CURRENT QUARTER'S RATES

APPENDIX B

GAS COST ADJUSTMENT FACTOR FOR PURCHASED GAS

THE RATE ADJUSTMENT FOR THE FOLLOWING RATES SHALL BE ON THE BASIS OF A RATE TRACKING FACTOR, OCCASIONED SOLELY BY CHANGES IN THE COST OF PURCHASED GAS, IN ACCORDANCE WITH ORDER OF INDIANA UTILITY REGULATORY COMMISSION, APPROVED MAY 14, 1986, IN CAUSE NO. 37091, AS FOLLOWS:

APPLICABLE GAS COST ADJUSTMENT FACTOR

RATE	ACTUAL JANUARY 12	ACTUAL FEBRUARY 12	ESTIMATED MARCH 12
41-42-43-44	$(0.6044) / THERM	$(0.6293) / THERM	$(0.5851) / THERM

BASE RATES EFFECTIVE OCTOBER 15, 2007, IN ACCORDANCE WITH INDIANA UTILITY REGULATORY ORDER ISSUED UNDER CAUSE NO. 43209. THE BASE RATE COST OF GAS INCLUDED IN EACH OF THE ABOVE RATES IS STATED IN APPENDIX A – SHEET NO. 4-9

RATE	BASE RATE	ACTUAL JANUARY 12 ADJUSTED RATE	ACTUAL FEBRUARY 12 ADJUSTED RATE	ESTIMATED MARCH 12 ADJUSTED RATE
41	$1.4938/THERM	$0.8894/THERM	$0.8645/THERM	$0.9087/THERM
42	$1.2709/THERM	$0.6665/THERM	$0.6416/THERM	$0.6858/THERM
43	$1.1735/THERM	$0.5691/THERM	$0.5442/THERM	$0.5884/THERM
44	$1.7450/THERM	$1.1406/THERM	$1.1157/THERM	$1.1599/THERM

Breakeven costs for other fuels – JANUARY thru MARCH 2012

Following is the breakeven cost for various fuels when compared to the above rates, including adjustment for efficiency. No allowance is made for service charges. Natural gas is figured at 100,000 BTU per therm and 85% efficiency. "Breakeven cost" means the following fuels must be purchased at the indicated costs to be comparable to OVG's rates for natural gas during the effective period.

JANUARY, 2012				
Fuel – Heating Value – Efficiency	**Rate 41**	**Rate 42**	**Rate 43**	**Rate 44**
#2 OIL -133,000 BTU/Gal. - 63%	$ 0.88	$ 0.66	$ 0.56	$ 1.12
#6 OIL -152,000 BTU/Gal. - 63%	$ 1.00	$ 0.75	$ 0.64	$ 1.29
Propane – 91,500 BTU/Gal. - 85%	$ 0.81	$ 0.61	$ 0.52	$ 1.04
Electricity - 3413 BTU/KWH -100%	$ 0.0329	$ 0.0246	$ 0.0210	$ 0.0422
Coal - 26MM BTU/Ton - 55%	$ 151	$ 113	$ 96	$ 193
Wood - 22MM BTU/Cord - 55%	$ 127	$ 95	$ 81	$ 163

FEBURARY, 2012				
Fuel – Heating Value – Efficiency	**Rate 41**	**Rate 42**	**Rate 43**	**Rate 44**
#2 OIL -133,000 BTU/Gal. - 63%	$ 0.85	$ 0.63	$ 0.54	$ 1.10
#6 OIL -152,000 BTU/Gal. - 63%	$ 0.97	$ 0.72	$ 0.61	$ 1.26
Propane – 91,500 BTU/Gal. - 85%	$ 0.79	$ 0.59	$ 0.50	$ 1.02
Electricity - 3413 BTU/KWH -100%	$ 0.0320	$ 0.0237	$ 0.0201	$ 0.0413
Coal - 26MM BTU/Ton - 55%	$ 147	$ 109	$ 92	$ 189
Wood - 22MM BTU/Cord - 55%	$ 124	$ 92	$ 78	$ 159

MARCH, 2012				
Fuel – Heating Value – Efficiency	**Rate 41**	**Rate 42**	**Rate 43**	**Rate 44**
#2 OIL -133,000 BTU/Gal. - 63%	$ 0.90	$ 0.68	$ 0.58	$ 1.14
#6 OIL -152,000 BTU/Gal. - 63%	$ 1.02	$ 0.77	$ 0.66	$ 1.31
Propane – 91,500 BTU/Gal. - 85%	$ 0.83	$ 0.63	$ 0.54	$ 1.06
Electricity - 3413 BTU/KWH -100%	$ 0.0336.	$ 0.0254	$ 0.0218	$ 0.0429
Coal - 26MM BTU/Ton - 55%	$ 154	$ 116	$ 100	$ 197
Wood - 22MM BTU/Cord - 55%	$ 130	$ 98	$ 84	$ 166