

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the matter of the Regulation of the	:	
Purchased Gas Adjustment Clause	:	Case No. 04-221-GA-GCR
Contained Within the Rate Schedules of	:	Case No. 05-221-GA-GCR
Columbia Gas, Incorporated and Related	:	
Matters	:	

**MOTION TO INTERVENE AND COMMENTS
OF THE OHIO FARM BUREAU FEDERATION**

Now comes the Ohio Farm Bureau Federation (OFBF), and respectfully moves this Commission for leave to intervene in this matter pursuant to Section 4903.221 of the Ohio Revised Code and Rule 4901-1-11 of the Ohio Administrative Code. The OFBF has a real, direct and substantial interest in the matters to be addressed by the Commission herein, and is so situated that the disposition of this proceeding may impair or impede OFBF's ability to protect that interest. OFBF's interest in this proceeding is not represented by any existing party and granting its motion to intervene at this time will not unduly delay these proceedings or unjustly prejudice any party. A memorandum in support of this motion and related comments are attached.

Respectfully Submitted,



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MOTION TO INTERVENE

I. INTRODUCTION

On January 2, 2004 and January 12, 2005, the Commission opened the 2004 and 2005 gas recovery dockets, now consolidated, to review the operation of the purchased gas adjustment clause and the gas purchasing practices and policies of Columbia Gas of Ohio, Incorporated (COH). In the usual GCR proceeding, OFBF has no need to participate because its interests are not necessarily impacted. Here however, the circumstances are different. Many of the factors related to this proceeding are a result of OFBF participation in collaborative discussions with COH and 11 other parties representing energy service providers, local governments, schools and industries as listed in the 2004 Stipulation. Procedures and projections outlined in the 2004 Stipulation detail the transition from the GCR to a fully functioning, market-based, customer choice program.

The report on the management/performance audit filed in this docket raise questions on elements of this transition process. Many of these concerns are being examined by the Ohio Consumers' Counsel. As a member organization representing farm, small business and residential energy consumers and as a signatory to the 2004 Stipulation, OFBF finds itself forced to protect its direct and substantial interest on behalf of its members and their ability to purchase cost-effective gas supplies that the GCR function and the transition to a fully functioning, customer choice program is designed to achieve.

II. INTERVENTION

Rule 4901-1-11 (B) of the Ohio Administrative Code states that upon timely motion, any person shall be permitted to intervene in a proceeding upon showing that: ***(2) The person has a real and substantial interest in the proceeding, and the person is so situated that the disposition of the proceeding may, as a practical matter, impair or impede his or her ability to protect that interest, unless the person's interest is adequately represented by existing parties.

The Ohio Farm Bureau Federation has proven experience working with consumers, energy service providers and COH by administering two self-help natural gas aggregation programs. One program was for larger agribusinesses eligible to use COH's general transportation service provisions, and the other used COH's customer choice program provisions to help farm, small business and residential users. Each program helped participants control gas fuel costs. Accordingly, OFBF was invited to participate as one of the original members of what has come to be described as the Columbia Collaborative, a group of interested parties – industrial, commercial and residential energy consumers, local governments, schools, energy service providers, the Staff of the Commission and Staff of the Ohio Consumers Counsel - that worked together with COH to create strategies, resolve differences, and address concerns as it established what is now marketed by COH as the CHOICE program.

Based on its self-help gas program work and as an established member of the Columbia Collaborative, the OFBF brings with it considerable experience and involvement. OFBF's participation in this process will not delay the proceeding or unjustly prejudice other parties. The organization's unique experience and appreciation for the needs of consumers, energy service providers and the utility in this process cannot be adequately represented by existing parties. Accordingly, the organization's input would contribute to a fair, equitable and timely resolution of the issues to be addressed.

III. CONCLUSION

For the reasons detailed above, the Ohio Farm Bureau Federation respectfully requests that its Motion to Intervene be granted.

COMMENTS ON PROCEEDING

Estimated Transition Projections Are Inaccurate and Should be Addressed

The 2004 Stipulation, as amended and approved by the Commission, is a result of a pioneering collaborative process involving industrial, commercial and residential energy consumers, local governments, schools, energy service providers, the Staff of the Commission, Staff of the Ohio Consumers Counsel and Staff of COH. Group effort helped create the COH CHOICE program. This approach involved research, investigation, negotiation and accord on a variety of complex issues. The focus of the collaborative was to establish a process where the GCR function would transition to a market-based, customer choice program.

During the course of their work, collaborative members discussed pipeline and storage capacity re-contracting and new gas transfer service options. Issues between COH, energy service providers and many of its customers about conditions when the utility was entitled to issue operational flow and matching orders and possible redesign of COH's volume banking and balancing rates and services were examined and addressed. Collaborative group members created an approach that would ensure that the utility would be able to address stranded cost issues related to the GCR function. Group effort helped create a variety of options and programs for energy service providers to serve customers. Member representation and input helped establish procedures that ensured consumer access to cost-effective and competitive gas supply options without being burdened with excessive transition costs.

Collaborative decisions laid the foundation of the initial years of the CHOICE program and detailed a transition process encompassing 2004-2008. The results of many of these negotiations are now being examined in this case brought before the Commission.

The Ohio Farm Bureau Federation has reviewed Prepared Testimony and Motions to Intervene and Comments as filed in this case as matters of public record and docketed by the Commission. OFBF's concern with this case is as follows:

Estimated Transition Projections: The 2004 Stipulation was designed to provide COH with an incentive to increase CHOICE participation levels. This incentive is through a revenue sharing mechanism from off-system sales and capacity release transactions which allowed COH greater revenue share as CHOICE participation increased. As detailed in Attachment 3(a) of the 2004 Stipulation, as modified on April 9, 2004, key CHOICE program transition costs were to be addressed based on increased customer participation in the program. Projections shown on the Attachment predict a 62 percent eligible customer participation rate in 2005; topping out at maximum 82 percent participation rate in 2007 – 2010.

As discussed in Prepared Testimony of Bruce Hayes (November 7, 2006) and referenced in the Deposition Transcript of Heather Bauer (October 18, 2006), the actual Choice participation rate for the first year of the process was 36.1 percent, well below the projected levels.

As this actual trend continues, it reveals that the agreed upon transition plan and incentives are not working at their anticipated levels. Accordingly, the balance whereby the utility would be able to recoup stranded costs from the GCR function by promoting greater CHOICE participation with ensuring that eligible customers would be able to enroll in CHOICE while realizing minimal overall transition costs would be in jeopardy.

The Ohio Farm Bureau Federation recognizes the fact the Commission has the ability and authority to terminate the program as detailed in the 2004 Stipulation. However, the organization does not support this option. We do suggest and support that the Commission order implementation of the recommendations:

Order COH to Reconvene the Collaborative: The Collaborative has not met as a group for over three years. Regular meetings and reports would have identified this trend sooner, generating the need for appropriate action as it materialized. Collaborative participation could help insure that the transition's benefit balance between the utility and eligible customers would be maintained and any discrepancies in payments/costs created by the difference between actual and predicted trends could be addressed.

Investigate and Possibly Recommend Different Transition Strategies: Other utilities, service providers and consumers throughout the United States are working on other methods that are taking their incumbent utility through the GCR function, creating a Standard Service Offer and giving approved energy service providers more options and responsibilities to serve eligible customers. End result – consumers learn more about customer choice and gradually increase participation in these programs. The Collaborative could be the group that researches this approach for use by COH.

Thank you for your time and consideration.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing document was served this 22nd day of January 2007 upon the following persons via first class

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