

Natural Gas Aggregation Program to End March 31, 2010

The Natural Gas Aggregation program in which Kettering, and six other communities, participated this past fall/winter season has run its course and is coming to an end.

Historically, the City has participated in natural gas aggregation only as it has made sense and offered significant savings. The ultimate goal for any aggregation program, aside from the obvious financial incentive, is to promote future competition in the market place. In both cases where we have participated in an aggregation program that has been the result. In this case, Kettering residents will benefit from a very competitive natural gas auction and will continue to enjoy a reasonable natural gas rate even though the aggregation program is ending.

Coordinated by the Miami Valley Communications Council, the Natural Gas Aggregation program, which started in August 2009, has allowed residential natural gas customers, and many small business users, to save 4.6 cents per ccf off the standard price charged by Vectren.

The savings of 4.6 cents per ccf was guaranteed through March 31, 2010. The savings rate applicable for the period of April 1, 2010 – March 31, 2011 was recently negotiated on MVCC behalf with the natural gas supplier, IGS. The negotiated savings rate was reduced to .3 cents per ccf. This dramatic reduction in savings is the result of the recent PUCO conducted natural gas auction. The auction price dropped from the January 2009 auction to the January 2010 auction by approximately 34%. Essentially, the market has adjusted and it no longer makes financial sense to continue the aggregation program.

From August – December 2009, the aggregation program saved the aggregation participants a total of \$188,000. It is estimated that the program will save up to \$350,000 by the end of March.

Maybe the most challenging and confusing aspect of an aggregation program is knowing what to do. Opt out or Opt in are the usual choices for a program. In this case, as the aggregation program comes to a close, residents will have to take no action whatsoever. You will automatically revert to Vectren, who will continue to be the billing agent. Vectren has begun sending notices to the aggregation customers to inform them that they will be reverting back to Vectren.

For our purposes the aggregation program achieved it's goal. I am pleased that Kettering residents received a savings through the program and I am also pleased that we will continue to benefit from a reasonable rate without the aggregation program in the coming year.

If you have any questions, please call the City of Kettering at 296-2412 or check our website for information at www.ketteringoh.org.