



VECTREN ENERGY DELIVERY OF INDIANA – SCHOOL GOVERNMENT TRANSPORTATION OVERVIEW

APRIL 2019



Outline:

- Tariff Overview
- Natural Gas Transportation
- E-Summary Bill
- Customer Requirements
- Supplier Information

Tariff Overview

- The Indiana Utility Regulatory Commission has approved a tariff that gives Educational Institutions and Government Entities the option to join a group of like organizations in purchasing natural gas directly from a Supplier. With the approval of the new tariff, organizations have the option to pay one consolidated eSummary Bill.

Educational Institutions and Government Entities can opt to purchase gas from a Supplier and have that gas delivered to Vectren city-gates.

- Eligibility:
 - Educational Institution: An institution administering or providing educational programs from kindergarten through post-secondary level.
 - Government Entity: Any non-residential Customer who is an agency or entity of Federal, State, County or Local Government.
 - Annual consumption must be less than 50,000 Therms or 5,000 Dth.

Provisions:

- School Corporations and Government Entities must become a member of an approved gas Supplier's pool of customers. The Supplier will manage the gas supply as determined in a contract between the School Corporation or Government Entity and the Supplier.
- Customers will be responsible for curtailing gas usage in the event that gas supplies are limited. Customers have two hours in which to commence curtailment following notification by Vectren.
- If a Supplier defaults, the Customer will be moved to a sales service rate or may request to be placed in another pool. The Customer will be financially responsible for all balancing charges incurred when not part of a pool.

Provisions, continued:

- A Customer who has returned to a sales service rate from the School/Government transportation rate must remain on the sales service rate for at least one year, unless expressly authorized by Company.
- Customer must be a registered user of vectren.com in order to pay a single summary bill and remit an online payment.
- Customer will enter into an agreement with Vectren designating the Customer's Supplier from a list of approved Pool Operators. Customer must notify Vectren at least 10 business days prior to the start of the month if the Customer wishes to join a different pool. The cost of switching Suppliers more than once annually is \$10 per meter per switch.
- All accounts must be current prior to participating in the School/Government Transportation service.

eSummary Bill

- eSummary is a process conducted on vectren.com that allows School and Government customers to view and pay all their accounts with a single remittance.
- Schools and Government accounts will be able to view and print an eSummary Bill from vectren.com and they will also be able to pay the eSummary Bill via vectren.com, eCheck or by mail.

Customer Requirements:

- Agency Agreements –
- Customer may obtain an Agency Agreement from their Vectren Account Manager.
- The Account Manager will scan the Agreement to the Customer who will then sign the Agency Agreement and forward back to their Account Manager.
- Once the Account Manager signs the Agreement, he/she will scan the completely executed Agreement back to the Customer and notify internal Vectren departments of the Pool Operator chosen.
- Customer participation in the School/Government Supplier's pool will commence with the next meter read date.

PROVISIONS AND REQUIREMENTS FOR SCHOOL/GOVERNMENT SUPPLIER PARTICIPATION



Provisions and Requirements for Supplier Participation:

- Contract
 - School/Government Supplier must enter into a written School/Government Pooling Agreement with Company. Such Pooling Agreement shall set forth specific covenants and obligations undertaken by Company and School/Government Supplier under the Pooling Service 185/285 Rate Schedule on behalf of the Pool's Customers.
 - Initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term.
 - School/Government Pooling Agreement shall not expire during the winter season, unless such mid-winter termination date is mutually agreed upon, or School/Government Supplier fails to perform its responsibilities and Company elects to terminate School/Government Supplier's participation.

PROVISIONS AND REQUIREMENTS FOR SCHOOL/GOVERNMENT SUPPLIER PARTICIPATION



Creditworthiness Standards and Requirements

- School/Government Supplier must pass an initial financial evaluation performed by Company, and any such subsequent evaluation(s) deemed appropriate by the Company, to ensure that the School/Government Supplier possesses sufficient resources to perform its responsibilities and to ensure financial performance under the School/Government Pooling Service Rate Schedule 185/285.
- A \$ 50.00 Financial Fee will be assessed on the initial and any subsequent financial evaluations performed by Company.
- School/Government Supplier must complete and sign Company’s School/Government Supplier Registration Form and Credit Application to be considered for participation in the Pooling Service.

PROVISIONS AND REQUIREMENTS FOR SCHOOL/GOVERNMENT SUPPLIER PARTICIPATION



Creditworthiness Standards and Requirements, cont.

- Company will apply, on a non-discriminatory basis, reasonable financial standards to assess and examine School/Government Supplier’s creditworthiness.
- Company will take into consideration the scope of the operations of School/Government Supplier and the level of risk to Company.
- In order to be approved, School/Government Supplier may be required to provide security, the form and amount, of which shall be specified by Company. Company shall determine creditworthiness, and will not deny School/Government Supplier’s participation in the School/Government Pooling Service without reasonable cause.

SUPPLIER APPLICATION PROCESS AND TIMELINE



1. School/Government Supplier provides the following to Vectren:
 - Two signed School/Government Pooling Service Agreements
 - School/Government Supplier Registration and Credit Application form
 - List of customers to be pooled
2. Credit evaluation is performed
3. School/Government Supplier is notified of approval outcome.
4. Upon approval, the School/Government Supplier instructs the customers to contact their Vectren Account Manager to receive a Service and Agency Agreement.

SUPPLIER APPLICATION PROCESS AND TIMELINE



- New transport accounts will submit the Service Agreement at least 30 days prior to first of the month of flow.
- Agency Agreements are received by Vectren at least 10 business days prior to the first of the month of flow.
- Customers will commence in the School/Government Supplier’s pool as of their next meter read date following the first of the month.

NOMINATIONS TIMELINE



- Prior to 10:00 a.m. CCT Vectren posts DDQ (Directed Delivery Quantity) and related info for the gas day beginning 9:00 a.m. CCT the following day.
- 10:00 a.m. CCT Deadline for Vectren to revise DDQ or related info for following gas day, if needed.
- 1:00 p.m. CCT Deadline for School/Government Suppliers to submit “timely” nominations in GTS.
- 4:00 p.m. CCT Vectren posts confirmation of timely nominations for following gas day on Vectren’s Marketer Extranet.

NOMINATIONS POLICY



- Supplier is responsible for submitting all nominations under its login and password.
- Vectren's Gas Transportation Operations will typically notify Suppliers of scheduling errors as a courtesy; however, notification is not guaranteed. It is the Supplier's responsibility to ensure the correct volumes are scheduled correctly, and in a timely manner. This includes any third-party deliveries to your pool(s).
- A Nomination Error Charge of \$0.50 per Dth will be assessed on the quantity difference between School/Government Supplier's Daily Transportation Nomination and the confirmed deliveries under the School/Government Supplier's Daily Pipeline Nomination for each day such difference occurs.

On a daily basis, Vectren shall forecast and communicate via GTS the following for each Pool:

- Expected Demand
- Directed Delivery Quantity (DDQ)
- DDQ by Delivery Point
- Five Day Forecast
- Peak Day City-Gate Allocation
- The DDQ shall be the sum of:
 - Expected Demand of School/Government Supplier’s Pool for that gas day calculated using the Pool’s demand equation
 - Forecasted weather
 - Unaccounted For Gas Percentage as set forth in Appendix F
 - Any necessary adjustments for interstate pipeline and/or Company operating constraints, etc. and periodic volume reconciliations

DEMAND FORECASTING



- Currently, Vectren will try to keep consistent monthly DDQ's May – September.
- DDQ's will be posted for each individual pool.
- DDQ's will be posted on Friday for Saturday, Sunday and Monday.
- DDQ's will also be posted for one day following a holiday that falls on a weekday and any other days following that if Vectren is closed (i.e. Saturday and Sunday).
- Relative Use Factors are computed monthly for inclusion into the DDQ model for the following month.
- The Sum of the DDQ's is compared to the Calendarized Consumption monthly to track Forecast Accuracy. Future models are updated accordingly.

What are they?

- They are a range of minimum and maximum delivery percentages by delivering pipeline within each operating system based on temperatures and operating system characteristics.
- Necessary in order to maintain system reliability and integrity.
- The delivery percentages will be recalculated and communicated to School/Government Pool Suppliers periodically.
- Delivery percentages will be consistent throughout a given month.
- The city-gate allocation tables are typically applicable from a November through October timeframe.

VEDIN - CITY-GATE INFORMATION



AGGREGATE POOL OPERATORS:		
Operating System	Pipeline	City-Gate
North/East/Central	Panhandle	N/A Loc Prop: INGAS
	ANR	Muncie Location: 40186
	ANR	West Shelbyville Location: 4475
	Texas Gas	Zone 3 LOC Prop: 1559
	REX	Amo Loc Prop: 60160
Southeast	Texas Gas	Zone 4 LOC Prop: 1702
Terre Haute	Texas Gas	Zone 3 LOC Prop: 1558
Greensburg	Texas Eastern	N/A LOC Prop: 70017
Vigo	Midwestern	N/A Location: Vigo

VEDIS CITY-GATE INFORMATION



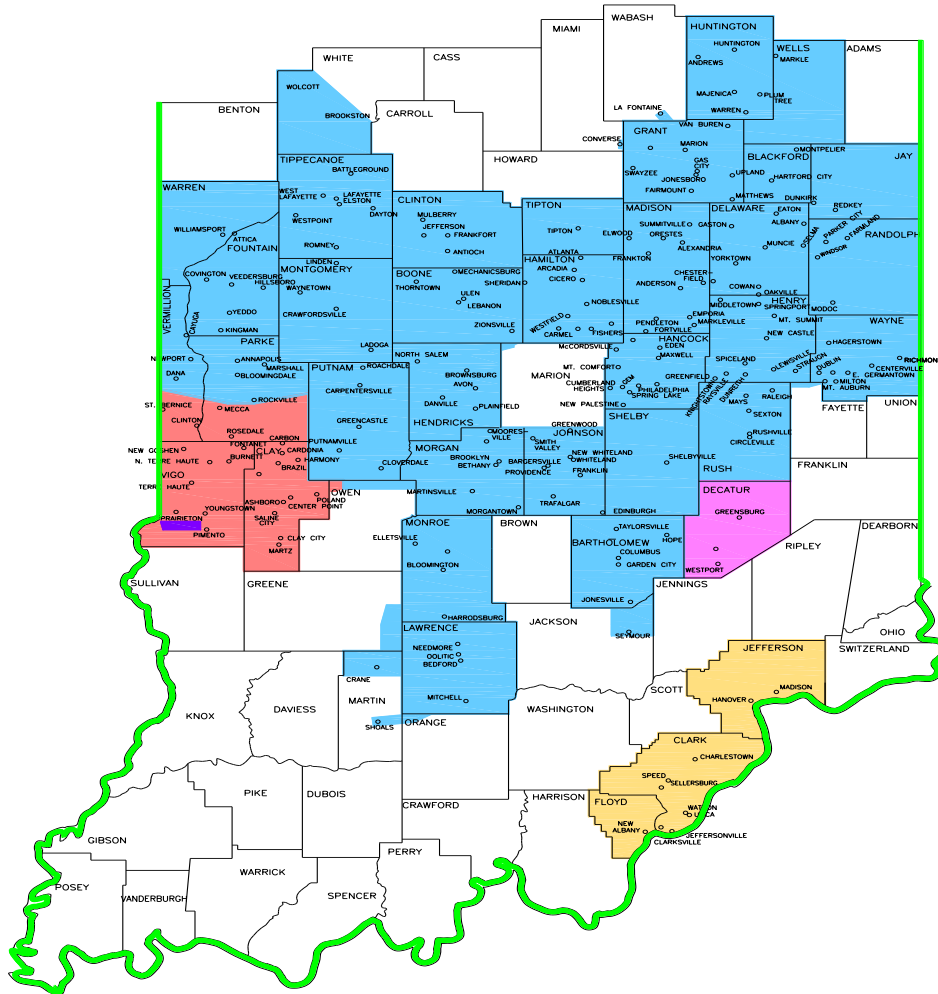
VECTREN SOUTH

Pipeline	City-Gate
Texas Gas	Zone 3 - Loc Prop: 1808
Texas Gas	Zone 3 - Loc Prop: 1809 (Hoosier)
Midwestern	Location: SIGECO
ANR	Location: SIGECO S. Chrisney Loc Prop: 521032

POOLING BY OPERATING SYSTEM

- The Vectren North System consists of seven separate operating systems.
- Each operating system has limitations based upon Pipeline connections, contracts, and operational characteristics.
- School/Government Suppliers will be required to pool their customers based on the operating system in which they are physically located.
- The North, East, and Central operating systems will be considered as one operating system.
- Specific city-gate allocations will be required per operating system.

VEDIN OPERATING SYSTEMS



Energy Delivery of Indiana - North Service Territory

Revised 01/06/05 JW

LEGEND

- Terre Haute Operating System
- Vigo Operating System
- Combined North, East and Central Operating System
- Greensburg Operating System
- South East Operating System

CITY-GATE ALLOCATIONS



- Deliveries less than the minimum or greater than the maximum per city-gate will be subject to a \$1.00 per Dth City Gate Allocation Non-Compliance Charge.
- DDQ and corresponding min/max volumes will differ by day depending on pool activity and forecasted weather.

SUPPLIER CHARGES



- Administrative Fee
 - \$100.00 will be assessed to each School Pool account on a monthly basis.

- School/Government Supplier shall be obligated to balance its Pool DDQ with the aggregated total daily deliveries of School/Government Supplier-Owned Gas by the pipeline. A Daily Imbalance Quantity shall exist when the School/Government Supplier's Total Daily Deliveries are greater than or less than the DDQ. Daily Imbalance Quantities will be subject to being cashed out at the Daily Index Price.
- Daily Index Price shall be the Daily Midpoint Prices per Dth reported in Gas Daily, in the table "Daily Price Survey" for delivery to:
 - Texas Gas, Zone SL, or
 - ANR, La; or
 - Texas Eastern, ELA, or
 - Panhandle, TX-Okla; or
 - Chicago City-Gates

DAILY BALANCING

- Amounts paid by Company to School/Government Supplier in cashing out Imbalance Quantities shall be eligible for recovery in the Gas Cost Adjustment.
- Amounts received by Company from School/Government Supplier in cashing out Imbalance Quantities shall be credited against gas costs in the Gas Cost Adjustment.

DAILY UNDER-DELIVERY IMBALANCE

- Total Daily Deliveries less than the DDQ are subject to the Daily Under-Delivery Charge which consists of:
 - The highest of the sums of each Daily Index price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Daily Index Price; plus
 - DDQ non-compliance charge of \$1.00 per Dth; plus
 - All other charges incurred by Company and attributable to School/Government Supplier's Daily Under-Delivery Imbalance Quantity, including pipeline penalty charges; plus
 - Applicable taxes

DAILY OVER-DELIVERY IMBALANCE



- Total Daily Deliveries greater than its DDQ are subject to the Daily Over-Delivery Charge which consists of:
 - The lowest of the sums of each Daily Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Daily Index Price; plus,
 - DDQ non-compliance charge of \$1.00 per Dth; plus
 - All other charges incurred by Company and attributable to School/Government Supplier's Daily Over-Delivery Imbalance Quantity, including pipeline penalty charges; plus
 - Applicable taxes

WHEN DO WE NEED AN OFO?

- Vectren may call a Cold or Warm OFO where such action is necessary to:
 - protect the reliability of Company’s gas system,
 - comply with Company’s Curtailment Procedures, or
 - adhere to the various interstate pipeline companies’ balancing requirements
- An e-mail notification of OFO’s or critical periods will be posted to GTS and received by all registered Suppliers.

UNDER-DELIVERIES ON COLD OFO DAYS



- During a Cold Weather OFO, the normal daily balancing provisions will be replaced with the Cold Weather OFO Under-Delivery imbalance provisions which are:
 - The higher of the highest incremental gas cost paid by Company on the date of non-compliance or the Daily Under-Delivery Charge; plus
 - OFO Non-Compliance Charge of \$10.00 per Dth; plus
 - All other charges incurred by Company and attributable to School/Government Supplier's Daily Under-Delivery Imbalance Quantity, including pipeline penalty charges on the OFO shortfall quantities; plus
 - Applicable Taxes

OVER-DELIVERIES ON WARM OFO DAYS



- During a Warm Weather OFO, the normal daily provisions will be replaced with the Warm Weather OFO Over-Delivery imbalance provisions which are:
 - The lower of the lowest incremental gas cost paid by Company on the date of the non-compliance or the Daily Over-Delivery Charge; plus
 - OFO Non-Compliance Charge of \$10.00 per Dth; plus
 - All other charges incurred by Company and attributable to School/Government Supplier's Daily Over-Delivery Imbalance Quantity, including pipeline penalty charges on the OFO excess quantities; plus
 - Applicable Taxes

TRADING DAILY IMBALANCES



- Vectren will issue an initial monthly statement of imbalances to each School/Government Supplier via Vectren's Marketer Extranet. School/Government Suppliers will receive an e-mail stating that trades are open.
- School/Government Suppliers are given two business days to trade daily imbalances (difference between deliveries vs. DDQ).
- Trades must be done via GTS.
- School/Government Suppliers can post any imbalances that they want to "advertise" to other School/Government Suppliers for trading.
- A buy and a sell trade must be submitted from each party in order for Vectren to confirm the trade transaction.
- 100% of the calculated pre-trade daily imbalance quantities are eligible for trading. School/Government Supplier cannot trade to establish an imbalance in the opposite direction of the original imbalance.

TRADING DAILY IMBALANCES



- Any City-Gate Non-Compliance volumes will not be changed due to the trading of Imbalances.
- Final bills will be issues approximately three business days after trading has closed.
- Both parties will be assessed a \$10.00 Imbalance Trading Charge for each transaction.
- Trading of imbalances will not be permitted across operating systems, Gas Transportation Programs, or on days when an OFO was in effect.

ANNUAL RECONCILIATION



- This process is used to reconcile the Pool's available supplies and its Customers' billed usage.
- On a quarterly basis, Vectren will resolve material imbalances by adjusting future DDQs.
- On an annual basis (end of July) or when a School/Government Supplier leaves the program, the entire imbalance shall be resolved by either:
 - Payment from Company for Over-Delivery Imbalance Quantities, or
 - Payment from School/Government Supplier for Under-Delivery Imbalance Quantities

- The “Weighted Average Imbalance Price” is used to determine the reconciliation charges. It is calculated based on:
 - School/Government Supplier deliveries; and
 - the arithmetic average of the “Monthly Contract Index” prices published as reported by Inside FERC’s Gas Market Report in the table “Prices of Spot Gas Deliveries to Pipelines” for the applicable months during the period of delivery to:
 - Texas Gas, Zone SL, or
 - ANR, La; or
 - Texas Eastern, ELA, or
 - Panhandle, Tx-Okla; or
 - Chicago City-Gates,
- Note – Prices include firm pipeline transportation commodity rate, fuel and all surcharges, and adjusted for the necessary taxes.

- Comparable Firm Capacity Requirement:
- Each month, School/Government Supplier agrees to secure sufficient firm interstate pipeline capacity with primary delivery points to Company's city-gates and firm supply to meet 100% of that month's Peak Design Day Demand of its Pool Customers.
- On a daily basis, Company will provide School/Government Supplier with the revised Peak Design Day Demand for School/Government Supplier's Pool effective the following day.
- Company may periodically verify School/Government Supplier's compliance with this Comparable Firm Capacity Requirement.

Assignment of Pipeline Capacity:

- School/Government Supplier may seek assignment of Company's firm interstate pipeline capacity for meeting some portion of the usage requirements of School/Government Supplier's Pool Customers. Company may decline to assign firm transportation and/or storage capacity if such capacity is needed to meet the needs of its Sales Service Customers or to perform the operation balancing function.
- School/Government Supplier shall take direct assignment of specific interstate pipeline firm transportation and/or storage capacity for a term, unless otherwise agreed to by Company, which is the lesser of :
 - The term of the School/Government Pooling Agreement, or
 - The remaining term of the service agreement with the interstate pipeline applicable to such capacity, less one day, subject to Company's right of capacity recall.

Assignment of Pipeline Capacity, cont.

- Specific terms and conditions of any capacity will be negotiated between School/Government Supplier and Company.
- School/Government Supplier may not change any primary points of receipt or delivery associated with assigned pipeline transportation contracts during the term of the capacity assignment.
- The assigned capacity is subject to recall at any time if School/Government Supplier does not perform in accordance with the School/Government Pooling Agreement or fails to comply with the School/Government Supplier Code of Conduct.

Assignment of Pipeline Capacity, cont.

- School/Government Supplier may re-release any capacity assigned to it provided that:
 - School/Government Supplier will continue to be responsible to Company for payment of all pipeline charges associated with the assigned capacity.
 - Any re-release of such capacity remains subject to the restrictions identified in the Assignment of Pipeline Capacity section of the tariff.
 - The capacity is not needed to satisfy the School/Government Supplier's Pool's DDQ on such days.
- School/Government Supplier may use other firm pipeline capacity to accomplish its DDQ and re-release portions of its assigned pipeline capacity, subject to the previously mentioned restrictions.

ELECTRONIC BILLING INTERFACE



- A daily file of usage information for each customer that billed that day per School/Government Supplier will be transmitted to an FTP site.
- A standard file format will be used for all School/Government Suppliers.
- Files are transmitted nightly to School/Government Suppliers FTP site.
- Information includes:
 - Pool Account Number
 - Customer Account Number
 - Customer Name
 - Premise Street Address
 - Premise City
 - Premise State
 - Premise Zip Code
 - Billed Date
 - Meter Number
 - Billed Consumption
 - Previous Read Date
 - Current Read Date
 - Meter Read Code (estimated, actual, etc.)

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