



CHOICE PROGRAM

Good news! Natural Gas DEREGULATION has arrived! You can now CHOOSE your Natural Gas provider improving your customer service and billing options and SAVING YOU MONEY all at the same time!

Your commercial facility may be eligible to take advantage of a new program offering by Local Distribution Companies (LDCs) like Oklahoma Natural Gas (ONG) CenterPoint Energy (CP) and Kansas Gas Service (KGS) allowing you to subscribe to transportation service and purchase your natural gas directly from a third-party gas marketer, like PANOAK, at substantial savings to your company. Our average price of Natural Gas last year was roughly 20% less than the ONG tariff rate paid by customers. These Natural Gas savings can be HUGE for commercial customers throughout the year. See PANOAK Sales for details.

LDCs like ONG make money on transport and delivery not the Natural Gas itself. Therefore, they not only allow customers to switch, but also they encourage it. Customers can even call ONG, CP or KGS to discuss it. The LDCs wants you to switch. Call ONG's Amy Jenkins (ajenkins@ong.com) at 405-551-6560, CP's Terri Pruitt (terri.pruitt@centerpointenergy.com) 501-377-4523 or KGS's [Http://www.kansasgasservice.com/en/CustomerCare/BusinessDevelopment/AccountRepresentatives.aspx](http://www.kansasgasservice.com/en/CustomerCare/BusinessDevelopment/AccountRepresentatives.aspx) to verify.

www.leaveONG.com

www.leaveKGS.com

What is Natural Gas Deregulation? Regulation allows and controls the monopoly of a single local company to supply Natural Gas to all users in a certain area, so called Local Distribution Companies or LDCs like Oklahoma Natural Gas (ONG), CenterPoint Energy (CP) and Kansas Gas Service (KGS). Deregulation allows other companies to offer Natural Gas in this same area, so called Third-Party Natural Gas Marketers, like PANOAK, SAVING YOU MONEY!

The CHOICE PROGRAM simply allows PANAOK to manage transportation service on your behalf and sell you Natural Gas sourced by PANOAK on the LDC's (like ONG, CP and KGS) delivery system. You will continue to pay the LDC a transportation and service fee for deliveries of Natural Gas, as well as maintenance of the physical facilities delivering Natural Gas to you, just like today. These charges are already part of your current Natural Gas bill and will NOT increase after you start buying your Natural Gas from PANOAK. Your Natural Gas will still be transported and delivered through the LDC system but PANOAK would bill you for the Natural Gas portion of your bill at a SUBSTANTIALLY LOWER price than the LDC.

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403 S. Cheyenne, STE 1000, Tulsa, OK 74103
918.622.3442 / 918.622.6602 Fax
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<http://www.kansasgasservice.com/en/CustomerCare/BusinessDevelopment/AccountRepresentatives.aspx> to see for yourself.

Will my facility be cut off if PANOAK fails to deliver gas? NO, in the highly unlikely event that we are unable to deliver gas to your facility, the LDC, like ONG, CP and KGS, would supply your facility from their system gas and take over the billing. NO customer has ever been left without gas on the LDC system. It is highly improbable that we would be unable to supply you with gas, because PANOAK controls its own gas supply.

How can PANOAK deliver gas at a substantially lower price than LDCs? PANOAK is able to buy gas supplies for its customers at current market prices. LDCs cost of gas includes additional costs associated with LONG-TERM reservation fees, capacity fees and storage, all of which add to their cost basis.

Will the LDC price ever be lower than the PANOAK price? Possible, but not likely. For example, historically, the ONG (LDC) price has been lower than the OGT (Transportation Pipeline) market price only 2 months throughout the past 15 years.

Who will physically deliver gas to my facility? The LDC, like ONG, CP and KGS, will continue to be the physical transporter of your gas supply. PANOAK will deliver gas for your account onto the LDC system.

Who do I call in a gas emergency, like if I smell gas / have a leak? You will still call the local gas company / LDC, like ONG, CP or KGS, for any emergency, service call or turn on / off situation like you do currently.

Will PANOAK know how much gas my facility is using? YES, PANOAK will have the ability to monitor your daily gas usage through the LDC web-enabled measurement system.

Will an LDC, like ONG, CP or KGS, be upset if I purchase gas from PANOAK instead of them? NO, LDCs sponsor the CHOICE PROGRAM with the State's Corporation Commission to allow their customers consuming the required amount or more annually to buy their gas from third-party gas marketers on their system. They not only allow it, but they also encourage it because they make money on delivery and NOT the gas itself. You should call ONG's Amy Jenkins (ajenkins@ong.com) at 405-551-6560 or KGS's <http://www.kansasgasservice.com/en/CustomerCare/BusinessDevelopment/AccountRepresentatives.aspx>, or CP's Terri Pruitt (terri.pruitt@centerpointenergy.com) 501-377-4523 to verify. February 12, 2003 -- ONG President Sam Combs told the Oklahoma Corporation Commission, "Our business is gas delivery, not gas sales. ONG is not allowed by tariff regulations to profit from natural gas sales. It makes economic sense for ONG to deflect some gas expenses to more efficient 3rd party gas suppliers. Large-volume natural gas customers have long profited from the ability to buy gas from non-utility suppliers and pay ONG a transportations-only rate to the point of consumption. Since 2003, ONG has encouraged qualified smaller-

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volume natural gas customers to take advantage of the available savings by buying from non-utility gas suppliers. ONG promotes 3rd party supply of natural gas to help customers save money.”

How does the LDC, like ONG, CP or KGS, get paid? The LDC will continue to charge the same transportation and service fees, currently a portion of your gas bill, for the physical delivery of your gas supply, just like today.

Will the transportation and service fees increase because I’m buying gas from PANOAK? NO, these fees are the same no matter who supplies the gas and are dictated by the LDC’s pipeline tariff, like ONG’s Tariff 291T and 255T, on file with the State Corporation Commission and cannot change.

How will I get billed? You will receive a detailed bill from PANOAK showing monthly usage, unit cost of gas and the total amount due. The LDC, like ONG, CP or KGS, will send you a bill for their transportation services only. You will receive 2 separate bills following the switch, one for delivery and one for gas.

How does PANOAK obtain its gas supply? PANOAK controls its own gas supply. We have our own wells and equity gas supply representing numerous other gas producers as well as our own pipeline company connecting us to the major pipelines and gas suppliers all across North America.

Who at ONG can I contact for verification of this program? You should call ONG’s Amy Jenkins (ajenkins@ong.com) at 405-551-6560 or KGS’s Marion (<http://www.kansasgasservice.com/en/CustomerCare/BusinessDevelopment/AccountRepresentatives.aspx>), CP’s Terri Pruitt (terri.pruitt@centerpointenergy.com) 501-377-4523 to verify.

What is the First of Month Inside FERC INDEX Price? The Inside FERC (Federal Energy Regulatory Commission) INDEX is a monthly publication that reflects the average market price paid for gas supplies on different pipeline systems in the producing states. For example, Inside FERC publishes a monthly INDEX for OGT (ONEOK Gas Transportation), the upstream pipeline serving ONG. Gas Marketing companies like PANOAK base their customer pricing on the market price plus an agreed-to MARK UP.

Could a cost analysis be done by PANOAK to show the exact savings my company would realize by buying its gas through PANOAK? YES, simply give your current LDC (like ONG, CP or KGS) account number to PANOAK and we would be more than happy to put together a 12-month cost savings analysis for you.

See PANOAK Sales for more information. sales@panoak.com or call **1-877-PAN-OAKGAS**.

[CLICK HERE FOR A FREE QUOTE / COST SAVINGS ANALYSIS](#)

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