

END OF NATURAL GAS AGGREGATION PROGRAM

Questions & Answers

What is natural gas aggregation?

Simply put, it's a large buying group assembled for the purpose of using their combined purchasing power to negotiate the lowest possible price for natural gas.

Why was the program instituted in the first place?

The Natural Gas Aggregation program allows a customer group to use their combined purchasing power to negotiate lower natural gas rates. Since September 2009, the City of Centerville has been a member of a seven-city natural gas aggregation group brought together through the Miami Valley Communications Council (MVCC), a council of governments certified by the Public Utilities Commission of Ohio as a Governmental Aggregator. As a group representing 26,000 natural gas customers, the seven cities were able to negotiate a natural gas rate 4.6 cents per ccf (100 cubic feet) less than the standard price charged by Vectren.

Why were the city governments involved in this program?

The Ohio legislature passed a law in 2001 giving local governments the opportunity to aggregate customers for group purchasing of natural gas. The state law mandates voter approval of municipal aggregation programs, so it has been approved by voters in each of the seven participating cities. The choice of joining together under the umbrella of the MVCC was a natural extension of the existing relationship.

What has been its impact?

The program has been successful in saving residents on the cost of their natural gas during the 2009-10 winter heating season. Through December, the program saved residents \$188,850, and it is estimated that the savings may reach \$350,000 to \$400,000 by the end of March, when the program will end.

Why was the program suspended?

The MVCC decided to end the program based on the very limited savings that would be achieved with the new energy price from IGS (the supplier under the aggregation program) that will be in effect from April 1, 2010 through March 31, 2011. The new pricing would guarantee residents a savings of only three-tenths of one cent per ccf from Vectren's standard service offer. This equates to approximately \$3.00 per year for the average customer. The new rate is the result of the annual PUCO auction, held on January 12, which generated record low prices on natural gas. The new standard pricing that will be charged to Vectren customers is about 20 percent less than the current aggregation program price. Thus, continuing the program is no longer warranted.

Is there anything I need to do as a resident to ensure that I continue receiving natural gas?

Residents will not need to take any action but will automatically revert to Vectren effective April 1. Vectren will send a letter to aggregation customers to inform them that they will be reverting back to Vectren for gas supply.