and NGI's "Daily Gas Price Index" natural gas commodity price applicable as of the date of purchase, and (2) for purchases designated as monthly will be the mid-point average of the month "FOM Pricing" as published Inside FERC and NGI Bidweek. These gas prices shall reflect the gas prices for the geographic locations representative of the supply basin/location where the gas was purchased and delivered to the primary and secondary receipt points of the Company's transportation capacity. The "Benchmark Price" will be determined for each month ("FOM Pricing") and each day ("Daily Pricing") of the year.

The Benchmark Dollars are calculated by applying the Benchmark Prices from the indices to the actual units purchased within the geographic supply zones. The aggregated dollars are the Benchmark Dollars which will be compared to the Company's actual gas commodity purchases on a monthly basis in order to determine the Company's performance under the Gas Cost Incentive Mechanism. If the Company's actual gas commodity purchase dollars are less than the Benchmark Dollars, a Positive Performance exists. If the Company's actual gas commodity purchase dollars are greater than the Benchmark Dollars plus the Tolerance Band, a Negative Performance exists. Sharing of the dollar differences between the Company and the Customers will be as follows:

Negative Differential (Actual cost > Benchmark Price)

% of Benchmark Price above Benchmark Price	% of Sharing Customer	% of Sharing Company
>0%	50	50

Positive Differential (Actual cost < Benchmark Price)

% of Benchmark Price above Benchmark Price	% of Sharing Customer	% of Sharing Company
>0%	50	50

The Customers' share of dollars as determined on a monthly basis will be included in the Gas Cost Adjustment calculations for Sales Customers.

GENERAL RULES AND REGULATIONS
Applicable to Gas Service

16. CAPACITY RELEASE SHARING MECHANISM

Revenues generated by releasing interstate pipeline capacity not assigned to Choice Suppliers on a recallable or non-recallable basis in the interstate market on a monthly basis shall be shared with 75% of such revenues credited to GCA customers through the GCA mechanism and 25% retained by NIPSCO. Revenues generated by releasing upstream capacity assigned to Choice Suppliers, but mitigated by Choice Suppliers, shall be shared with 85% of revenues generated by such releases being donated to a NIPSCO Care Plan-Universal Service Plan, and 15% retained by NIPSCO.

CHOICE/SCO RECONCILIATION RIDER ("CSRR")

APPLICABILITY

Applicable to all volumes delivered under rate schedules SGS, GS and LGS.

DESCRIPTION

An additional charge or credit, for all gas consumed, to recover or pass back to customers all imbalances in gas cost expense and recoveries; the flow-through of refunds; the flow-through of shared Off-System Sales and Capacity Release Revenue as defined in Section 39 of the Revised Program Outline filed on November 28, 2012 in Case No. 12-2637-GA-EXM; recovery of incremental program costs resulting from the implementation of SCO program and audit expenses to the extent such audit is conducted by an independent auditor. Gas cost expense includes, but is not limited to, capacity costs; commodity costs; penalty charges and storage carrying costs. Recoveries include, but are limited to, revenue received from the sale of gas to SCO providers and TS customers; revenue received through the provision of balancing service(s); refunds; penalty revenue; revenue received from suppliers due to failure to comply with Operational Flow Orders and Operational Matching Orders; Off-System Sales and Capacity Release Sharing Revenue; unused SCO Supplier Security Requirements; Larger Logo Service Net Revenue and revenue from operational sales. In addition this mechanism will provide for reconciliation of all variances between projected and actual pass back or recoveries through this rider.

RATE

All gas consumed per account per month	$0.0914/Mcf

Filed in accordance with Public Utilities Commission of Ohio Entry dated January 9, 2013 in Case No. 12-2637-GA-EXM.

Issued: September 28, 2020

Effective: With meter readings on or after September 28, 2020

Issued By
Vincent A. Parisi, President

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Motion to Modify the December 2, 2009 Opinion and Order and the September 7, 2011 Second Opinion and Order in Case No. 08-1344-GA-EXM	)))))	Case No. 12-2637-GA-EXM

SECOND REVISED PROGRAM OUTLINE
AND REVISED TARIFFS

On October 4, 2012, Columbia Gas of Ohio, Inc. ("Columbia") and other parties filed in this docket a Joint Motion to Modify Orders Granting Exemption ("Joint Motion"). Attached to the Joint Motion was a Joint Stipulation and Recommendation ("Stipulation") setting forth the agreement of the stipulating parties. Subsequently, on October 31, 2012, Columbia filed a Revised Program Outline, which reflected changes necessary to implement the Stipulation, if approved by the Commission. Columbia also filed clean and marked-up copies of revised tariff pages, which reflected the changes necessary to implement the Stipulation, if approved by the Commission.

On November 27, 2012, Columbia and other parties filed in this docket an Amended Joint Motion to Modify Orders Granting Exemption ("Amended Joint Motion"). Attached to the Amended Joint Motion was an Amended Stipulation and Recommendation ("Amended Stipulation") setting forth the new, amended agreement of the stipulating parties, which now include the Office of the Ohio Consumers' Counsel. The Amended Joint Motion stated that Columbia would be filing an amended Revised Program Outline subsequent to the filing of the Joint Motion.

Attached hereto as Attachment A is Columbia's amended Revised Program Outline, which reflects changes necessary to implement the Amended Stipulation, if approved by the Commission. Attached hereto as Attachment B is a marked-up copy of the specific pages of the amended Revised Program Outline that have been amended in this filing, highlighting the changes between the Revised Program Outline filed on October 31, 2012, and the Amended Revised Program Outline filed today.

Attached hereto as Attachment C is a clean copy of revised tariff pages which reflect the additional changes necessary to implement the Amended Stipulation, if approved by the Commission. Attached hereto as Attachment D is a marked-up copy of the same tariff pages, highlighting the changes between the tariff sheets filed on October 31, 2012, and the revised tariff sheets filed today.

Columbia respectfully requests that the Commission review and approve the amended Revised Program Outline and tariffs along with the Amended Joint Motion and Amended Stipulation.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing Second Revised Program Outline and Revised Tariffs was served by electronic mail upon the following parties this 28th day of November, 2012:

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COLUMBUS/1654542v.1

ATTACHMENT A

AMENDED REVISED PROGRAM OUTLINE – CLEAN

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Motion to Modify the December 2, 2009 Opinion and Order and the September 7, 2011 Second Opinion and Order in Case No. 08-1344-GA-EXM	)))))	Case No. 12-2637-GA-EXM

REVISED PROGRAM OUTLINE
November 28, 2012

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1. Introduction and Background

On December 28, 2007, Columbia and other parties, many of which comprise Columbia's Post-2010 Stakeholder Group as described below, filed a Joint Stipulation and Recommendation ("Stipulation") in Case Nos. 04-221-GA-GCR, et al. In that Stipulation, Columbia committed to filing, on or before February 1, 2009, an application to implement a gas supply auction for purposes of supplying commodity for Columbia's Standard Service Offer ("SSO") by no later than April 1, 2010. By Order dated January 23, 2008, the Commission approved the Joint Stipulation and Recommendation. In compliance with the January 23, 2008 Order, Columbia filed an Application, tariffs and testimony for a gas supply auction including a Program Outline which provided the implementation details for the auction as well as other service amendments.

A Columbia Post 2010 Stakeholder Group including Columbia's CHOICE commodity suppliers, other interested commodity suppliers, the Ohio Farm Bureau Federation, the Office of the Ohio Consumers' Counsel, Ohio Partners for Affordable Energy, various industrial customers, schools, and the Commission Staff was formed with the primary goal of developing a consensus as to the structure for gas service in the Columbia service territory following the expiration of the Transition Period[1].

On October 7, 2009, the parties filed a Joint Stipulation and Recommendation ("2009 Stipulation") in Case No 08-1344-GA-EXM that set forth the basis for implementation of an auction procedure ("Auction") to secure gas supply for Columbia's sales customers. On December 2, 2009, the Commission issued an Opinion and Order that provided for the approval of the Stipulation as filed. In accordance with the 2009 Stipulation, Columbia conducted two Auctions in order to implement two consecutive one-year long Standard Service Offer ("SSO") periods starting April 2010 and April 2011. Through these Auctions, Columbia obtained commodity gas supplies from alternative suppliers ("SSO Suppliers") for both its Percentage of Income and SSO/sales customer requirements.

[1] The Transition Period is defined as November 1, 2008 through March 31, 2010. *In the Matter of the Regulation of the Purchased Gas Adjustment Clause Contained within the Rate Schedules of Columbia Gas of Ohio, Inc., and Related Matters.* Opinion and Order (January 23, 2008) at p. 8.

The 2009 Stipulation further provided for the holding of a third auction scheduled for an annual period beginning April 2012.[2] The third auction was a Standard Choice Offer ("SCO") auction. The primary differences between the SSO and SCO are that: (1) the bid winners of the SCO auction are assigned individual customers while in each of the SSO auctions an undivided percentage of sales customers' demand was allocated to the bid winners; and (2) SCO customers are subject to sales tax rather than gross receipts tax on the gas purchased through the SCO Program.

Several provisions of the 2009 Stipulation expire March 31, 2013. In March 2012 Columbia initiated discussions with Staff, OCC, suppliers and numerous customer representatives. In May 2012, a Stakeholder Group including Columbia's CHOICE commodity suppliers and the Commission Staff met again to develop a consensus as to the structure for gas service in the Columbia service territory following the March 31, 2013 expiration of the initial three-year term of the 2009 Stipulation.

On October 4, 2012, the parties filed a Joint Stipulation and Recommendation , and on November 27, 2012, the parties filed an Amended Stipulation and Recommendation ("2012 Stipulation"). In both of these stipulations the parties agreed to implement five consecutive one-year-long SCO auctions, with the first SCO period starting April 1, 2013, and the fifth SCO period ending March 31, 2018. However, the 2012 Stipulation contains provisions that would enable Columbia to exit the merchant function if certain conditions are met. Thus, with regard to some customer classes it is possible that there may not be an SCO auction in each of the years specified above. This Program Outline details the operation of the SCO auctions, and will be revised if and when Columbia exits the merchant function for any customer class.

This Program Outline describes how Columbia shall implement the Standard CHOICE Offer (SCO) Auction process and the corresponding changes that Columbia believes must be made to existing processes and services in order to ensure the continuation of reliable services to all of Columbia's customers.

[2] DTE, OPAE and OCC stated in the Joint Stipulation that their support for the Joint Stipulation should not be interpreted as support for SCO auctions in general, or in the Joint Stipulation.

2. Definitions

The following terms and acronyms shall have the meaning as set forth below except for paragraph 39 which contains its own definitions

"Bcf" – Is an acronym which stands for Billion Cubic Feet of Natural Gas.

"BTU" – Is an acronym which stands for British Thermal Unit.

"Capacity Assignment Percentage" – Shall mean the percentage of the design peak day demand of a Supplier's customer group that the Supplier shall receive in total through direct capacity assignment by Columbia and as a peaking service provided by Columbia. This percentage, as calculated by Columbia, shall approximate but not exceed 100%.

"Ccf" – Is an acronym which stands for Hundred Cubic Feet of Natural Gas.

"CGT" – Is an acronym which stands for Columbia Gulf Transmission Company

"CHOICE" – Shall mean the program under which CHOICE Eligible Customers may choose their natural gas suppliers.

"CHOICE Customer" – Shall mean a CHOICE Eligible Customer who has enrolled with a CHOICE Supplier.

"CHOICE Eligible Customer" - Shall mean all Human Needs Customers and all Customers using less than 6,000 Mcf per year, excluding: 1) Customers on PIPP; 2) Customers on Transportation Service; and, 3) Customers that are more than 60 days in arrears, or more than 30 days in arrears if on a payment plan.

"CHOICE Supplier" – Shall mean a certified retail natural gas supplier participating in Columbia's Customer CHOICE program.

"Commission" – Shall mean the Public Utilities Commission of Ohio.

"CSRR" – Shall mean the CHOICE/SCO Reconciliation Rider to be charged to all CHOICE/SCO Customers based on their billed throughput.

"DSS" – Shall mean a Commission-regulated Default Sales Service provided by Columbia to Transition Customers, those customers not eligible to participate in the Choice program or Governmental Aggregation Programs and PIPP customers.

"Dth" – Is an acronym which stands for Dekatherm, One Million British Thermal Units.

"Local Gas Purchase Adjustment" – Shall mean an adjustment that Columbia shall make equally to all CHOICE, DSS and SCO Demand Curves that is representative of the Ohio Production supply quantities, firm city gate supplies, and those supplies purchased by Columbia via Operationally Retained Capacity.

"Local Gas Purchase Price" – Shall be defined as the TCO Monthly Index plus a fixed dollar amount, to be determined annually. The fixed dollar amount shall be determined through the comparison of Columbia's actual, normalized purchase rate, including demand costs, with the weighted TCO Monthly Index for the most recent November-October period. Columbia shall post the fixed dollar amount on its website at least two weeks prior to an auction.

"Local Gas Purchase Requirement" – Shall mean a volume of gas that CHOICE/SCO Suppliers shall purchase from Columbia monthly, which shall be equal to an estimate of the Columbia purchases of Ohio Production, firm city gate supplies, and supplies purchased via Operationally Retained Capacity that Columbia acquires to assure reliability and sufficiency of supply to all CHOICE and SCO eligible customers.

"Mcf" – Is an acronym which stands for Thousand Cubic Feet of Natural Gas.

"NCGT" – Is an acronym which stands for North Coast Gas Transmission, LLC

"NYMEX" – Is an acronym which stands for the New York Mercantile Exchange.

"Operationally Retained Capacity" – Shall mean that portion of Columbia's firm city gate and related upstream pipeline capacity that Columbia will not directly assign to CHOICE and SCO Suppliers under Columbia's Capacity Allocation Process.

"Peak Day Forecast" – Shall mean the projected Columbia system maximum daily firm demand determined annually by Columbia[3].

"PEPL" – Is an acronym which stands for Panhandle Eastern Pipe Line Company

"Pipeline Scheduling Point" or "PSP" - shall mean: (i) the single delivery point or set of delivery points grouped or designated by an upstream pipeline for purposes of scheduling gas supplies for delivery by such upstream pipeline; or (ii) the single delivery point or set of delivery points grouped or designated by Columbia for operational purposes. The Pipeline Scheduling Points of Columbia Gas Transmission, LLC shall be utilized by Columbia for the purpose of developing Demand Curves.

"Program Year" – Shall mean the twelve month period beginning April 1st through the following March 31st.

"Retail Price Adjustment" - Shall mean the rate per Mcf an auction bidder offers in addition to the NYMEX closing price to derive the retail sales price for SCO/DSS commodity service.

"SCO" – Is an acronym that stands for Standard CHOICE offer.

"SCO Auction" – An SCO Auction is an auction in which the winning bidders receive both the right and obligation to provide natural gas commodity for a specified list of Choice eligible customers that have not elected a CHOICE Supplier and are not served through Governmental Aggregation Programs plus their proportionate share of DSS customers' load.

"SCO Customer" – Shall mean a Choice Eligible Customer that has not elected a CHOICE Supplier and is not served through a Governmental Aggregation Program.

"SCO Service" – Shall mean a commodity service available to Choice Eligible Customers that have not elected a CHOICE Supplier and are not served through Governmental Aggregation Programs in accordance with Columbia's tariff which may be modified from time to time.

[3] This determination shall exclude the demand of qualifying TS customers that have elected Backup Service.

“SCO Supplier” – Shall mean a winning SCO Auction bidder that has received both the right and obligation to provide natural gas commodity for a specified list of CHOICE eligible customers that have not elected a CHOICE Supplier and are not served through Governmental Aggregation Programs plus their proportionate share of DSS customer requirements.

“Storage or Storage Capacity” – Shall mean TCO FSS and related SST and/or PEPL FS and related EFT.

“Supplier” – Shall mean a CHOICE Supplier or an SCO Supplier that has been approved to participate in Columbia’s SCO Auction and/or has won one or more tranches in Columbia’s SCO Auction.

“System-Wide Retention Factor” – Shall mean a percentage representing Columbia’s system average lost and unaccounted for volumes and company use gas.

“TCO” – Is an acronym which stands for Columbia Gas Transmission, LLC

“TCO Daily Index” – Shall mean the price as reported in Platts Gas Daily “Daily Price Survey” - for the applicable day for “Columbia Gas, Appalachia” under the heading “Midpoint.”

“TCO Monthly Index” – Shall mean the price as reported in Platts Inside FERC’s Gas Market Report for the month of purchase, in the monthly report titled “Pricing of spot gas delivered to pipelines”, under the column heading “Index” for “Columbia Gas, Appalachia.”

“TGP” – Is an acronym which stands for Tennessee Gas Pipeline Company, L.L.C.

“Transition Customers” – Shall mean those customers eligible to participate in the Choice Program or Governmental Aggregation programs not enrolled in either program or assigned to an SCO Supplier at the commencement of the billing month.

“TRK” – Is an acronym which stands for Trunkline Gas Company, LLC.

“XRD” – Is an acronym which stands for Crossroads Pipeline Company.

3. SCO Auction Goals and Objectives

A. Goals.

The primary goal of the stakeholder process is to develop a structure for gas services in Columbia's service territory to be effective April 1, 2013 which fulfills the State Policy as to natural gas and natural gas service as established in Section 4929.02, Revised Code.

B. Objectives.

1. To maintain reliable service for all customers.
2. To establish clear and user friendly administrative procedures.
3. To minimize operational complexities.
4. To create certainty and stability for all market participants.
5. To define roles and responsibilities of all parties.
6. To implement modifications to the auction processes to continue the SCO effective April 1, 2013 and annually thereafter for a five-year term, unless the SCO auctions become inapplicable to a customer class because Columbia has exited the merchant function with respect to that customer class prior to March 31, 2018.
7. To maintain a level playing field between the CHOICE program and SCO Service.

4. SCO Auction Calendar

The annual SCO Auction will be conducted in late January or early February 2013, and at approximately the same time of year thereafter.

On April 1, 2013 and each April 1st thereafter deliveries by SCO Suppliers for the SCO Program Year will commence.

5. Standard CHOICE Offer ("SCO")

1. Gas supply for SCO Service and Columbia's Default Sales Service ("DSS") will be provided by SCO Suppliers who will be determined via a single SCO Auction, as described in Section 9.

2. SCO Service will be a commodity service available to CHOICE Eligible Customers under Commission-regulated standards, terms and conditions, inclusive of a standard price determined via the SCO Auction process. SCO Service will apply to the following types of customers:

   a. CHOICE Eligible Customers that have not elected a CHOICE Supplier.
   b. CHOICE Eligible Customers that are not served as part of a Governmental Aggregation.

3. Columbia's DSS is a Commission-regulated sales service applicable to the following types of customers:

   a. PIPP Customers
   b. Choice ineligible customers
   c. Transition customers

4. After the conclusion of the SCO Auction all SCO Customers will be assigned to specific SCO Suppliers, and the SCO Supplier name will appear on each SCO Customer's monthly invoice. All DSS demand will also be served by winning SCO Suppliers. SCO Suppliers will serve a proportional share of DSS demand. DSS Customers will not be assigned to any SCO Supplier.

5. Under SCO Service:
   a. Columbia will bill SCO and DSS Customers at the SCO Rider per Ccf. (See Section 10). In addition, all applicable Riders and base rates will continue to be billed to SCO and DSS Customers.
   b. SCO customers' gas cost portion of the bill will be subject to sales tax, and DSS customers' gas cost portion of the bill will be subject to the Public Utility Gross Receipts Tax. The balance of both SCO and DSS customers' bills will be subject to the Gross Receipts Tax.
   c. Columbia shall collect sales tax and remit to the SCO Suppliers. Each SCO Supplier shall be responsible for collecting any applicable sales tax exemption forms and filing any and all sales tax returns with the appropriate taxing authority(ies).

6. SCO Tariff Revisions

No less than four months prior to the date of the 2013 SCO Auction, Columbia will file revisions to its tariff for implementation of any necessary changes related to the continuation of the SCO Auction process.

7. SCO Reporting

As applicable, Columbia will provide monthly program statistics including the following: monthly SCO Rider rate, number of SCO, DSS and CHOICE Customers, SCO, DSS and CHOICE volumes by revenue class, CHOICE participation rates by revenue class, the number of SCO Suppliers and their market share, and other information as desired by the Commission.

8. Timing of SCO Auctions

1. Each year, the SCO Auction will be conducted in late January or early February.

2. For customer billing purposes, the SCO Program Year will begin with the April billing cycle of the respective Program Year at which time the prior SCO Program Year Retail Price Adjustment will be replaced by the current SCO Program Year Retail Price Adjustment. The SCO Suppliers' obligation to deliver gas supplies for the SCO Program Year will commence April 1st of the respective SCO Program Year.

3. For customer billing purposes, the SCO Program Year will end with the March billing cycle for the respective Program Year. The SCO Suppliers' obligation to deliver gas supplies for the SCO Program Year will end on March 31st of the respective SCO Program Year.

4. The SCO Rider shall be subject to Commission approval. If the Commission does not approve the SCO Rider, then Columbia will request that the Commission provide direction regarding whether and when a follow up Auction or another action should take place.

9. SCO Auction Process

1. Columbia will conduct the SCO Auctions in a manner whereby competitive retail natural gas suppliers ("CRNGS"), certified by the Commission, can compete for the ability to supply one or more shares, or tranches, of Columbia's combined SCO and DSS customers' demand.

2. Columbia's auctioned supply requirements will consist of all SCO customers' estimated annual volume requirements (in Mcf), plus the estimated annual volume requirements (in Mcf) of Columbia's DSS customers.

3. The forecasted SCO/DSS requirements will be divided as equally as is practical into 16 tranches to be auctioned to potential SCO Suppliers. The approximate size of a tranche will be updated and provided to bidders not less than seven days prior to the SCO auction. The actual number, and size, of the tranches used in an auction may vary from year to year.

4. Each Supplier shall be assigned the responsibility to supply individual SCO customers. Columbia will assign customer accounts to each SCO Supplier tranche as described in Section 11. All SCO Suppliers will deliver supply quantities based on the identified customers' aggregate requirements. In addition, each SCO Supplier will be assigned the responsibility to serve a proportionate share of the aggregate demand of DSS customers.

5. SCO Suppliers will deliver to Columbia at the assigned Pipeline Scheduling Point ("PSP") the quantity specified by, and in accordance with, a Columbia-provided Demand Curve calculated in a manner identical to that provided to CHOICE Suppliers. If an SCO Supplier is also a CHOICE Supplier, Columbia will provide a single Demand Curve by PSP each month for the SCO Supplier to deliver in accordance with Section 27.

6. A maximum of 4 tranches will be awarded to any individual bidder. The 4-tranche limit also applies to bidders that are affiliated with and/or have an interest equal to or greater than 10% in other bidders. For example, if there are three bidders, two of which are affiliated by having the same corporate parent and a third in which that same corporate parent has a 10% or greater interest, then the three bidders in total could win a maxi-

mum of only four tranches, inclusive of any fractional interest. This maximum number of tranches may vary from year-to-year depending upon the number of tranches to be auctioned to potential SCO Suppliers.

7. Bidding in the SCO Auction will be for the Retail Price Adjustment, which will be added to the NYMEX final settlement price each month during the SCO Program Year to determine the monthly SCO and DSS Price. The Retail Price Adjustment will be fixed for the SCO Program Year. The Retail Price Adjustment, by being added to the NYMEX price will in effect, convert the NYMEX price from dollars per million British thermal units at the Henry Hub in Louisiana, to dollars per thousand cubic feet gas cost rate at the burner tip.

8. Columbia will utilize an independent Auctioneer to conduct a descending clock auction. In a descending clock auction, the Auctioneer reduces the offered price, in this case the Retail Price Adjustment ("price"), throughout the auction event, while bidders submit bids that quantify the number of tranches that bidder is willing to supply at the designated price. The Auctioneer continues ticking down the price until the total quantity bid across all bidders matches the quantity offered.

9. The descending clock auction will proceed in a series of rounds during a single day. At the beginning of each round, the Auctioneer will announce the offered price of the Retail Price Adjustment. Based upon that offered price, each bidder will bid the number of tranches that it is willing and able to supply at that price. Assuming that the number of tranches initially bid is in excess of sixteen[4], a second round will be initiated with a lower offered price. The offered price will decline from one round to the next, in decrements no smaller than five cents. In each succeeding round, a bidder can either bid the same number or fewer tranches than it bid in the preceding round. If the total number of tranches bid in a round at an offered price is greater than sixteen, the auction will move on to another round. The SCO Auction will end when the number of tranches bid at an offered price equals sixteen. However, if the number of tranches bid in a round drops to less than sixteen, the Auctioneer will revert back to the price of the previous round (which had bids for more than sixteen tranches) and begin the next round by re-

[4] Sixteen is utilized in this paragraph for demonstrated purposes. The actual number of tranches offered for bid for any SCO Period may change from year to year. Columbia shall notify all potential SCO Suppliers of the number to be bid prior to the SCO Auction.

ducing the price of that previous round by one cent, and will continue additional rounds using decrements of one cent until the number of tranches bid equals sixteen. If in this process, the number of tranches bid once again drops from greater than sixteen to less than sixteen between the two rounds, then the immediately prior round shall be considered the final round. In such event, if the final round has more than sixteen tranches bid, then the size of each tranche will be adjusted downward on a prorated basis such that the supply requirement of all tranches awarded is equal to the initial forecasted total SCO/DSS requirements.

10. Columbia will release upstream transportation and storage capacity to the winning bidders as described further in Sections 19 through 21. If an SCO/DSS Supplier is also a CHOICE Supplier, Columbia will make a single capacity assignment by PSP each month during the SCO Period and in accordance with Sections 19 through 21.

11. Immediately following the SCO Auction, the winning Retail Price Adjustment and the names of the winning bidders will be filed with the Commission for its approval. Names of winning bidder will be held confidential for the period of time directed by the Commission.

10. SCO Rider

1. The SCO Rider each month during an SCO will be the NYMEX final settlement price for the month plus the Retail Price Adjustment determined by the SCO Auction. The result will be a price per Mcf.

2. The SCO Rider paid by Columbia to SCO Suppliers shall represent full compensation for providing SCO supply service during the term of the SCO Program Year.

3. The SCO Rider paid by SCO and DSS Customers will be converted from dollars per Mcf ($/Mcf) to dollars per Ccf ($/Ccf) for billing purposes and for "Apples-to-Apples" posting purposes.

4. As an example of the prices and billings described above, assuming that the final settlement price for the April NYMEX was $5.00 per MMBtu, and the Retail Price Adjustment was $2.00, then the SCO Rider paid to SCO Suppliers for gas consumed by SCO and DDS Customers in the April billing cycle would be $7.00 per Mcf, and the SCO Rider paid by SCO and

DDS Customers to Columbia would be $0.700 per Ccf. (Note that the SCO and DDS Customers will also pay Columbia the applicable Columbia Base/Distribution Rate, CSRR and other applicable charges.)

11. SCO Customer and DSS Demand Allocations

Initial Allocations (each Program Year):

1. Columbia will use its best efforts to establish relatively homogeneous and relatively equivalent tranches. The initial allocation of SCO Customers to winning SCO Suppliers will be based on the following:

    a) Revenue Class
    b) Annual Demand
    c) Geographical area (PSP)
    d) Credit Ranking

2. The initial allocation of DSS customer demand will be a pro rata share of the total estimated DSS customer demand, by PSP, based on the number of tranches supplied by each SCO Supplier.

Monthly Allocations:

1. The monthly allocation of newly eligible SCO Customers to SCO Suppliers will be done by random assignment by PSP, based on the number of tranches supplied by each SCO Supplier.

2. The monthly allocation of DSS customer demand will be a pro rata share of the total estimated DSS customer demand, by PSP, based on the number of tranches supplied by each SCO Supplier.

Customer Information:

1. Upon completion of the allocation process, SCO Suppliers will be provided with specific customer information including, but not limited to, the following: customer name, account number, billed usage, billed charges, enrollments and drops.

2. All SCO Suppliers must utilize Columbia's internet-based website in order to receive file transactions for customer billing and enrollment information.

12. SCO Supplier Qualifications

1. The purpose of these qualification requirements is to help ensure that potential SCO Suppliers have the resources and the requisite intent to provide supply to Columbia pursuant to the SCO Supplier Agreement.

2. Bidders in the SCO Auction must:

- provide company information, contacts, and other pertinent identification and communication information as required by Columbia;
- agree to execute an SCO Supplier Agreement as presented by Columbia in the event that they are a winning bidder (see Section 14);
- be CRNGS certified and maintain that certification during the period in which the SCO Supplier serves in that capacity;
- successfully complete training as specified by Columbia no later than two weeks prior to initial flow;
- meet SCO Supplier creditworthiness requirements (see Section 15);
- agree to comply with all SCO Auction program rules and requirements as reflected in this Program Outline, SCO Supplier Agreement, Columbia tariff, and Commission Orders;
- meet all key deadlines for participation such as timely submission of application and supporting documents, signing of contracts, etc.;
- provide the number of tranches on which the applicant would like to be able to bid;
- acknowledge receipt of SCO Auction rules and procedures and agree to be bound by those rules and procedures;
- acknowledge receipt of SCO Customer supply requirement data;
- participate in preparatory and informational meetings directed toward bidders;
- acknowledge receipt from Columbia of the confidential notice from Columbia (to each bidder and the Auction Administrator) setting forth the maximum number of tranches on which the bidder is qualified to bid;
- execute a confidentiality agreement providing Columbia access to financial information for creditworthiness evaluation and to require non-disclosure of the confidential notice described directly above; and

- agree to provide Columbia with any additional documents and to take any additional steps that Columbia may request to perfect Columbia's interest in the Accounts Receivable being sold and assigned to Columbia pursuant to the SCO Supplier Agreement, including authorizing the filing of UCC-1 financing statements to perfect Columbia's interest.

3. Bidders must certify:

   - that they will maintain the confidentiality of their bidding strategy and not retain any bidding advisors or consultants providing similar service to another bidder; and
   - whether they will bid on a stand-alone basis or will be part of a bidding partnership, joint venture, or other arrangement related to the SCO Auction, and whether or not they have a 10% or greater interest in another registered bidder or have any relationship that would provide financial or other incentives based on the outcome of bidding efforts.

4. Sanctions may be imposed on a bidder for failing to abide by any of the preceding certifications. Such sanctions may include, but are not limited to:

   - the loss of any rights awarded in the SCO Auction;
   - immediate termination of any other arrangements with Columbia;
   - forfeiture of any monies owed to the bidder by Columbia;
   - liability for attorneys' fees and court costs incurred in any litigation that arises from failure to abide by the certifications; and
   - being subject to any other legal actions, including prosecution, as Columbia in its sole discretion deems appropriate under the circumstances.

13. SCO Supplier Information and Education

1. Prior to each Auction, Columbia shall make available to all potential bidders information which describes and details the historic and projected commodity load.

2. Columbia shall use its current website or another method of making information available to potential bidders, including answers to the most

frequently asked questions. The website will contain all public auction documents and will be updated regularly with the most recent data.

Examples of the information that will be provided on the website include:

Normalized calendar month delivered volumes

Normalized billing month volumes

Local Gas Purchase Adder

Number of Customers

Unaccounted-For Gas

BTU Factor

Monthly Demand Curves

Monthly Supply Curves

Capacity Assignment Example

3. One or more educational meetings will be held prior to each SCO Auction with potential SCO Suppliers interested in participating.

4. At the meetings, topics related to Columbia's SCO Auction will be discussed in detail.

14. SCO Supplier Agreement

1. SCO Suppliers must execute an SCO Supplier Agreement containing the terms and conditions applicable to the relationship between Columbia and the SCO Supplier.

15. SCO Supplier Security Requirements

1. Potential bidders in the SCO Auction must be pre-qualified to bid on up to 4 tranches or such other number of tranches as determined by Columbia. SCO Suppliers must complete and sign Columbia's Retail Natural Gas

Supplier Registration form to be considered for participation in Columbia's SCO Program and must pay Columbia a fee of $50.00 for each credit evaluation that Columbia performs. Pre-qualification shall include a creditworthiness evaluation and bidders must meet Columbia's security requirements in advance of participation in the Auction. Bidders will have their creditworthiness assessed against exposures that include 150% of the tranches that they express the intent to bid on. This level is required in order to allow for sufficient credit to enable an SCO Supplier to accept an increase in its tranche volumes in the event of an SCO Supplier default, up to a level equal to 150% of the design day demand of the original tranche level won by the SCO Supplier in the SCO Auction. Final creditworthiness requirements shall be communicated to potential bidders at the time that initial information packages for SCO Auction participation are sent to potential bidders.

2. Suppliers desiring to participate in the SCO Program will be evaluated by Columbia to establish credit levels acceptable to Columbia. Columbia will apply, on a non-discriminatory basis, reasonable financial standards to assess and examine an SCO Supplier's creditworthiness**.** These standards will take into consideration the scope of the operations of each SCO Supplier and the level of risk to Columbia in the event it has to address under-performance or nonperformance by the SCO Supplier.

   Evaluations will be based on standard credit factors including, but not limited to: previous customer history, financial and credit ratings, trade references, bank information, unused line of credit, financial information and the SCO Supplier's accounts receivable where Columbia is provided a first secured interest. Based on the number of standard credit factors met by the SCO Supplier, Columbia will assign a dollar credit level range for each SCO Supplier. Columbia shall have sole discretion to determine creditworthiness based on the above criteria, but will not deny creditworthiness without reasonable cause.

   The SCO Supplier will provide Columbia with: (1) its or its parent's most recent independently audited financial statements; (2) it and/or its parent's most recent Form 10-K and Form 10-Q reports; (3) a minimum of three bank and trade references; and, (4) a list of parent company affiliates and a description of corporate structure.

An SCO Supplier shall satisfy its security requirement, and receive an unsecured credit limit from Columbia, by demonstrating that it has and maintains investment grade long-term bond ratings from any two of the following four rating agencies:

Agency	Senior Securities Rating (Bonds)
Standard & Poors	BBB- or higher
Moody's Investors' Services	Baa3 or higher
Fitch IBCA	BBB- or higher
Duff & Phelps Credit Rating Company	BBB- or higher

Columbia may make reasonable alternative credit arrangements with an SCO Supplier that is unable to meet the aforementioned criteria and with those SCO Suppliers whose security requirements exceed their allowed unsecured credit limit. The form and format of the credit arrangements must be acceptable to Columbia. Columbia may, at its option, require the use of any of the following as a form of financial security: a guarantee of payment; an irrevocable letter of credit; a cash deposit; or other mutually agreeable security or arrangement. A party other than the SCO Supplier may provide credit agreements and financial security for the SCO Supplier, including a cash deposit, if acceptable to Columbia. The amount of security shall remain commensurate with the financial risks placed on Columbia by each SCO Supplier, as those financial risks are reevaluated by Columbia from time to time, as it deems necessary.

3. Columbia shall file with the Commission's Docketing Division a document that contains the formula used to determine Columbia's security requirements applicable to SCO Suppliers participating in its SCO Auction. The security requirement formula shall be applied in a non-discriminatory manner to determine the level of financial risk associated with each SCO Supplier. If there is a material change to the security requirement formula used by Columbia, Columbia may update the formula, and will also docket such updated formula. Notice of such filings and the reasons for any changes shall be filed with the Commission, no later than ten business days before the formula takes effect.

   Failure of an SCO Supplier to provide any of the required financial instruments pursuant to the security requirement formula may result in termination of service from the SCO Auction program. If the SCO Supplier is also a CHOICE Supplier, the SCO Supplier's failure to provide any of the required financial instruments pursuant to the security requirement formula may also result in the SCO Supplier's termination of service from the CHOICE program.

4. Columbia shall not provide financial security to SCO Suppliers related to Columbia's obligations under the SCO Supplier Agreement as long as Columbia continues to perform in compliance with said Agreement.

5. In addition to those creditworthiness requirements addressed above, upon the awarding of tranches, each SCO Supplier shall provide Columbia, by March 1 of each year, with a mutually agreeable irrevocable Letter of Credit in the amount of fifty cents per Mcf multiplied by the initial estimated annual delivery requirements for the SCO Period of the tranches won by that SCO Supplier. This financial security shall be held and administered by Columbia exclusively for the benefit of the other SCO Suppliers who receive an allocation of additional SCO supply requirements as a result of the default of the SCO Supplier that provided the security, to the extent Columbia receives funds for distribution. In the event of an SCO Supplier default, Columbia shall distribute to other SCO Suppliers the proceeds of the security that Columbia holds for the defaulting SCO Supplier. This distribution of the proceeds of the defaulting SCO Supplier's security shall be allocated on a pro rata basis to other SCO Suppliers in proportion to the amount of delivery requirements each SCO Supplier receives in the process set forth in Part 7 of Section VIII of the tariff. This allocation of the defaulting SCO Suppliers' security proceeds to non-defaulting SCO Suppliers does not require proof of damages from those non-defaulting SCO Suppliers, and constitutes the entire amount of monies that would be due the remaining SCO Suppliers from Columbia as a result of such default by an SCO Supplier.

6. In addition to the Letter of Credit discussed above, upon the awarding of tranches, each SCO Supplier shall provide Columbia, by March 1 of each year, with a cash deposit equal to six cents multiplied by the number of Mcf in the initial estimated annual delivery requirements for the SCO Program Year of the tranches won by that SCO Supplier. This security will be used to provide a liquid account to meet supply default expenses other than those covered by the Letter of Credit discussed above. Any funds

remaining at the end of each SCO Program Year will be transferred to customers through the CSRR.

7. Columbia reserves the right to conduct further creditworthiness evaluations during the course of the programs, when Columbia has received information that indicates the creditworthiness of an SCO Supplier may have deteriorated. SCO Suppliers agree to inform Columbia of any significant change in the SCO Supplier's current financial condition.

8. In the event of Default as defined in Columbia's tariff, Columbia shall have the right, upon satisfaction of the default requirements identified therein, to use the proceeds from SCO Supplier's financial security instrument(s) to satisfy all obligations under this tariff and any other agreements between the SCO Supplier and Columbia in accordance with this tariff, in accordance with the SCO Supplier Agreement and in accordance with any Retail Natural Gas Supplier Aggregation Agreement. The proceeds from such instruments shall be used to satisfy any outstanding claims that Columbia has against the SCO Supplier, including, but not limited to, interstate pipeline capacity charges, imbalance charges, cash-out charges, pipeline penalty charges, reservation charges, and any other amounts owed to Columbia, for which Columbia is or will be responsible, related to SCO Supplier's participation in the SCO auction program. Such proceeds may also be used to secure additional gas supplies, including payment of the costs of the gas supplies themselves, the costs of transportation, storage, gathering, taxes, and other related costs incurred in acquisition of those gas supplies.

   Columbia reserves the right to use SCO Supplier's assets associated with the SCO Program to offset or recoup any costs owed to and/or incurred by Columbia.

9. Columbia may offset against any SCO Supplier's obligations or financial responsibilities, any SCO payments held or billed by Columbia. Suppliers shall grant Columbia a perfected first priority security interest in any Customer Payments billed by Columbia.

16. SCO Supplier Failure to Perform

In the event that an SCO Supplier defaults:

1. Columbia will notify the defaulting SCO Supplier of the occurrence of the event of default and will identify the remedies available to cure the default which must be cured within a prescribed maximum of 5 days of the notice.

2. In the event that a defaulting SCO Supplier fails to cure the default, the Supplier will be terminated from further participation in the CHOICE and SCO programs.

3. If the default is not cured by the defaulting SCO Supplier, Columbia will ensure continuity of service in the short term until customers or tranches are re-assigned. During this time frame, Columbia will recall a defaulting Supplier's assigned capacity if the default is not cured by the Supplier. Columbia may purchase gas in the market as needed to supply the un-served demand.

4. If the failing Supplier is a CHOICE Supplier, the affected CHOICE Customers will pay their CHOICE contracted rate for the billing cycle in which the Supplier's termination from the CHOICE program occurs and they will pay the SCO rate in the subsequent billing cycles. If the customer of a defaulting CHOICE Supplier chooses a different CHOICE Supplier, that request will be processed within the standard timing of the CHOICE program and the customer will be placed under that CHOICE Supplier's rate accordingly.

5. CHOICE Customers, SCO Customer or DSS customer quantities that are unserved as a result of a CHOICE/SCO Supplier default will be allocated to the remaining SCO Suppliers, in concert with the monthly development of Demand Curves, in the next available monthly cycle according to the allocation process described below:

    i. Following a CHOICE/SCO Supplier default, non-defaulting SCO Suppliers will receive their pro rata share of the unserved SCO Customers by random assignment, by PSP, based on the number of tranches supplied by each non-defaulting SCO Supplier and pro rata share of estimated DSS demand, by PSP, based on the number of tranches served by each non-defaulting

SCO Supplier up to an amount not to exceed 150% of the SCO Supplier's initial annual delivery requirement.

ii. If, due to the 150% limit, the allocation described above does not result in all of the unassigned demand being assigned to non-defaulting SCO Suppliers, then Columbia shall supply the remaining demand, and shall retain associated upstream capacity related to that demand. If the unserved demand is the result of a CHOICE Supplier default, then the related customers will begin paying the SCO Rider, just as if their demand had transferred to non-defaulting SCO Suppliers. Associated gas supply and capacity costs incurred by Columbia will be charged to the CSRR.

iii. Capacity recalled by Columbia from a defaulting CHOICE Supplier will be allocated proportionally in accordance with the monthly recall and reassignment of capacity as required under Section 22.

6. Defaulting SCO Suppliers will be required to reimburse Columbia for any incremental costs incurred. Any such incremental costs not recovered from defaulting SCO Suppliers by Columbia will be included in the CSRR.

17. SCO Supplier Payments

All gas-cost related payments shall be credited to the CSRR.

1. Payments to SCO Suppliers shall be made on a net basis – i.e., all costs or charges owed Columbia directly or indirectly shall be offset against, or recouped from, what Columbia may otherwise owe SCO Suppliers.

2. Net payments to SCO Suppliers will be rendered each month, by the 25th day of the month, for the prior month's activity.

3. Columbia will pay the SCO Suppliers the amounts billed their allocated SCO Customers, including sales tax, plus their pro-rata share of DSS dollars billed each month, less costs and charges owed to Columbia.

4. Total DSS dollars for the billing month shall be computed through the multiplication of quantities identified from monthly billing reports, as generated through Columbia's revenue reporting system, by the effective SCO Rider. DSS dollars paid to individual SCO Suppliers will be deter-

mined through the multiplication of the average revenue per tranche by the number of tranches being supplied by each SCO Supplier less costs and charges owed to Columbia.

5. Offsets to SCO Supplier costs or charges include the following:

   a. Local Gas Purchase Charge – A charge equal to the Local Gas Purchase Price multiplied by the Local Gas Purchase Requirement.

   b. Credit Evaluation Fee - A $50.00 charge per financial evaluation. This charge is not gas-cost related and shall not be credited to the CSRR.

   c. Demand Curve Non-Compliance - On days when an OFO/OMO is not in place, the higher of a $10.00 per Dth Demand Curve Non-Compliance Charge, or 150% times the TCO Daily Index adjusted for SST commodity and shrinkage will be billed based upon the quantity difference between the SCO Supplier's daily demand curve requirement using the actual temperature as posted by Columbia for the past day and the Supplier's actual pipeline daily confirmed volume after retroactive nominations, for each day of difference. On days when an OFO/OMO is in place, the higher of a $30.00 per Dth Demand Curve Non-Compliance Charge, or 150% times the TCO Daily Index adjusted for SST commodity and shrinkage will be billed based upon the quantity difference between the SCO Supplier's daily demand curve requirement using the actual temperature as posted by Columbia for the past day and the Supplier's actual pipeline daily confirmed volume after retroactive nominations, for each day of difference.

   d. Supply Curve Non-Compliance – The charges are the same as the Demand Curve Non-compliance, but the non-compliance volumes are based upon the quantity difference between the SSO Supplier's daily supply curve requirement using the latest forecast temperature as posted by Columbia that immediately precedes the timely nomination deadline for the current day, and the Supplier's actual pipeline daily confirmed volume.

   e. Related Charges. If Columbia seeks reimbursement from a SCO Supplier for upstream pipeline penalties and/or costs resulting from the SCO Supplier's failure to comply with Columbia's tariff, Columbia shall have the burden of establishing the SCO Supplier's failure to comply with Columbia's tariff. Additionally, Columbia shall provide such SCO Suppliers with documentation of how the applicable penalties or cost have been calculated.

f. All other amounts owed to Columbia as a result of SCO Supplier program participation except gas commodities provided by Columbia through the provision of its balancing and peaking services, which shall be paid for by the suppliers during the annual reconciliation process.

g. Gross receipts taxes, or any other applicable taxes, on amounts billed by Columbia to SCO Suppliers where applicable and where remitted by Columbia to the appropriate taxing authority.

h. Upon the next scheduled billing date, a late payment fee of 1.5% of the unpaid balance on the balance due Columbia from the SCO Suppliers. Interest shall only apply if, after netting all amounts Columbia owes the supplier as well as all amounts the supplier owes Columbia, there is still an outstanding balance more than thirty (30) days in arrears.

18. Columbia Capacity Contracts

A. City Gate Capacity/Supply

1. Columbia will retain a combination of firm interstate and intrastate pipeline transportation and storage capacity and local gas supplies that in aggregate will provide firm city gate deliverability of 1,963,178 Dth at April 1, 2013, reduced to 1,940,214 Dth effective November 1, 2013.

2. Columbia's holding of firm capacity facilitates:

   a. Efficient and effective management of a widely-dispersed natural gas distribution network with over 840 measured points of receipt from capacity providers (excluding main line tap points of delivery) without the burdensome requirement of overseeing supplier contracts for all customers to ensure system integrity;

   b. Allowing Columbia to release capacity to follow the customer upon migration to/from a CHOICE Supplier in accordance with the capacity reassignment provisions set forth in Section 19;

c. Utilization of a level-playing-field approach to system management including, but not limited to, assignment of capacity, balancing the system, and management of local gas and operationally retained capacity;

d. Enhanced reliability in the provision of firm services resulting from Columbia's ability to recall all assigned capacity from a defaulting CHOICE or SCO Supplier.

e. Minimizing barriers to entry for potential suppliers interested in providing supplies to Columbia's customers through the CHOICE or SCO programs.

B. Capacity Upstream of City Gate

Except for capacity held on XRD, which contract will be reduced commensurate with the reduction in the NCGT capacity effective November 1, 2013, Columbia will retain its existing upstream interstate pipeline contracts through March 31, 2016. Thereafter, except for a 25% reduction in its CGT FTS-1 capacity effective April 1, 2016, Columbia will retain the balance of its contracted upstream interstate pipeline capacity through March 31, 2018.

19. Capacity Allocation Process

1. Columbia shall allocate its capacity contracts to be temporarily assigned CHOICE and SCO Suppliers on a "level playing field" basis each Program Year.

2. Columbia shall allocate capacity based on the PSPs for TCO.

3. The level of capacity that Columbia shall utilize for this Capacity Allocation Process shall be equal to Columbia's total capacity/city gate supply portfolio including firm pipeline capacity contracts, Ohio Production supply contracts, and operationally required city gate supplies less the firm capacity retained by Columbia for release to TS Customers and less the capacity retained by Columbia to provide Backup Service to TS Customers.

4. Capacity shall be assigned for each PSP equally to each CHOICE and SCO Supplier on a percentage of peak day demand basis; Columbia shall provide a peaking service for each PSP equally to each CHOICE and SCO Supplier on a percentage of peak day demand basis. Each CHOICE and SCO Supplier will receive assignments of capacity up to, but not to exceed, 100% of its Program Year design peak day supply requirement for each PSP to assist it in meeting its delivery obligation based on actual CHOICE and SCO peak day demand requirements and proportionate share of DSS peak day demand.

5. Columbia shall review the amount of capacity assigned to CHOICE and SCO Suppliers monthly. The capacity that Columbia assigns to CHOICE and SCO Suppliers on April 1st of each SCO Program Year shall be reassigned on a monthly basis to match as closely as possible each supplier's customer group.

6. The process of determining how Columbia will allocate capacity to each PSP shall be as follows:

    a. Columbia shall determine the percentage of capacity it shall assign each CHOICE and SCO Supplier annually up to but not to exceed 100% of its design peak day delivery obligation, taking into consideration the peaking service provided by Columbia ("Capacity Assignment Percentage"). The firm capacity assigned CHOICE and SCO Suppliers shall exclude capacity Columbia has retained for assignment to TS Customers and provision of Backup Service to TS Customers;

    b. Columbia shall retain TCO and PEPL storage capacity (including associated transportation capacity) equal to approximately 22% of the Peak Day Forecast quantity, all local gas contracts, any firm city gate supplies, all NCGT capacity, and all capacity not otherwise assignable as described hereinafter. Columbia shall use this retained capacity to provide firm peaking and other limited firm supply services for CHOICE and SCO Suppliers and to provide its non-firm banking and balancing service to its TS Customers;

    c. Columbia shall next determine the percentage of the Peak Day Forecast quantity to be assigned as storage to each CHOICE and SCO Supplier by PSP. For the PSP that includes the Maumee Gate, the assignment of PEPL storage and related firm transportation capacity shall be within the percentage calculated hereunder;

d. Columbia shall then determine the percentage of the Peak Day Forecast quantity to be assigned as Firm Transportation Capacity to CHOICE and SCO Suppliers by PSP. For the PSP that includes the Maumee Gate, the assignment of PEPL non-storage related firm transportation capacity shall be within the percentage calculated hereunder. For those PSPs that require the upstream delivery of natural gas from TGP to TCO, any TCO FTS capacity assigned in those PSPs shall have TGP FT-A capacity assigned for upstream supply delivery. All TCO FTS capacity assigned, with the exception of that capacity which requires the delivery by TGP, shall be assigned CGT FTS-1 capacity in proportion to the CGT FTS-1 capacity held by Columbia.

e. To the extent that, under this methodology, Columbia assigns less than 100% of all city gate firm capacity including PEPL/TRK and TCO/TGP capacities, Columbia shall retain the remaining capacity as operationally required capacity and utilize this capacity in providing peaking and other gas supply services as necessary

f. In the event that any pipeline capacity provider that Columbia has contracted with for capacity changes the configuration or scheduling requirements at its PSP(s), Columbia shall have the right to recall and reassign capacity from/to CHOICE and SCO Suppliers as it deems necessary.

20. Transportation Capacity Release

1. The assignment of Columbia's firm transportation capacity to all CHOICE and SCO Suppliers shall be made effective April 1st of each SCO Program Year and shall be refreshed monthly consistent with changes in the CHOICE and SCO Suppliers customers' peak day delivery obligation and their proportionate share of the DSS peak day delivery obligations.

2. The assignment of Columbia's pipeline firm transportation capacity, including all city gate and upstream capacities, will be conducted on a temporary basis, with recall rights, to CHOICE and SCO Suppliers during the term of the SCO annual period in accordance with the Capacity Assignment Process as set forth in Section 19. The projected volumes and costs

associated with these firm transportation capacities will be provided to each potential bidder prior to the beginning of the SCO Auction process.

3. Suppliers will not be permitted to change any primary points of receipt or delivery associated with assigned pipeline transportation contracts during the term of the capacity release.

4. Columbia holds discounted contracts with PEPL and TRK where the utilization of alternate points will cause additional charges to be incurred by Columbia. More specifically, for releases under Columbia's PEPL Contract No. 18604, the Supplier must transport from the primary receipt point of Bourbon (PBRBN) to the primary delivery point of Columbia of Ohio Maumee (COLOH) or the following approved secondary delivery points: Lebanon Lateral (02821), Columbia Gas Maumee (COLGA), or Columbia Gas Cecil (CECIL). Also, approved secondary points at a 2 cent incremental commodity cost are NIPSCO (NIPS) and East Ohio (EOHIO). For releases under Columbia's TRK Contract No. 18122, the Supplier must transport to the primary delivery point of Bourbon-TGC (80023) from ELA or WLA receipt points. In the event the Supplier receives and/or delivers natural gas at points other than those approved points specified above and in so doing causes incremental costs to be incurred by Columbia, the Supplier shall pay Columbia for any and all associated incremental costs and/or penalties billed by PEPL and/or TRK due to such receipts or deliveries. Columbia shall have the right, through setoff in the CHOICE and SCO Suppliers' payments, to collect any costs owed Columbia as a result of a CHOICE and SCO Supplier utilizing a receipt or delivery point other than those provided for in Columbia's PEPL and TRK contracts.

5. Columbia holds discounted contracts with TGP for delivery to TCO at Broad Run Cobb (Meter #020001) and for delivery to TCO at Dungannon OH (Meter #020060) where the utilization of alternate points will cause additional charges to be incurred by Columbia. The approved receipt and delivery points under these TGP contracts and the commodity pricing will be set forth in Columbia's tariff. In the event a Supplier assigned TGP capacity from Columbia receives and/or delivers natural gas at points other than those approved points set forth in the tariff and in so doing causes incremental costs to be incurred by Columbia, the Supplier shall pay Columbia for any and all associated incremental costs and/or charges billed by TGP due to such receipts and/or deliveries. Columbia shall have the right, through setoff in the Suppliers' payments, to collect any costs owed

Columbia as a result of a Supplier utilizing a receipt and/or delivery point other than those provided for in Columbia's TGP contracts.

6. The capacity released by Columbia to CHOICE and SCO Suppliers is subject to recall by Columbia if at any time a Supplier does not perform in accordance with the applicable Supplier agreement or fails to comply with other relevant provisions set forth in Columbia's tariff.

7. Suppliers may re-release on a recallable basis any transportation capacity assigned hereunder, provided that:

   a. Supplier will continue to be responsible to the pipeline for all capacity charges associated with the assigned capacity and will hold Columbia harmless in the event charges are not paid;
   b. Any re-release of such capacity remains subject to the requirements and restrictions identified in Columbia's tariff; and,
   c. The re-release of capacity does not alter in any fashion the Supplier's requirement to deliver gas supplies to Columbia in accordance with the Columbia provided Supply and/or Demand Curve.

   A Supplier is free to use other pipeline capacity to deliver supply as required by its Demand and/or supply Curves and re-release portions of its Columbia-released pipeline capacity, subject to the previously mentioned restrictions.

8. Any re-release of PEPL city gate capacity, with or without associated upstream capacity, to a third party does not entitle that third party access to Columbia's Maumee Gate. Should a Supplier re-release capacity to a third party (other than an agency or similar arrangement whereby the deliveries are made on behalf of the Supplier), Columbia will not accept delivery of gas from such a third party at the Maumee Gate. Regardless of re-release activity engaged in by a Supplier, they will remain fully responsible for delivering the correct amount of supply to meet their Maumee Gate Supply Curve provided by Columbia.

9. Any re-release of TGP capacity does not alter the Supplier's responsibility to abide by the delivery requirements of its Dungannon Supply Curve.

10. The costs of the released capacity will be paid directly to the pipelines by the Suppliers pursuant to applicable pipelines' capacity release payment procedures.

21. Storage Capacity Release

1. The assignment to all CHOICE and SCO Suppliers of Columbia's storage and related firm transportation capacity shall be made effective April 1st of each SCO Program Year and shall be refreshed monthly consistent with the changes in CHOICE and SCO Suppliers customer's peak day delivery obligations.

2. Columbia's TCO and PEPL storage and related firm transportation capacity will be released to each CHOICE and SCO Supplier on a proportionate basis in accordance with the capacity allocation process defined in Section 19.

3. CHOICE and SCO Suppliers shall manage natural gas supply nominations and deliveries to Columbia to match deliveries as specified by their individual Demand Curves at the actual temperatures experienced through utilization of TCO FSS and SST capacity. All CHOICE and SCO Suppliers shall be obligated to provide confirmed nominations to Columbia that exactly matches the Demand Curve requirement as specified at actual incurred temperatures during the months of October through April. For the months of May through September CHOICE and SCO deliveries shall be made on an average day basis and shall exactly match the delivery requirements as specified by the Columbia provided Demand Curve.

4. Suppliers shall utilize assigned PEPL storage and related firm transportation capacity and non-storage related firm transportation capacity to match the Maumee Gate specific Supply Curve to be provided each CHOICE and SCO Supplier by Columbia during the months of November through March based on the latest forecast temperature provided by Columbia that immediately precedes the timely nomination deadline for PEPL for the Pipeline Scheduling Point that includes the Maumee Gate. The Maumee Gate Supply Curve shall be separate and distinct from the CHOICE and SCO Demand Curves provided by Columbia for the PSP that includes the Maumee Gate. Supplies nominated at the Maumee Gate may be used by the Suppliers to satisfy Demand Curve requirements of the PSP that includes the Maumee Gate, nominate supplies for TS Cus-

tomers in the PSP that includes the Maumee Gate, sell gas to another CHOICE or SCO Supplier, or any combination of these options. Regardless of the decision made by a Supplier regarding the subsequent disposition of supplies delivered to the Maumee Gate, the daily delivery of such supplies must be equal to the Maumee Gate Supply Curve for the Supplier.

5. A Supplier may re-release on a recallable basis any storage and/or related transportation capacity assigned to it hereunder, provided that: 1) Supplier will continue to be responsible to the pipeline for all capacity charges associated with the assigned capacity and will hold Columbia harmless in the event charges are not paid; 2) any re-release of such capacity remains subject to the requirements and restrictions identified in Columbia's tariff; and, 3) the re-release of capacity does not alter in any fashion the Supplier's requirement to deliver gas supplies to Columbia in accordance with the Columbia provided Demand and/or Supply Curve. Supplier is free to use other pipeline capacity to deliver supply as required by its Demand and/or Supply Curve and re-release portions of its Columbia-released pipeline capacity, subject to the previously mentioned restrictions.

6. The costs of the released storage and related transportation capacity will be paid directly to the pipelines by the Suppliers pursuant to applicable pipeline capacity release payment procedures.

7. The released capacity is subject to recall at any time if Supplier does not perform in accordance with any applicable Supplier Agreement or fails to comply with other relevant provisions set forth in Columbia's tariff.

22. Comparable Firm Capacity Requirement

1. To the extent that the approved Capacity Allocation Process identified in Section 19 is not altered by the Commission and Columbia is permitted to continue to contract for the level of capacity as set forth in Section 18, Columbia will not require the demonstration of comparable firm capacity for Suppliers. However, to the extent the Capacity Allocation Process is modified by the Commission, and/or Columbia is not permitted to continue to contract for the level of capacity specified in Section 18 during the term of the Stipulation ending March 31, 2018, Columbia reserves the right to require a demonstration of comparable firm capacity by all Suppliers by PSP.

2. Should Columbia institute a Comparable Capacity Requirement, each Supplier agrees to acquire and retain sufficient firm interstate pipeline transportation and/or storage capacity with primary delivery points to the Columbia city gates and/or city gate firm gas supply arrangements to meet 100% of the monthly[5] design peak day demands of its customers/tranches by PSP, less a percentage during certain winter months reflecting the provision of a Columbia provided peaking service to CHOICE and SCO Suppliers.

3. Columbia may verify the Supplier's compliance with a Comparable Capacity Requirement at any time. The Supplier agrees to provide Columbia on a timely basis all documentation necessary to verify its compliance with this requirement.

4. Should Columbia impose a Comparable Capacity Requirement, each Supplier will provide capacity plans twice a year, in September and March to demonstrate its plans for the upcoming winter and summer seasons, respectively.

23. System Balancing

1. Effective with the implementation of the SCO Program Year on April 1, 2013 and each SCO Program Year thereafter, Columbia will retain a portion of TCO and PEPL storage capacity equal to approximately 22% of the then current Peak Day Forecast Quantity to perform the system balancing function.

2. Columbia may utilize operational purchases and sales to ensure that the system is properly balanced. Examples include, but are not limited to, items such as purchases utilizing Operationally Retained Capacity and purchases/sales in managing storage inventory levels.

3. All costs incurred by Columbia in performing system balancing and all revenues received by Columbia for providing system balancing shall be recognized in the computation of the CSRR.

[5] For the months of December through February the monthly design peak day demand shall be equal to the annual design peak day demand.

4. Columbia shall utilize the TCO and PEPL storage capacity retained to provide system balancing to its non-firm banking and balancing service for TS Customers. All revenues received from TS Customers pursuant to Columbia's provision of the non-firm banking and balancing service shall be flowed to CHOICE and SCO Customers through the CSRR.

24. Pipeline Delivery Point Imbalances

1. As meter operator, Columbia has the responsibility to manage daily imbalances that occur between all confirmed nominations at the PSP and system levels to the actual demand, which occur at the individual points of delivery. Columbia will manage these imbalances as follows:

   TCO delivery points

   a. Imbalances at TCO city gates will be managed utilizing the no-notice service provided under the TCO FSS/SST capacity Columbia will retain to provide CHOICE and SCO balancing services.

   Panhandle – Maumee

   a. Currently imbalances are managed under the existing FS storage service. Columbia will retain a portion of the existing FS storage service to balance this gate. Retention of PEPL FS capacity will be included in the level of no-notice capacity Columbia has identified it must retain to provide CHOICE and SCO balancing.
   b. Delivery point serves only the Toledo market.

   Texas Eastern – Southern Supply Line

   a. Imbalances are managed under the existing Operational Balancing Agreement ("OBA").
   b. Texas Eastern controls this meter remotely. Columbia works with TETCO's Gas Control to adjust the flow so that imbalances are minimized.
   c. Month-end imbalance carries month to month.
   d. Imbalance is not cashed out.
   e. Delivery point serves only the Columbus market.
   f. No CHOICE or SCO deliveries presently flow through this point.

Dominion Transmission – Southern Supply Line

a. This station is presently inactive and there is no OBA in place.
b. When active, DTI controls this meter remotely and Columbia works with DTI's Gas Control to adjust the flow so that imbalances are minimized.
c. Historically, month-end imbalances were rolled into DTI's park and loan service and were subject to a daily fee until volumetrically resolved during the following month. Should this station be reactivated Columbia would investigate alternate balancing solutions with DTI.
d. Delivery point serves only the Columbus market.
e. No CHOICE or SCO deliveries presently flow through this point.

ANR – Maumee

a. Imbalances are managed under the existing OBA.
b. ANR controls this meter remotely. Columbia works with ANR's Gas Control to adjust the flow so that imbalances are minimized.
c. Month–end imbalance is carried month to month.
d. Imbalances are not cashed out.
e. Delivery point serves only the Toledo market
f. No CHOICE or SCO deliveries presently flow through this point.

North Coast – Findlay, Fostoria, Norwalk, Oberlin, Hinckley, Parma and Toledo

a. Imbalances are managed under several OBAs: one for Norwalk and Oberlin, one for Findlay and Fostoria, one for Hinckley, one for Parma and one for Toledo.
b. Columbia controls the meters at the various locations. Columbia works with NCGT to adjust flow so that imbalances are minimized.
c. Month-end imbalance carries month to month.
d. Imbalance is not cashed out.
e. Delivery points serve only the markets specific to the individual delivery points.
f. Deliveries at the individual points of delivery are applicable to customer requirements for the PSP in which the NCGT point of delivery resides.
g. No CHOICE or SCO delivery will be required to flow through these points.

25. Ohio Production, Firm City Gate Supplies and Operationally Retained Capacity

1. Columbia purchases certain local gas supplies to satisfy location-specific customer supply requirements (Ohio Production) that cannot be served via other means. These supplies are provided to Columbia under contracts that are either: (a) not assignable under terms of the contract or (b) are of such small volume that direct assignment is impractical.

2. Utilizing the Capacity Allocation Process identified in Section 19, Columbia will have certain TCO FTS capacity that must have supplies delivered by TGP at specific locations such that it will not be able to assign CHOICE or SCO Suppliers. Additionally, Columbia will not assign NCGT FT capacity to CHOICE or SCO Suppliers. Columbia will retain and refer to this capacity as Operationally Retained Capacity.

3. Columbia shall manage the Ohio Production, Firm City Gate Supplies, and Operationally Retained Capacity to the benefit of all CHOICE and SCO Suppliers and Customers. Columbia shall utilize this capacity to provide each CHOICE and SCO Supplier a peaking service of equal percentage of the applicable peak day demand.

4. Columbia shall use the Ohio Production, Firm City Gate supplies and the operational purchases made with its Operationally Retained Capacity ("Local Gas Purchase Requirement") to reduce the Demand Curve daily delivery requirements of CHOICE and SCO Suppliers.

5. Annually, Columbia shall determine its expected Local Gas Purchase Requirement. That requirement will be used to modify the CHOICE and SCO Demand Curves to reflect Columbia's delivery of these daily and annual supplies and provide the basis for the monthly purchases by CHOICE and SCO Suppliers. This percentage shall be known as the Local Gas Adjustment Percentage. Each month, CHOICE and SCO Suppliers shall purchase from Columbia the equivalent volume represented by this Demand Curve adjustment.

6. Monthly purchases of the Local Gas Purchase Requirement shall be determined by the following formula:

Local Gas Purchase Requirement = (Actual monthly deliveries * Local Gas Adjustment Percentage) / (1 - Local Gas Adjustment Percentage)

7. The purchase price, including demand costs for the Local Gas Purchase Requirement, shall be defined as the TCO Monthly Index plus a fixed dollar amount per Mcf (“Local Gas Purchase Price”). Columbia shall determine the prospective fixed dollar amount annually by performing a historical analysis of actual purchases that will be normalized, with actual purchase prices applied to the normalized volumes. This cost will then be compared to the TCO Monthly Index price weighted by the normalized purchases by month to determine the fixed dollar amount.

8. All costs incurred by Columbia for its Local Gas Purchase Requirement, including demand costs, shall be charged to the CSRR. All revenue received from the CHOICE and SCO Suppliers from the Local Gas Purchase Requirement shall be credited to the CSRR.

9. All Local Gas Purchase Requirement purchases shall be included in the annual volume reconciliation process for CHOICE and SCO Suppliers.

26. Storage Management

1. Columbia shall establish certain minimum volume in storage recommendations based on Columbia’s historical planning practices, expressed as a percentage of the assigned SCQ for each Supplier’s Columbia-released TCO storage in order to ensure system reliability (see Attachment 27). TCO storage parameters will apply to the Supplier’s Columbia-released TCO storage with the additional recommendation that the Suppliers’ Columbia-released TCO storage capacity be 98% full by November 1st of each program year.

2. Inventory level recommendations established by Columbia for each Supplier’s TCO storage capacity shall reflect Columbia’s use of its historic planning practices to plan for Design Peak Day Demand, as well as late winter cold days and to meet TCO’s total storage inventory balance limits as contained in TCO’s tariff.

3. Upon execution of the monthly assignment of capacity as set forth in Section 19, each Supplier shall be solely responsible for the acquisition and/or disposition of any storage volumes to satisfy the provisions of Section 19,

the provisions of the TCO and PEPL tariffs, and/or to satisfy the delivery requirements of their individual Demand and/or Supply Curves. CHOICE/SCO Suppliers will be able to use their capacity assets interchangeably for nomination purposes.

4. SCO Suppliers not continuing for any subsequent annual auction term and/or any CHOICE Supplier exiting the CHOICE program will be responsible to dispose of any gas inventory, at their own expense. Furthermore, any SCO Supplier(s) not continuing, or continuing but with a fewer number of tranches, as a Supplier for a subsequent SCO Program Year must offer for sale to the replacement SCO Supplier(s) (and the replacement SCO Supplier(s) must purchase) an amount of storage inventory equal to two percent of the SCQ assigned to the replacement SCO Supplier on April 1st of the new SCO Program Year. For example, on April 1, 2013, SCO Suppliers for the period ending March 31, 2013 are required to sell, and replacement SCO Suppliers are required to purchase, gas in storage in an amount equal to two-percent of the SCQ assigned to the new Supplier on April 1, 2013. The sale shall be completed using the index based price formula set forth below. Payment for such transfers will occur not later than five days after receipt of an invoice. Columbia will not be required to be in the stream of the transfer of the volumes, but may be called upon to help facilitate communications between parties.

   Price per Dth to be Paid by Replacement SCO Supplier = {(April first of the month TCO Monthly Index price for the new SCO Program Year / (1-TCO SST retainage rate) + TCO SST commodity rate) / (1- TCO FSS retainage rate) + TCO FSS injection charges}

5. Any CHOICE or SCO Supplier terminated from participation as a CHOICE or SCO Supplier for failure to deliver gas supplies to Columbia in accordance with a Columbia provided Demand and/or Supply Curve shall provide Columbia with a right of first refusal to purchase the Supplier's gas storage inventory in its Columbia assigned TCO FSS and PEPL FS storage capacities. The price to be paid for any gas purchased by Columbia shall be:

   The average of the TCO Monthly Index prices for the April through October time period immediately preceding the date of purchase by Columbia, adjusted for the TCO SST commodity rate, TCO SST retainage rate, TCO FSS retainage rate, and TCO FSS injection charges. Should a Supplier be terminated in a month during the April through October time period, the price to be applied shall be the average of the TCO Monthly Index prices for the time period of the immediately preceding April through the month in which termination occurs. The rate to be paid per Dth by Columbia shall be calculated according to the following formula:

Price per Dth Paid by Columbia = {(Average TCO Monthly Index price / (1-TCO SST retainage rate) + TCO SST commodity rate) / (1- TCO FSS retainage rate) + TCO FSS injection charges}

27. Daily Nominations – Demand and/or Supply Curves

1. Demand Curves for SCO Suppliers shall be determined based on actual SCO customer requirements and a proportionate share of DSS customer requirements.

2. All CHOICE and SCO Suppliers shall nominate all gas supplies delivered to Columbia through Aviator, Columbia's internet-based nomination system.

3. Columbia shall proportionally adjust the Demand Curves, determined from monthly customer billing data, to the Peak Day Forecast quantity. Columbia shall determine an adjustment factor each month based on the current Peak Day Demand Forecast and current month Demand Curves. This factor shall be applied to each Demand Curve for each Pipeline Scheduling Point. Columbia shall provide each Supplier, and place on its website, a copy of the Demand Curve for each PSP applicable to the Supplier.

4. Columbia may modify the Demand Curves during the calendar months of October and November to provide for deliveries by Suppliers that are less than the projected consumption level of the CHOICE Suppliers Aggregation Pool and the demand of the customers being provided supply via the SCO Suppliers. Likewise, Columbia may modify the Demand Curves during the calendar months of May through August to offset such planned under-deliveries in the months of October and November. After notice to Suppliers, Columbia may also revise the Demand Curves as it deems necessary for operational reasons.

5. Columbia shall determine the Demand Curve for each CHOICE Supplier's Aggregation Pool for each PSP consistent with current CHOICE practices. Demand Curves for SCO Suppliers shall be determined in a manner similar to that used in the CHOICE Program. Columbia shall determine a Demand Curve for SCO Suppliers based on assigned customer load requirements and their proportionate share of DSS customer load requirements for each Pipeline Scheduling Point. The proportionate share of DSS load requirements shall be determined through the establishment of a base Demand Curve for DSS customers to be divided by the number of winning tranches to determine the per tranche DSS Demand Curve. For SCO Suppliers that are the winners of multiple tranches, Columbia shall multiply the per-tranche Demand Curve for each PSP by the number of tranches won by each SCO Supplier.

6. Demand Curves for the months of October through April shall require the delivery of increasing quantities of supply as the temperature declines, leveling off when the temperature reaches a level where Columbia's peaking service is employed, and subject to increase when the temperature exceeds Columbia's design peak day temperature. Demand Curves for the months of May through September will require the same quantity of gas be delivered each day of the month.

7. By 8:00 a.m. Eastern Clock Time (ECT) each day (including Saturdays, Sundays, and Holidays), Columbia will post on its internet based website the forecasted temperatures by pipeline scheduling point for the gas day beginning 10:00 a.m. ECT the following day.

8. By 11:30 a.m. Eastern Clock Time (ECT) each day (including Saturdays, Sundays, and Holidays), Columbia will post on its internet based website the actual temperature by pipeline scheduling point for the gas day ending 10:00 a.m. ECT on the same day.

9. As soon as practical following the receipt of its afternoon forecast from its weather service provider, Columbia will post on its internet based website the updated forecast temperatures by PSP for both the current gas day and for the gas day beginning 10:00 a.m. ECT the following calendar day. Furthermore, to the extent Columbia receives additional forecast temperature updates from its weather service provider Columbia shall post such updates to its internet based website at its earliest opportunity.

10. All Demand Curves shall include Columbia system retention and a statewide BTU conversion factor. The Demand Curve volumes will be stated in city gate Dths.

11. Separate Supply Curves shall be created for the Maumee Gate and for deliveries to TCO from TGP at Dungannon. Supply Curves at the Maumee Gate will be determined based on Columbia's supply requirements. Supply Curves for Dungannon will be determined based on minimum delivery requirements established by TCO to maintain city gate delivery entitlements.

12. All nominations to the Maumee Gate and to TCO from TGP at Dungannon will be made using the location specific Supply Curves and relevant forecasted temperature for that location. Columbia may request intra-day changes to these nominations if it experiences sufficient differences between forecasted and actual temperatures to risk operational problems.

13. Supplies at the Maumee Gate are required operationally and nominations constitute daily required deliveries during the months of November through March. Suppliers must match both: (a) their Maumee Gate Supply Curve, as well as (b) their overall CHOICE and SCO Demand Curve requirements for the PSP that includes the Maumee Gate. For purposes of meeting the Supply Curve at the Maumee Gate, supplies may be purchased at the Maumee Gate by a Supplier from another supplier that is delivering gas supplies through PEPL directly to the Maumee Gate prior to the nomination of such supplies on Aviator.

14. Failure to deliver the specific volume of gas as required by the Maumee Gate Supply Curves at the prescribed forecast temperature and/or the CHOICE and SCO Demand Curves by PSP at the actual temperature shall result in the Supplier incurring a per Dth Demand Curve Noncompliance Charge (see Section 17(5)(c)). The charges to be paid to Columbia shall be based on the difference between the nomination required as specified by the Maumee Gate Supply Curve at forecasted temperatures and/or by each Demand Curve at the actual temperature and the actual nominations. All Noncompliance Charge revenues received shall be credited to customers via the CSRR.

15. Supply deliveries to TCO from TGP at Dungannon are required operationally. Suppliers must deliver, at a minimum, the volume specified by

the Dunganno Supply Curve at the forecasted temperature provided by Columbia that immediately precedes the timely nomination deadline for TGP. Suppliers must match their overall CHOICE and SCO Demand Curve at the PSPs as well as deliver at least the minimum level of supply specified by their Dungannon Supply Curve from TGP to TCO at Dungannon.

16. Failure to deliver the minimum volume of gas as specified by the Dungannon Supply Curves from TGP to TCO, at the prescribed forecast temperature, shall result in the Supplier incurring a per Dth Demand Curve Noncompliance Charge (see Section 17(5)(c)). The charges to be paid to Columbia shall be based on the difference between the minimum nomination required as specified by the Dungannon Supply Curve and the actual nominations.

17. CHOICE and SCO nominations from TCO to Columbia shall be utilized in conjunction with any supplies nominated from pipelines other than TCO, if any, to match the Demand Curve requirements for each PSP at the actual temperature posted for that PSP. Suppliers may utilize the forecasted temperature as a guideline but must utilize the actual posted temperature when making final nominations to Columbia.

18. All Suppliers agree to adhere to the current nominating practices and guidelines set out in the applicable FERC or state approved tariff of the applicable upstream pipeline and to comply with any Columbia operating and/or upstream pipeline restrictions communicated by Columbia or the relevant pipeline.

19. In the event that Columbia incurs penalties assessed by any upstream pipeline for a violation, the penalties will be assessed to each Supplier and/or TS customer (or their agent) that contributed to the penalty proportional to their contribution to the violation. If such penalties cannot be attributed to any specific supplier or TS customer Columbia shall recover the penalty through the CSRR.

28. BTU Value

1. Columbia's CHOICE, SCO and DSS Customers will be billed volumetrically in Ccf.

2. Daily CHOICE and SCO nomination requirements for each Supplier's Demand Curve shall be converted to Dth utilizing Columbia's statewide weighted average BTU value.

3. Columbia shall post its weighted average BTU value prior to February 1 of each year.

4. Columbia shall determine its statewide weighted average BTU value annually based on data from the most recent twelve month period available for posting February 1 of each year. The weighted average BTU value shall be in effect for a twelve month period effective April 1 of each year.

29. Annual Volume Reconciliations

1. Supplier deliveries will be reconciled with customer consumption annually, for the twelve-month period ending March 31 of each SCO Program Year.

2. CHOICE and SCO deliveries shall include all nominations confirmed by an upstream pipeline to a Columbia PSP and the Local Gas Purchase Requirement volumes purchased monthly by the Suppliers from Columbia. The sum of these deliveries will then be converted to a Mcf basis through the use of Columbia's then current statewide BTU conversion factor and adjusted by Columbia's System-Wide Retention Factor. Commodity volumes provided by Columbia through its peaking service shall be paid for by Suppliers through the annual reconciliation process.

3. Each SCO Supplier will have a specific delivery requirement, for each pipeline scheduling point, comprised of actual SCO and allocated DSS Customer consumption. The annual delivery quantity shall be equal to the sum total of the Supplier's deliveries as specified in item 2 above (as adjusted for Columbia's retention and BTU conversion factor). This delivery quantity shall be compared to the SCO Customer consumption plus the allocated DSS Customer consumption. Columbia shall determine the DSS Customer consumption allocated to each tranche through the division of quantities identified from monthly billing reports, as generated from Columbia's billing system, by the number of winning tranches to determine the per tranche consumption. Total DSS consumption for individual SCO Suppliers will then be determined through the multiplication of consumption per tranche, as adjusted for retention and BTU conversion, by the

number of tranches being supplied by each SCO Supplier. Any imbalance shall be cashed in/cashed out annually at either: (1) a price equal to the arithmetic average of the TCO Monthly Index, adjusted for the TCO SST commodity rate, TCO SST retainage rate, TCO FSS retainage rate, and TCO FSS Injection charges for the corresponding April through March annual period, times the imbalance between total annual volumes billed compared to the total annual volumes delivered (inclusive of BTU conversion, on-system retainage and other adjustments to reflect the local gas purchase adjustment); or, (2) a monthly price calculated in accordance with the Tariff, times the monthly billed volumes compared to monthly delivered volumes (inclusive of BTU conversion, on-system retainage and other adjustments to reflect the local gas purchase adjustments). SCO Suppliers must elect one of the two options in advance of each auction period.

30. Customer Eligibility

CHOICE/SCO Customer Eligibility.

All CHOICE Eligible Customers.

Transportation Service ("TS") Customer Eligibility.

Non-residential customer accounts using less than 6,000 Mcf/year that have subscribed to 100% Backup Service.

Non-residential Human Needs customer accounts with operable alternative fuel capabilities that consume 6,000 Mcf or more annually.

Other non-residential customer accounts that consume 6,000 Mcf or more annually.

Asphalt plants and grain dryers with annual usage less than 6,000 Mcf.

Public School Districts that were receiving Transportation Service as of the date of October 7, 2009, including any new or existing facility placed into service in any such Public School District prior to March 31, 2013.

A TS customer account that is currently grandfathered and not paying the PIPP or DSM rider as of June 3, 1994, will continue to be grandfathered and will not pay the PIPP or DSM rider after April 1, 2013, whether it defaults to CHOICE or SCO service or elects to remain on TS.[6]

[6] Commercial customers that do not pay the DSM Rider are not eligible to participate in Colum-

31. Rate Schedules Subject to SCO Rider

1. The SCO Rider will apply to all customers receiving service under the following rate schedules:

    a. Small General Service Sales Rate;
    b. Small General Service Schools Sales Rate;
    c. General Service Sales Rate;
    d. General Service Schools Sales Rate; and
    e. Large General Service Sales Rate (Human Needs Only).

32. Customer Education – SCO Program

1. A Stakeholder Group approach will be used to develop the initial customer education program.

2. Costs incurred by Columbia for the Customer Education program will be recovered through the CSRR (See Section 40).

33. CHOICE Program Customer Migration

1. Customer migration to and from the CHOICE and SCO program each billing cycle will be allowed.

2. Customers who move into Columbia's service area will be permitted to enroll immediately in the CHOICE program or Governmental Aggregation Program without a mandatory minimum stay with SCO Service.

3. "New Customers" will be defined as: (a) customers establishing service with Columbia for the first time, including both the initial installation of a new meter at a premise as well as an account transfer or switch from one customer to another; or, (b) customers relocating within Columbia's service territory. New customers served within a political subdivision with a Governmental Aggregation will not be assigned to an SCO Supplier during that customer's first two billing cycles. During that time period, the new customers will be served under the DSS. The customer may join a Governmental Aggregation or the CHOICE Program at any time. If the customer has not taken action to join a Governmental Aggregation or the

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bia's DSM program.

CHOICE Program by the end of the first two billing cycles, the customer will be assigned to an SCO Supplier.

34. SCO and DSS Customer Billing

1. The billing month will be comprised of 21 billing units with the SCO Rider being the effective NYMEX price for the billing month plus the Retail Price Adjustment.

2. SCO and DSS Customers will continue to be billed on a billing cycle basis. There will be no proration of bills to compensate for the variance between calendar month deliveries and billing period deliveries.

3. SCO and DSS Customers will be billed at the monthly effective SCO Rider per one hundred cubic feet.

4. Columbia shall directly bill CHOICE, SCO and DSS customers a non-temperature balancing and peaking service fee ("Balancing Fee") of twenty-seven cents ($0.27) per Mcf. Balancing service costs shall be trued-up through the CSRR by reconciling the actual costs incurred by Columbia associated with the retained assets to provide Balancing/Peaking Service and the revenues received from the Balancing fee. No CHOICE Supplier may charge its retail customers a rate that is designed or intended to provide compensation for the Balancing Fee that Columbia charged any Suppliers prior to April 1, 2013.

5. SCO and DSS Customers will be subject to all applicable service charges and billing adjustments set forth in Columbia's tariff plus any additional riders resulting from the auction process.

6. For each SCO Customer, the name of the customer's SCO Supplier will appear on each customer's bill in the same manner that a customer's CHOICE Supplier's name appears on a CHOICE Customer's bill. The SCO Supplier's name will not appear on the DSS customers' bills.

35. Transportation Service ("TS") Banking and Balancing Provisions

1. TS Customers may select monthly bank tolerance levels equal to 1, 2, 3, or 4% of their Annual Transportation Volume ("ATV"). Selected monthly

bank tolerance levels will be reduced by 50% at the end of each November billing cycle.

2. ATV will be calculated by Columbia using the arithmetic average of the actual Customer account consumption for the thirty-six month period ending each October billing cycle. These ATV revisions will be effective each January 1.

3. TS Customers may change their monthly bank tolerance level by notifying Columbia in writing of the revised monthly bank tolerance level by January 2. The revised monthly bank tolerance level will become effective the following April 1.

4. Imbalance Charges

    a. In any month when a TS Customer's deliveries, when added to its available bank volume and applicable Backup Service quantities, are less than its usage, the incremental shortfall will be sold to the TS Customer at a price equal to 130% of the average of the TCO Daily Index prices for each day of the applicable month, plus the 100% load factor TCO FTS costs (including demand, commodity and retainage), plus the gross receipts or other applicable taxes plus the applicable Columbia transportation. In addition, if, in any month, Columbia incurs other charges, including gas costs, penalty charges or cash-outs caused by excess monthly usage, the TS Customer shall be charged its pro rata share of such charges. All non-Columbia transportation revenue from such sales and charges paid by the TS Customer to Columbia shall be credited to the CSRR.

    b. In any month when a TS Customer's Volume Bank exceeds the allowed bank level, Columbia will purchase the excess volumes. The purchase price shall be equal to 70% of the average of the TCO Daily Index prices for each day of the applicable month, plus the 100% load factor TCO FTS costs (including demand, commodity and retainage). In addition, if, in any month, Columbia incurs other charges, including gas costs, penalty charges or cash-outs caused by excess monthly gas supply, the TS Customer shall be charged its pro rata share of such charges. All costs from such purchases made by Columbia from the TS Customer shall be debited to the CSRR with all revenues for the TS Customer credited to the CSRR.

5. Columbia will continue to offer a Monthly Bank Transfer Service.

6. Columbia will continue to offer Backup Service to TS Customers.

36. Operational Flow Orders/Operational Matching Orders.

No change from current tariff.

37. CHOICE Supplier Credit Requirements

1. Current CHOICE Suppliers must continue to meet their existing CHOICE Program creditworthiness requirements.

2. If a CHOICE Supplier is also an SCO Supplier, the requirements for SCO Supplier creditworthiness shall be in addition to those for existing CHOICE Program requirements.

3. If a CHOICE Supplier is also an SCO Supplier, Columbia will net the credit exposures of the two programs.

4. If a Supplier participates in both Columbia's CHOICE program and Columbia's SCO auction, the occurrence and continuation of an event of default in either the SCO or CHOICE programs by a Supplier shall be considered a cross default in the other program and any other Columbia program that the Supplier participates in.

38. Off System Sales and Capacity Release

1. Though most of Columbia's upstream capacity assets will be released to CHOICE and SCO Suppliers, certain capacity, as described in Sections 23 and 25, will be retained by Columbia for purposes of providing non-temperature balancing, peaking and operational balancing services to the CHOICE and SCO Suppliers, as well as non-firm banking and balancing services to TS Customers.

2. The current definition of Off System Sales and limitations approved by the Commission in the Stipulation in Case No. 05-221-GA-GCR shall remain in effect, and shall be expanded to include the following:

> "Columbia is prohibited from shifting Off-System Sales from Ohio to another jurisdiction in order to avoid the sharing mechanism cap. For purposes of this Agreement, Off-System Sales are defined as a sale between Columbia Gas of Ohio and a buyer for the sale of unbundled or rebundled gas supply and capacity products, including the sale of a right to such arrangements that create value from the gas supply and capacity assets available to Columbia Gas of Ohio, including but not limited to flowing gas sales, incremental gas sales, physical gas options, exchanges, contract management fees, capacity release transactions, park transactions, loan transactions, exchange transactions, backhaul transactions, swap transactions and any other transaction or agreement of the foregoing types that uses any Interstate or Intrastate pipeline capacity, Interstate or Intrastate storage capacity, Columbia Gas of Ohio distribution lines, any gathering lines, or any peaking services or commodity that was or is planned to be retained for, or paid for, by customers."

3. Columbia shall maintain records of each Off System Sales transaction in a form that can be subsequently audited and will accurately reflect all sales and transactions. There will be an annual financial audit of the CSRR that will include Off System Sales conducted by an outside auditor, paid for by Columbia.

4. Columbia will retain 11,500 Dth/day of TCO FTS capacity, for release to TS Customers, the cost of which will be excluded from the CSRR and borne by Columbia. As a result of excluding the costs from the CSRR, all revenue from the release of such capacity will be kept by Columbia to mitigate those costs. In its efforts to mitigate these costs, Columbia may temporarily release or permanently assign this capacity to the TS Customers, suppliers of those customers, or other entities. Revenue and cost information concerning the retained TCO FTS capacity will be available through the CSRR financial audit.

5. Off System Sales and Capacity Release revenue generated by Columbia in an SCO Program Year will be shared between Columbia and customers based on the formula below.

   The customers' share will be reflected as a credit to the CSRR.

OSS & CR Revenue	Customer Share	Columbia Share
$0 to $1 million	50%	50%
$1 to $2 million	0%	100%
$2 to $27 million	50%	50%
Over $27 million	100%	0%

6. Columbia's retention of Off System Sales and Capacity Release revenues shall be subject to an annual cap of $14 million for each SCO Program Year of the five Program Years and a total cap on the five-year period (April 1, 2013 through March 31, 2018) of $55 million.

7. Columbia will provide a quarterly accounting of Off Systems Sales and Capacity Release revenues.

39. CHOICE/SCO Reconciliation Rider ("CSRR")

1. Columbia's CHOICE and SCO programs will include a CSRR applicable to CHOICE and SCO Customers that provides for the recovery or pass back of the Unrecovered Gas Cost Balance; Flow-through of Refunds; Reconciliation Adjustments; Flow-through of Shared Off-System Sales Revenue; Flow-through of Unused SCO Supplier Security Deposits; Flow-through of Larger Logo Service Net Revenue; and Recovery of Incremental Program Costs. This adjustment is computed quarterly based on the most recent four quarters of financial data available. Recognition of activity within a quarter will be made as follows:

Month Quarter Ended	Billing Month Effective
December 31	April
March 31	July
June 30	October
September 30	January

2. "Unrecovered Gas Cost Balance" means the change each quarter in the Deferred Purchase Gas balance, to be recovered or passed back to customers through the CHOICE/SCO Reconciliation Rider. These deferred gas purchase costs will include:

Banking & Balancing Service Revenue
Capacity Costs
Commodity Costs
Operational Sales or Purchases
Penalty Charges
Standby Service Revenue

Miscellaneous Costs	Storage Carrying Costs
Non-Temperature Balancing Service Revenue	Transportation Service Cash-outs

3. “Banking & Balancing Service Revenue” means revenue received from Columbia’s Banking & Balancing Service to customers served under Columbia’s SGTS, GTS and LGTS rate schedules.

4. “Capacity Costs” means the cost of that capacity not assigned to CHOICE and SCO Suppliers and capacity retained by Columbia to meet the operational, balancing and peaking requirements of customers served through Columbia’s SCO, CHOICE and TS programs. These costs include reservation charges for upstream pipeline capacity retained by Columbia and leased pipeline costs. These costs may also include any reservation charges for interstate or intrastate pipeline capacity recalled by Columbia when a CHOICE or SCO Supplier defaults. These costs will be offset by revenue received by Columbia in providing balancing and peaking services and any demand related costs recovered by Columbia in the pass-through of local gas costs.

5. “Commodity Costs” means the cost of gas purchased to meet the daily, seasonal and short-term delivery requirements of customers served through Columbia’s SCO, CHOICE and TS programs. These costs include the cost of gas; transportation commodity costs; injection and withdrawal costs and shrinkage costs. These costs will be offset by the revenue received by Columbia related to the pass-through of local gas and retained capacity commodity purchase costs; Supplier cash-outs; etc.

6. “Incremental Program Costs” means any prudent and necessary expense incurred by Columbia resulting from the implementation of the SCO programs. These include, but are not limited to, actual incremental SCO educational expenses; audit expenses, to the extent such audit is conducted by an independent auditor; and information technology expenses incurred in development of revisions to current programs and development of new programs necessary to meet operational and reporting requirements.

7. "Larger Logo Service Net Revenue" means net revenues from the fee charged by Columbia for enlarging and repositioning a Supplier's logo to the top margin of the front page of the bill when Columbia is providing a consolidated bill to CHOICE customers.

8. “Miscellaneous Costs” means any prudent and necessary gas costs incurred by Columbia in the provision of CHOICE and SCO service approved by the Commission.

9. “Non-Temperature Balancing Service Revenue” means revenue received by Columbia for the provision of balancing and peaking service available to SCO, DSS and CHOICE Program Customers.

10. “Operational Sale or Purchase” means a sale or purchase of gas by Columbia necessary for the effective management of Columbia’s system. These include, but are not limited to, transactions such as sales or purchases to avoid penalties from a transmission provider; purchases of gas commodity to provide peaking services; purchases of gas commodity utilizing operationally retained capacity; purchases under retained peaking services; etc.

11. “Penalty Charge” means a charge billed by an interstate or intrastate pipeline resulting from the violation of a tariff provision of an interstate or intrastate pipeline.

12. “Quarter” means the three-month period used to calculate the current CSRR quarterly rate.

13. “Reconciliation Adjustment” means a positive or negative adjustment to a future CSRR to reconcile variance between actual and projected CSRR Rider revenue to be received or passed back.

14. “Refunds” means the refunds received from an interstate pipeline or other upstream transportation or storage service provider each quarter to be passed back to CHOICE and SCO Customers where such refund is received as a lump sum or credit.

15. “Revenue” means all revenue received from sale of gas; provision of a balancing service(s); billing of a penalty charge(s); OFO/OMO charge(s); Reconciliation Adjustment; or CHOICE program and TS Program Cash-Out(s).

16. “Shared OSS/CR Revenue” means all revenue to be shared with customers through the OSS/CR Program in accordance with those provisions set forth in Section 38 of this SCO Program Description.

17. “Storage Carrying Costs” means carrying costs incurred by Columbia on gas stored underground for daily and seasonal balancing purposes.

18. “Throughput” means all historic deliveries to customers participating in the CHOICE and SCO programs for the twelve month period ending with the last month of current quarter.

19. " Unused SCO Supplier Security Deposits" means any funds remaining at the end of each Program Year from the $0.06/Mcf cash deposit paid by winning SCO Suppliers in accordance with the provisions set forth in Section 15 of this SCO Program Outline.

20. “Upstream Pipeline” means those pipeline companies delivering supply both directly and indirectly to Columbia. These are primarily interstate pipelines, but can include, without limitation, intrastate and gathering pipelines, as well as LDCs.

COLUMBUS/1654423v.1

ATTACHMENT B

AMENDED REVISED PROGRAM OUTLINE – MARKED UP

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Motion to Modify the December 2, 2009 Opinion and Order and the September 7, 2011 Second Opinion and Order in Case No. 08-1344-GA-EXM	)))))	Case No. 12-2637-GA-EXM

REVISED PROGRAM OUTLINE

~~October~~November ~~30~~28, 2012

The 2009 Stipulation further provided for the holding of a third auction scheduled for an annual period beginning April 2012.[2] The third auction was a Standard Choice Offer (“SCO”) auction. The primary differences between the SSO and SCO are that: (1) the bid winners of the SCO auction are assigned individual customers while in each of the SSO auctions an undivided percentage of sales customers’ demand was allocated to the bid winners; and (2) SCO customers are subject to sales tax rather than gross receipts tax on the gas purchased through the SCO Program.

Several provisions of the 2009 Stipulation expire March 31, 2013. In March 2012 Columbia initiated discussions with Staff, OCC, suppliers and numerous customer representatives. In May 2012, a Stakeholder Group including Columbia’s CHOICE commodity suppliers and the Commission Staff met again to develop a consensus as to the structure for gas service in the Columbia service territory following the March 31, 2013 expiration of the initial three-year term of the 2009 Stipulation.

On October 4, 2012, the parties filed a Joint Stipulation and Recommendation ~~(“2012 Stipulation”)~~, and on November 27, 2012, the parties filed an Amended Stipulation and Recommendation ("2012 Stipulation"). ~~i~~In both of these stipulations~~which~~ the parties agreed to implement five consecutive one-year-long SCO auctions, with the first SCO period starting April 1, 2013, and the fifth SCO period ending March 31, 2018. However, the 2012 Stipulation contains provisions that would enable Columbia to exit the merchant function if certain conditions are~~s~~ met. Thus, with regard to some customer classes it is possible that there may not be an SCO auction in each of the years specified above. This Program Outline details the operation of the SCO auctions, and will be revised if and when Columbia exits the merchant function for any customer class.

This Program Outline describes how Columbia shall implement the Standard CHOICE Offer (SCO) Auction process and the corresponding changes that Columbia believes must be made to existing processes and services in order to ensure the continuation of reliable services to all of Columbia’s customers.

[2] DTE, OPAE and OCC stated in the Joint Stipulation that their support for the Joint Stipulation should not be interpreted as support for SCO auctions in general, or in the Joint Stipulation.

termination of service from the SCO Auction program. If the SCO Supplier is also a CHOICE Supplier, the SCO Supplier's failure to provide any of the required financial instruments pursuant to the security requirement formula may also result in the SCO Supplier's termination of service from the CHOICE program.

4. Columbia shall not provide financial security to SCO Suppliers related to Columbia's obligations under the SCO Supplier Agreement as long as Columbia continues to perform in compliance with said Agreement.

5. In addition to those creditworthiness requirements addressed above, upon the awarding of tranches, each SCO Supplier shall provide Columbia, by March 1 of each year, with a mutually agreeable irrevocable Letter of Credit in the amount of fifty cents per Mcf multiplied by the initial estimated annual delivery requirements for the SCO Period of the tranches won by that SCO Supplier. This financial security shall be held and administered by Columbia exclusively for the benefit of the other SCO Suppliers who receive an allocation of additional SCO supply requirements as a result of the default of the SCO Supplier that provided the security, to the extent Columbia receives funds for distribution. In the event of an SCO Supplier default, Columbia shall distribute to other SCO Suppliers the proceeds of the security that Columbia holds for the defaulting SCO Supplier. This distribution of the proceeds of the defaulting SCO Supplier's security shall be allocated on a pro rata basis to other SCO Suppliers in proportion to the amount of delivery requirements each SCO Supplier receives in the process set forth in Part 7 of Section VIII of the tariff. This allocation of the defaulting SCO Suppliers' security proceeds to non-defaulting SCO Suppliers does not require proof of damages from those non-defaulting SCO Suppliers, and constitutes the entire amount of monies that would be due the remaining SCO Suppliers from Columbia as a result of such default by an SCO Supplier.

6. In addition to the Letter of Credit discussed above, upon the awarding of tranches, each SCO Supplier shall provide Columbia, by March 1 of each year, with a cash deposit equal to ~~ten~~ six cents multiplied by the number of Mcf in the initial estimated annual delivery requirements for the SCO Program Year of the tranches won by that SCO Supplier. This security will be used to provide a liquid account to meet supply default expenses other than those covered by the Letter of Credit discussed above. Any funds

remaining at the end of each SCO Program Year will be transferred to customers through the CSRR.

7. Columbia reserves the right to conduct further creditworthiness evaluations during the course of the programs, when Columbia has received information that indicates the creditworthiness of an SCO Supplier may have deteriorated. SCO Suppliers agree to inform Columbia of any significant change in the SCO Supplier's current financial condition.

8. In the event of Default as defined in Columbia's tariff, Columbia shall have the right, upon satisfaction of the default requirements identified therein, to use the proceeds from SCO Supplier's financial security instrument(s) to satisfy all obligations under this tariff and any other agreements between the SCO Supplier and Columbia in accordance with this tariff, in accordance with the SCO Supplier Agreement and in accordance with any Retail Natural Gas Supplier Aggregation Agreement. The proceeds from such instruments shall be used to satisfy any outstanding claims that Columbia has against the SCO Supplier, including, but not limited to, interstate pipeline capacity charges, imbalance charges, cash-out charges, pipeline penalty charges, reservation charges, and any other amounts owed to Columbia, for which Columbia is or will be responsible, related to SCO Supplier's participation in the SCO auction program. Such proceeds may also be used to secure additional gas supplies, including payment of the costs of the gas supplies themselves, the costs of transportation, storage, gathering, taxes, and other related costs incurred in acquisition of those gas supplies.

   Columbia reserves the right to use SCO Supplier's assets associated with the SCO Program to offset or recoup any costs owed to and/or incurred by Columbia.

9. Columbia may offset against any SCO Supplier's obligations or financial responsibilities, any SCO payments held or billed by Columbia. Suppliers shall grant Columbia a perfected first priority security interest in any Customer Payments billed by Columbia.

CHOICE Program by the end of the first two billing cycles, the customer will be assigned to an SCO Supplier.

34. SCO and DSS Customer Billing

1. The billing month will be comprised of 21 billing units with the SCO Rider being the effective NYMEX price for the billing month plus the Retail Price Adjustment.

2. SCO and DSS Customers will continue to be billed on a billing cycle basis. There will be no proration of bills to compensate for the variance between calendar month deliveries and billing period deliveries.

3. SCO and DSS Customers will be billed at the monthly effective SCO Rider per one hundred cubic feet.

4. Columbia shall directly bill CHOICE, SCO and DSS customers a non-temperature balancing and peaking service fee ("Balancing Fee") of twenty-seven cents ($0.27) per Mcf. Balancing service costs shall be trued-up through the CSRR by reconciling the actual costs incurred by Columbia associated with the retained assets to provide Balancing/Peaking Service and the revenues received from the Balancing fee. No CHOICE Supplier may charge its retail customers a rate that is designed or intended to provide compensation for the Balancing Fee that Columbia charged any Suppliers prior to April 1, 2013.

5. SCO and DSS Customers will be subject to all applicable service charges and billing adjustments set forth in Columbia's tariff plus any additional riders resulting from the auction process.

6. For each SCO Customer, the name of the customer's SCO Supplier will appear on each customer's bill in the same manner that a customer's CHOICE Supplier's name appears on a CHOICE Customer's bill. The SCO Supplier's name will not appear on the DSS customers' bills.

35. Transportation Service ("TS") Banking and Balancing Provisions

1. TS Customers may select monthly bank tolerance levels equal to 1, 2, 3, or 4% of their Annual Transportation Volume ("ATV"). Selected monthly

OSS & CR Revenue	Customer Share	Columbia Share
$0 to $~~2~~1 million	50%	~~100~~50%
$~~2~~1 to $~~20~~2 million	~~50~~0%	~~50~~100%
~~Over $20~~$2 to $27 million	~~75~~50%	~~25~~50%
Over $27 million	100%	0%

6. Columbia's retention of Off System Sales and Capacity Release revenues shall be subject to an annual cap of $~~20~~ 14 million for each SCO Program Year of the five Program Years and a total cap on the five-year period (April 1, 2013 through March 31, 2018) of $~~60~~ 55 million.

7. Columbia will provide a quarterly accounting of Off Systems Sales and Capacity Release revenues.

39. CHOICE/SCO Reconciliation Rider ("CSRR")

1. Columbia's CHOICE and SCO programs will include a CSRR applicable to CHOICE and SCO Customers that provides for the recovery or pass back of the Unrecovered Gas Cost Balance; Flow-through of Refunds; Reconciliation Adjustments; Flow-through of Shared Off-System Sales Revenue; Flow-through of Unused SCO Supplier Security Deposits; Flow-through of Larger Logo Service Net Revenue; and Recovery of Incremental Program Costs. This adjustment is computed quarterly based on the most recent four quarters of financial data available. Recognition of activity within a quarter will be made as follows:

Month Quarter Ended	Billing Month Effective
December 31	April
March 31	July
June 30	October
September 30	January

2. "Unrecovered Gas Cost Balance" means the change each quarter in the Deferred Purchase Gas balance, to be recovered or passed back to customers through the CHOICE/SCO Reconciliation Rider. These deferred gas purchase costs will include:

Banking & Balancing Service Revenue	Operational Sales or Purchases
Capacity Costs	Penalty Charges
Commodity Costs	Standby Service Revenue

Miscellaneous Costs	Storage Carrying Costs
Non-Temperature Balancing Service Revenue	Transportation Service Cash-outs

3. "Banking & Balancing Service Revenue" means revenue received from Columbia's Banking & Balancing Service to customers served under Columbia's SGTS, GTS and LGTS rate schedules.

4. "Capacity Costs" means the cost of that capacity not assigned to CHOICE and SCO Suppliers and capacity retained by Columbia to meet the operational, balancing and peaking requirements of customers served through Columbia's SCO, CHOICE and TS programs. These costs include reservation charges for upstream pipeline capacity retained by Columbia and leased pipeline costs. These costs may also include any reservation charges for interstate or intrastate pipeline capacity recalled by Columbia when a CHOICE or SCO Supplier defaults. These costs will be offset by revenue received by Columbia in providing balancing and peaking services and any demand related costs recovered by Columbia in the pass-through of local gas costs.

5. "Commodity Costs" means the cost of gas purchased to meet the daily, seasonal and short-term delivery requirements of customers served through Columbia's SCO, CHOICE and TS programs. These costs include the cost of gas; transportation commodity costs; injection and withdrawal costs and shrinkage costs. These costs will be offset by the revenue received by Columbia related to the pass-through of local gas and retained capacity commodity purchase costs; Supplier cash-outs; etc.

6. "Incremental Program Costs" means any prudent and necessary expense incurred by Columbia resulting from the implementation of the SCO programs. These include, but are not limited to, actual incremental SCO educational expenses; audit expenses, to the extent such audit is conducted by an independent auditor; and information technology expenses incurred in development of revisions to current programs and development of new programs necessary to meet operational and reporting requirements.

7. "Larger Logo Service Net Revenue" means net revenues from the fee charged by Columbia for enlarging and repositioning a Supplier's logo to the top margin of the front page of the bill when Columbia is providing a consolidated bill to CHOICE customers.

~~7~~8. "Miscellaneous Costs" means any prudent and necessary gas costs incurred by Columbia in the provision of CHOICE and SCO service approved by the Commission.

~~8~~9. "Non-Temperature Balancing Service Revenue" means revenue received by Columbia for the provision of balancing and peaking service available to SCO, DSS and CHOICE Program Customers.

~~9~~10. "Operational Sale or Purchase" means a sale or purchase of gas by Columbia necessary for the effective management of Columbia's system. These include, but are not limited to, transactions such as sales or purchases to avoid penalties from a transmission provider; purchases of gas commodity to provide peaking services; purchases of gas commodity utilizing operationally retained capacity; purchases under retained peaking services; etc.

1~~0~~1. "Penalty Charge" means a charge billed by an interstate or intrastate pipeline resulting from the violation of a tariff provision of an interstate or intrastate pipeline.

1~~1~~2. "Quarter" means the three-month period used to calculate the current CSRR quarterly rate.

1~~2~~3. "Reconciliation Adjustment" means a positive or negative adjustment to a future CSRR to reconcile variance between actual and projected CSRR Rider revenue to be received or passed back.

1~~3~~4. "Refunds" means the refunds received from an interstate pipeline or other upstream transportation or storage service provider each quarter to be passed back to CHOICE and SCO Customers where such refund is received as a lump sum or credit.

1~~4~~5. "Revenue" means all revenue received from sale of gas; provision of a balancing service(s); billing of a penalty charge(s); OFO/OMO charge(s); Reconciliation Adjustment; or CHOICE program and TS Program Cash-Out(s).

1~~5~~6. “Shared OSS/CR Revenue” means all revenue to be shared with customers through the OSS/CR Program in accordance with those provisions set forth in Section 38 of this SCO Program Description.

1~~6~~7. “Storage Carrying Costs” means carrying costs incurred by Columbia on gas stored underground for daily and seasonal balancing purposes.

1~~7~~8. “Throughput” means all historic deliveries to customers participating in the CHOICE and SCO programs for the twelve month period ending with the last month of current quarter.

19. " Unused SCO Supplier Security Deposits" means any funds remaining at the end of each Program Year from the $0.06/Mcf cash deposit paid by winning SCO Suppliers in accordance with the provisions set forth in Section 15 of this SCO Program Outline.

20~~18~~. “Upstream Pipeline” means those pipeline companies delivering supply both directly and indirectly to Columbia. These are primarily interstate pipelines, but can include, without limitation, intrastate and gathering pipelines, as well as LDCs.

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ATTACHMENT C

AMENDED REVISED TARIFF SHEETS – CLEAN

CHOICE/SCO RECONCILIATION RIDER ("CSRR")

APPLICABILITY

Applicable to all volumes delivered under rate schedules SGS, GS and LGS.

DESCRIPTION

An additional charge or credit, for all gas consumed, to recover or pass back to customers all imbalances in gas cost expense and recoveries; the flow-through of refunds; the flow-through of shared Off-System Sales and Capacity Release Revenue as defined in Section 39 of the Revised Program Outline filed on November 28, 2012 in Case No. 12-2637-GA-EXM; recovery of incremental program costs resulting from the implementation of SCO program and audit expenses to the extent such audit is conducted by an independent auditor. Gas cost expense includes, but is not limited to, capacity costs; commodity costs; penalty charges and storage carrying costs. Recoveries include, but are limited to, revenue received from the sale of gas to SCO providers and TS customers; revenue received through the provision of balancing service(s); refunds; penalty revenue; revenue received from suppliers due to failure to comply with Operational Flow Orders and Operational Matching Orders; Off-System Sales and Capacity Release Sharing Revenue; unused SCO Supplier Security Requirements; Larger Logo Service Net Revenue and revenue from operational sales. In addition this mechanism will provide for reconciliation of all variances between projected and actual pass back or recoveries through this rider.

RATE

All gas consumed per account per month	($0.1932)/Mcf

SECTION VII
PART 29 - BILLING ADJUSTMENTS

CHOICE/SCO RECONCILIATION RIDER ("CSRR")

29.23 APPLICABILITY

Applicable to all volumes delivered under rate schedules FRSGTS, FRGTS and FRLGTS.

29.24 DESCRIPTION

An additional charge or credit, for all gas consumed, to recover or pass back to customers all imbalances in gas cost expense and recoveries; the flow-through of refunds; the flow-through of shared Off-System Sales and Capacity Release Revenue as defined in Section 39 of the Revised Program Outline filed on November 28, 2012 in Case No. 12-2637-GA-EXM; recovery of incremental program costs resulting from the implementation of SCO programs and audit expenses to the extent such audit is conducted by an independent auditor. Gas cost expense includes, but is not limited to, capacity costs; commodity costs; penalty charges and storage carrying costs. Recoveries include, but are not limited to, revenue received from the sale of gas to SCO providers and TS customers; revenue received through the provision of balancing service(s); refunds; revenue received from suppliers due to failure to comply with Operational Flow Orders and Operational Matching Orders; Off-System Sales and Capacity Release Sharing revenue; demand/supply curve non-compliance charges; revenue from operational sales; unused SCO Supplier Security Requirements, and Larger Logo Service Net Revenue. In addition this mechanism will provide for reconciliation of all variances between projected and actual pass back or recoveries through this rider.

29.25 RATE

All gas consumed per account per month ($ 0.1932)/Mcf

SECTION VIII
PART 6 – SCO SUPPLIER SECURITY REQUIREMENTS

applicant must further provide copies of these reports or a web address for these reports; (2) a minimum of three bank and trade references; and (3) a list of parent company affiliates and a description of corporate structure.

An SCO Supplier shall satisfy its credit security requirement, and receive an unsecured credit limit from the Company, by demonstrating that is has and maintains investment grade long-term bond ratings from any two of the following four rating agencies:

Agency	Senior Securities Rating (Bonds)
Standard & Poors	BBB- or higher
Moody's Investors' Services	Baa3 or higher
Fitch IBCA	BBB- or higher
Duff & Phelps Credit Rating Company	BBB- or higher

The Company may make reasonable alternative credit arrangements with an SCO Supplier that is unable to meet the aforementioned criteria and with those SCO Suppliers whose credit/security requirements exceed their allowed unsecured credit limit. The form and format of the credit arrangements must be acceptable to the Company. The Company may, at its option, require the use of any of the following as a form of financial security: a guarantee of payment; a mutually agreeable irrevocable Letter of Credit; a cash deposit; or other mutually agreeable security or arrangement. A party other than an SCO Supplier may provide credit agreements and financial security for the SCO Supplier, including a cash deposit, if acceptable to the Company. The amount of security shall remain commensurate with the financial risks placed on the Company by each SCO Supplier, as those financial risks are reevaluated by the Company from time to time, as it deems necessary.

6.3 NOTICE FILING AND DETERMINATION OF SECURITY REQUIREMENT

The Company shall file with the Commission's Docketing Division a document that contains the formula used to determine the Company's security requirements applicable to SCO Suppliers participating in the SCO auction. The security requirement formula shall be applied in a non-discriminatory manner to determine the level of financial risk associated with each SCO Supplier. If there is a material change to the security requirement formula used by the Company, the Company may update the formula, and will file such updated formula. Notice of such filings and the reasons for any changes shall be filed with the Commission, no later than ten business days before the formula takes effect.

6.4 FINANCIAL SECURITY FOR DEFAULT EXPENSES

In addition to the Letter of Credit discussed above, upon the awarding of tranches, each SCO Supplier shall provide Columbia, by March 1 of each year, with a cash deposit equal to six cents multiplied by the number of Mcf in the initial estimated annual delivery requirements for the SCO Program Year of the tranches won by that SCO Supplier. This security will be used to provide a liquid account to meet supply default expenses other than those covered by the Letter of Credit discussed above. Any funds remaining at the end of each SCO Program Year will be transferred to the CSRR.

ATTACHMENT D

AMENDED REVISED TARIFF SHEETS – MARKED UP

CHOICE/SCO RECONCILIATION RIDER ("CSRR")

APPLICABILITY

Applicable to all volumes delivered under rate schedules SGS, GS and LGS.

DESCRIPTION

An additional charge or credit, for all gas consumed, to recover or pass back to customers all imbalances in gas cost expense and recoveries; the flow-through of refunds; the flow-through of shared Off-System Sales and Capacity Release Revenue as defined in Section ~~41~~ 39 of ~~Amended Exhibit 1~~the Revised Program Outline filed on November 28, 2012 in Case No. ~~08-1344~~12-2637-GA-EXM; ~~and~~ recovery of incremental program costs resulting from the implementation of SCO program and audit expenses to the extent such audit is conducted by an independent auditor. Gas cost expense includes, but is not limited to, ~~the Company's unrecovered gas cost balance prior to the SCO program;~~ capacity costs; commodity costs; penalty charges and storage carrying costs. Recoveries include, but are limited to, revenue received from the sale of gas to SCO providers and TS customers; revenue received through the provision of balancing service(s); refunds; penalty revenue; revenue received from ~~customers~~ suppliers due to failure to comply with Operational Flow Orders and Operational Matching Orders; Off-System Sales and Capacity Release Sharing Revenue; unused SCO Supplier Security Requirements; Larger Logo Service Net Revenue and revenue from operational sales. In addition this mechanism will provide for reconciliation of all variances between projected and actual pass back or recoveries through this rider.

RATE

All gas consumed per account per month	($0.1932)/Mcf

SECTION VII
PART 29 - BILLING ADJUSTMENTS

CHOICE/SCO RECONCILIATION RIDER ("CSRR")

29.23 APPLICABILITY

Applicable to all volumes delivered under rate schedules FRSGTS, FRGTS and FRLGTS.

29.24 DESCRIPTION

An additional charge or credit, for all gas consumed, to recover or pass back to customers all imbalances in gas cost expense and recoveries; the flow-through of refunds; the flow-through of shared Off-System Sales and Capacity Release Revenue as defined in Section ~~41~~ 39 of ~~Amended Exhibit 1~~the Revised Program Outline filed on November 28, 2012 in Case No. ~~08-1344~~12-2637-GA-EXM; ~~and~~ recovery of incremental program costs resulting from the implementation of SCO programs and audit expenses to the extent such audit is conducted by an independent auditor. Gas cost expense includes, but is not limited to, ~~the Company's unrecovered gas cost balance prior to the SCO program;~~ capacity costs; commodity costs; penalty charges and storage carrying costs. Recoveries include, but are not limited to, revenue received from the sale of gas to SCO providers and TS customers; revenue received through the provision of balancing service(s); refunds; revenue received from ~~customers~~ suppliers due to failure to comply with Operational Flow Orders and Operational Matching Orders; Off-System Sales and Capacity Release Sharing revenue; demand/supply curve non-compliance charges; ~~and~~ revenue from operational sales; unused SCO Supplier Security Requirements, and Larger Logo Service Net Revenue. In addition this mechanism will provide for reconciliation of all variances between projected and actual pass back or recoveries through this rider.

29.25 RATE

All gas consumed per account per month	($ 0.1932)/Mcf

SECTION VIII
PART 6 – SCO SUPPLIER SECURITY REQUIREMENTS

applicant must further provide copies of these reports or a web address for these reports; (2) a minimum of three bank and trade references; and (3) a list of parent company affiliates and a description of corporate structure.

An SCO Supplier shall satisfy its credit security requirement, and receive an unsecured credit limit from the Company, by demonstrating that is has and maintains investment grade long-term bond ratings from any two of the following four rating agencies:

Agency	Senior Securities Rating (Bonds)
Standard & Poors	BBB- or higher
Moody's Investors' Services	Baa3 or higher
Fitch IBCA	BBB- or higher
Duff & Phelps Credit Rating Company	BBB- or higher

The Company may make reasonable alternative credit arrangements with an SCO Supplier that is unable to meet the aforementioned criteria and with those SCO Suppliers whose credit/security requirements exceed their allowed unsecured credit limit. The form and format of the credit arrangements must be acceptable to the Company. The Company may, at its option, require the use of any of the following as a form of financial security: a guarantee of payment; a mutually agreeable irrevocable Letter of Credit; a cash deposit; or other mutually agreeable security or arrangement. A party other than an SCO Supplier may provide credit agreements and financial security for the SCO Supplier, including a cash deposit, if acceptable to the Company. The amount of security shall remain commensurate with the financial risks placed on the Company by each SCO Supplier, as those financial risks are reevaluated by the Company from time to time, as it deems necessary.

6.3 NOTICE FILING AND DETERMINATION OF SECURITY REQUIREMENT

The Company shall file with the Commission's Docketing Division a document that contains the formula used to determine the Company's security requirements applicable to SCO Suppliers participating in the SCO auction. The security requirement formula shall be applied in a non-discriminatory manner to determine the level of financial risk associated with each SCO Supplier. If there is a material change to the security requirement formula used by the Company, the Company may update the formula, and will file such updated formula. Notice of such filings and the reasons for any changes shall be filed with the Commission, no later than ten business days before the formula takes effect.

6.4 FINANCIAL SECURITY FOR DEFAULT EXPENSES

In addition to the Letter of Credit discussed above, upon the awarding of tranches, each SCO Supplier shall provide Columbia, by March 1 of each year, with a cash deposit equal to ~~ten~~ six cents multiplied by the number of Mcf in the initial estimated annual delivery requirements for the SCO Program Year of the tranches won by that SCO Supplier. This security will be used to provide a liquid account to meet supply default expenses other than those covered by the Letter of Credit discussed above. Any funds remaining at the end of each SCO Program Year will be transferred to the CSRR.

PURCHASED GAS ADJUSTMENT CLAUSE (continued)

B. Calculation of the Demand ACA (continued)

3. The previous year's net Demand ACA over/under collection shall be included.

4. Any applicable interstate pipeline penalty credits received during the November through October PGA period as described in the Limited Term Adjustment for Pipeline Penalty Credits and Cash-Outs section of the Purchased Gas Adjustment Clause section of this tariff. (C)

5. The net amount of items 1-4 shall be divided by the estimated therm quantities for Rate Schedules RS, GS and STS during the ensuing twelve (12) months to produce a per therm rate to be reflected in the Company's quarterly PGA beginning each January. (C)

SHARING OF CAPACITY RELEASE REVENUE

At the end of each program year January 31, capacity release credit amounts (other than those generated by administrative releases) received by the Company will be totaled. The Company will credit amounts to the PGA calculation as determined below.

1. For capacity release credit amounts up to and including One Hundred Thousand Dollars ($100,000) per year, the PGA will be credited with 90% of the capacity release amount.

2. For capacity release credit amounts greater than One Hundred Thousand Dollars ($100,000) per year, the PGA will be credited with eighty percent (80%) of such capacity release credit amount.

All amounts generated by administrative releases will be credited one hundred percent (100%) to gas cost. Administrative releases are defined as releases made by the Company for the sole purpose of transporting the Company's own system supply gas purchases, and therefore represent capacity that is being used by the Company and is not otherwise available for release.

(C) Indicates Change

PURCHASED GAS ADJUSTMENT CLAUSE (cont'd.)

SHARING OF OFF-SYSTEM SALES REVENUE

For off-system sales or exchanges of gas initially acquired by Columbia for the purpose of serving its retail customers, the Company will be permitted to retain 20% of the sales revenues over the cost of gas. For other incremental-type sales or exchanges, the Company will be permitted to retain 50% of off-system sales revenues over the cost of gas. The remaining amounts will be credited to the PGA calculation quarterly over a twelve-month_period, and reconciled in subsequent PGA calculations. The cost of gas for each type of purchase is defined below.

1. For sale of gas that was initially acquired for the purpose of serving retail customers, the cost of gas will be defined as the daily average city gate commodity cost of gas supplies purchased by the Company and flowing on the first of the month (WACCOG). For sales made upstream of the Company's city gate, the cost of transportation, including retainage, from the point of sale to the city gate will be subtracted from the WACCOG. This amount will be further adjusted to include applicable taxes other than income taxes and other incremental costs that have or will be incurred as a result of the sale.

2. For incremental sales for which a specific purchase is made, the cost of gas will be defined as the purchase price plus incremental transportation costs, including retainage, taxes other than income taxes, and other costs that have or will be incurred as a result of the sale.

All revenue generated by operational sales will be credited 100% to gas cost. Operational sales are sales made when the Company is in an oversupplied position, as a result of warmer than normal weather or other such factors, which cause the supply position to be unmanageable without incurring additional costs.

PURCHASED GAS ADJUSTMENT CLAUSE (cont'd.)

GAS PROCUREMENT INCENTIVE PROGRAM

The gas procurement incentive program will include all spot gas purchases made during the months of April through October and spot gas purchases flowing on the first day of the month during the months of November through March. Each month the Company's actual cost will be compared to a benchmark for that month.

The benchmark will be determined by averaging the closing prices reported for the last three days of trading on NYMEX for the contract month, and then adjusting this price for the differential between the average of indices representing prices paid at the Henry Hub, and the average of indices representing prices paid at the specific delivery points where Columbia purchases the gas. If one or two of the three published indices fail to report a point of purchase then the average of the remaining publications will be used. In any instances where indices are not published in any one of the three chosen publications for a receipt point where the Company purchases spot gas, then the index used will be either (1) Columbia Gas Transmission Corporation's Appalachian Index average (used at points of delivery into Columbia Gas Transmission Corporation); (2) Columbia Gas Transmission Corporation's Appalachian Index average plus Columbia Gas Transmission Corporation's Storage Service Transportation commodity costs (used at points of delivery out of Columbia Gas Transmission Corporation); or (3) if the first two are not appropriate, the price paid will be adjusted by deducting or adding, as appropriate, a 100% load factor firm transportation rate to the most applicable receipt point where an index is available. The index and Henry Hub prices utilized will be an average of the first of the month prices reported in "Inside FERC's Gas Market Report, Natural Gas Week and Natural Gas Intelligence".

Each month, the weighted average benchmark, as described above, will be compared to the Company's weighted average actual prices paid for spot gas purchased during the month to determine the appropriate monthly retention of savings or absorption of costs. The Company will share savings 50%/50% between customers and the Company for increments of actual gas purchases below the benchmark. The Company will share costs 50%/50% between customers and the Company for increments of actual gas purchases above the benchmark. This amount will be included in the PGA calculation quarterly, and reconciled in subsequent PGA calculations.

GENERAL TERMS AND CONDITIONS
ALL RATE SCHEDULES
(continued)

Any customer electing service under Rate Schedules RS, RTS, SGS1, SGS2, SGS3, SGTS1, SGTS2, SGTS3, UGLS or UGLTS shall be subject to the entire ACA factor as derived in Section 17.5(b) for only a period equivalent to the number of months of the prior 12 month period during which such customer was served under Rate Schedules RS, SGS1, SGS2, SGS3, or UGLS. The Customer shall be subject to the demand portion of the ACA as derived in 17.5(b) for only a period equivalent to the number of months of the prior twelve month period during which the Customer was served under Rate Schedule RTS, SGTS1, SGTS2, SGTS3, or UGLTS.

17.6 Revenues From Off-System Sales and Capacity Release

(a) Definitions

(i) **"Off-System Sales Margin"** shall mean revenues received by the Company from the sale of unbundled or re-bundled gas supply and capacity products plus savings generated by the transaction(s) in the form of costs avoided as a result of the transaction(s) ("Avoided Costs"), less the costs caused by the transaction. Off-System Sales Margin excludes Operational Transaction Cost as defined in Section 17.6(a)(iv) below. Off-System Sales arrangements include flowing gas sales, incremental gas sales, exchanges, and asset management arrangements.

For flowing gas sales, the costs will be the daily average city gate commodity cost of the gas supplies purchased by the Company and flowing on the first of the month, which will be referred to as the first of month gas cost ("FOMGC"). For sales made upstream of the Company's city gate, the cost of transportation, including retainage, from the point of sale to the city gate will be subtracted from the FOMGC. This amount will be further adjusted to include applicable taxes and other costs that have been or will be incurred.

For incremental gas sales, the costs will be the purchase price of the gas sold, adjusted for applicable costs such as pipeline transportation charges, retainage, applicable taxes and other costs, and further adjusted for savings in the form of Avoided Costs.

For other off system sales products, the costs will be the incremental costs incurred in the transaction, such as pipeline transportation charges, retainage, applicable taxes and other costs, and further adjusted for savings in the form of Avoided Costs.

(ii) **"Capacity Release Revenue"** shall mean revenue the Company receives in the form of demand charge credits on its pipeline invoices from arrangements to sell, in the secondary capacity market, interstate pipeline transportation and/or storage capacity held under contract by the Company. Capacity Release Revenue excludes Retail Choice Capacity Release Revenue and Administrative Capacity Release Revenue as defined in Sections 17.6(a)(v) and 17.6(a)(vi), respectively.

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GENERAL TERMS AND CONDITIONS
ALL RATE SCHEDULES
(continued)

(iii) **"Incentive Dollars"** shall mean the sum of Off-System Sales Margin as defined in Section 17.6(a)(i) and Capacity Release Revenue as defined in Section 17.6(a)(ii).

(iv) **"Operational Transaction Cost"** shall mean the costs that result from off system transactions entered into by the Company for the purpose of averting a higher cost to the PGA such as pipeline penalties, supplier keep whole charges and take-or-pay charges.

(v) **"Retail Choice Capacity Release Revenue"** shall mean revenue the Company receives in the form of demand charge credits on its pipeline invoices for capacity released to Competitive Service Providers pursuant to Section 7 of Rate Schedule CSPS.

(vi) **"Administrative Capacity Release Revenue"** shall mean revenue the Company receives in the form of demand charge credits on its pipeline invoices for capacity released to a supplier who uses that capacity to manage the delivery of gas purchased by the Company where the supplier applies the cost of that capacity to the price of gas charged to the Company. An Administrative Capacity Release can facilitate an asset management arrangement that generates Incentive Dollars.

(b) Operational Transactions

All Operational Transaction Costs as defined in Section 17.6 (a)(iv) above, incurred by the Company will be applied to the ACA of the applicable sales service rate schedules and transportation rate schedules based on the allocation method set forth in Section 17.5(a), above.

(c) Retail Choice and Administrative Capacity Release Revenue

All Retail Choice and Administrative Capacity Release Revenue as defined in Sections 17.6(a)(v) and 17.6(a)(vi) above, respectively, will be credited to the ACA of the applicable firm sales service rate schedules and transportation rate schedules based on the allocation method set forth in Section 17.5(a), above.

(d) Off-System Sales and Capacity Release Incentive Mechanism ("Incentive Mechanism")

(i) The Incentive Mechanism Program Year ("Program Year") will begin on the first day of September each year and end on the last day of August each subsequent year. However, the initial Program Year will run for an abbreviated period of eight months beginning January 1, 2008 and ending August 31, 2008. For the initial Program Year, the annual amounts determined in Sections 17.6(d)(ii) and (iii) will be multiplied by a factor of 8/12ths to reflect the abbreviated period for the initial Program Year.

GENERAL TERMS AND CONDITIONS
ALL RATE SCHEDULES
(continued)

(ii) The Minimum Incentive Dollars (MID) as used in Section 17.6(d)(iv) below, will be determined separately for each Program Year. The baseline MID is $1,500,000. The baseline MID will be adjusted for each Program Year by dividing the average Program Year peak day delivery portfolio for firm delivery into the Company's system for each month of the Program Year by 414,835 Dth (the Company's peak day firm delivery portfolio as of July 12, 2007), and multiplying the quotient by $1,500,000.

(iii) The Program Year Threshold (PYT) for sharing as used in Section 17.6(d)(iv) below, will be determined separately for each Program Year. The baseline Threshold is $2,800,000. The baseline Threshold will be adjusted for each Program Year by dividing the average Program Year peak day delivery portfolio for firm delivery into the Company's system for each month of the Program Year by 414,835 Dth (the Company's peak day firm delivery portfolio as of July 12, 2007), and multiplying the quotient by $2,800,000.

(iv) Incentive Dollars (ID), as defined in Section 17.6(a) (iii) above, will be credited to the ACA of the applicable sales service rate schedules and transportation rate schedules based on the allocation method set forth in Section 17.5(a), above. The amount of the Program Year ID ACA credit will be determined from the table below.

Step 1	ID<=MID		ACA Credit=MID
Step 2	ID>MID	but, ID<=PYT	ACA Credit=ID
Step 3	ID>PYT	but, ID<=PYT/.75	ACA Credit=PYT
Step 4	ID>=PYT/.75		ACA Credit=ID X .75

17.7 Refunds

(a) Supplier Refunds Covered by Prior PGAs

When the Company receives a refund from its suppliers which results from a reduction in supplier prices applicable to prior periods and was previously reflected in the PGA, the Company shall pass on such refunds to its Customers as hereinafter described; however, no Customer shall receive such refunds with respect to gas purchased under the Optional Alternate Fuel Displacement sales provisions of Rate Schedules LGS1/LGS2. These supplier refunds shall be divided into their demand and commodity components and reflected in the applicable demand and commodity rates.

(i) The total dollars of any commodity refunds plus interest received, if any, shall be divided by the actual total sales in Dth to retail Customers under rates that reflected the refunded dollars during the prior period, for which the refund was made to produce the Direct Refund Factor. The total dollars of any demand refunds plus interest received, if any, shall be divided by the actual total sales in Dth, including transportation quantities for Rate Schedules RTS SGTS1, SGTS2, SGTS3, and UGLTS if applicable to that particular refund, to retail Customers under rates that reflected the refunded dollars during the prior period, for which the refund was made to produce the Direct Refund Factor. However, should the Company receive minor refunds (less than $.01 per Dth of sales), such refunds will be held until refunds have a $.01 per Dth Refund Factor.

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PURCHASED GAS COST RIDER (Continued)

RATE NGV GAS COST CREDIT - Continued

1. Demand Costs - continued

   For interruptible sales under Rate NGV, an amount for recovery of upstream capacity costs, which is the greater of the following:

   a. The average rate per thm of all final accepted bids for thirty day recallable capacity received by the Company five days prior to the commencement of each month of the contract; or
   b. $.00465/thm in December, January and February, and $.00093/thm in all other months.

2. Commodity Costs

   The amount to be credited for recovery of commodity costs shall be determined on a monthly basis and shall equal the highest cost of spot purchases scheduled to commence on the first day of each month, including transportation and retainage. If no spot purchases are scheduled, the amount to be credited shall be the average commodity cost of gas purchased during the months, including transportation and retainage.

SHARING OF CAPACITY RELEASE REVENUE

Capacity release credits derived from "administrative releases" shall be excluded from the foregoing sharing calculation, and all such credits actually derived shall be included in the demand "E" Factor in their entirety. (C)
"Administrative releases" are defined as follows:

(i) Revenues for release of capacity to a producer or marketer where Columbia purchased the gas transported by the producer or marketer for its system supply;

(ii) Revenues from releases of capacity at full margin to certain end-use customers where such releases were the result of the conversion of pre-Federal Energy Regulatory Commission Order No. 636 buy-sell arrangements; and

(iii) Revenues from releases of capacity used in serving end users in a Commission-approved unbundling of service, provided that the benchmark would be adjusted to reflect the assignment of such capacity.

SHARING OF OFF-SYSTEM SALES REVENUE

Following is the definition of gas cost for off-system sales program:

(i) For sales in which a specific purchase is not made, the cost of gas will be defined as the daily average city gate commodity cost of the gas supplies purchased by the Company and flowing on the first of the month (WACCOG). For sales made upstream of the Company's city gate, the cost of transportation, including retainage, from the point of sale to the city gate will be subtracted from the WACCOG. This amount will be further adjusted to include applicable taxes, other than income taxes, and other costs.

(ii) For incremental sales in which a specific purchase is made, the cost of gas will be defined as the purchase price plus transportation costs, including retainage, taxes and other costs that have or will be incurred.

(C) Indicates Change

PURCHASED GAS COST RIDER (Continued)

SHARING MECHANISM FOR OFF-SYSTEM SALES AND CAPACITY RELEASE REVENUES

The sharing mechanism for the off-system sales and capacity release revenues shall be as follows. Customers shall receive 75% of all net proceeds through credits in the PGC rates. The Company will calculate the projected credit for each PGC application period (October through the following September) based upon an average of the three most recently completed PGC application periods for which data are available at the time of the PGC pre-filing made by March 1. Each September, the credits actually received by customers in the PGC application period then ending will be reconciled to the customers' share of the net proceeds actually realized during that period, and any difference will be included in the E-factors for the following PGC application period.

The projected off-system sales and capacity release margins credited to the PGC will be reflected in the Purchased Gas Demand Cost (PGDC). The reconciliation of prior year projections and actual off-system sales and capacity release margins will be reflected in the Demand "E" Factor. (C)

(C) Indicates Change

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED MARCH 9, 2021

5. Refer to the response to Item 12 of Staff's First Request.

a. Provide the information requested by Item 12.c. or explain each basis why such information cannot be obtained and provided.

b. Provide the information requested by Item 12.d. or explain each basis why such information cannot be obtained and provided.

Response:

a. Please see attachment labeled "2020-00378 Staff DR Set 2 No 5 Attachment A".
b. The requested index posting "Tennessee Gas Pipeline" from 12 subpart (d) is not a recognized posting in the Platt's Gas Daily publication and therefore cannot be provided as requested.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED MARCH 9, 2021**

6. Refer to the response to Item 16 of Staff's First Request, which states, "For the winter of 2020/21, Columbia Kentucky has not contracted with any long term suppliers, choosing instead to procure spot supplies on a monthly and daily basis." State whether this is a new procurement strategy for Columbia Kentucky, and the impact on winter gas cost of purchasing gas using spot supplies on a monthly and daily basis as opposed to long term contracts.

Response:

This is not a new procurement strategy for Columbia Kentucky. As part of the overall procurement process, Columbia Kentucky surveys the market prior to start of each season and gathers information (pricing, availability) to determine the benefits, if any, in committing to long term (winter season) supplies. Prior to the start of winter, Columbia Kentucky received indications that winter supplies were commanding a premium to first of the month (FOM) pricing. In lieu of locking in a premium above FOM prices for the entire five-month winter season, Columbia Kentucky decided to utilize storage and procure supplies on a monthly and daily basis as needed. Considering that the market is constantly evolving and past history does not necessarily predict future conditions, Columbia Kentucky does not rely on historical analysis to determine future procurement strategies and therefore has not compared purchasing practices between seasonal supplies vs. monthly/daily purchases. As an example of an evolving market, the rise in Marcellus and Utica production has provided an ample supply for Columbia Kentucky to acquire on a daily and monthly basis and negates the need to lock in longer term supplies at a premium. During periods when prices decrease within the month, daily purchases can be executed. With this added purchasing flexibility, Columbia Kentucky traders are able to secure the best cost commodity supplies possible in the market place. This in turn, helps to increase customer savings by reducing gas costs.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED MARCH 9, 2021

7. Refer to the response to Item 17 of Staff's First Request.

a. Provide a version of Attachment A to that request, in Excel format, that identifies the trading partners for each transaction, identifies the quantiles of gas involved in any incremental sale; indicates whether each Exchange transaction is a park or a loan; and indicates the quantiles of gas involved in any park or loan.

b. Explain whether the gas sold in Incremental Sale transactions was purchased to serve Columbia Kentucky's customers, on a speculative basis to be sold in Incremental Sale transactions, or for some other purpose.

c. Explain why the revenue from the Incremental Sale transactions should not be offset by the transportation costs for the gas sold. If Columbia Kentucky contends that there is no transportation costs associated with the gas sold as part of Incremental Sale transactions, explain each basis for that contention.

d. Explain whether the Exchange transactions identified in Attachment A were completed pursuant to TCO's park and loan tariff or pursuant to some other tariff, contract, or mechanism. Provide a copy of any relevant park and loan tariff pages.

e. Confirm that positive revenues for an Exchange transaction indicate that Columbia Kentucky was either the party allowing its trading partner to park the trading partner's gas using Columbia Kentucky's storage capacity or Columbia Kentucky is loaning its gas to the trading partner, and if it cannot be confirmed, explain each basis for why it cannot be confirmed.

f. Explain why Columbia Kentucky only had a single negative exchange transaction between January 2019 through December 2020 and whether that indicates it obtained excessive storage capacity during that period.

g. Explain why that portion of Columbia Kentucky's storage capacity costs attributable to storage capacity used by Columbia Kentucky to park another party's gas should not offset the revenue received from such a transaction

Response:

a. Please see attachment labeled "2020-00378 Staff DR Set 2-7 Attachment A CONFIDENTIAL."

b. Columbia Kentucky procures natural gas supplies for the primary purpose of serving Columbia Kentucky's customers. Columbia Kentucky does not speculate on the price of gas.

c. Columbia Kentucky completed the purchase and sale for the incremental sales at a point called "TCO Pool." The purchase and sale of gas at TCO pool does not require the utilization or expense of any transportation assets, but rather a simple and costless transfer of gas from one entity to another.

d. The exchanges were not completed according to TCO's park and loan tariff or any other tariff. The exchanges were completed as contracts between Columbia Kentucky and the counterparties.

e. Columbia Kentucky receives gas at the TCO pool and Columbia Kentucky returns the delivery at the TCO pool when completing a park for the positive exchange fee. For a loan, Columbia is giving gas at TCO pool and the counterparty returns the gas to TCO pool for a positive exchange fee. Exchanges do not require the utilization of storage assets. Columbia Kentucky's obligation to its counterparties for a park is to return gas at TCO pool at certain time, not to inject gas into storage. Columbia Kentucky uses its contract storage assets to ensure its ability to execute a park. Therefore, at times, Columbia Kentucky does use temporarily unused storage assets to park gas as a way to optimize a fixed contractual asset to lower costs.

f. Columbia Kentucky attempts to minimize negative transactions, because these transactions are an expense to Columbia Kentucky and its customers. Nevertheless, CKY did have one transaction with a negative margin for the period of January 2019 to

December 2020. This transaction was completed for a one day event related to a Storage and Transport Critical day order issued by TCO for cold weather and is not an indication of excessive storage capacity. Between January 2019 through December 2020, Columbia Kentucky experienced 11% warmer than normal conditions. These significantly warmer than normal temperatures would have a significant influence on gas supply transactions during this time, particularly the absence of negative exchange transactions. As discussed in response to question 15 (a) of the Commission's first data request, Columbia Kentucky did reduce its storage contract quantities when the contract came up for renewal.

g. Storage capacity costs would be incurred whether or not Columbia Gas of Kentucky executed park transactions. Columbia Gas of Kentucky does not contract for storage to execute park transactions but are a part of the portfolio to provide reliable service to firm customers. Parks are a way to optimize storage assets under contract to lower overall costs.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED MARCH 9, 2021

8. Refer to the response to Item 18 of Staff's First Request. State whether Columbia Kentucky's trading partners in the park and loan Exchange transactions involve large volume customers on Columbia Kentucky's system that are in an imbalance situation, or if they are parties outside of Columbia Kentucky's service area.

Response:

Columbia Kentucky's trading partners in the park and loan Exchange transactions do not include large volume customers on Columbia Kentucky's system. The trading partners are outside of Columbia Kentucky's service area.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED MARCH 9, 2021

9. Refer to the response to Item 19 of Staff's First Request. Explain the statement, "It is not Columbia Kentucky's practice to use gas that has passed through the GCI mechanism as the source gas for off-system sales." The explanation should include a clarification of the source for off-system sales, and whether the original cost of transportation for the gas sold is used as part of the benchmark for calculating OSS savings or TCI savings.

Response:

The gas purchases that are passed through the GCI mechanism include system supply spot and term purchases at non city gate points of receipt. In accordance with Columbia Kentucky's tariff, purchases made at Columbia Kentucky city gates are excluded from the GCI process & calculations. Supply volumes purchased that are the source of an incremental sale are not included in the GCI calculation. Gas purchased for an incremental sale is identified at the time of the purchase and sale and tagged as an incremental purchase and sale. These supplies are given a separate account classification to distinguish them from the system supply transactions. The associated purchase cost from the tagged incremental purchase along with any pipeline charges to transport gas from the purchase receipt point to the point of sale (if applicable) are costed against the sales transaction to arrive at the margin for each sales transaction. As stated in response to 7c Columbia Kentucky has completed incremental sales at the TCO pool which do not incur transport costs.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED MARCH 9, 2021

10. Refer to the Prepared Direct Testimony of Judy M. Cooper (Cooper Testimony), Attachment A, page 7. Provide all monthly information now available for Total Performance Based Rate Mechanism Savings Between Company and Customer Share beginning September 2020.

Response:

See Attachment A for monthly information through December 2020.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED MARCH 9, 2021

11. State whether the mechanism approved in Case No. 2014-00350 resulted in greater gas cost savings than the previously approved mechanism, and explain each basis for Columbia Kentucky's response

Response: Evaluating the last 5 full years of the previous mechanisms to the mechanism approved in Case No. 2014-00350 (current mechanism) resulted in greater customer savings with the current mechanism than the previously approved mechanisms. The total customer savings reported for last full five years (April 2015 – March 2020) of the current mechanism as reported on page 1 of Attachment A of witness Cooper's testimony in this case is approximately $18.75 million or $3.75 million per year. The customer savings of last full five years (Jan 2009 – Dec 2013) of the combined previous mechanisms (Gas Cost Incentive mechanism plus the Off-Systems Sales and Capacity Release mechanism) as reported in 2014-00350 Staff Data Request Set 1 No 1 and Staff Data Request Set 1 No 2 resulted in approximately $10.64 million or $2.13 million per year. The data requests responses referenced above from case 2014-00350 are shown below.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S INITIAL REQUEST FOR INFORMATION
DATED NOVEMBER 20, 2014

1. Refer to page 5 of the application. Provide the annual savings resulting from the Gas Cost Incentive Mechanism ("GCIM") since 2005, broken down to show the customer savings and the amount retained by Columbia.

Response:

Columbia shares equally with customers in the annual savings resulting from the GCIM. The table below shows the annual GCIM savings broken down between customer savings and the amount retained by Columbia.

GCIM Period	GCIM Savings	Customer	Columbia
April - October 2005	$736,525	$368,263	$368,263
April - October 2006	145,582	72,791	72,791
April - October 2007	599,273	299,637	299,637
April - October 2008	1,720,811	860,406	860,406
April - October 2009	124,573	62,286	62,286
April - October 2010	399,191	199,596	199,596
April - October 2011	361,591	180,795	180,795
April - October 2012	201,243	100,622	100,622
April - October 2013	375,791	187,895	187,895
April - June 2014	350,595	175,298	175,298
Total	$5,015,176	$2,507,588	$2,507,588

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S INITIAL REQUEST FOR INFORMATION
DATED NOVEMBER 20, 2014

2. Refer to page 7 of the Application. Provide the annual savings resulting from the Off-System Sales and Capacity Release Revenue Sharing Mechanism ("OSS/CR RSM") since 2005, broken down to show the customer savings and the amount retained by Columbia.

Response:

Columbia shares equally with customers in the net revenue resulting from the OSS/CR RSM. The table below shows the annual OSS/CR RSM net revenue broken down between the amount passed through to customers and the amount retained by Columbia.

OSS/CR Period	OSS/CR Net Revenue	Customer	Columbia
Apr - Dec 2005	$1,193,155	$596,577	$596,577
Jan - Dec 2006	1,976,855	988,427	988,427
Jan - Dec 2007	5,152,586	2,576,293	2,576,293
Jan - Dec 2008	3,205,378	1,602,689	1,602,689
Jan - Dec 2009	2,073,172	1,036,586	1,036,586
Jan - Dec 2010	7,541,454	3,770,727	3,770,727
Jan - Dec 2011	4,020,850	2,010,425	2,010,425
Jan - Dec 2012	2,346,251	1,173,126	1,173,126
Jan - Dec 2013	3,830,900	1,915,450	1,915,450
Jan - Jun 2014	1,329,462	664,731	664,731
Total	$32,670,062	$16,335,031	$16,335,031