

RATE 396 **SCO SUPPLIER SERVICE**

APPLICABILITY

This Service is applicable to any SCO Supplier delivering firm gas supplies to Company's Operational Systems for Customers receiving SCO or DSS Service under Rates 310, 311, 320, 321 and 341.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of SCO and DSS Supply. SCO Supplier shall deliver to Company gas supplies needed to satisfy the usage requirements of SCO Supplier's Customers and a proportionate share of DSS usage requirements, all in accordance with the rules set forth in this Rate Schedule, the SCO Supplier Service Terms and Conditions contained in Sheet No. 56, and the SCO Supplier Agreement described in this Rate Schedule.

MONTHLY STATEMENT

SCO Supplier's monthly statement shall reflect the following fees, charges and credits, as applicable:

Financial Evaluation Charge:

\$50.00 for the initial and each subsequent SCO Supplier financial evaluation performed by Company.

Nomination Error Charge:

\$0.50 per Dth applied to the difference between SCO Supplier's daily pipeline nomination volume and the pipeline daily confirmed volume delivered to Company, for each day of difference.

DDQ Non-Compliance Charge:

\$15.00 per Dth on days in which no Operational Flow Order (OFO) is in effect (provided no alternate arrangements are made with Company) against the daily difference between the Tranche's DDQ and aggregate deliveries.

City-Gate Allocation Non-Compliance Charge:

\$5.00 per Dth for any daily city-gate nomination less than the minimum or greater than the maximum city-gate allocation requirement.

OFO Non-Compliance Charge:

In the event of a Company issued Operational Flow Order (OFO), a \$35.00 per Dth charge shall be assessed on any volumes over or under the restrictions specified by Company in the OFO notice.

Storage Non-Compliance Charge:

A charge per Dth shall be assessed for any volumes less than or greater than the Company-established minimum or maximum daily storage injection and withdrawal requirements, or any volumes less than the minimum storage inventory quantity requirement. The charge shall be \$15.00 per Dth for the first two occurrences, and \$35.00 per Dth for the next two occurrences during the term of the contract. In the event that TCO allows daily over-injection or over-withdrawal rights, Company shall not impose the Storage Non-Compliance Charge on any volumes injected or withdrawn greater than the maximum daily injection and withdrawal limits set by Company.

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Annual Reconciliation Amount:

Charge or credit as determined by the Annual Volume Reconciliation as set out in Sheet No. 56.

Alternate Peaking Supplies Charge:

The cost of alternate peaking supplies provided by Company for SCO Supplier's Tranche as set out in the Allocation of Alternate Peaking Supplies section of Sheet No. 56.

Meter Operator Charges:

SCO Supplier shall reimburse Company for penalties Company incurs as meter operator. Penalties will be assessed to each Supplier that contributed to the penalty proportional to its contribution to the violation.

System Balancing Amount:

Gas cost charges or credits associated with Large Transportation Customers'/Pool Operators' daily and monthly imbalance cash-outs.

POLR Amount:

Any credits payable to SCO Supplier for providing Provider of Last Resort services.

Customer Billing Amount:

SCO Price amounts billed to SCO Customers by Company on behalf of SCO Supplier.

Delivery Point Balancing Amount:

Charges or credits associated with pipeline delivery point cashouts, OBA settlements, or other related costs allocated to Supplier.

Pipeline Invoice Charge:

Charges or credits reflecting the difference between interstate pipeline charges, and the actual credits received on capacity released to SCO Supplier via mandatory capacity release.

Related Charges:

SCO Supplier shall reimburse Company for all charges Company incurs in connection with interstate pipeline transportation of SCO Supplier-Delivered Gas including any gas costs, penalty charges, penalty charges or cash-outs.

Riders:

The following Riders shall be applied monthly, as applicable:

- Sheet No. 37 – Gross Receipts Excise Tax Rider

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to SCO Supplier if applicable.

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REQUIREMENTS FOR SCO SUPPLIER PARTICIPATION

In order to qualify for participation under the SCO Program, SCO Supplier must: 1) sign a SCO Supplier Agreement and SCO Supplier Registration Form and Credit Application with Company; 2) pass an initial financial evaluation performed by Company, and any such subsequent evaluation(s) deemed appropriate by Company, to ensure that SCO Supplier possesses sufficient resources to perform its responsibilities and to ensure financial performance hereunder; 3) maintain comparable firm capacity as set out in the SCO Service Terms and Conditions; 4) adhere to the terms and conditions of this Rate Schedule; and 5) have a computer and telephone line necessary to access Company's EBB.

SCO Suppliers desiring to participate in the Program will be evaluated by Company to establish credit levels acceptable to Company. Company will apply, on a non-discriminatory basis, reasonable financial standards to assess and examine a SCO Supplier's creditworthiness. These standards will take into consideration the scope of the operations of the SCO Supplier and the level of risk to Company.

Financial evaluations will be based on standard credit factors such as financial and credit ratings, trade references, bank information, unused line of credit, and related financial information that has been independently audited, if available. Company shall determine creditworthiness based on the above criteria, and will not deny SCO Supplier's participation in the Program without reasonable cause. In order to pass Company's financial evaluation, a SCO Supplier may be required to provide additional security, the form and format of which shall be specified by Company.

Company reserves the right to conduct re-evaluations of SCO Supplier's financial standing from time to time. Such re-evaluation may be initiated either by a request from SCO Supplier or by Company, if Company reasonably believes that the creditworthiness or operating environment of SCO Supplier may have changed. Based on such re-evaluation, SCO Supplier's level of participation may be increased or decreased, additional security may be required or SCO Supplier may be removed from further participation in the Program.

CONTRACT

Pursuant to Rule 4901:1-29-13(b) OAC, SCO Supplier must enter into a written SCO Supplier Agreement with Company which shall set forth specific covenants and obligations undertaken by Company and SCO Supplier under this Rate Schedule. At a minimum the SCO Supplier Agreement shall include the following provisions: representations and warranties, indemnification, limitations on liability, default (breach), remedies, force majeure, commencement and term. The Agreement shall have a term consistent with the SCO Phase term as approved by the Commission.

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SCO SUPPLIER SERVICE TERMS AND CONDITIONS

SCO Supplier shall be subject to the SCO Supplier Service Terms and Conditions as set forth in Sheet No. 56.

GENERAL TERMS AND CONDITIONS

This Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

Filed pursuant to the Opinion and Order dated April 30, 2008 in Case No. 07-1285-GA-EXM of The Public Utilities Commission of Ohio.

Issued March 29, 2010

Issued by Jerrold L. Ulrey, Vice-President

Effective April 1, 2010