



Your Natural Gas Bill Made Easy

The Office of the Ohio Consumers' Counsel (OCC) developed this fact sheet to help you better understand your natural gas bill.

Usage and meter reading

Natural gas is measured in one of two ways: in hundred cubic feet (Ccf) or thousand cubic feet (Mcf).

Your natural gas utility may read your meter or estimate how much natural gas you used each billing cycle, which can be from 25 to 35 days. An actual meter reading shows the exact amount of natural gas you used. An estimated reading is determined by looking at the usage for the same month during past years.

You can request an actual meter reading at any time. You are entitled to two actual meter readings without charge per calendar year, provided your usage has been estimated for more than two of the preceding billing cycles consecutively or you suspect that your meter is malfunctioning.

Fees and charges

Natural gas bills are divided into two main parts - the cost of the **actual gas** and the **distribution cost**.

The distribution cost is divided into two portions. One is called the volumetric charge, is based upon the amount of gas that flows monthly to you through the utility's pipelines and the other is a flat rate that you pay regardless of the amount of gas you use. The distribution cost pays for services provided by your utility, including installation and repair of pipelines and meter-reading equipment, reading gas meters, processing bills and handling customer inquiries.

The cost of the actual gas, which generally accounts for 70 to 80 percent of your bills annually, is passed on by the utility on a dollar-for-dollar basis. The local distribution company is not permitted to make a profit on the cost of natural gas.

Both fees make up your base rate for all costs incurred by the utility for delivering your gas and are regulated by the Public Utilities Commission of Ohio.

Measuring the actual cost of natural gas

Measuring the cost of natural gas is done in a variety of ways by Ohio's state-regulated natural gas utilities.

Duke Energy and *Columbia Gas of Ohio* presently calculate the cost of gas through a monthly **gas cost recovery rate (GCR)**, which multiplies the total costs they pay for moving the gas from where it was purchased (Ohio gets most of its natural gas supply from Texas, Louisiana and the Gulf of Mexico) by an estimate of how much gas will be used by customers.

At the end of each month, the utility compares the actual amount that was used to its previous estimate and adjusts its amount accordingly for the following month, taking into account whether it over or under collected and the current price of natural gas.

The GCR is the rate paid by customers of *Duke* and *Columbia* who do not currently take part in either of the utility's gas choice programs, that is, customers who purchase their gas directly from the gas company and not from a competitive retail supplier.

Customers of *Vectren Energy Delivery of Ohio* who do not participate in gas choice are charged the **Standard Service Offer (SSO)** for their supply of natural gas. The SSO is a rate that combines the monthly closing price of natural gas on the New York Mercantile Exchange plus a fee of \$2.35 per Mcf (thousand cubic feet). As the market price changes monthly, the SSO changes as well. The fee was determined by a wholesale auction and will remain in effect throughout March 2010, when another auction-determined fee will take its place.

It is expected that in 2010, customers of *Columbia* will be making the transition from the GCR rate to the SSO.

Choice-eligible customers of *Dominion East Ohio Gas* who do not get their natural gas from an competitive retail supplier receive the **Standard Choice Offer (SCO)**. A fee of \$1.40 is added to the monthly NYMEX price; however, these customers also will see the name of a competitive retailer on their bill as a result of the retail auction that established the added fee. Their supply continues to be provided by the natural gas utility and the adder fee remains the same regardless of the name of the supplier appearing on their bill.

Dominion customers on the Percentage of Income Payment Plan (PIPP) or otherwise ineligible to participate in a choice program receive their natural gas at the SSO rate. They pay the same \$1.40 adder fee, but no supplier name appears on the bill.

Why should you read your bill?

There are multiple elements to a monthly natural gas bill and understanding them all may be a challenge. But simply finding the total amount due and ignoring the rest of the bill is not always a good idea. You should read your natural gas bill each month and familiarize yourself with the various components of your bill. This will enable you to question changes or errors which may appear and give you the ability to understand your level of gas usage and how your bill is calculated.

Understanding your natural gas bill

Each natural gas company designs its billing statement differently. For example: one company may put your usage history as a bar graph, while another uses a table. No matter which format is used, all bills are required to have certain information listed.

Below is a list of items that are required to be on each bill. If you are on a budget plan or have another payment arrangement, you could see additional information on your bill. If you have questions about items that are not listed, call the OCC at 1-877-PICKOCC (1-877-742-5622) or your natural gas company.

- Company name and address.
- A telephone number for the customer to inquire about the bill.
- Customer account number.
- Beginning and ending dates, as well as the number of days within the service period.
- Beginning meter read; ending meter read; total usage, next reading date.
- An indication whether the meter reading is estimated or actual. Companies may not always conduct an actual meter reading. Often an estimation is made based upon usage during previous years. Some utilities may allow customers to phone in their own readings as well.
- The due date for payment of the bill in order to keep the account current.
- The total charges for the period.
- The amount of any late payment, if applicable.
- Previous balances, customer credits and total balance.
- The current balance of the budget plan amount (if the customer is participating in such a plan).
- The cost of gas per Mcf or Ccf.

- The total cost of gas from the past month. This charge usually includes the total cost of gas in dollars and cents, a transportation cost and tax. Some utilities will have these charges listed on separate lines on the bill.
- The monthly service or customer charge.
- Service summary notes give you information to help understand energy consumption and how it relates to current charges. Information on the next actual meter reading is given in these notes.
- Daily comparisons show the average daily temperature and average daily gas use for the current month, previous month and the same month last year.
- By law, the natural gas utility must post a notice section with contact information of the

Office of the Ohio Consumers' Counsel and the Public Utilities Commission of Ohio and ways to contact the natural gas utility for matters of a legal nature, such as bankruptcy notices and other correspondence.

- There are a variety of ways to pay your natural gas bill. Some are free of charge, such as automatic direct payments and online bill payments. Others incur convenience charges, such as credit card and electronic check options or payment at authorized agent locations. Mailing a payment to your natural gas supplier is an option as well.

Where can you get help?

For additional assistance in understanding items that appear on your natural gas bill, call the OCC toll free at 1-877-PICKOCC (1-877-742-5622) or visit www.pickocc.org.

The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, represents the interests of 4.5 million households in proceedings before state and federal regulators and in the courts. The state agency also educates consumers about electric, natural gas, telephone and water issues and resolves complaints from individuals. To receive utility information, brochures, schedule a presentation or file a utility complaint, residential consumers may call 1-877-PICKOCC (1-877-742-5622) toll free in Ohio or visit the OCC Web site at www.pickocc.org.

The Office of the Ohio Consumers' Counsel is an equal opportunity employer and provider of services.

For additional information from the Office of the Ohio Consumers' Counsel:

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