Purchased Utilities Risk Factors

- **Gas**
  - FY12 supply is 100% hedged
  - FY13 Supply is 33% hedged
  - Budgeting process includes contingency for "cold winter"
  - North American supply dramatically improved with horizontal drilling, near record storage
  - Transportation and Delivery contracted through FY14 with 2 year extension through FY16.
  - Potential for price spikes of a few months due to weather/speculation/other
  - Potential demand increases from coal to gas fuel switching

- **Electricity**
  - Budgeting process includes contingency for "hot summer"
  - PUCO rate case settlement is pending appeals.
  - Under new rate structure, OSU load factor will limit price increases
  - AEP Retail contract pending for balance of calendar year 2012
  - Transition to deregulated market ongoing
Gas
- "Worse" case pricing impact estimated at 50% of budgeted spend ($8,000,000)

Electricity
- "Worse" case pricing impact estimated at 15% of budgeted spend ($5,500,000)

1.5 probability factor to protect against two consecutive year downside

0.75 probability factor for both worse case utilities in the same year

Suggest $15 million (29% annual spend) for Utility reserve