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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO	
In the Matter of the Self-Complaint of ) Columbia Gas of Ohio, Inc. Concerning ) Certain of Its Existing Tariff Provisions. ) PUCO Case No. 93-1569-GA-SLF	
In the Matter of the Joint Petition of ) Columbia Gas of Ohio, Inc. and ) Suburban Natural Gas Company for ) Approval of an Agreement to Transfer ) Certain Facilities and Customers. )	
In the Matter of the Joint Application of ) Columbia Gas of Ohio, Inc. and ) Suburban Natural Gas Company for ) Approval of Certain Tariff Modifications. )	

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# MOTION TO REOPEN AND FOR ENFORCEMENT OF FINDING AND ORDER ENTERED JANUARY 18, 1996 IN SUBJECT PROCEEDINGS APPROVING JOINT STIPULATION AND RECOMMENDATION

Suburban Natural Gas Company ("Suburban"), by its attorneys, and pursuant to Section C, Paragraph 5 of the Second Amended Joint Petition, Application, and Stipulation and Recommendation (the "Stipulation") filed and approved in the abovedocketed proceedings on November 9, 1995 and January 18, 1996, respectively, and attached hereto as Exhibit A, respectfully moves the Commission for an order reopening the subject proceedings and:

(1) directing Columbia Gas of Ohio, Inc. ("Columbia") to cease and desist from engaging in practices and operations which violate the Stipulation and the Commission's Finding And Order approving the Stipulation within the area affected by the Stipulation, to-wit:

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(a) constructing facilities duplicating Suburban's facilities
 for the purpose of providing service to developers,
 builders, customers, and/or prospective customers
 within the area affected by the Stipulation; and

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- (b) offering marketing incentives, direct payments, and similar inducements to developers, builders, customers, and/or prospective customers within the area affected by the Stipulation to induce them to procure natural gas service from Columbia rather than from Suburban in violation of the Stipulation and Sections 4905.30, 4905.32, 4905.33, and 4905.35 of the Ohio Revised Code;
- (2) directing Columbia to transfer the aforesaid duplicating facilities to Suburban or, in the alternative, ordering Columbia to abandon such facilities and to withdraw service provided therefrom upon the institution of service to such customers by Suburban and to remit the payments received from such customers, less payments related to the procurement and delivery of natural gas to such customers, to Suburban; and
- (3) providing such further relief as the Commission deems necessary or appropriate, including a specific finding of violation under Section 4905.61 of the Ohio Revised Code relating to actions for treble damages.

In the alternative, Suburban respectfully requests that its motion and supporting memorandum be treated as a complaint pursuant to Section 4905.26 of the Ohio Revised Code.

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Respectfully submitted,

CHESTER, WILLCOX & SAXBE LLP

By John W/ Bentine (0016388)

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ATTORNEYS FOR SUBURBAN NATURAL GAS COMPANY

# MEMORANDUM IN SUPPORT OF MOTION

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**History Of These Proceedings** 

The subject proceedings represent the culmination of litigation originally commenced by Suburban against Columbia in 1986 in PUCO Case No. 86-1747-GA-CSS alleging that Columbia was offering service and facilities and/or service at reduced rates to selected customers or prospective customers when engaged in competition with Suburban in Hancock, Henry, and Wood Counties, Ohio in violation of Sections 4905.30, 4905.32, 4905.33, and 4905.35 of the Ohio Revised Code and various provisions of Columbia's PUCO tariff. (See Complaint filed August 29, 1986, as

amended on October 22, 1986.) After extensive pleadings and briefs and oral hearing, the Commission issued a 29-page <u>Opinion And Order</u>, a copy of which is attached as Exhibit B, finding in Suburban's favor on all of the allegations of the complaint except one and ordering Columbia to uniformly comply with its published tariffs, specifically finding, as a matter of law, that Columbia had violated Sections 4905.30, 4905.32, 4905.33, and 4905.35 of the Ohio Revised Code as alleged in the complaint.

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On September 21, 1987, Columbia filed an application to amend its tariffs in PUCO Case No. 87-1528-GA-ATA. On October 1, 1987, Suburban filed its motion to intervene and requested oral hearing on the application. The purpose for the application was to remove language restricting Columbia from providing the services and facilities which formed the basis for the Commission's findings and order in Case No. 86-1747-GA-CSS. Said application did not and could not seek to exempt Columbia from the requirements of Sections 4905.30, 4905.32, 4905.33, or 4905.35 which the Commission also found to have been violated by Columbia in Case No. 86-1747-GA-CSS. Again, after extensive pleadings, oral hearings, and negotiations, a revised application was approved by the Commission on December 8, 1987. That application removed the restrictive language which formed the basis for the Commission's findings in Case No. 86-1747-GA-CSS that Columbia was violating its PUCO tariff but incorporated the following language specifically to satisfy Suburban's objections to the application as originally filed:

The Company shall not provide or pay, directly or indirectly, the cost of customer service lines when competing with another regulated natural gas Company, unless such Company offers to provide or pay for customer service lines, directly or indirectly, or unless such assistance is essential to induce a prospective customer to utilize natural gas rather

than an alternate source of energy. [Columbia's PUCO Tariffs, Section 23 (b) (Fourth Revised Sheet No. 6).]

The same language was incorporated into Section 28 (Fifth Revised Sheet No. 7) and Section 29 (Fifth Revised Sheet No. 7) of Columbia's PUCO Tariffs; and Section 23(b) (Section III, Original Sheet No. 1), Section 27 (Section III, Original Sheet No. 2), and Section 28 (Section III, Original Sheet Nos. 2 and 3) of Suburban's PUCO Tariffs.

On February 1, 1988, Suburban acquired access to a six-inch, high pressure pipeline traversing southeastern Marion County, all of Delaware County, and the northern portion of Franklin County, Ohio through a lease agreement with ARCO Pipe Line Company (the "ARCO Line") which was submitted to and approved by the Commission. Following a six-month construction and start-up period, Suburban began soliciting customers for this pipeline, more than 90% of which traversed areas not served by any natural gas distribution company. Suburban's initial investment in the ARCO Line exceeded several millions of dollars.

Early in the process of developing service to the area to be served from the ARCO Line, Suburban encountered resistance from Columbia. While, initially, Columbia's reactions were covert and were directed at denying or eliminating Suburban's access to additional gas supply and pipeline capacity,<sup>1</sup> eventually Columbia began overtly to violate the foregoing tariff limitations against providing the specified services and/or facilities when engaged in competition with Suburban by offering to provide and providing cash and other so-called marketing incentives and facilities to developers, builders, customers, and/or prospective customers to induce them to take

<sup>&</sup>lt;sup>1</sup> See, for example, the bargain sale by Columbia Gas Transmission Corporation to Columbia Gas of Ohio, Inc. of more than 30 miles of pipelines and related facilities and properties in Franklin and Delaware

natural gas service from Columbia rather than Suburban and by otherwise engaging in activities in violation of the aforesaid sections of the Ohio Revised Code. Moreover, these tariff and statutory violations persisted despite Suburban's objections and the furnishing to Columbia of evidence of specific instances where violations had occurred or were occurring. During all of this period, Suburban refrained from offering and refused to offer similar payments and "incentives" even when doing so would have procured the development, builder, or customer for Suburban instead of Columbia.

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In early 1993, Columbia's unlawful marketing efforts reached a pinnacle when it constructed a two-mile pipeline, wholly duplicating Suburban's existing pipeline, to serve a proposed new development located north of Old Powell Road near the intersection of South Old State Road in Delaware County, Ohio known as "Oak Creek." This line extension was constructed at no cost to the developer as had been the line extension constructed in PUCO Case No. 86-1747-GA-CSS for C & C Fabrication, Inc. north of Bowling Green, Ohio. The Oak Creek development had been committed to Suburban, and Suburban was identified on construction and zoning plans and drawings submitted by the developer to Orange Township as the natural gas distribution company committed to serve the development. Suburban had distribution lines on both road frontages bounding the proposed development. Nevertheless, the builder to whom the development was ultimately sold was induced by Columbia to take service from Columbia rather than Suburban by the provision of the aforesaid line extension and other marketing incentives which violated the foregoing tariff limitations, as well as the

Counties, Ohio in FERC Docket No. CP88-782-000, a copy of the notice of which is attached as Exhibit C, from which Suburban had requested service shortly after acquiring access to the ARCO Line.

aforesaid provisions of the Ohio Revised Code.<sup>2</sup> As the direct result of Columbia's actions with respect to the Oak Creek development, Suburban engaged special counsel to initiate federal and state antitrust litigation and pursue a second PUCO complaint.<sup>3</sup> It was the threat of this litigation which ultimately resulted in the Stipulation approved by the Commission in the instant cases.

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#### The Stipulation

The mere fact that from date of filing (September 17, 1993) to date of completion (January 18, 1996) nearly two and a half years were required to obtain approval of the Stipulation from the Commission signifies the importance and complexity of the issues presented by the parties for resolution by the Commission. During this period, the Commission's staff and individual Commissioners themselves were directly involved in tailoring the Stipulation which required three separate drafts—the joint stipulation filed May 23, 1994; the amended stipulation filed September 30, 1994; and the second amended stipulation filed November 9, 1995.<sup>4</sup> The Stipulation, accordingly, is entitled to great weight, not only with respect to terminating the litigation contemplated at that

<sup>&</sup>lt;sup>2</sup> It is noteworthy that the construction of the Columbia line and its aggressive pursuit of the Oak Creek development followed on the heels of Columbia's unsuccessful attempt to purchase from Suburban the pipelines and facilities Suburban had in place to serve this development.

<sup>&</sup>lt;sup>3</sup> The Commission specifically noted in Case No. 86-1747-GA-CSS that its jurisdiction did not extend to matters involving antitrust and specifically disclaimed any intention to insulate the parties from such actions in approving the Stipulation in these proceedings. See twelfth ordering paragraph in January 18, 1996 Finding and Order.

<sup>&</sup>lt;sup>4</sup> See fifth WHEREAS clause of the Stipulation noting the Commission's active supervision of the parties' efforts to resolve the issues in these proceedings.

time but with regard to averting future litigation involving the same or similar issues between the parties.

The principal issue dividing the Commission in considering the parties' proposed resolution of their competitive dispute and the proposed rationalization of their distribution systems in Delaware and Franklin Counties was the extent to which the parties could agree not to compete with each other. Both parties had engaged and both were represented by experienced antitrust lawyers in developing the joint stipulation filed May 23, 1994 which contained covenants not to compete in specified areas in the vicinity of the facilities to be transferred and restrictive covenants regulating competition within broader areas of Delaware County.

While the Commission, as a whole, was prepared to approve this stipulation, one of the Commissioners strongly objected to the precedential impact of approving essentially exclusive service areas for competing natural gas companies in an era when the Commission was actively promoting deregulation and competition within the Ohio public utility industry as a whole. Accordingly, the parties prepared and filed the amended joint stipulation dated September 30, 1994, which removed these provisions from the stipulation to be approved by the Commission and incorporated them, instead, into an ancillary agreement between the parties. To further satisfy the objecting Commissioner, the parties agreed to dispense with the ancillary agreement which resulted in approval of the second amended stipulation filed November 9, 1995 by the Finding and Order entered January 18, 1996.

#### Grounds For Reopening

While the second amended stipulation contained no express covenant not to compete, it expressly recognized that it was intended to be a "resolution of (the parties) competitive dispute and rationalization of their distribution systems (in Delaware and Franklin Counties). . ." See, Second Amended Joint Stipulation at p. 2. For more than a decade, Columbia and Suburban acknowledged and abided by the intended purpose of the joint stipulation and Suburban relied upon Columbia's acquiescence in that resolution. Furthermore, the Stipulation accomplished its intended purpose. Columbia and Suburban have competed not only in Delaware County in areas outside the area addressed by the Stipulation but in Hancock and Wood Counties as well. Competition in Franklin County was eliminated entirely by the sale and transfer of that portion of the ARCO Line lying within that county pursuant to the Stipulation and the Commission's order in these proceedings, and Suburban has not attempted to reenter that county. That portion of the ARCO Line lying within Franklin County was available for service to such major industrial accounts as Worthington Steel Corporation, Liebert Corporation, and Anheuser-Busch, and the transfer of that line totally insulated Columbia from competition for these accounts from Suburban or any other natural gas distribution company for that matter. Its transfer was a material inducement to Columbia to transfer to Suburban not just the duplicating pipeline constructed to serve Oak Creek but all of its competitive facilities within the area affected by the Stipulation; and the transfer of Columbia's Orange Township facilities was intended, in like manner, to insulate Suburban from competition by Columbia in the area affected by the Stipulation in

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Delaware County. Any other interpretation of these transfers would render these portions of the Stipulation meaningless since Suburban would otherwise have very little to gain by this exchange.

Now, however, Columbia has opted to engage in conduct which contravenes the terms and intent of the stipulation. Attached as Exhibit D is a copy of a letter dated August 24, 2007 from Suburban's Chairman of the Board to Columbia's President and CEO advising of Suburban's concern regarding Columbia's proposed service to a development located within the area affected by the Stipulation, the initial portion of which is served by Suburban. The proposed line extension traversed that portion of the subdivision served by Suburban and duplicated Suburban's facilities. Attached as Exhibit E is Suburban's further letter of August 30, 2007, supplementing its letter of August 24, 2007 and proposing a resolution of the problem. Despite the opportunity to avoid raising issues clearly within the purview of the Stipulation approved in these proceedings, Columbia opted to proceed with this project.

Attached as Exhibit F is a copy of a letter dated November 20, 2007 from Suburban's Chairman of the Board to Columbia's President and CEO addressing a second situation within the area affected by the Stipulation. Attached as Exhibit G is a copy of Columbia's response. Based on Columbia's response, Suburban has no alternative but to seek enforcement of the Stipulation filed and approved in this case over which the Commission specifically retained continuing jurisdiction.

### Conclusion

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Columbia is violating the Stipulation approved in these proceedings on January 18, 1996. The Commission retained continuing jurisdiction in these proceedings to ensure the parties' compliance with the Stipulation (see Section C, Paragraph 5 of the Stipulation). Accordingly, the Commission should reopen these proceedings, hold such hearings as it deems necessary, and grant the relief requested herein. In the alternative, Suburban respectfully requests that its motion and supporting memorandum be treated as a complaint pursuant to Section 4905.26 of the Ohio Revised Code and that proceedings be held in accordance with that section.

Respectfully submitted,

CHESTER, WILLCOX & SAXBE LLP

By

John W. Bentine (0016388) Stephen C. Fitch (0022322) 65 East State Street, Suite 1000 Columbus, OH 43215-4213 Telephone: (614) 221-4000 Facsimile: (614) 221-4012 E-mail: jbentine@cwslaw.com E-mail: sfitch@cwslaw.com

ATTORNEYS FOR SUBURBAN NATURAL GAS COMPANY

# CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing Motion to Reopen was served upon Daniel A. Creekmur, attorney for Columbia Gas of Ohio, Inc., P. O. Box 117, Columbus, Ohio 43216-0117, by regular U.S. mail, postage prepaid, this 11th day of December, 2007.

Staphen C. J. J.

ND: 4814-4090-0354, v. 4ND: 4814-4090-0354, v. 2

	EXHIBIT
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# BEFORE

#### THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Self-Complaint of Columbia Gas of Ohio, Inc. Concerning Certain of Its Existing Tariff Provisions.

In the Matter of the Joint Petition of Columbia Gas of Ohio, Inc. and Suburban Natural Gas Company for Approval of an Agreement to Transfer Certain Facilities and Customers.

In the Matter of the Joint Application of Columbia Gas of Ohio, Inc. and Suburban Natural Gas Company for Approval of Certain Tariff Modifications. Case No. 93-1569-GA-SLF

Case No. 94-938-GA-ATR

Case No. 94-939-GA-ATA

#### FINDING AND ORDER

The Commission finds:

(1) On September 17, 1993, Columbia Gas of Ohio, Inc. (Columbia) filed a self-complaint with the Commission, pursuant to Section 4905.26, Revised Code. Columbia requested a declaration of the interpretation and application of a clause which appears in its tariff in Sections 23(b), 28, and 29. The relevant clauses state that Columbia is prohibited from paying for customer service lines, house piping, and appliances in instances when it is competing with another regulated natural gas company that elects not to offer similar incentives, unless such assistance is essential to induce prospective customers to use natural gas rather than some other form of energy.

Columbia believes that its tariff did not prohibit it from offering incentives when it competed for and won the ability to service a residential subdivision in Delaware County, Ohio, in the fall of 1993. One of its competitors, Suburban Natural Gas Company (Suburban) questioned Columbia's authority to offer the incentives. Thereafter, Columbia filed the instant self-complaint. Columbia requested that the Commission find that Columbia's tariff provisions do not prohibit it from providing incentives

# 93-1569-GA-SLF - 94-938-GA-ATR 94-939-GA-ATA

in connection with service to the subdivision and to builders of residential dwellings in central Ohio. In the alternative, Columbia requested that it be permitted to delete those portions of its tariff.

- (2) On October 19, 1993, Suburban filed a motion to intervenc. The attorney examiner granted Suburban's motion to intervene on December 6, 1993.
- (3) Columbia and Suburban are natural gas companies and public utilities, pursuant to Sections 4905.02 and 4905.03(A)(6), Revised Code. Therefore, they are subject to the jurisdiction of the Commission. Columbia serves residential, commercial, and industrial customers in numerous Ohio counties, including Delaware and Franklin counties. Suburban serves residential and commercial customers in six Ohio counties, including Delaware and Franklin counties.
- (4) On May 23, 1994, the parties filed a 'Joint Petition, Application, and Stipulation and Recommendation'. The parties reached an agreement in settlement of the self-complaint case, agreeing to transfer certain facilities and customers, contingent upon several conditions. At the same time, the parties filed a joint petition for approval of their agreement to transfer certain facilities and customers, pursuant to Section 4905.48, Revised Code, (Case No. 94-938-GA-ATR) and a joint application for approval of certain tariff modifications, pursuant to Section 4909.18, Revised Code, (Case No. 94-939-GA-ATA).
- (5) On September 30, 1994, as clarified and supplemented on October 20, 25, November 2 and 3, 1994, the parties filed an "Amended Joint Petition, Application, and Stipulation and Recommendation".
- (6) Thereafter, the parties entered into new negotiations. On November 9, 1995, the parties filed a "Second Amended Joint Petition, Application, and Stipulation and Recommendation" (second amended stipulation). Pursuant to the terms of the second amended stipulation, Columbia and Suburban have agreed to buy and sell to one another certain facilities and rights that are used to provide service to approximately 270 residential and commercial

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# 93-1569-GA-SLF - 94-938-GA-ATR 94-959-GA-ATA

customers in Franklin and Delaware counties. Each compary has also agreed to relinquish its right to service its customers who are currently receiving service from the involved facilities and to assume responsibility for providing service to the other company's affected customers. Essentially, the parties are exchanging customers, as a result of purchasing and selling to one another the various facilities and equipment. The parties also jointly request, pursuant to Section 4909.18, Revised Code, authority to modify their tariffs in order to delete the references which restricted them from providing or paying for customer service lines, house piping, and appliances when competing with another regulated natural ras company. Lastly, the parties agree to execute the releases and covenants not to sue that are attached to the stipulation. The particular terms and conditions of the agreement are set forth in the agreement which is attached to this Finding and Order.

The parties have indicated that: (1) there will be no decline in the quality or character of service presently provided to their customers, (2) no customer currently receiving service will fail to receive service following the transfer, (3) the customers' rates will be those currently authorized by the Commission, (4) the companies' rates are essentially the same, and (5) the companies will notify the affected customers by letter and by public meeting, prior to the transfer and by letter after the transfer is complete. Copies of the form notification letters were filed with the Commission on October 25, 1994, November 3, 1994, and December 4, 1995.

(7) By entry issued December 7, 1995, as clarified and modified by entry on reheating issued December 14, 1995, the Commission directed the companies to send a letter describing their proposed transfer and exchange of certain facilities and customers to each of the potentially affected customers on or before December 18, 1995. The Commission also required the companies to publish notice of the proposal one time by December 22, 1995, and file proof of the publication by January 8, 1996. The Commission determined that, before it took the second amended stipulation under consideration, the potentially affected customers should have the opportunity to file written

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# 93-1569-GA-SLF - 94-938-GA-ATR 94-939-GA-ATA

comments and request a public hearing in these matters by January 8, 1996.

(8) The Commission received two written comments, in which customers of Columbia, Mr. Brian Farrell and Mrs. Marie Heter, stated that they like Columbia's service and do not wish to be switched. Mr. Farrell further stated that he cannot attend a public hearing because of health problems. Mrs. Heter further stated that she does not want to pay more for the same usage.

The companies filed proof of the publication on January 8, 1995. Also, Columbia filed a affidavit affirming that the customer letters were sent in accordance with the Commission's directives on January 8, 1996. Suburban filed a similar certification on January 9, 1996.

(9) The Commission has reviewed the written comments and determined that a public hearing should not be scheduled. Mr. Farrell indicated that he cannot attend such a hearing and Mrs. Heter did not request one. Thus, it appears unnecessary to schedule a hearing. We do not believe that a need for a public hearing has been demonstrated in the comments. We will, nevertheless, consider the comments in deciding these cases. Accordingly, we will review this matter based upon the information in the record.

The Commission has reviewed the petition to sell and purchase property and business, the supporting documentation, the comments, and the record. The Commission finds that the petition is reasonable and should be granted. The Commission is satisfied that the transfer of property and business will not impair the quality of service presently provided by either company and that adequate service will continue at reasonable rates. Furthermore, the Commission notes that Suburban has now agreed to use Columbia's rates for those customers affected by the transfers until the completion of either company's next base rate case. *See*, Suburban's application for Rehearing of December 11, 1995. Thus, the customers of Columbia who are being transferred to Suburban, such as

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Mrs. Heter, will be charged the same rates until the completion of either companies' next rate case. The Commission finds that the second amended stipulation, with the additional provision set forth above, is a reasonable resolution of the parties' dispute. The companies shall record all transactions affected by these applications, including but not limited to, each company's respective sale and purchase of assets, in accordance with the Federal Energy Regulatory Commission's Uniform System of Accounts for Gas Companies as adopted by this Commission.

We will accept the proposed tariff changes of November (10)9, 1995, with the additional provision regarding Suburban's rates set forth ... Finding (9), as part of an overall settlement package. Nevertheless, our action should not be viewed as endorsing any particular practice of the companies, but rather, as merely accepting, for purposes of settlement, removal of language which has been unclear and caused litigation. The Commission expects to continue to review the companies' practices in this area. Nothing in our acceptance of this stipulation should be interpreted as precluding the Commission's ability to review and limit the practices or take other remedial actions when the activities described in the tariff are under. taken in a manner which violates Section 4905.33, Revised Code, or other pertinent sections of the Revised Code. See, Youngstown Thermal Limited Partnership v. Ohio Edison Company, Case No. 93-1408-EL-CSS (August 31, 1995).

(11) Further, the Commission has reviewed the proposed initial customer notification letters as revised on November 3, 1994. The Commission finds that that letter is no longer necessary, given the customer notice and publication that occurred in December 1995. The companies may hold a public meeting, if they wish, but we will not require one. The letters that the companies have proposed to send to their new customers upon completion of the transfer and prior to the first bill are approved, as proposed on December 4, 1995. Furthermore each company should file with the Commission a sample copy of that customer letter, including attachments and enclosures, after the mailing has been made.

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- (12) Moreover, we direct the companies to work with Mr. Farrell and Mrs. Heter to ensure that the transfer of their service from Columbia to Suburban is as nondisruptive as possible.
- (13) Our approval of this stipulation does not constitute state action for purposes of the antitrust laws. It is not our intent to insulate the parties to the stipulation from the provisions of any state or federal law which prohibit the restraint of trade.

It is, therefore,

ORDERED, That the second amended stipulation of the parties, with the additional provision regarding Suburban's rates set forth in Finding (9), is adopted in accordance with the above findings. It is, further,

ORDERED, That the parties comply with the above directives. It is, further,

ORDERED, That Case Nos. 93-1569-GA-SLF, 94-938-GA-ATR, and 94-939-GA-ATA are closed of record. It is, further,

ORDERED, That Columbia and Suburban are authorized to transfer to one another certain property and customers, in accordance with the terms and conditions set forth in the second amended stipulation. It is, further,

ORDERED, That the companies shall record all transactions affected by these applications, including but not limited to, each company's respective sale and purchase of assets, in accordance with the Federal Energy Regulatory Commission's Uniform System of Accounts for Gas Companies as adopted by this Commission. It is, further;

ORDERED, That the proposed tariff revisions, as amended by Columbia and Suburban and specified in Finding (10), are approved. It is, further,

ORDERED, That Columbia is authorized to file in final form six complete printed copies of the approved tariff revisions. One copy shall be filed in each of the following dockets: Case Nos. 93-1569-GA-SLF, 94-938-GA-ATR, 94-939-GA-ATA, and Columbia's "TRF" docket. The remaining two copies shall be designated for distribution to the Commission staff. It is, further,

ORDERED, That Suburban is authorized to file in final form six complete printed copies of the approved tariff revisions. One copy shall be filed in each of the

# 93-1569-GA-SLF - 94-938-GA-ATR 94-939-GA-ATA

following dockets: Case Nos. 93-1569-GA-SLF, 94-938-GA-ATR, 94-939-GA-ATA, and Suburban's "TRF" docket. The remaining two copies shall be designated for distribution to the Commission staff. It is, further,

ORDERED, That the effective date of the proposed tariffs shall be a date not earlier than both the date of this Finding and Order and the date upon which the six complete, printed copies of final tariffs are filed with the Commission by both companies. The new tariffs shall be effective for services rendered on or after such effective date. It is, further,

ORDERED, That Columbia and Suburban shall notify their new customers upon completion of the transfer and prior to the first bill, as proposed on December 4, 1995. Each company shall file with the Commission a sample copy of that customer letter, including attachments and enclosures, after the mailing has been made. It is, further,

ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That our approval of this stipulation does not constitute state action for purposes of the antitrust laws. It is not our intent to insulate the parties to the stipulation from the provisions of any state or federal law which prohibit the restraint of trade. It is, further,

ORDERED, That a copy of this Finding and Order be served upon the parties and their counsel.

THE PUBLIC UTILITIES COMMISSION OF OF Craig A. Glazer, Chairman Jolynn Bar v Butler Richard M. Fane Ronda Hartman Fergus David W. Johnson

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# THE PUBLIC UTILITIES COMMISSION OF ONIO NOV

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In the Matter of the Self-Complaint of Columbia Gas of Ohio Concerning its Existing Tariff Provisions.

In the Matter of the Joint Petition of Columbia Gas of Ohio, Inc. and Suburban Natural Gas Company for Approval of an Agreement to Transfer Certain Facilities and Customers.

In the Natter of the Joint Application of Columbia Gas of Ohio, Inc. and Suburban Natural Gas Company for Approval of Certain Tariff Modifications. Case No. 94-938-GA-ATR

Case No. 93-1569-GA-SLF

Case No. 94-939-GA-ATA

#### SECOND AMENDED JOINT PETITION, APPLICATION, AND STIPULATION AND RECOMMENDATION OF COLUMBIA GAS OF ONIO, INC. AND SUBURBAN NATURAL GAS COMPANY

Now come COLUMBIA GAS OF OHIO, INC. (hereinafter "Columbia") and SUBURBAN NATURAL GAS COMPANY (hereinafter "Suburban") (both of which are collectively referred to as "the Parties") and submit their Second Amended Joint Petition, Application, and Stipulation and Recommendation (hereinafter jointly referred to as "the Stipulation") in the above-captioned proceedings.

WHEREAS, Columbia and Suburban are public utilities and natural gas companies, as defined by R. C. §§ 4905.02 and 4905.03, and are therefore subject to the regulatory jurisdiction of the Public Utilities Commission (hereinafter "Commission");

> This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business. Tachnician <u>Anna M histor</u> Date Processed <u>A.OV. ID. 19</u>()

and

WHEREAS, Columbia filed a self-complaint with the Commission on September 17, 1993 in Case No. 93-1569-GA-SLF, pursuant to R. C. § 4905.26, seaking to resolve an existing controversy with Suburban involving competition between the Parties in certain areas of Ohio; and

WHEREAS, Suburban has been granted leave to intervene in, and is a party to, that proceeding; and

WHEREAS, Ohio Administrative Code Rule 4901-1-30 provides that any two or more parties may enter into a written stipulation concerning the issues presented in any Commission proceeding; and

WHEREAS, the Commission, through meetings conducted by its Attorney Examiner and Staff, has actively supervised the Parties' resolution of their competitive dispute and rationalization of their distribution systems (in Delawars and Franklin Counties) in the public interest by means of agreement rather than adversary procedure; and

WHEREAS, the Parties are willing to agree, subject to the consent and approval of the Commission as more fully described herein, to (1) the transfer of certain customers and facilities between the Parties and (2) the modification of certain tariff provisions which are currently contained in the Parties' tariffs on file with this Commission; and

WHEREAS, said agreement, if approved by the Commission in the manner described herein, would resolve all contested issues in Case No. 93-1569-GA-SLF and terminate the proceedings in that case.

NOW, THEREFORE, the Parties hereby stipulate and recommend that the Commission:

(1) Grant the Joint Petition of the Parties for approval of the Agreement embodied in this Stipulation, pursuant to R. C. § 4905.48 (as more fully described in Section A, <u>infra</u>); and

(2) Grant the Joint Application of the Parties to . modify their existing tariff provisions.

# A. <u>BECOND ANENDED JOINT PETITION FOR APPROVAL OF AGREEMENT TO</u> TRANSFER CUSTOMERS AND FACILITIES

1. The Parties are willing to enter into an agreement as set forth herein to transfer certain customers and facilities located in the Counties of Franklin and Delaware, State of Ohio, subject to the active supervision, direction, and consent and approval of the Commission pursuant to R.C. § 4905.48.

2. Under the Agreement, Suburban would convey to Columbia all right, title, and interest in the following natural gas pipelines, along with any connected meters, regulators, appurtemant facilities, and any associated easements or rightsof-way or similar interests in real property on or through which such pipeline being transferred lies:

- a. That portion of the "ARCO" pipeline, a six-inch steel pipeline which is currently leased by Suburban from Atlantic Richfield Company, which lies in Franklin County south of Laselle Road;
- b. That portion of Suburban's pipeline which runs west from the western boundary of the Olentangy High School property on Lewis Center Road across U. S. Route 23; then south along U. S. Route 23 to Home Road where the pipeline terminates; and

c. Suburban's pipeline which runs West of Braumiller along Cheshire Road.

3. In connection with the sale and transfer of such pipelines and other facilities, Columbia would acquire the right and obligation to render natural gas service to all customers currently served by Suburban from such facilities, and Suburban would have no further rights or obligations in that regard. The names and addresses of such customers are set forth in Exhibit 1 hereto.

4. Under the Agreement, Columbia would convey to Suburban all right, title, and interest in the following natural gas pipelines, along with any connected maters, regulators, appurtement facilities, and any associated easements or rightsof-way or similar interests in real property on or through which such pipeline being transferred lies:

- a. Columbia's pipeline on Orange Road commencing at the middle of the Norfolk & Western Railroad tracks and continuing east along Orange Road until the intersection of Orange Road and Old State Road; and
- b. Columbia's pipeline which runs from the intersection of Orange Road and Old State Road north along Old State Road to "The Shores" Subdivision and beyond to its terminus, including all piping currently owned by Columbia within that subdivision.

5. Under the Agreement, Columbia would also sell to Suburban its pipeline which runs from the intersection of Lazelle Road and Sancus Boulevard north along Sancus Boulevard, then northwest along Polaris Parkway, then north along Old State Road, then west along Powell Road to the point at which the pipeline enters the Oak Creek Subdivision being developed by Borror

Corporation and known as the Callahan Farm Property (comprising approximately 150 acres and 385 lots and depicted in Exhibit 2 hereto), as well as the extension along Gemini Parkway and Antares Avenue. Suburban would then lease that pipeline back to Columbia for five years or until the Commission authorizes abandonment by Suburban of the line (pursuant to R.C. § 4905.21. as amended from time to time), whichever occurs later, for the sum of \$5,500 per annum for no more than 20 years as full and complete consideration for allowing Columbia jointly to utilize the facilities to transport natural and/or synthetic gas from existing Columbia facilities along Lazelle Road to Columbia's pipeline facilities within the Oak Creek Subdivision and the Wyndstone Development, in such quantities and at such times as are necessary to serve customers within that Subdivision and Development as they are built out. Columbia's payment to Suburban for the lease is to be offset against the net book cost of the pipeline and other facilities that Columbia is transferring to Suburban with the result that Columbia would make no other payment to Suburban. Suburban would be responsible for the operation, maintenance, and repair of this leased pipeline, and Columbia would have no right to make new taps on, or construct additional laterals from, that pipeline. To the extent that the natural gas facilities described above in this paragraph 5 become inadequate for the joint use by both Columbia and Suburban described herein, Columbia's use of the natural gas facilities to serve the Oak Creek Subdivision would have priority over Suburban's use of the natural gas facilities.

6. In connection with the sale and transfer of such pipelines and other facilities, except as otherwise provided herein, Suburban would acquire the right and obligation to render natural gas service to all customers currently served by Columbia from such facilities and Columbia would have no further rights or obligations in that regard. The names and addresses of such customers are set forth in Exhibit 3 hereto. Suburban will also assume Columbia's rights and obligations under a Refundable Line Relocation Agreement with N.P. Limited Partnership, a copy of which is annexed hereto as Exhibit 4. Suburban is to receive from Columbia the balance remaining of a \$22,573 deposit, specifically  $\frac{4|4, 2.82.02}{2}$ , paid to Columbia under said Refundable Line Relocation Agreement with N.P. Limited Partnership.

7. In connection with the sale and transfer of such pipelines and other facilities, Suburban and Columbia would execute--and, as necessary, record--all documents necessary to effect the transfers of personal and real property described herein. In addition, Suburban and Columbia would transfer and deliver to each other all accounting records pertaining to the transfer of property, including documents establishing the net book cost of the assets exchanged and the accounting and billing records for all customers listed on Exhibits 1 and 3 hereto. All transfers described herein would be completed within 60 days from the Commission's approval of this Stipulation.

8. As consideration for the conveyance of pipelines and other facilities under the Agreement, each company would agree to pay the net book cost (<u>i.e.</u>, original cost less accrued

depreciation), as reflected on the selling company's books and records, for any facilities acquired from the other company under the Agreement. Columbia would receive title in fee simple to that portion of the ARCO line which is being transferred to Columbia pursuant to the Agreement. In addition, Suburban would pay to Columbia the sum of Sixty Thousand Dollars (\$60,000) in ten (10) installments of Six Thousand Dollars (\$6,000) each, with the first payment due within five (5) business days of the approval of this Stipulation by the Commission and the next nine (9) payments due on the yearly anniversaries of that approval.

9. In any instance in this Stipulation in which a road, highway, or railroad track is given as a boundary, the middle of the road, highway, or railroad track is considered to be the boundary.

10. Nothing in this Stipulation shall be construed as preventing Columbia from installing, in any of the areas described, a high-pressure natural gas pipeline, the purpose of which is to be limited to transporting gas from existing and future sources of supply to various gas distribution systems owned and operated by Columbia in Southern Delaware and northern Franklin Counties to points outside of said areas, which pipeline shall also be available, subject to appropriate rate and service conditions, as a supply source for Suburban's system.

#### SECOND AMENDED JOINT APPLICATION FOR APPROVAL OF CERTAIN TARLET MODIFICATIONS

1. The Commission-approved tariffs of both Columbia and Suburban currently contain language which restricts the ability of said companies to provide or pay for, directly or indirectly, customer service lines, house piping, and appliances when competing with another regulated natural gas company which does not provide or pay for such items.

2. In Columbia's tariffs, this language appears in Section 23(b) (Fourth Revised Sheet No. 6); Section 28 (Fifth Revised Sheet No. 7), and Section 29 (Fifth Revised Sheet No. 7).

3. In Suburban's tariffs, this language appears in Section 23(b) (Section III, Original Sheet No. 1), Section 27 (Section III, Original Sheet No. 2), and Section 28 (Section III, Original Sheets Nos. 2 and 3).

4. The Parties hereby jointly request authority to modify their tariffs regarding customer service lines, house piping, and appliances. This application is made pursuant to R.C. § 4909.18, and the Parties represent that the requested tariff modifications will not result in an increase in any rate, joint rate, toll, classification, charge, or rental. Revised tariff sheets showing the proposed changes are attached hereto as Exhibit 5 for Columbia and Exhibit 6 for Suburban. The Parties request that the Commission authorize them to file such revised tariff sheets to become effective immediately.

#### C. MISCHLIANSOUS RECONDENDATIONS

1. This Stipulation represents a compromise and settlement of any and all existing disputes between the Parties concerning competition between said Parties. As a result, upon approval of the Stipulation by the Commission, the Parties agree to execute mutual releases and covenants not to sue, in the forms attached hereto as Exhibit 7.

2. This Stipulation and the mutual releases and covenants not to sue are the only agreements executed by the Parties for the purpose of terminating this controversy.

3. If the Commission rejects any part or all of this Stipulation, the Parties agree that the Stipulation shall be null and void and will be withdrawn, and shall not constitute any part of the record in this proceeding, nor shall it be used for any purpose whatsoever by any party to this or any other proceeding.

4. The undersigned respectfully join in requesting that the Commission approve the Joint Stipulation and Recommendation of the Parties, in the manner described above.

5. The Commission shall retain continuing jurisdiction in this matter to supervise and assure the Parties' compliance with this Joint Stipulation and Recommendation of the Parties.

Agreed this 6th day of November , 1995

COLUMBIA GAS OF OHIO, INC., an Ohio corporation,

By: Bunnet finden Its President

Date: November 9, 1995

SUBURBAN NATURAL GAS COMPANY, an Ohio corporation,

biston By: Freschen Its Novimber 6 1995 Date:

#### VERIFICATION

State of Ohio County of Franklin

- 88:

Before me, a notary public in and for the State of Ohio, personally appeared Richard J. Gordon and Andrew J. Sonderman, who, having first been sworn, deposed and said that they are the President and Secretary, respectively, of Columbia Gas of Ohio, Inc., that they have read the portions of the foregoing document entitled "SECOND AMENDED JOINT PETITION, APPLICATION, AND STIPULATION AND RECOMMENDATION OF COLUMBIA GAS OF OHIO, INC. AND SUBURBAN NATURAL GAS COMPANY," and that the statements set forth therein are true and accurate to the best of their knowledge and belief.

President

Andrew J. Sonderman, Secretary

Sworn to and subscribed in my presence this <u>976</u> day of <u>Newley</u>, 1995.

Notary Publi

#### VERIFICATION

State of Ohio County of Deleware

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Before me, a notary public in and for the State of Ohio, personally appeared David L. Pemberton, President, and Joan B. Rood, Secretary, who, having first been sworn, deposed and said that they are the President and Secretary, respectively, of Suburban Natural Gas Company, and that they have read the portions of the foregoing document entitled "SECOND AMENDED JOINT PETITION, APPLICATION, AND STIPULATION AND RECOMMENDATION OF COLUMBIA GAS OF OHIO, INC. AND SUBURBAN NATURAL GAS COMPANY," and that the statements set forth therein are true and accurate to the best of their knowledge and belief.

Perberton, President

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sworn to and subscribed in my presence this <u>6th</u> day of <u>November</u>, 1995.

Notary Publ1

DAVID L. PEMBERTON JR. NOTARY OF PUBLIC - STATE OF OHD MY COMMISSION EXPIRES 3-11-87

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Kenneth Villianson 725 Cheshire Road

John Schweitzel 751 Cheshire Road

John Heekinson 821 Cheshire Road

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Jay Scott 1991 Chechire Road

Randy Sheline 1159 Chechire Road

Ralph & Harcens Scott 1310 Cheshirs Road

Charles & Herie Fisher 1497 Cheshire Road

Randy Harris 1663 Chechire Rose

Narry Xesterson 1530 Chechire Road

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Duniel Dickinson 349 Cheshire Road

Robert & Susan Shaw 178 Cheshire Road

Darrin & Brends Smith 200 Cheshirs Road

David & Diene Sernovsky 420 Cheshire Road

Ron Bishop 443 Chechire Road

Linda Enter 430 Cheshire Road Janet Veiger 400 Cheshire Road

Dominic Casbarra 621 Cheshire Road

Robert Vren 1570 Cheshire Road

Kevin Reimenscheider 1720 Cheshire Road

Xyle Barrows 1778 Cheshire Road

Michael McNamara 1725 Chembire Road

Thomas McKamara 1968 Cheshire Road.

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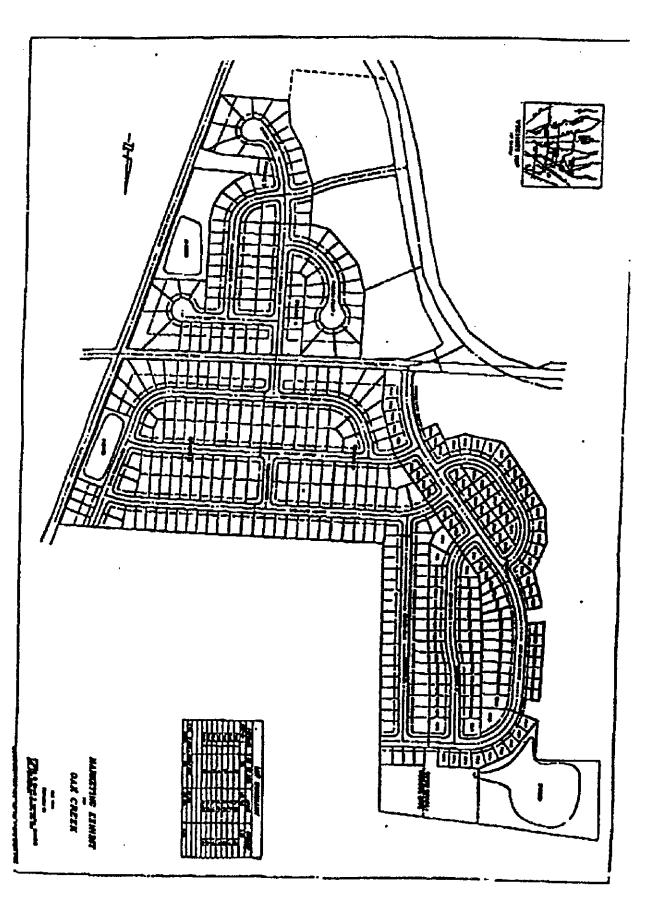
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4	2740	BARHARBOR	$\mathbf{CT}$		1	LEW	JAMES MARTINESON	500326261	ACT	ACT
5	2745	BARHARBOR	$\mathbf{CT}$		1	LEW	BRUCE STYDNICKI	500280449	ACT	ACT
6	2770	BARHARBOR	$\mathbf{CT}$		I	LEW	THOMAS E TOMASTIK	500244043	ACT	ACT
7	2788	BARHARBOR	CT		1	LEW	FRANK LOPANE	500325308	ACT	ACT
8	2803	BARHARBOR	$\mathbf{CT}$		1	LEW	CHRISTIAN ANDERSEN	500303641	ACT	ACT
9	2810	BARHARBOR	CT		1	LEW	WALT MORROW BUILDER	500410422	ACT	ACT
10	2827	BARHARBOR	CT		I	LEW	GREG E GAULT	500243523	ACT	ACT
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6 2900 ATC	OLL DR	LEW	DONALD STRAUB	500073506	ACT ACT	
7 2908 ATC	OLL DR	LEW	ROBERT S MOOCK	500071481	ACT ACT	
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11 2947 ATC	OLL DR	LEW	PATT S BAHN	500107086	ACT ACT	
12 2960 ATC	OLL DR	LEW	BART SCHMELZER	500073131	ACT ACT	
13 2969 ATC	OLL DR	LEW	MARK ZIMMER	500249034	ACT ACT	
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6	2995	SHORELINE	DR		LEW	JAMES HALLER	5001231	12 ACT	ACT
7	3015	SHORELINE	DR		LEW	C R ANDERSON	5001183-	10 ACT	ACT
8	3018	SHORELINE	DR		LEW	EDWARD HAAS	5001869	10 ACT	ACT
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10	3037	SHORELINE	DR		LEW	PATRICK M DIAMO	DND 5001020	B1 ACT	ACT
11	3058	SHORELINE	DR		LEW	BISHARA BARANSI	E 5002202	06 ACT	ACT
12	3059	SHORELINE	DR		LEW	PHILIP STEGMAN	N 5001600	35 ACT	ACT
13	3077	SHORELINE	DR		LEW	MATTHEW A CHIZM	MAR 5001291	75 ACT	ACT
14	3084	SHORELINE	DR		LEW	DAVID WHITE	5002015	33 ACT	ACT
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9	3196	SHORELINE	DR	LEW JAMES GUNDLING 300723943	ACT ACT	C
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	5	2900	WATERFORD	DR		LEW	GERALD CU	LLISON	500148079	ACT	ACT
	6	2905	WATERFORD	DR		LEW	RAY R BOBI	BITT	500210604	ACT	ACT
	7	2930	WATERFORD	DR		LEW	WILLIAM E	COLLINS	500148080	ACT	ACT
	в	2960	WATERFORD	DR		LEW	HOWARD E	WELLMAN	500147492	ACT	ACT
	9	2965	WATERFORD	DR		LEW	KEVIN C SI	IMPSON	500207159	ACT	ACT
	10	2990	WATERFORD	DR		LEW	WILLIAM L	SMART	500214122	ACT	ACT
	11	2995	WATERFORD	DR		LEW	GARY J LI	NK	500210534	ACT	ACT
	12	3010	WATERFORD	DR		LEW	IRENE BLA	SZKOWIAK	500169357	ACT	ACT
	13	3021	WATERFORD	DR		LEW	RICHARD G	SEIFFERT	500162054	ACT	ACT
	14	3030	WATERFORD	DR		LEW	KAREN L J	AUNZEMIS	500214989	ACT	ACT
	15	3041	WATERFORD	DR		LEW	MATTHEW M	MURTHA	500278936	ACT	ACT
	PF1	L-HELI	?		PF2-V	NORK FUNCT	CION MENU		PF3	-QUIT	с — —
	PF7	7-BACE	WARD PF	8 - F(	DRWARD PI	?12-INFO					

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4	OP	ER AC	TION ==>	DISR		SEARCI	ROUTINE					
	-	ARCH			CUST ADD	RESS:	WATERFORI	DR LEW				
										ACCT	PREM	
	_		ADDRESS			CITY	K NAME		PSID	STAT	STAT	
	1	3050	WATERFORD	DR		LEW	DAN MUSGE	LAVE	500173936	ACT	ACT	
	2	3051	WATERFORD	DR		LEW	CHRIS M S	SHAFFER	500244045	ACT	ACT	
	3	3081	WATERFORD	DR		LEW	JOHN WHIT	E	500244044	ACT	ACT	
	4	3090	WATERFORD	DR		LEW	JAMES M E	BROWN	500219315	ACT	ACT	
	5	3105	WATERFORD	DR		LEW	DARYL G W	<b>TEBB</b>	500162055	ACT	ACT	
	6	3110	WATERFORD	DR		LEW	TIMOTHY H	IAMMOND	500195688	ACT	ACT	
	7	3130	WATERFORD	DR		LEW	MELVIN PC	ST	500172652	ACT	ACT	
	8	3135	WATERFORD	DR		LEW	MARK BIVE	INOUR	500156689	ACT	ACT	
	9	3150	WATERFORD	DR		LEW	DEBORAH F	MOORE	500204984	ACT	ACT	
	10	3165	WATERFORD	DR		LEW	JAMES KAN	IE	500176063	ACT	ACT	
	11	3170	WATERFORD	DR		LEW	EDWARD C	GULLA	500172653	ACT	ACT	
	12	3205	WATERFORD	DR		LEW	LEW A BAT	TES .	500280183	ACT	ACT	
	13	3225	WATERFORD	DR		LEW	STEVE PAL	MER	500275529	ACT	ACT	
	14	3230	WATERFORD	DR		LEW	WILLIAM D	MARSHALL	500199373	ACT	ACT	
	15	3240	WATERFORD	DR		LEW	MARTIN DE	AKINS	500182210	ACT	ACT	
		-HEL			PF2-WORK	FUNCT	TION MENU		PF3	-QUIT	ſ	
	PF7	7 - BACI	KWARD PF	3 - FORWARI	D PF12-	INFO						

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OPER ACTION ==> SEARCH CODE	DISR SEARCH ROUTINE CUST ADDRESS: WATERFORD DR LEW	
ADDRESS 1 3245 WATERFORD 2 4829 WATERFORD 3		ACCT PREM PSID STAT STAT 500280185 NSL 500158694 SND
<b>4</b> 5 6 7		
8 9 10		
11 12 13		
14 15 PF1-HELP PF7-BACKWARD PF	PF2-WORK FUNCTION MENU 8-FORWARD PF12-INFO	PF3-QUIT

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OPER ACTION ==> DISR SEARCH ROUTINE SEARCH CODE CUST ADDRESS: SUMMER BV GAL ACCT PREM PSID STAT STAT CITY NAME PSID STAT STAT GAL TRADITION HOMES 500414929 INT ACT GAL TRADITION HOMES 500432174 SND CITY NAME ADDRESS 1 5400 SUMMER BV 2 5440 SUMMER BV LT567 25440SUMMER BV LT567GAL TRADITION HOMES500432174SND35464SUMMER BV LT569GAL DOMINION HOMES500435065SND45488SUMMER BVGAL TRADITION HOMES500406600 ACT ACT55515SUMMER BV LT592GAL TRADITION HOMES500386426SND65521SUMMER BVGAL TRADITION HOMES500405195 ACT ACT75530SUMMER BV LT576GAL TRADITION HOMES500386424SND85533SUMMER BVGAL TIM S MCCORD500404008 ACT ACT95541SUMMER BVGAL TRADITION HOMES500408531INT ACT105543SUMMER BV LT590GAL TRADITION HOMES500387019SND 11 12 13 14 15 PF1-HELP PF2-WORK FUNC PF7-BACKWARD PF8-FORWARD PF12-INFO PF2-WORK FUNCTION MENU PF3-QUIT

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OPER ACTION ==>			D	ISR	SEAL	CH ROU	TINE				
SE	ARCH 4	CODE		CUSI	r address	CLOV	ERDALE	DR GAL			
										ACCT	PREM
		ADDRESS					NAME		PSID	STAT	STAT
1	5515	CLOVERDALE	DR		Gl	L JOHN	SAIA		500404009	ACT	ACT
2	5530	CLOVERDALE	DR		GI	T MITT	IAM CH	RISTIAN	50040401:	L ACT	ACT
3	5538	CLOVERDALE	DR		G2	L TRAD	ITION	HOMES	500421210	)	NSL
4	5543	CLOVERDALE	DR		G2	L DAVI	d C Fo	rbes	50040401;	ACT	ACT
5	5552	CLOVERDALE	DR	LT578	G7	L TRAD	ITION	HOMES	500432173	3	SND
6	5558	CLOVERDALE	DR	LT577	GZ	L TRAD	ITION	HOMES	500411832	2	SND
7	5560	CLOVERDALE	DR		GZ	L TRAD	ITION	HOMES	500406603	ACT	ACT
8	5568	CLOVERDALE	DR	<b>LT58</b> 0	GZ	L TRAD	ITION	HOMES	500433011	L	SND
9	5571			LT587	GZ	L TRAD	ITION	HOMES	500430268	3	SND
10	5574	CLOVERDALE	DR	LT581	· GA	L TRAD	ITION	HOMES	500432175	3	SND
11	5596	CLOVERDALE	DR		GA	L SCOT	r CLIN	E	500386422	ACT	ACT
12											
13											
14											
15											
PF1-HELP PF2-WORK FUNCTION MENU							ਿਜ਼ਰ	- QUIT			
PF7-BACKWARD PF8-FOR				-	F12-INFC				EF 1		-
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OPER ACTION ==> DISR SEARCH ROUTINE CUST ADDRESS: STONEY CREEK CT LEW SEARCH CODE ADDRESSCITYNAMEPSIDSTATSTAT13215STONEYCREEKCTLEWGREGDECAMP500168396ACTACT23220STONEYCREEKCTLEWLEWISKIBLING500168402ACTACT33235STONEYCREEKCTLEWLEWISKIBLING500182209ACTACT43240STONEYCREEKCTLEWSTEPHENJBILLS500224619ACTACT53255STONEYCREEKCTLEWTHOMASDROBERTS500128062ACTACT63260STONEYCREEKCTLEWRICHARDLEE500136949ACTACT73275STONEYCREEKCTLEWKEITHDROBERTS500330567ACTACT83280STONEYCREEKCTLEWSTEVELOY500187421ACTACT ACCT PREM 9 10 11 12 13 14 15 PF1-HELP PF2-WORK FUNCTION MENU PF3-QUIT PF7-BACKWARD PF8-FORWARD PF12-INFO

OPER ACTION ==> DISR	SEARCH ROUTINE	
SEARCH CODE	CUST ADDRESS: N OLD STATE RD DEL	
		ACCT PREM
. ADDRESS	CITY NAME	PSID STAT STAT
1 350 N OLD STATE RD	DEL JAMES MCCONNELL	500363677 ACT ACT
2 398 N OLD STATE RD	DEL JAMES MCCONNELL	500192170 ACT ACT
3 440 N OLD STATE RD	DEL WILLIAM P BRODERICK	300625332 ACT ACT
4 501 N OLD STATE RD	DEL PATRICK MORRIS	500435935 CLU
5 567 N OLD STATE RD	DEL STEVEN CONKLIN	300291044 ACT ACT
6 580 N OLD STATE RD	DEL JOSEPH W POTTER	500159585 ACT ACT
7 941 N OLD STATE RD	DEL DON SLAUGHTER	500345698 CLU
8 948 N OLD STATE RD	DEL DOROTHY WOLFORD	500380121 SND
9 955 N OLD STATE RD	DEL SUSAN E LIECHTY	300708856 ACT ACT
10 967 N OLD STATE RD	DEL LAURA R KLEIN	300291045 ACT ACT
11 1001 N OLD STATE RD	DEL ROGER JOHNSON	300638212 ACT ACT
12 1017 N OLD STATE RD	DEL PHILLIP VON VILLE	300291047 ACT ACT
13 1037 N OLD STATE RD	DEL JOE G BALLARD SR	300291048 ACT ACT
14 1055 N OLD STATE RD	DEL JERRY HARDING	500425951 SND
15 1089 N OLD STATE RD	DEL JERRY HARDING	300291049 ACT ACT
PF1-HELP	PF2-WORK FUNCTION MENU	PF3-QUIT
PF7-BACKWARD PF8-FORWARD	D PF12-INFO	

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OPER ACTION ==> SEARCH CODE		EARCH ROUTINE SS: N OLD STATE RD DEL	ACCT PREM
ADDRESS 1 1223 N OLD STATE 2	RD	CITY NAME Del John Karshner	PSID STAT STAT 300291046 ACT ACT
3 4 5			
6 7			
8 9 10		· · ·	
11 12			
13 14 15			
PF1-HELP PF7-BACKWARD PF8-1		UNCTION MENU FO	PF3-QUIT

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SE.	ARCH (	COL	Œ			CUST	ADDI	RESS:	S OLD S	TATE RD	LEW			
								•					ACCT	PREM
_		AL	DRES	35				CITY	Y NAM	œ		PSID	STAT	STAT
1	5790	S	OLD	STATE	RD			Lew	JAY DRU	MMOND		500125379	ACT	ACT
2	5820	$\mathbf{S}$	OLD	STATE	RD			LEW	WARREN	B HARLA	MERT	500266566	ACT	ACT
3	5846	S	OLD	STATE	RD			LEW	NANCY C	POWELL		300723938	ACT	ACT
4	5937	S	OLD	STATE	RD			LEW	CHARLES	DRONSF	IELD	500083264	ACT	ACT
5	6042	S	OLD	STATE	RD			LEW	GEORGE	DUFFEY		300724507	ACT	ACT
6	6057	S	OLD	STATE	RD			LEW	THOMAS	S TRIPP	ETT	500077076	ACT	ACT
7	6064	S	OLD	STATE	RD			LEW	ARCHIE	COMPTON		300706945	ACT	ACT
8	6083	S	OLD	STATE	RD			LEW	KEVIN L	WILLIS		300705617	ACT	ACT
9	6301	S	OLD	STATE	RD			LEW	ALUM CR	EEK ELE	MENTA	500394353		SND
10	6393	S	OLD	STATE	RD			LEW	STEVE M	OSELEY		500197768	ACT	ACT
11	6411	S	OLD	STATE	RD			LEW	JULIE I	EONARD		500197346	ACT	ACT
12	6651	S	OLD	STATE	RD			LEW	JENNIFE	R SHEET	S	500266784	ACT	ACT
13	6725	S	OLD	STATE	RD			LEW	MICHAEL	R HARR	IS	500119582	ACT	ACT
14	6792	S	OLD	STATE	RD			LEW	MICHAEL	TIMMON	S	500041464	ACT	ACT
15	6882	S	OLD	STATE	RD			LEW	THOMAS	N FLETC	HER	300705615	ACT	ACT
PF:	I - HELF	,				PF2-V	ORK	FUNCT	TION MEN	U		PF3	-QUII	
PF.	7 - BACK	WA	RD	PF8-F	ORWARI	D PE	12-1	NFO					-	

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ADDRESS CITY NAME PSID	STAT 8 ACT	PREM STAT
	8 ACT	
1 6976 S OLD STATE RD LEW THOMAS E TATTERSON 5000770	6 3.00	' ACT
2 6980 S OLD STATE RD LEW DONALD P DILL 30070563		ACT
3 7040 S OLD STATE RD LEW JAMES ADAMS 5000770	O ACT	ACT
4 7060 S OLD STATE RD LEW STEVEN J MAUCH 50003603	O ACT	ACT
5 7080 S OLD STATE RD LEW TOM JAMBOSKI 50031210	1 ACT	ACT
6 7110 S OLD STATE RD LEW DENNIS M SUCH 50037092	1 ACT	ACT
7 7180 S OLD STATE RD LEW LEONARD HETER 50021382	3 ACT	ACT
8 7225 S OLD STATE RD LEW JAMES KIRKWOOD 30072393	7 ACT	ACT
9 7307 S OLD STATE RD LEW THE ORANGE TOWNSHIP 30070952	8 ACT	ACT
10 7307 S OLD STATE RD RR LEW ORANGE TWP TRUSTEE 50018286	8 ACT	ACT
11 8927 S OLD STATE RD LEW AL WHARTON 50042501	6 INT	ACT
12 9181 S OLD STATE RD LEW WILLIAM PHILPUT 50043019	5	SND
13 9235 S OLD STATE RD LEW DON CUTTLER 50043019	6	SND
14		
15		
	3-QUI	T .
PF7-BACKWARD PF8-FORWARD PF12-INFO		-

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OPER ACTION ==> SEARCH CODE		EARCH ROUTINE ESS: N OLD STATE RD LEW	ACCT PREM
ADDRESS 1 4179 N OLD STATE	RD	CITY NAME Lew J Michael Sheets	PSID STAT STAT 300608479 ACT ACT
2 3			•
4 5			
6 7			
8 9			
10 11 .			
12 13			
14 15 PF1-HELP		FUNCTION MENU	PF3-QUIT
	FORWARD PF12-I		529-0011.

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OPER ACTION ==> DIS			
SEARCH CODE	CUST ADDRESS: ORANGE RD DEL		
		ACCT PR	(EM
ADDRESS	CITY NAME	PSID STAT SI	TA?
1 151 W ORANGE RD	DEL TERRY CROSS	500173686 ACT A	ACT
2 176 W ORANGE RD	DEL ? #	500032227 N	ISL
3 210 W ORANGE RD	DEL MANUEL RADCLIFF	500032228 ACT A	ACT
4 292 W ORANGE RD	. DEL BRENT A CULVER	500032230 ACT A	\CT
5 298 W ORANGE RD	DEL SCOTT MALENKY	500032232 ACT A	\CT
6 377 W ORANGE RD	DEL JOHN COUGHLIN	500327000 ACT A	1CT
7 588 W ORANGE RD	DEL STAN ROBINETT	500076297 ACT A	ACT
8 720 W ORANGE RD	DEL DANIEL SPOHN	<b></b>	1CT
9 730 W ORANGE RD	DEL BRUCE LANGHIRT		ACT
10 777 W ORANGE RD	DEL GRACE DUNLEVY		ACT
11 782 W ORANGE RD	DEL NAOMI DEMPSEY		ACT
12 782 W ORANGE RD	DEL ? ?		ISL
13 860 W ORANGE RD	DEL RICHARD SCHROCK		ACT
14 7950 W ORANGE RD	DEL DONALD SMOTHERS		JSL
15			
PF1-HELP	PF2-WORK FUNCTION MENU	PF3-QUIT	
PF7-BACKWARD PF8-FORW		51.2 QUTI	

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SEARCH ROUTINE CUST ADDRESS: ORANGE RD LEW

		ACCT	PREM
ADDRESS	CITY NAME	PSID STAT	STAT
1 ORANGE RD	LEW VILLAGE OF OAK CREE	500385281	CLU
2 100 E ORANGE RD	LEW WORTHINGTON COMMUNI	300625845 ACT	ACT
3 136 E ORANGE RD	LEW FRED ALBRIGHT	500083621	PNS
4 136 E ORANGE RD	LEW THE FINISHING TOUCH	500091162 ACT	ACT
5 350 E ORANGE RD	LEW MARY ENGLISH	300657891 ACT	ACT
6 1266 E ORANGE RD	LEW ELSIE HOLCOMB	300706072 ACT	ACT
7 1326 E ORANGE RD	LEW JOHN HUMPHRIES	300725945 ACT	ACT
8 1372 E ORANGE RD	LEW KEVIN R MCCLURE	300705614 ACT	ACT
9 1400 E ORANGE RD	LEW PAMELA S CHAFFIN	500220240 ACT	ACT
10 1530 E ORANGE RD	LEW BRIAN J FARRELL	500263194 ACT	ACT
11 1675 E ORANGE RD	LEW RONALD M GRAHAM	300705618 ACT	ACT
12 1680 E ORANGE RD	LEW GAIL W HOLDERMAN	500034291 ACT	ACT
13 1755 E ORANGE RD	LEW CAROL WILKINS	500079204	NSL
14 1870 E ORANGE RD	LEW MICHAEL A CHIPPERFI	300727291 ACT	ACT
15 2001 E ORANGE RD	LEW KENT HASTINGS	500276929 ACT	ACT
	F2-WORK FUNCTION MENU	PF3-QUI	<u> </u>
PF7-BACKWARD PF8-FORWARD	PF12-INFO	-	

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EXHIBIT 4

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AGRIDHENT made this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_, by and between COLUMNIA GAS OF OHIO, INC., herminafter called "Columbia", AN Ohie corporation with a mailing address of P.O. Box 117, Columbus, Ohie 43216, and N.P. LINITED FARMARSHIP, hereinafter called "N.P. LINITED", an Ohie Limited Fartnership with a mailing address of 1075 Polaris Farkway, Columbus, Ohie 43260-2002.

MERIAN, N.P. Limited has requested that Columbia relocate a portion of its existing gas distribution pipeline currently located on Lazelle Road in Columbus, Ohio to enhance the development of the FOLARIS Centers of Conserve; and

HETPEAS Columbia has agreed to relocate said distribution pipeline;

1. Columbia will relocate a portion of its existing yas distribution pipeline on Levelle Road in the visinity of the FOLARIS Conters of Counserce development to enable N.P. Limited to develop the FOLARIS Centers of Counserse. The relocation will be done in accordance with the work orders attached herets as Attachment A and further identified as Jah Order Fumber 92-013-7243-00 and Job Order Fumber 92-013-7384-OD. All construction will be done in accordance with Columbia's usual and customary pipeline construction practices. 2. In consideration for the relocation of a portion of Columbia's existing distribution pipeline, N.P. Limited will pay Columbia Refundable Relocation Expanse Deposit in the shount of Twenty-Two Thousand, Pive Kundred Seventy-Three Dollars (\$23,573.00). The Relocation Expanse Deposit whall be subject to the refund provisions of Faregraph 5 of this Agreement.

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3. N.N.Limited has provided Columbia, at no cost to Columbia, a right-of-way satisfactory to Columbia and adoquate for Columbia to install and pointain pipeline along the length of Sancus Boulevard, which is located within the Polaris Centers of Commerce development.

4. All relocated gipeline racilities and apportenant equipment and any facilities installed on senous Souleward shall be and will remain the property of Columbia, and Columbia reserves the right to provide taps and to make additional or lateral extensions from such facilities without right of refund to J.P. Limited, except as provided in Faregraph 5 hereof.

5. N.F. Limited shall be entitled to a refund at its Refundable Relocation Expanse Deposit, based upon the immor of connercial accounts which locates within the forarys Centers of Conserve development on the west side of Interstate 71 and which take natural gas service from Columbia. For each such commercial account, N.F. Limited shall be entitled to a refund equal to the

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difference between the Maximum Allowable Investment which faimble calculates it can economically invest to serve such commercial account less the Minimum Flant Investment which Columbia calculates it must make to serve such account. These calculations shall be done in accordance with folumbia's usual and sustances commercial eccount economic evaluation practices. The resulting amount shall be the per-customer refund which shall be paid to N.F. Limited on a guartarily basis following the placement of individual meters at said commercial account.

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On a guarterly basis, Columbia shall colculate the number of gas acters installed within that same guarterly period to serve new connervial accounts located in that pertion of the PEAKIS Contery of Connerve development which is wast of Interstate 71 and within minety (30) days of completing that calculation, Columbia shall issue a refund payment to W.P. Limited, calculated in accordance with this Paragraph S.

The total amount refunded to N.P. Limited over the term of this Agreement shell not exceed the total Refundable Relection Express Deposit made by N.P.Limited, and refunds will only be made based upon meters set on or before <u>Alcountable file?</u>. Columbia shall retain any portion of the Refundable Selection Expense Deposit which has not been refunded to N.P. Limited pursuant to the terms of this Agreement.

6. Notice and payments required or contemplates under this Agreement abould be made in the following menners

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(a) To Columbia.

Favments and Motics to:

Columbia GAS of Ohis, Enc. 942 West Soudale Boulevard Columbus, OK 43213

(b) To M.F.Limited.

M.P. Limited Partnership 1075 Pelaris Parkway Columbus, CH 63269-2502

Attn: Robert C. Schels

7. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties herets.

IN WITHERS WEREOF, the parties herets have, by their duly authorized agents, executed this Agreement as of the date and year first written above.

COLUMNIA CAS OF OHIO, INC.

Attests.

Sy1\_\_\_\_\_\_

101.5 D. CALLEP 373

Its: General Sertner

Mylieley UN. Attest:

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# Columbia Gas of Ohio, Inc. <u>Proposed Tariff Language</u>

## SECTION III - PHYSICAL PROPERTY

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#### (b) Customer Service Line

The customer service line consists of the pipe from the outlet of the curb cock to and including the meter connection. The customer shall own and maintain the customer service line. The Company shall have the right to prescribe the size, location and termination points of the customer's service line. The Company shall have no obligation to install, maintain or repair said customer service line.

28. House Piping. The customer shall own and maintain the house piping from the outlet of the meter to gas burning appliances. The Company shall have no obligation to install, maintain or repair said piping.

29. Appliances. The customer shall own and maintain all gas-burning appliances. The Company shall have no obligation to install, maintain, or repair appliances.

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Suburban Natural Gas Company Cygnet, Ohio SECTION III Original Sheet No. 1

## SECTION III - PHYSICAL PROPERTY

- 23. Service Lines. The general term "service pipe" or "service line" is commonly used to designate the complete line or connection from the Company main up to and including the meter connection. It consists of two distinct parts, (a) the service line connection, and (b) the customer service line.
  - (a) Service Line Connection

The service line connection consists of the connection at the main, necessary pipe and appurtenances to extend to the property line or the curb cock location, curb cock, and curb box. This connection shall be made by the Company, or its representative, without cost to the customer and it remains the property of the Company.

(b) Customer Service Line

The customer service line consists of the pipe from the outlet of the curb cock to and including the meter connection. The customer shall own and maintain the customer service line. The Company shall have the right to prescribe the size, location, and termination points of the customer's service line. The Company shall have no obligation to install, maintain, or repair said customer service line.

- 24. Meter Furnished. The Company will furnish each customer with a meter of such size and type as the Company may determine will adequately serve the customer's requirements and such meter shall be and remain the property of the Company and the Company shall have the right to replace it as the Company deems necessary.
- 25. Meter Location. The Company shall determine the location of the meter. When changes in a building or arrangements therein render the meter inaccessible or exposed to hazards, the Company may require the customer, at the customer's expense, to relocate the meter setting together with any portion of the customer's service line necessary to accomplish such relocation.
- 26. Only Company Can Connect Meter. The owner or customer shall not permit anyone who is not an authorized agent of the Company to connect or disconnect the Company's meters, regulators, or gauges or in any way alter or interfere with the Company's meters, regulators, or gauges.
- 27. House Piping. The customer shall own and maintain the house piping from the outlet of the meter to gas-burning appliances. The Company shall have no obligation to install, maintain, or repair said piping.
- 28. Appliances. The customer shall own and maintain all gasburning appliances. The Company shall have no obligation to install, maintain, or repair appliances.
- 29. Standards for Customer's Property. The customer's service line, house lines, fittings, valve connections, and appliance venting shall be installed with materials and

workmanship which meet the reasonable requirements of the Company and shall be subject to inspection or test by the Company. The Company shall have no obligation to establish service until after such inspection and test demonstrate compliance with such requirements of the Company with respect to the facilities in place at the time of the test.

The first inspection or test at any premises, including both service lines and house lines, shall be without charge. In the case of leak, error, patent defect, or other unsatisfactory condition resulting in the disapproval of the line by the Company, the necessary correction shall be made at the customer's expense and then the lines will be inspected and tested again by the Company. Each additional inspection and test, when required after correction, shall be subject to a charge covering the cost thereof.

30. Discontinuance of Supply on Notice of Defect in Customer's Property. If the customer's service line, other gas lines, fittings, valves, connections, gas appliances, or equipment on a customer's premises are defective or in such condition as to constitute a hazard, the Company, upon notice to it of such defect or condition, may discontinue the supply of gas to such appliances or equipment or to such service line or such other gas lines until such defect or condition has been rectified by the customer, in compliance with the reasonable requirements of the Company.

31. No Responsibility for Material or Workmanship. The Company is not responsible for maintenance of, or any imperfect material or defective or faulty workmanship in the customer's service line, house lines, fittings, valve connections, equipment, or appliances and is not · ·

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· • EXHIBIT 7

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# RELEASE AND COVENANT NOT TO SUE

TO ALL WHOM THESE PRESENTS SHALL COME OR MAY CONCERN. KNOW THAT COLUMBIA GAS OF OHIO, INC., 200 Civic Center Drive, Columbus, Ohio, on behalf of itself and its controlled affiliates, divisions, members, officers, directors, shareholders, agents, and attorneys (and the respective predecessors, heirs, executors, administrators, successors, and assigns of each of the foregoing) (herein separately and collectively, the "Releasor"), in consideration of good and valuable consideration received from SUBURBAN NATURAL GAS COMPANY, 274 East Front Street, Cygnet, Ohio ("Suburban"), the receipt and sufficiency of which is hereby acknowledged, hereby releases and forever discharges Suburban and its controlled affiliates, divisions, members, officers, directors, shareholders, agents, and attorneys (and the respective predecessors, heirs, executors, administrators, successors, and assigns of each of the foregoing) (herein separately and collectively, the "Releasee") from any and all claims, causes of action and suits, obligations, or liabilities of any nature whatsoever, in law or in equity, costs, expenses, or compensation for or on account of any damages, loss, or injury, whether now known or unknown, which the Releasor ever had or now has from the beginning of the world to the execution date of this Release.

Releasor further covenants and agrees that it will forever refrain from instituting, reinstating, or prosecuting any action or proceeding against Releasee upon any claims, causes of action and suits, obligations, or liabilities of any nature whatsoever, in law or equity, costs, expenses, or compensation for any damages, loss, or injury, whether or not now or hereafter known, suspected, or claimed which Releasor ever hereafter can, shall, or may have or allege against Releasee constituting, relating to, or based on (1) Columbia's Buckeye Builder program, the Scarlet Builder program, the Gray Builder program, the High Volume Single Family Builder program, the Mark of Efficiency program, or any program substantially similar to such programs offered by Releasee, and (2) the direct or indirect payments for customer service lines, house piping, and appliances (collectively, the "Settled Claims") forevermore after the date of this Release, except any claims that might be asserted against Releasee in common law tort (other than a claim alleging unfair competition, which does not include interference with contractual relations or prospective business relations).

Releasor represents and warrants that it has duly considered, approved, and authorized the Second Amended Joint Petition, Application, and Stipulation and Recommendation of Columbia Gas of Ohio, Inc. and Suburban Natural Gas Company dated \_\_\_\_\_\_, 1995 (the 2

"Agreement") and this Release and Covenant Not to Sue, has taken all necessary actions for the Agreement and this Release and Covenant Not to Sue to be valid and binding and warrants that the execution of the Agreement and this Release and Covenant Not to Sue by the undersigned signatories on behalf of Columbia Gas of Ohio, Inc. binds and commits Columbia Gas of Ohio, Inc. and its controlled affiliates, divisions, officers, directors, employees, agents, and attorneys (and the predecessors, heirs, executors, administrators, successors, and assigns of each of the foregoing).

Releasor represents and warrants that Releasor has not sold, assigned, transferred, conveyed, or otherwise disposed of any claim, demand, or cause of action of any party thereof relating to any matter covered by this Release and Covenant Not to Sue and agrees to indemnify Releasee against any and all claims by third persons resulting from such sale, assignment, transfer, conveyance, or other disposition.

Nothing in this Release and Covenant Not to Sue affects or otherwise alters any liability of any party for any breach of the Agreement.

This Release and Covenant Not to Sue shall not be altered or modified in any way except by written consent of authorized representatives of Releasor and Releasee.

In the event that the Public Utilities Commission of Ohio fails to approve the Agreement or any part thereof, 3

this Release and Covenant Not to Sue shall be null and void.

This Release and Covenant Not to Sue shall be governed by the laws of the State of Ohio.

IN WITNESS WHEREOF, Releasor has caused this Release and Covenant Not to Sue to be executed by its duly authorized officers as of \_\_\_\_\_\_, 1995.

COLUMBIA GAS OF OHIO, INC.

By:\_\_\_\_\_

### RELEASE AND COVENANT NOT TO SUE

TO ALL WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT SUBURBAN NATURAL GAS COMPANY, 274 East Front Street, Cygnet, Ohio, on behalf of itself and its controlled affiliates, divisions, members, officers, directors, shareholders, agents, and attorneys (and the respective predecessors, heirs, executors, administrators, successors, and assigns of each of the foregoing) (herein separately and collectively, the "Releasor"), in consideration of good and valuable consideration received from COLUMBIA GAS OF OHIO, INC., 200 Civic Center Drive, Columbus, Ohio ("Columbia"), the receipt and sufficiency of which is hereby acknowledged, hereby releases and forever discharges Columbia and its controlled affiliates, divisions, members, officers, directors, shareholders, agents, and attorneys (and the respective predecessors, heirs, executors, administrators, successors, and assigns of each of the foregoing) except Columbia Gas Transmission Corporation (herein separately and collectively, the "Releasee") from any and all claims, causes of action and suits, obligations, or liabilities of any nature whatsoever, in law or in equity, costs, expenses, or compensation for or on account of any damages, loss, or injury, whether now known or unknown, which the Releasor ever had or now has from the beginning of the world to the execution date of this Release constituting, relating to, or based on (1) the Buckeye Builder program, the Scarlet Builder program, the Gray Builder program,

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the High Volume Single Family Builder program, the Mark of Efficiency program, or any program substantially similar to such programs offered by Releasee, and (2) the direct or indirect payments for customer service lines, house piping, and appliances (collectively, the "Settled Claims")

Releasor further covenants and agrees that it will forever refrain from instituting, reinstating, or prosecuting any action or proceeding against Releasee upon any claims, causes of action and suits, obligations, or liabilities of any nature whatsoever, in law or equity, costs, expenses, or compensation for any damages, loss, or injury, whether or not now or hereafter known, suspected, or claimed which Releasor ever hereafter can, shall, or may have or allege against Releasee constituting, relating to, or based on (1) the Buckeye Builder program, the Scarlet Builder program, the Gray Builder program, the High Volume Single Family Builder program, the Mark of Efficiency program, or any program substantially similar to such programs offered by Releasee, and (2) the direct or indirect payments for customer service lines, house piping, and appliances (collectively, the "Settled Claims") forevermore after the date of this Release, except any claims that might be asserted against Releasee in common law tort (other than a claim alleging unfair competition, which does not include interference with contractual relations or prospective business relations).

This Release and Covenant Not to Sue shall not be asserted as a defense to or bar against any claim, cause of action, or suit by <u>Releasor</u> against <u>Releasee</u> involving activities after the

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date of this Release and Covenant Not to Sue and within the area of Delaware County bounded by U.S. Route 23 on the west, Lazelle Road on the south, Alum Creek Reservoir and Interstate 71 on the east, and U.S. Route 36 and State Route 37 on the north.

Releasor represents and warrants that it has duly considered, approved, and authorized the Second Amended Joint Petition, Application, and Stipulation and Recommendation of Columbia Gas of Ohio, Inc. and Suburban Natural Gas Company dated \_\_\_\_\_\_, 1995 (the "Agreement") and this Release and

Covenant Not to Sue, has taken all necessary actions for the Agreement and this Release and Covenant Not to Sue to be valid and binding and warrants that the execution of the Agreement and this Release and Covenant Not to Sue by the undersigned signatories on behalf of Suburban Natural Gas Company binds and commits Suburban Natural Gas Company and its controlled affiliates, divisions, officers, directors, employees, agents, and attorneys (and the predecessors, heirs, executors, administrators, successors, and assigns of each of the foregoing).

Releasor represents and warrants that Releasor has not sold, assigned, transferred, conveyed, or otherwise disposed of any claim, demand, or cause of action of any party thereof relating to any matter covered by this Release and Covenant Not to Sue and agrees to indemnify Releasee against any and all claims by third persons resulting from such sale, assignment, transfer,

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conveyance, or other disposition.

Nothing in this Release and Covenant Not to Sue affects or otherwise alters any liability of any party for any breach of the Agreement.

This Release and Covenant Not to Sue shall not be altered or modified in any way except by written consent of authorized representatives of Releasor and Releasee.

In the event that the Public Utilities Commission of Ohio fails to approve the Agreement or any part thereof, this Release and Covenant Not to Sue shall be null and void. This Release and Covenant Not to Sue shall be governed by the laws of the State of Ohio.

IN WITNESS WHEREOF, Releasor has caused this Release and Covenant Not to Sue to be executed by its duly authorized officers as of \_\_\_\_\_\_, 1995.

SUBURBAN NATURAL GAS COMPANY

By:\_

David L. Pemberton, President

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#### BEFORE

#### THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Complaint of The Suburban Fuel Gas, Inc.,

Complainant,

v.

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Case No. 86-1747-GA-CSS

Columbia Gas of Ohio, Inc.,

Respondent,

Relative to various alleged viola- ) tions of the Ohio Revised Code. )

# OPINION AND ORDER

The Commission, coming now to consider the complaint filed August 29, 1986, the testimony presented at the public hearing held on May 7, 1987, the briefs filed June 12, 1987, July 7, 1987, July 17, 1987, and July 22, 1987, and waiving the attorney examiner's report pursuant to Rule 4901-1-33, Administrative Code, hereby issues its Opinion and Order.

#### APPEARANCES:

Messrs. Muldoon, Pemberton & Ferris, by Mr. David L. Pemberton, 2733 West Dublin-Granville Road, Worthington, Ohio 43085, on behalf of the complainant.

Messrs. Thomas E. Morgan, Roger C. Post, and Kenneth W. Christman, 200 Civic Center Drive, P.O. Box 117, Columbus, Ohio 43216-0117, on behalf of the respondent.

Mr. William A. Spratley, Consumers' Counsel, by Ms. Margaret Ann Samuels and Ms. Evelyn Robinson, Associate Consumers' Counsel, 137 East State Street, Columbus, Ohio 43266-0550, on behalf of the residential customers of Suburban Fuel Gas, Inc., and Columbia Gas of Ohio, Inc.

#### HISTORY OF THE PROCEEDINGS:

The Suburban Fuel Gas, Inc. (Suburban, complainant) filed this complaint against Columbia Gas of Ohio, Inc. (Columbia) on August 29, 1986. On September 23, 1986, Columbia filed a motion to dismiss the complaint because Columbia believed that Suburban did not have standing to bring the complaint and that Suburban had not stated reasonable grounds for complaint. On October 9, 1986, the attorney examiner ordered Suburban to file a more definite statement alleging the facts which were the basis of Suburban's complaint.

On October 22, 1986, Suburban filed an amended complaint. The amended complaint stated that Columbia and Suburban are competitors, particularly in Wood County, Ohio. Suburban alleged that Columbia was offering general service customers within Wood County lower rates than Columbia's general service rates on file with the Commission. Suburban alleged that the lower rates were being charged on a discriminatory basis without regard to the requirements of customers similarly situated and for the purpose of destroying competition. In addition, Suburban alleged that Columbia was violating its tariffs on file with the Commission by providing customers with service lines free of charge. Suburban alleged that the free service lines were offered on a discriminatory basis and for the purpose of destroying competition. Another allegation by Suburban was that Columbia was violating its tariffs by providing distribution main line extensions for commercial or industrial customers without requiring a deposit from those customers. Suburban alleged that the waiving of deposits was done on a discriminatory basis and for the purpose of destroying competition. Suburban alleged that Columbia's actions in these matters were violations of Sections 4905.30, 4905.32, 4905.33, and 4905.35, Revised Code.

On November 12, 1986, Columbia filed a motion to dismiss the amended complaint and argued again that Suburban had no standing to bring the complaint and that Suburban had not stated reasonable grounds for complaint. By Entry dated January 6, 1987, the Commission denied the motion of Columbia to dismiss the complaint and ordered Columbia to answer the complaint. The Commission found that Suburban had standing to bring this complaint under Section 4905.26, Revised Code. However, in the January 6, 1987 Entry the Commission reiterated its position that the Commission's function is not to administer anti-trust laws but rather to protect utility consumers from unjustly discriminatory rates and charges. The Commission's primary interest is in securing the best possible service for the public under just and reasonable rates and not in refereeing a contest between The Commission stated that the Commission is competitors. interested in this matter only to the extent that Suburban's allegations against Columbia affect service to the public.

On January 27, 1987, Columbia answered the complaint. Columbia denied that Columbia had provided service in a manner which violated its tariffs and contracts or state statutes, that Columbia had charged unlawfully discriminatory rates, and that Columbia had charged rates or performed services for the purpose of destroying competition. Columbia denied all the substantive allegations of the complaint.

On February 2, 1987, the attorney examiner scheduled this matter for hearing and ordered notice of the hearing to be published in accordance with Section 4905.26, Revised Code. On April 1, 1987, the legal director granted a continuance and

rescheduled the hearing to May 7, 1987. On April 16, 1987, the Office of Consumers' Counsel, State of Ohio (OCC), moved to intervene in this proceeding. OCC stated that if the allegations of the complaint were true, the result might be an increase in costs to residential ratepayers. On April 22, 1987, the examiner asked OCC to inform the Commission as to its specific grounds for intervention. On May 1, 1987, OCC responded that competition between gas distribution companies could have an adverse impact on residential customers and that discriminatory rates are unfair to customers who pay full rates. OCC also asserted that residential customers have an interest to ensure that utilities do not engage in predatory practices. On May 14, 1987, the examiner found that although OCC's grounds for intervention remained vague, the motion of OCC to intervene should be granted.

The hearing in this matter was held on May 7, 1987. Notice of the hearing was published in the <u>Daily Sentinel-Tribune</u>, a newspaper of general circulation in Wood County, Ohio. At the hearing, the complainant called Mr. Ronald G. Parshall, Columbia's area manager for several communities in Wood County, Ohio, and Mr. Michael Law, an industrial marketing engineer employed by Columbia at its Findlay, Ohio office. Columbia called Mr. Thomas F. Devers, vice president of rates and depreciation at Columbia, and Mr. A. Scott Rothey, executive vice president of Suburban. At the close of the hearing a briefing schedule was arranged. Subsequently, continuances to the briefing schedule were granted. Suburban filed its initial brief on June 12, 1987, Columbia and OCC filed briefs on July 7, 1987, Suburban and Columbia filed reply briefs on July 17, 1987, and OCC filed its reply brief on July 22, 1987.

### SUMMARY OF THE EVIDENCE:

Suburban has presented various examples of Columbia's alleged unfair competitive practices. To summarize the evidence, the facts regarding each of these examples will be discussed.

A plant of Equity Group-Ohio Division (Equity) is located on Grant Road in the unincorporated area of Wood County. In mid-1985, at the time that a part of Equity's plant was served by Columbia LNG, Suburban offered and began service to Equity (Tr. 208). Apparently, another part of the plant continued to be served by Columbia, and at some point Suburban offered to serve the entire plant and take this service from Columbia. This solicitation by Suburban of the portion of the plant served by Columbia was, according to Columbia, the event that gave rise to Columbia's "flex" rate program. In July 1986, Equity entered into an agreement for gas service with Columbia in which Equity stated that Equity had received a bona fide offer from Suburban which was lower than Columbia's general service rate, which was applicable to the Equity plant (Complainant's Ex. 12). Columbia agreed to provide gas to Equity at \$5.05 per mcf plus a \$4.20

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customer service charge. The rate would fluctuate quarterly with Columbia's gas cost recovery (GCR) rate and the base rate of Suburban, but the rate would not be lower than Columbia's GCR rate plus the applicable customer charge and excise taxes. If Equity received a bona fide offer from a competing utility at a total rate less than Columbia's total "flex" rate, Columbia could, at its option, match the offer of the competing utility. • Equity would submit an affidavit regarding the offer, and Columbia reserved the right to determine if the offer was bona fide. Gas service under the agreement was to begin on May 21, 1986, and either party could terminate the agreement after one This agreement was submitted to the Commission for year. approval on July 25, 1986 in In the matter of the application of Columbia Gas of Ohio, Inc. for filing a contract with Equity Group-Ohio Division involving the sale of gas pursuant to Section 4905.31, Revised Code, Case No. 86-1491-GA-AEC, but the application was withdrawn by Columbia, and the arrangement was never approved. The rates set forth in the agreement in Case No. 86-1491-GA-AEC were the same as Suburban's rates (Tr. 103).

On August 18, 1986, a vice president of Equity signed a Columbia customer affidavit in which he swore that Equity had received a bona fide offer from Suburban to provide natural gas at \$5.0168 per mcf plus a \$4.00 customer service charge per month (Complainant's Ex. 14). On the same day, Equity entered into a general service agency purchase and transportation agreement with Columbia in which Columbia agreed to purchase and deliver gas to Equity at \$4.6194 per mcf and a monthly service charge of \$5.25. The rates charged under the contract could, at Columbia's option, be decreased in accordance with fluctuations in the cost of alternate energy resources available from competing utilities or suppliers provided that the rate would not exceed Columbia's applicable general service rate. In the Equity agreement, Columbia could only decrease the rate to Equity. Mr. Law believed that Columbia agreed not to increase the rate offered to Equity because of Columbia's policy to beat the competition posed by Suburban (Tr. 105). Equity could terminate the agreement within fifteen days if Columbia declined to meet a bona fide offer of a competing utility or supplier, after Equity signed an affidavit regarding the competing offer, and after Columbia determined the validity of the competing offer. The agreement was to take effect August 20, 1986 and continue for one year. Columbia filed this agreement with the Commission on September 5, 1986 in In the matter of the application of Columbia Gas of Ohio, Inc. for approval of an arrangement with Equity Group-Ohio Division involving the purchase and transportation of natural gas, Case No. 86-1781-GA-AEC, which was approved by the Commission on September 30, 1986.

The Woodland Mall is a new shopping center north of Bowling Green in Wood County, Ohio. Suburban and Columbia were in competition to serve the mall. At some point, Suburban submitted

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a proposal to Brisa Builders, Inc., the developers of the Woodland Mall to provide gas service to the mall tenants (Tr. 42). On August 19, 1986, Columbia's Mr. Law wrote a letter to Mr. Larry Jarrett, owner of Brisa Builders, Inc., and made an offer to serve the Woodland Mall that Mr. Jarrett could not refuse (Complainant's Ex. 6). Columbia offered:

- 1. To pay for the service lines to the base of the two end stores and core area.
- 2. To pay 100 percent of the house piping, engineering, and difference in equipment cost between gas and electric for the Elder-Beerman store.
- To provide gas to all customers at \$4.62 per mcf for a primary term of twelve months.

The letter assured Mr. Jarrett that "Columbia Gas has the ability to be competitive with any energy supplier with new programs." (Complainant's Ex. 6). On October 22, 1986, Mr. Jarrett wrote to Mr. Parshall of Columbia to accept the August 19, 1986 offer. In addition, Mr. Jarrett respectfully requested that Columbia immediately proceed with the installation of the necessary transmission lines (Complainant's Ex. 7).

Mr. Law testified that he believed it was necessary for Columbia to make the August 19, 1986 offer in order to beat out the competition from Suburban and from the electric energy supplier (Tr. 139). According to Mr. Law, Columbia had to offer the customer service lines in order to compete with electricity. Under P.U.C.O. No. 1, Original Sheet No. 6, Section 22(b) of Columbia's tariffs, the customer shall install and maintain at his own expense customer service lines. In addition, Columbia provided free house piping to the Elder-Beerman store and paid the difference in equipment cost between gas and electric appliances in order to induce Elder-Beerman to switch from electric to natural gas, but Columbia did not make a similar offer to the other large store, J.C. Penney, which paid for its own house piping because J.C. Penney had designated natural gas heat from the beginning (Tr. 39). Under Columbia's tariff, P.U.C.O. No. 1, Second Replacement Sheet No. 7, Section 28, the customer shall install and maintain all appliances at the customer's expense. The offer of \$4.62 per mcf for twelve months was made because Columbia figured that Suburban would match the first two items of Columbia's offer, and Columbia knew that the rate would beat Suburban's rate (Tr. 138). In addition to the August 19, 1986 offer, Columbia agreed to extend its main distribution lines to the meters and the stores of the two principal mall tenants (Tr. 43). Columbia also agreed to install the customer service lines for the smaller stores of the mall (Tr. 43). Apparently, no other mall in the area has been offered

a fixed rate by Columbia nor has any other mall received similar free lines or piping. In addition, there have been no similar offers by Columbia to reimburse a customer the difference between gas and electric appliances (Tr. 43-44).

C & C Fabrication, Inc. (C & C) was a new customer for whose business Columbia and Suburban were competing (Tr. 46). C & C had requested natural gas service from both Columbia and Suburban. At approximately 750 mcf per year, C & C's annual natural gas usage would not warrant a special contract rate with Columbia (Tr. 47). However, Columbia beat the competition posed by Suburban by offering C & C a general service agency purchase and transportation agreement. On November 13, 1986, a representative of C & C completed a customer affidavit in which he swore that C & C had received a bona fide offer from Suburban for natural gas at \$5.0457 per mcf plus a \$4.00 customer service charge (Complainant's Ex. 9). Thereupon, on the same day, November 13, 1986, C & C signed a general service agency purchase and transportation agreement with Columbia by which Columbia would provide natural gas service to C & C at \$4.6494 per mcf plus a customer charge of \$5.25 per month for twelve months. The rate charged could be increased or decreased in accordance with fluctuations in the cost of alternative energy resources available from competing utilities or suppliers but the rate could not exceed Columbia's applicable general service rate. The customer could terminate the agreement within fifteen days if Columbia declined to match a bona fide offer from a competing utility or supplier. Columbia had the right to determine whether the competing offer stated in the customer affidavit was valid. The agreement was to take effect on November 14, 1986 (Complainant's Ex. 8). Columbia's vice president did not sign the agreement until January 9, 1987 because the contract was lost by Columbia (Tr. 117). Columbia did not file an application with the Commission for approval of the contract with C & C until March 26, 1987 because of an oversight (Tr. 154). Mr. Devers testified that Columbia began billing C & C under the agreement in January 1987 (Tr. 154).

The general service agency purchase and transportation agreement was not the only inducement that Columbia used to win C & C as a customer. Columbia agreed to provide a main line extension of approximately 800 feet to C & C without requiring a deposit from C & C for the line extension. The cost of the line extension would be about \$5 per foot. Under Columbia's tariff P.U.C.O. No. 1, Original Sheet No. 8, Section 34, where a main extension is requested for service for commercial purposes and the main extension is determined by the company to be economically feasible, the applicant for an extension may enter into a line extension agreement and shall deposit with the company the estimated cost of the extension. Mr. Law testified that he had performed a maximum allowable investment calculation for Columbia that determined that the extension was economically justified

(Tr. 204). Finally, in addition to the decision to waive the line extension deposit, Columbia also provided C & C with material in the form of a pipe and riser for the customer service line (Tr. 107).

The Bowling Green Church of God (BGCG) is located on Mercer Road in the unincorporated area of Wood County. BGCG uses about · 100 mcf of natural gas annually (Tr. 25). Prior to March 1986, BGCG was a customer of neither Suburban nor Columbia, and there was competition between Suburban and Columbia for this service. BGCG was to be served directly off a tap from the transmission line of Columbia Gas Transmission Corporation (TCO). Suburban had initially tapped into TCO's line in order to serve BGCG. On February 10, 1986, Columbia filed an application with TCD to obtain a tap off the transmission line to serve BGCG. At about that time, Columbia was aware that Suburban had already obtained a tap from TCO (Tr. 27). Columbia began to serve BGCG as a general service commercial customer in March 1986. Columbia called Suburban and told Suburban to remove its regulators and meter settings which were already in place (Tr. 79).

In order to serve BGCG, a suitable regulator for reducing pressure off the transmission line was required. Although Suburban was offering to serve BGCG at a rate \$0.83 per mcf lower than Columbia's general service rate plus Suburban's \$4.00 customer charge per month, BGCG chose Columbia. According to Suburban, Columbia provided BGCG with a free regulator in order to beat out Suburban (Tr. 23). Under P.U.C.O. No. 1, Section 23, Original Sheet No. 6, of Columbia's tariffs, the customer shall install and maintain at his expense a suitable regulator or regulators for reducing pressure from a high pressure transmission line.

The Dayspring Assembly of God Church (DAGC) is located on North Dixie Highway in the unincorporated area of Wood County and uses about 800 mcf of natural gas annually. Prior to March 1987, neither Columbia nor Suburban served DAGC, and both were in competition to serve DAGC. Columbia knew that Suburban had a line across the road from DAGC (Tr. 32-33). However, it was Columbia that began service to DAGC in March 1987. Because of DAGC's usage pattern, DAGC would normally be classified under Columbia's tariffs as a general service customer for rate purposes, and DAGC would not qualify for a special contract with On March 11, 1987, a general service agency and Columbia. transportation agreement between DAGC and Columbia was signed (Complainant's Ex. 10). The customer affidavit stated that DAGC had received a bona fide offer from Suburban to provide natural gas at \$5.1128 per mcf plus a \$4.00 customer charge per month. The customer affidavit was signed by the pastor of DAGC. The agreement between Columbia and DAGC was that Columbia would purchase gas as an agent for DAGC and deliver the gas to DAGC for \$4.6494 per mcf plus a \$5.25 per month customer charge. The rate

charged under the agreement could, at Columbia's option, be increased or decreased in accordance with fluctuations in the cost of alternate energy resources available from competing utilities or suppliers, provided however that the rate would not exceed Columbia's applicable general service rate and that the customer could terminate the agreement within fifteen days notice if Columbia declined to match the delivery price of a bona fide · offer from a competing utility or supplier. The customer was to submit an affidavit regarding the competing offer, and Columbia reserved the right to determine the validity of the competing offer. Although the agreement was signed March 11, 1987, it was to take effect on February 19, 1987 and continue in effect for one year. On April 2, 1987, the contract was filed with the Commission pursuant to In the matter of the application of Columbia Gas of Ohio, Inc. and Madison County Hospital, Inc. for approval by the Public Utilities Commission of Ohio for a reasonable arrangement for transporting gas pursuant to Revised Code Section 4905.31, Case No. 87-159-GA-AEC, Finding and Order, March 17, 1987.

In Case No. 87-159-GA-AEC, Columbia received what Columbia refers to as "blanket approval" for its CTAPA agreements, an acronym for Competitive Transportation and Agency Purchase Agreement. Under the CTAPA agreements, Columbia sells and delivers gas to end users from a pool of incremental purchases not needed for system supply. The rates to be charged are flexible in order to prevent the loss of load. According to the Finding and Order in Case No. 87-159-GA-AEC, Columbia anticipated that there would be a series of requests by customers other than Madison County Hospital for CTAPA agreements, and Columbia believed that maximum benefits from the program would be derived if CTAPA volumes were permitted to flow on the basis of pregranted approval from the Commission. Columbia stated that similar CTAPA agreements would be filed with summary reference to the Madison County Hospital application in Case No. 87-159-GA-AEC. The Commission ordered in the March 17, 1987 Finding and Order that all future similar contracts would be considered approved by the Commission upon filing by Columbia subject to future Commission rulings within thirty days of the Columbia filed the CTAPA contract between Columbia and filing. DAGC on April 2, 1987, and the contract was considered approved by the Commission on that date subject to Commission action within thirty days.

Columbia provides service to DAGC on the CTAPA program at a lower rate than Columbia's general service tariff rate and at a lower rate than Suburban's rate. Columbia offered DAGC the CTAPA rate because Columbia was in direct competition with Suburban for DAGC's service (Tr. 32). Of course, Columbia had also been in direct competition with Suburban for service to BGCG, but BGCG received only a free regulator from Columbia and remains a general service tariff customer of Columbia. BGCG has not been

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offered the lower CTAPA rate (Tr. 147, 158). According to Mr. Devers, "If the competitive situation would have warranted utilizing a transportation arrangement, I'm sure that Columbia would have approached the customer (BGCG) with that. In this particular instance for the Bowling Green Church of God apparently the Columbia tariff rate was enough for the customer to take service from our company instead of Suburban" (Tr. 157-158). At this point, DAGC is the only church in the area on the CTAPA rate, but Mr. Law stated that Columbia would offer the CTAPA rate to any church in the area "if necessary" to beat out the competition (Tr. 97, 137).

In addition, not only did DAGC receive the CTAPA rate from Columbia, but also DAGC received a free customer service line (Tr. 35). The DAGC customer service line ran approximately 100 to 150 feet at approximately \$5 a foot (Tr. 35-36). Under Columbia's tariff, P.U.C.O. No. 1, Original Sheet No. 6, Section 22(b), the installation and maintenance associated with customer service lines are to be at the customer's expense.

The Wood County Children's Resource Center (WCCRC), a day care center, is located within the corporate limits of Bowling Green and would be subject to Columbia's ordinance contract with the city of Bowling Green. WCCRC's estimated annual consumption is approximately 400 mcf annually. Suburban offered service to WCCRC and offered to extend its main distribution line to the property line of WCCRC, an extension of more than one hundred feet (Tr. 212). Suburban did not ask WCCRC for a deposit to extend the line although Suburban's tariffs require such a deposit (Tr. 212). Columbia offered to install WCCRC's customer service line. For Columbia, this was an extension of 415 feet at \$5 per foot. Although it would take Columbia approximately four years to recover the cost of the customer service line under its base rates, Columbia extended the line because of the competitive situation (Tr. 58).

Columbia and Suburban are also in competition to serve Norbalt Rubber Company (Norbalt) of North Baltimore, Ohio and to make Norbalt a consumer of natural gas instead of fuel oil. On June 23, 1986, Mr. Law wrote to Norbalt to offer a firm burnertip price of \$2.48 per mcf for a term comparable to any other supplier's offer (Complainant's Ex. 15). Mr. Law stated to Norbalt officials that Columbia intended to keep Suburban out of North Baltimore (Tr. 121). Mr. Law also recalled Columbia's representatives stating at a North Baltimore village council meeting that "Columbia would do whatever it had to do to keep Suburban Gas out of North Baltimore, Ohio" (Tr. 121-123). On July 11, 1986, Mr. Harold Rowe, Columbia's division manager at the Findlay office, wrote to D.S. Brown Company of North Baltimore and offered D.S. Brown a firm natural gas price to match D.S. Brown's current fuel oil cost. The offer was good for twenty-four months (Complainant's Ex. 16). In addition, Columbia

told D.S. Brown that, due to changes in federal transportation policies, Columbia was able to match any bona fide offer from any competing natural gas supplier. However, Suburban began service to D.S. Brown in January 1987 in spite of the fact that Columbia already had a meter at the site (Tr. 208).

Residential consumers may also begin to become a focus of the competition between Columbia and Suburban. According to Mr. Devers, Columbia is considering offering Mr. Vincent Messenger, a residential customer, the CTAPA rate, because Columbia finds itself in a competitive situation with Suburban to serve this residential customer (Tr. 161). Mr. Messenger's home is near the Woodland Mall (Tr. 197). Mr. Devers testified that this residential consumer is the only residential consumer in the Woodland Mall area and the only residential consumer to whom Columbia is considering offering the CTAPA rate (Tr. 198). In addition, Columbia installed the customer service line for Mr. Messenger (Tr. 133). Columbia has also waived deposits on main line extensions for residential customers in the Findlay area (Tr. 76, 134).

Columbia's witness Mr. Devers testified that while Columbia is aggressively competing with Suburban, Columbia would not do anything unlawful to meet competition from Suburban (Tr. 153). Mr. Devers also testified that Columbia would not violate sound business judgment (Tr. 153). Mr. Devers acknowledged that the CTAPA rate is not available to all of Columbia's customers but only to those in competitive situations where the load would not otherwise be served by Columbia. He argued that the CTAPA rate allows Columbia to retain existing load and to compete vigorously, but fairly, for new markets (Columbia Ex. 1, at 5). According to Mr. Devers, there is no adverse impact upon gas costs under the CTAPA program because the gas supplies for CTAPA customers are obtained through incremental purchases which are not needed for Columbia's system supply. In addition, according to Mr. Devers, the non-excise tax portion of the agency fee and supplemental charge is credited to Columbia's GCR rate and lowers the cost of gas to GCR customers. Mr. Devers also testified that CTAPA customers contribute to fixed costs (Columbia Ex. 1, at 5).

Mr. Devers stated that Equity was the first customer to be offered the "flex" rate because Equity informed Columbia that it would purchase its gas requirements from Suburban (Columbia Ex. 1, at 5). Subsequently, Columbia determined that it would be preferable to meet competition with transportation arrangements rather than sales arrangements, and the CTAPA program was developed. The "flex" rate sales contracts were withdrawn, and customers were offered CTAPA agreements. Mr. Devers stated that CTAPA rates are designed to recover the cost of providing service and that CTAPA customers are not served at less than cost. Mr. Devers stated that both the "flex" rate of 1986 and the present CTAPA rates allow Columbia to recover its incremental costs

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(Columbia Ex. 1, at 6). The purchase price of the pool of gas used for the CTAPA program was about \$2.21 per mcf (Tr. 182).

Mr. Devers further testified that Columbia does not believe that Columbia's tariff is violated when Columbia extends its distribution mains to serve new customers without requiring the customer to deposit the full cost of the extension. He testified that if Columbia determines that the investment is economically justified, Columbia will extend the main without requiring a deposit. If the extension cannot be justified economically, Columbia may still extend the main because of competition from other suppliers (Columbia Ex. 1, at 6). According to Mr. Devers, requiring a deposit equal to the full cost of a main extension would adversely affect Columbia's ability to attract new business into Columbia's service territory.

Mr. Devers also testified that Columbia had installed on certain occasions customer service lines in order to meet competition. Mr. Devers stated that the cost of customer service lines would not be passed on to Columbia's customers through Columbia's base rates but would be charged to a marketing account (Columbia Ex. 1, at 7). Mr. Parshall testified that the costs associated with the provision of customer service lines, line extensions, regulators, and the waivers of deposits and the reimbursement of cost differentials of appliances were not being recovered by the company through base rates but rather were absorbed by the stockholders (Tr. 61). However, Mr. Law testified that none of these incentives were offered before Columbia's present general service rates became effective on July 2, 1985 (Tr. 130-131).

Mr. Devers testified that there have been instances in which Columbia has begun to bill customers under the CTAPA rate prior to Commission approval (Tr. 154). He stated that Columbia did this because of commitments made to customers in light of the competitive situation (Tr. 154).

Finally, Mr. Rothey testified that Suburban is a gas distribution company subject to Commission regulation but has no general service rates established by the Commission and no GCR rate. In addition, Suburban has only two special contracts on file with the Commission (Tr. 210). However, Suburban does have tariffs for the provision of service on file with the Commission. Suburban's tariffs are modeled after Columbia's tariffs. Suburban is serving some 200 to 250 customers inside the corporate limits of Bowling Green but does not have a franchise to serve Bowling Green. The rates charged these customers are established by ordinances of villages which own the lines. Mr. Rothey stated that he was advised by the mayor of Bowling Green that he did not need a franchise to operate in the city, apparently because Suburban was serving these areas when they were annexed to the city of Bowling Green (Tr. 218).

#### DISCUSSION:

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Suburban argues that Columbia's actions have violated Sections 4905.30, 4905.32, 4905.33, and 4905.35, Revised Code. Section 4905.30, Revised Code, provides in pertinent part:

Every public utility shall print and file with the public utilities commission schedules showing all rates, joint rates, rentals, tolls, classifications, and charges for service of every kind furnished by it, and all rules and regulations affecting them. Such schedules shall be plainly printed and kept open to public inspection.

Section 4905.32, Revised Code, provides:

No public utility shall charge, demand, exact, receive, or collect a different rate, rental, toll, or charge for any service rendered, or to be rendered, than that applicable to such service as specified in its schedule filed with the public utilities commission which is in effect at the time.

No public utility shall refund or remit directly or indirectly, any rate, rental, toll, or charge so specified, or any part thereof, or extend to any person, firm, or corporation, any rule, regulation, privilege, or facility except such as are specified in such schedule and regularly and uniformly extended to all persons, firms, and corporations under like circumstances for like, or substantially similar, service.

Section 4905.33, Revised Code, provides:

No public utility shall directly or indirectly, or by any special rate, rebate, drawback, or other device or method, charge, demand, collect, or receive from any person, firm, or corporation a greater or lesser compensation for any service rendered, or to be rendered, except as provided in Chapters 4901., 4903., 4905., 4907., 4909., 4921., 4923., and 4925. of the Revised Code, than it charges, demands, collects, or receives from any other person, firm, or corporation for doing a like and contemporaneous service under substantially the same circumstances and conditions. No public utility shall furnish free service or service for less than actual cost for the purpose of destroying competition.

# Section 4905.35, Revised Code, provides:

No public utility shall make or give any undue or unreasonable preference or advantage to any person, firm, corporation, or locality, or subject any person, firm, corporation, or locality to any undue or reasonable prejudice or disadvantage.

Suburban charges that Columbia provided free customer service lines to DAGC, the Woodland Mall's two major tenants, and WCCRC in violation of Columbia's tariffs and Sections 4905.30 and 4905.32, Revised Code; that Columbia provided C & C with the pipe and riser for its customer service line in violation of Columbia's tariffs and Sections 4905.30 and 4905.32, Revised Code; that Columbia's provision of a free regulator to BGCG violated Columbia's tariffs and Sections 4905.30 and 4905.32, Revised Code; that Columbia violated its tariffs and Sections 4905.30 and 4905.32, Revised Code, by providing the Elder-Beerman store with house piping and the reimbursement for the difference between the cost of electric and the cost of gas appliances; and that Columbia violated its tariffs and Sections 4905.30 and 4905.32, Revised Code, by failing to require deposits from C & C, the Woodland Mall, and other customers for the cost of main line extensions. Suburban points out that all the general service agency purchase and transportation agreements discussed in this proceeding incorporated Columbia's tariffs on file with the Commission into the agreements and that Columbia therefore bound itself to adhere to its tariffs in regard to these customers. In addition, the ordinance of the city of Bowling Green incorporates Columbia's tariffs on file with the Commission. Suburban also charges that Columbia violated Sections 4905.30 and 4905.32, Revised Code, by charging DAGC and C & C the general service agency purchase and transportation rates prior to Commission approval. In addition, Suburban charges that Columbia violated Section 4905.33, Revised Code, by offering to some but not to all of its customers free customer service lines, free regulators, and similar incentives. Suburban charges that Columbia violated Sections 4905.32, 4905.33, and 4905.35 Revised Code, by offering some of its general service customers the general service agency purchase and transportation rates and not offering the same rates to other similarly situated general service customers. Suburban also charges that Columbia violated Section 4905.35, Revised Code, by making DAGC the only church in Columbia's service area on the CTAPA rate, by agreeing that the Woodland Mall would have the only arrangement with a fixed rate for twelve months, by making the Woodland Mall the only mall in Columbia's service area on the general service agency purchase and transportation program, by giving Equity the only agreement in which rates can only be decreased, by offering D.S. Brown a firm burner-tip price for two years, and by offering Norbalt an indeterminate agreement period. Finally, Suburban believes that the CTAPA rate violates Section 4905.35, Revised Code, in that a rate designed to flex

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downward to meet a competitor's cost inherently is designed to permit the provision of service at less than its actual cost for the purpose of destroying competition.

Suburban argues that Columbia's failure to follow its tariffs and the Ohio Revised Code are particularly damaging given the competitive environment. According to Suburban, competition · should require more disclosure of the terms and conditions of utility rates and services and stricter compliance with the tariffs and statutes. Suburban argues that customers need to know what rates and services are available to them and points to the disparate treatment of J.C. Penney and Elder-Beerman and BGCG and DAGC as examples. Suburban argues that it is unfair that everyone in Columbia's service territory does not know that if competition from Suburban exists that lower rates, free customer service lines, free house piping, free regulators, waivers of main line extension deposits, reimbursement of the differential of the cost of gas appliances, and other such incentives from Columbia could be available. Without such knowledge, according Suburban, there will be discrimination among to similarly-situated customers of Columbia.

In addition to these specific charges, Suburban argues that Columbia has transformed the general service agency purchase and transportation agreements from a defensive program that was designed to help Columbia maintain its existing load to an offensive weapon that is being used by Columbia to destroy competitors such as Suburban. Suburban states that DAGC, C & C, and the Woodland Mall were all new customers, none of whom were previously served by either Suburban or Columbia. At the time Suburban offered to serve these customers, none of them were customers of Columbia. In addition, D.S. Brown and Norbalt were using fuel oil at the time Suburban offered them service. Suburban argues that these customers were subject to open competition between Suburban and Columbia and that Suburban was not raiding established customers of Columbia.

Suburban argues that Columbia's use of the CTAPA program will be detrimental to customers. Suburban believes that similarly-situated public utility customers are entitled to the same rates and privileges and are subject to the same rules and regulations. Suburban believes that because Columbia's actions will effectively destroy competition, such activities will ultimately mean higher rates. Suburban states that Suburban did not succeed in obtaining a single general service account in circumstances where Suburban was in competition with Columbia even though Suburban's general service rates are lower than Columbia's. Suburban argues that Columbia has totally lost sight of its legal and regulatory responsibilities as a public utility in its "over-aggressiveness" toward Suburban. Suburban argues that Columbia cannot rely upon the new competitive environment to justify the specific statutory violations alleged in this case.

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OCC agrees with Suburban that the record in this proceeding shows numerous instances in which Columbia has violated Section 4905.32, Revised Code, by offering service at a rate different from the rate provided for in Columbia's tariffs. OCC also agrees with Suburban that Columbia's failure to adhere to the terms of Columbia's tariffs is a violation of Section 4905.33, Revised Code, which prohibits discriminatory rates. OCC asserts that the charging of discriminatory rates causes general service customers and especially residential customers to bear the burden of Columbia's generosity. OCC asserts that the charging of discriminatory rates is unfair to customers who pay full rates.

OCC points to the record that indicates that Columbia began charging C & C the general service agency purchase and transportation rate with December 1986 usage, although the agreement between Columbia and C & C was not finally made until January 9, 1987 and Columbia did not file the agreement with the Commission for approval until March 26, 1987 (Tr. 65-66). OCC states that Columbia began charging DAGC the CTAPA rate on February 19, 1987 but did not file the agreement with the Commission until April 2, 1987. In addition, OCC argues that the CTAPA agreements are discriminatory because they have not been extended to all customers in a similar manner as required by Section 4905.33, Revised Code. OCC also argues that because customers on CTAPA rates are not billed for any excise tax charges on the gas cost portion of their gas bills, either the company or other remaining customers must bear the excise tax charges associated with these customers.

OCC also argues that the record shows that Columbia has violated P.U.C.O. No. 1, Original Sheet No. 6, Section 22(b) of Columbia's tariffs which states that the customer is to bear the expense of installing and maintaining customer service lines because Columbia provided free customer service lines to DAGC, Elder-Beerman, J.C. Penney's and WCCRC and free equipment to C & OCC argues that Columbia also violated its tariff which C. requires the customer to install and maintain appliances at the customer's own expense when Columbia reimbursed Elder-Beerman for the difference in cost between electric and gas appliances. 000 argues that the provision of a free regulator to BGCG violated P.U.C.O. No. 1, Original Sheet No. 6, Section 23 of Columbia's tariffs which provides that the customer must install and maintain a regulator. OCC believes that competition from Suburban or other fuel sources does not justify Columbia's tariff violations.

OCC recommends that the Commission reconsider Columbia's CTAPA program and that the Commission find the CTAPA program to be discriminatory. OCC further recommends that the Commission order Columbia to cease its application of the general service purchase agency and transportation rate or the CTAPA rate to C & C, DAGC, Equity, and any other customers on such rates. In the

alternative, OCC argues that the Commission should require Columbia to present evidence that all costs associated with the general service purchase agency and transportation agreements or the CTAPA agreements as well as the provision of free services are borne by Columbia's shareholders and not ratepayers.

Columbia argues that Columbia has violated neither its tariffs nor the statutes and that Columbia's rates, charges, and practices have been fully consistent with its obligations as a public utility. First, Columbia argues that this case must be viewed within the broader context of the sweeping changes in the natural gas industry. According to Columbia, as a result of regulatory changes and market forces, local gas distribution companies face intense competition from alternate fuels, unregulated gas producers, and other regulated gas distribution companies. The Federal Energy Regulatory Commission has authorized selective discounting of interstate transportation rates in competitive situations, and the Public Utilities Commission of Ohio has approved a number of innovative arrangements including sales and transportation rates based upon the price of competing alternate fuels. Columbia believes that only such innovative arrangements will allow Ohio's gas utilities to cope with the demands of the changing marketplace.

Columbia argues that Columbia is aggressively pursuing new markets but is not duplicating the facilities of other utilities which are already in place. Columbia argues that Suburban attempted to raid from Columbia a part of the Equity plant that Columbia was serving. Columbia claims that Columbia maintained that portion of the Equity load by offering Equity a "flex" rate. Columbia also states that Columbia was prepared to serve D.S. Brown when Suburban offered D.S. Brown service. Columbia argues that Columbia was providing natural gas service to North Baltimore when Suburban sought an ordinance to serve portions of the village. In short, Columbia charges that Suburban was attempting to raid its established markets.

Columbia admits that Columbia entered into agreements with Equity, C & C, DAGC, and the tenants of the Woodland Mall in order to meet competition posed by Suburban. Columbia states that such agreements have already been approved by the Commission. Columbia argues that because the Commission granted "blanket approval" in <u>Madison County Hospital</u>, Case No. 87-159-GA-AEC, the need for further applications has been eliminated.

Columbia admits that customers with general service agency purchase and transportation agreements are billed under those rates pending formal approval by the Commission but argues that rapid response is essential given the competitive situation. Columbia argues that if Columbia had been required to wait for formal Commission approval, the customer would have been lost.

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Columbia argues that where an arrangement is consistent with the Commission's transportation guidelines, there is nothing to prohibit Columbia from temporarily offering the service pending Commission approval. Columbia further argues that the only penalty for failure to file contracts with the Commission is that the contracts are not lawful, and the only consequence is that the contracts are not enforceable in a court of law. In any event, according to Columbia, because the agreements at issue in this proceeding have now been approved by the Commission, this issue is moot.

Columbia further argues that the CTAPA program does not violate Sections 4905.30 and 4905.32, Revised Code, which require utilities to adhere to rates and charges set forth in their tariffs, because CTAPA customers are not served under a tariff but under special arrangements filed and approved under Section 4905.31, Revised Code. According to Columbia, special arrangements are permissible under Section 4905.31(D), Revised Code, if a classification of service based upon any reasonable consideration is established. Under the CTAPA or general service agency purchase and transportation arrangement programs, the classification is based upon the existence of competition for a customer's service. Columbia argues that a classification based upon competitive conditions is reasonable. According to Columbia, a utility should be able to charge different rates in specific areas to particular customers without being guilty of undue discrimination if such rates are necessary to meet competition. Columbia argues that the Commission has authorized "downwardly flexible" intrastate transportation rates in Investigation of Gas Transportation, Case No. 85-800-GA-COI, August 13, 1986. According to Columbia, the Commission's approval of "downwardly flexible" intrastate transportation rates constituted an implicit finding that such rates are not unduly discriminatory. Columbia states that Columbia offers the CTAPA rate to customers who have received an offer from a competitor and which offer the customer was prepared to accept. Without the CTAPA rate, Columbia would not have the load. Columbia argues that the Commission did not mean to allow the use of the CTAPA program only in a situation where existing load would be "lost", because new load, as well as existing load, can be "lost" to competing suppliers. As for the variations in the CTAPA agreements offered by Columbia, Columbia states that the variations were necessary in the competitive situation. According to Columbia, the need for variation is one of the reasons that CTAPA customers are served under special arrangements rather than a tariff.

Columbia also argues that the CTAPA program does not constitute unlawful or undue discrimination. According to Columbia the statutory prohibitions against discrimination do not apply to special contracts. In addition, Columbia argues that Section 4905.35, Revised Code, forbids only "undue" or "unreasonable"

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preferences or advantages, while Section 4905.33, Revised Code, prohibits only the receipt of different compensation for "like and contemporaneous service under substantially the same circumstances and conditions". Section 4905.32, Revised Code, bars utilities from granting refunds, privileges, or facilities unless they are extended to all customers under like circumstances for like or substantially similar service. In other words, according to Columbia, Ohio law requires similar treatment only where the customers are similarly situated, and Columbia believes that because of the competitive offers received by its customers with general service agency purchase and transportation agreements, these customers were not similarly situated to Columbia's other customers not on such agreements.

Columbia further argues that the CTAPA agreements do not violate the Section 4905.33, Revised Code, prohibition against furnishing service for less than actual cost for the purpose of destroying competition because the CTAPA rates are based upon the full cost of service. Columbia argues that nothing in the record supports the contention that the CTAPA program involves service at less than actual cost. Columbia states that the state excise tax on the cost of gas is always excluded from transportation rates because the excise tax does not apply to transportation volumes. In addition, the CTAPA agreements require the customer to reimburse Columbia for any tax liability that Columbia may have on the volumes. Columbia admits that under the CTAPA program Columbia may flex the CTAPA rates downward so that there is a potential that service may occur at less than cost in order for Columbia to retain the load. Columbia argues that if this situation were to occur, the pricing at less than cost would not be for the purpose of destroying competition but rather to meet competition from alternate suppliers. However, according to Mr. Devers, under the CTAPA program, Columbia would not charge less than a floor rate which would include the cost of gas, the agency fee, and an amount sufficient to cover the variable costs of providing the service.

As for the question of Columbia's failure to follow its tariff by waiving deposits for main extensions for its tariff customers, Columbia believes that the tariff gives Columbia discretion to require deposits, and Columbia argues that Columbia's level of investment in new facilities is a management decision subject to review in rate proceedings. In addition, Columbia argues that while Columbia and Suburban have identical tariffs on main extensions, Suburban offered to extend its main to WCCRC without asking for a deposit. According to Columbia, it would be detrimental to business in Ohio to collect a deposit equal to the full cost of every main extension needed to serve a new industrial or commercial customer.

In addition, Columbia argues that the incentives offered such as free customer service lines and regulators, the

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reimbursement of certain equipment costs, and the waiver of deposits are used only in situations where Columbia believes that the load would not otherwise be served by Columbia. Columbia argues that new loads increase contributions to fixed costs which benefit all customers. Furthermore, according to Columbia, the cost of these incentives are fully absorbed by Columbia's shareholders. Columbia also argues that these incentives do not violate Sections 4905.32, 4905.33, and 4905.35, Revised Code, because marketing incentives are not public utility services. Columbia argues that customer service lines and reimbursements for appliances, like telephone directories, fall outside the scope of regulation. At the same time, Columbia argues that the tariffs serve only to absolve Columbia from the obligation to provide customer service lines and regulators but do not prohibit Columbia from furnishing additional assistance above and beyond Columbia's obligations. Columbia argues that variations in incentives offered were the result of the competitive situation. In addition, if incentives were offered at less than cost, the incentives were offered to meet, and not to destroy, competition.

The Commission believes that Columbia's general service agency purchase and transportation arrangements are proper under Section 4905.31(D), Revised Code, for Columbia to retain existing load and to obtain new load. The Commission finds that a reasonable classification of customers under Section 4905.31(D), Revised Code, would be a classification of customers who would not otherwise be served by Columbia in the absence of the special arrangement. In The Cleveland Electric Illuminating Company, Case No. 83-1342-EL-ATA and Case No. 83-1343-HT-ATA, Opinion and Order, May 8, 1984, the Commission suggested that the "reasonable arrangements" mechanism of Section 4905.31, Revised Code, would be the appropriate way to modify rates in order to meet competition to retain existing load and to obtain new load. The Commission sees no basis for a distinction between the retention of presently existing customers and the acquisition of new customers in regard to whether a reasonable classification exists to meet competition under Section 4905.31(D), Revised Code. Under both circumstances the utility is attempting to meet competition to serve a customer who would not otherwise be served if the rate were not offered. The Commission finds that Suburban has not met its burden of proving that the general service agency purchase and transportation agreements are unreasonable arrangements to allow Columbia to serve load that Columbia would not otherwise serve in the absence of such arrangements.

The Commission approved Columbia's general service agency purchase and transportation agreement with Equity in Case No. 86-1781-GA-AEC, September 5, 1986. The record indicates that Columbia offered the "flex" rate to Equity in order to retain Columbia's load that Suburban had offered to serve. The Commission believes that Equity was a proper customer to enter into a general service agency purchase and transportation

agreement with Columbia. As for the Equity agreement feature that the Equity rate could only be decreased, the Commission does not find that feature to violate Section 4905.33, Revised Code, which prohibits special rates offered one customer and not another and prohibits free service or service at less than cost for the purpose of destroying competition. First, there is nothing in the record to indicate that the rate was offered at 'less than cost, and in fact the record indicates that the rate adequately covers Columbia's costs. The problem that the rate could eventually flex so far downward so as not to cover Columbia's costs has not presented itself here. Second, as for Suburban's argument that the general service agency purchase and transportation rate offered to Equity was not offered to others. the Commission finds that under Section 4905.31, Revised Code, the arrangement between Equity and Columbia as presented in Case No. 86-1781-GA-AEC is a reasonable arrangement. The classification of customer represented by Equity is a general service customer of Columbia that Columbia would not have served had the arrangement not been available. Having determined that Equity was a proper customer to make a general service agency purchase and transportation agreement with Columbia, the Commission will not interfere with the bargain made between the two contracting parties once it appears to the Commission that the arrangement was reasonable and lawful. There is no requirement that all general service agency purchase and transportation agreements be alike.

In addition, the Commission approved C & C's general service agency purchase and transportation agreement with Columbia in Case No. 87-504-GA-AEC, on April 21, 1987. The application stated that the arrangement would benefit Columbia's customers because of increased fixed-cost contributions from a load that would otherwise be lost. The Commission approved this arrangement under Section 4905.31, Revised Code, as a reasonable arrangement, and Suburban has presented no evidence that would convince the Commission that the general service agency purchase and transportation agreement between Columbia and C & C was unreasonable.

Of the agreements discussed in this proceeding, only the general service agency purchase and transportation agreement between Columbia and DAGC was filed pursuant to the blanket approval granted in the Commission's Finding and Order in <u>Madison</u> <u>County Hospital, Inc.</u>, Case No. 87-159-GA-AEC, March 17, 1987. The Commission found in <u>Madison County Hospital</u> that under Section 4905.31, Revised Code, reasonable arrangements between gas utilities and their customers may be authorized upon approval by the Commission. In the Finding and Order in Case No. 87-159-GA-AEC, the Commission found that "the rates to be charged under this arrangement provide for flexibility in order to prevent the loss of load." When Columbia filed on April 2, 1987 its agreement with DAGC, Columbia stated that the filing was

pursuant to Case No. 87-159-GA-AEC in which the Commission approved an identical general service agency purchase and transportation agreement and ordered that all future similar agreements be approved by the Commission upon filing by Columbia unless and subject to future rulings by the Commission within thirty days of the filing of such agreement (Columbia Ex. 3). The Commission did not make any subsequent findings within thirty days, and the arrangement remains approved. Suburban has presented no evidence to convince the Commission that the arrangement between Columbia and DAGC is unreasonable and should not be approved.

However, the Commission is concerned about the fact that the agreement between Columbia and Equity was to take effect on August 20, 1986 according to the agreement, but the agreement was not filed with the Commission until September 5, 1986, and was not approved by the Commission until September 30, 1986. Under Section 4905.31, Revised Code, the Commission is to approve such arrangements, and no arrangement is lawful unless it is filed with and approved by the Commission. Regardless of whether Columbia argues that the only consequence of unapproved arrangements is that the contracts are unenforceable, the Commission has long had the policy that any arrangements under Section 4905.31, Revised Code, must be reviewed and approved by the Commission before they become effective so as to ensure that they are just and reasonable and to ensure that they will not adversely affect the balance of the company's customers. <u>Cleveland Electric Illuminating</u>, <u>supra</u>, at 7. The Commission agrees with Suburban that it is improper for Columbia to allow gas to flow at a special contract rate prior to Commission approval of the special contract arrangement.

The delay in filing the special arrangements exists in the other cases under discussion here as well. The case of the C & C contract is especially disturbing as it appears that the agreement was to take effect on November 14, 1986 but was not filed with the Commission until March 26, 1987, and not approved until April 21, 1987. The Commission finds that Columbia's failure to file the contract in a timely fashion was improper as was the decision to allow gas to flow under the contract rate prior to Commission approval.

As for the DAGC arrangement, the Commission notes that it was to become effective as of February 19, 1987, but was not filed with the Commission until April 2, 1987. Given the fact that the Commission has taken the extraordinary step of allowing approval of these contracts upon their filing subject to Commission action within thirty days, the Commission can see no reason why these contracts would take effect prior to their filing. The Commission does not believe that the competitive threat justifies placing the rate in effect prior to Commission approval. The Commission finds it unreasonable for the general

service agency purchase and transportation rates to go into effect prior to their filing with the Commission.

The Commission also notes that Columbia has already reached an agreement with the Woodland Mall to charge the Woodland Mall at a particular special rate without filing such agreement with the Commission for approval. Apparently, no gas has flowed under "this arrangement at this time; however, the Commission can see no reason why Columbia has not filed this arrangement under the Case No. 87-159-GA-AEC blanket approval provisions. The Commission would not foreclose the approval of the general service agency purchase and transportation arrangement between the mall and its tenants and Columbia simply because these are new customers of Columbia. However, prior to the arrangements being filed, the Commission can make no determination in this matter.

With regard to the provision of free customer service lines, regulators, and various equipment and the waiver of deposits on main line extension, the Commission notes that all the general service agency purchase and transportation agreements that have been approved by the Commission have all incorporated Columbia's tariffs on file with the Commission as part of the arrangements. The Commission finds that Columbia's tariffs on file with the Commission apply to the general service agency purchase and transportation agreements. In addition, to argue, as Columbia does, that customer service lines, main line extensions, and regulators are not subject to Columbia's tariffs is directly contrary to the fact that Columbia's tariffs expressly cover these items and expressly state the customers' responsibilities. To waive tariff provisions for customers with regard to these services would render Columbia's tariffs on these services completely unreliable as a source of information on Columbia's charges and would violate Sections 4905.30 and 4905.32, Revised Code. The Commission finds that the waivers of tariff provisions for customers are violations of Columbia's tariffs and Sections 4905.30, 4905.32, 4905.33, and 4905.35, Revised Code. Under Section 4905.30, Revised Code, the tariffs are to contain all charges for service of every kind furnished by Columbia. Under Section 4905.32, Columbia may not collect a different charge for any service rendered than that contained in its tariffs, and Columbia may not remit any charge or extend to any person any privilege except as specified in its tariffs and as extended uniformly to all persons under similar conditions. Under Section 4905.33, Revised Code, Columbia may not charge any person a greater or lesser amount for any service rendered than it charges any other person under the same circumstances. Under Section 4905.35, Revised Code, Columbia may not give any unreasonable advantage to any person or subject any person to any undue disadvantage. Under Columbia's tariffs, the customer is responsible to provide customer service lines, house piping, and appliances, and there are no exceptions in Columbia's tariffs to

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these requirements. Columbia may not apply its tariffs to one customer and not to another.

Therefore, Columbia's tariffs on file with the Commission apply to C & C as the tariffs apply to any other general service customer of Columbia. C & C should have been required to deposit the cost of the main line extension with Columbia as required by Columbia's tariffs. The tariff does not make the deposit subject to Columbia's discretion. Once Columbia determines that the main extension should be done, it is mandatory under the tariffs that the customer deposit with Columbia the cost of the extension. In addition, the free equipment to C & C violated Columbia's tariffs. However because Columbia has already provided this free service to C & C and has already waived the deposit, the Commission will not require any payment for these services by C & C. The Commission understands that the cost of this equipment was not borne and will not be borne by Columbia's ratepayers.

In addition, Columbia violated its tariffs and Sections 4905.30, 4905.32, 4905.33, and 4905.35, Revised Code by providing DAGC with a free customer service line. Under Columbia's tariffs, the customer is responsible for the expense of new customer service lines. Columbia may not waive this tariff provision for one or any of its customers. Columbia's tariffs on file with the Commission apply to DAGC as they apply to all Columbia's general service customers. However, because Columbia has already provided the free customer service line to DAGC, the Commission does not believe that DAGC should now have to pay for the line. The Commission notes that the cost of the line was not borne and will not be borne by Columbia's ratepayers.

Finally, the Commission finds that the only rules and regulations for service from Columbia that should apply to the mall are Columbia's tariffs for gas service on file with the Commission. The August 19, 1986 offer by Columbia to Brisa Builders to pay for the customer service lines to J.C. Penney and Elder-Beerman and to pay for Elder-Beerman's house piping and the differential between gas and electric appliances violated Sections 4905.32, 4905.33, and 4905.35, Revised Code, and Columbia's tariffs on file with the Commission. The competition posed by Suburban does not justify Columbia's attempt to waive tariffs in regard to the mall and to some of the mall tenants in order to beat out Suburban to serve the mall. The Commission will not now insist that Columbia collect the improperly waived charges from the mall's tenants. Although the failure to follow Columbia's tariffs was unlawful, Columbia's general service customers were not harmed to the extent that the cost of the provision of these services was not paid and will not be paid by Columbia's ratepayers.

The provision of a free regulator to BGCG and of a free customer service line to WCCRC violated Columbia's tariffs and Sections 4905.30, 4905.32, 4905.33, and 4905.35, Revised Code.

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BGCG is a general service customer of Columbia subject to Columbia's rates and tariffs on file with the Commission. Under Columbia's tariff, P.U.C.O. No. 1, Section 23, Original Sheet No. 6, the customer shall at his expense provide, install, and maintain the regulator. WCCRC is a general service customer subject to Columbia's tariffs, and under Columbia's tariff P.U.C.O. No. 1, Original Sheet No. 6, Section 22 (b) a customer is to install and maintain customer service lines at his own expense. Although WCCRC is located in the corporation limits of Bowling Green, the ordinance contract between Columbia and Bowling Green incorporates Columbia's tariffs on file with the Commission.

The Commission finds that Suburban has met its burden of proving the allegations of its complaint to the extent discussed above. The Commission agrees that the provision of free services and the waiving of deposits for customers were in violation of Columbia's tariffs and the Revised Code. The Commission has not ordered Columbia to demand payment from mall customers, C & C, DAGC, BGCG, or WCCRC for the provision of various services in violation of Columbia's tariffs and the Revised Code; however, the Commission expects Columbia to cease such practices The Commission does not agree with Suburban that immediately. CTAPA rates should not be offered to customers facing competition from other natural gas distribution companies. The Commission believes that it is reasonable for Columbia to offer a CTAPA rate to retain load that would otherwise be lost to any competing supplier or to attract new load. In addition, the Commission sees no distinction between new and existing customers in regard to which customers may be offered such arrangements. It should be clear, however, that the Commission does not condone the actions of Columbia in offering facilities free or below cost in violation of Columbia's tariffs. The Commission is also considering the possibility that there may be certain classes of customers who may not be appropriate for general service agency purchase and transportation agreements. Finally, the Commission does not foreclose the possibility that Suburban will be able to establish its own general service agency purchase and transportation arrangements with customers whose load might otherwise be lost to competitors.

#### FINDINGS OF FACT:

 This complaint was filed by Suburban on August 29, 1986 against Columbia. On October 22, 1986, Suburban filed an amended complaint. Suburban alleged that Columbia's practices were violations of Sections 4905.30, 4905.32, 4905.33, and 4905.35, Revised Code. -24-

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- On January 27, 1987, Columbia answered the complaint. Columbia denied all the substantive allegations of the complaint.
- 3) On May 14, 1987, the motion of OCC to intervene in this proceeding was granted.
- 4) The hearing in this matter was held on May 7, 1987. Notice of the hearing was published in the <u>Daily Sentinel-Tribune</u>, a newspaper of general circulation in Wood County, Ohio.
- 5) Equity was a customer of Columbia in July 1986 when Columbia offered Equity a general service agency purchase and transportation agreement. Equity had been approached by Suburban and would have switched from Columbia to Suburban had the transportation arrangement not been offered.
- 6) The "flex" rate offered Equity may only be decreased by Columbia.
- 7) Columbia offered the new stores at the Woodland Mall general service agency purchase and transportation agreements along with free customer service lines to two of the stores and house piping and the differential between the cost of gas and electric appliances to one of the stores.
- 8) Columbia offered C & C a general service agency purchase and transportation agreement, provided C & C with a main line extension without requiring a deposit, and provided a pipe and riser for the line of C & C.
- 9) On March 11, 1987, Columbia entered into a general service agency purchase and transportation agreement with DAGC.
- 10) Columbia filed the CTAPA agreement with DAGC on April 2, 1987, pursuant to <u>Madison County</u> <u>Hospital</u>, Case No. 87-159-GA-AEC.
- DAGC received a free customer service line from Columbia.
- 12) Columbia provided its new general service tariff customer BGCG with a regulator needed to provide service from a high pressure transmission line.

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- 13) Columbia provided a free customer service line to WCCRC, a customer subject to Columbia's ordinance rates with the city of Bowling Green.
- 14) Columbia filed its general service agency purchase and transportation arrangements with the Commission in several instances after the agreements went into effect.

CONCLUSIONS OF LAW:

- 1) This complaint was brought under Section 4905.26, Revised Code. Notice of the hearing was published in accordance with the requirements of that section.
- Equity was a proper customer to receive a general service agency purchase and transportation agreement from Columbia. The arrangement has been approved by the Commission pursuant to Section 4905.31, Revised Code.
- 3) Because Equity was a proper customer to enter into a general service agency purchase and transportation agreement with Columbia and because the Commission considers the arrangement between Columbia and Equity to be lawful and reasonable, the Commission will not inquire further into the question whether Columbia made a good bargain as long as the Commission has no reason to doubt that Columbia is not offering the service below cost for the purpose of destroying competition.
- 4) It is appropriate for Columbia to offer existing and new customers general service agency purchase and transportation agreements because these agreements are reasonable to allow Columbia to maintain its existing load and to attract new load.
- 5) C & C was a proper customer to be offered the general service agency purchase and transportation agreement. The arrangement has been approved by the Commission pursuant to Section 4905.31, Revised Code.
- 6) DAGC was an appropriate customer to be offered a CTAPA rate. The arrangement has

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been approved by the Commission pursuant to Section 4905.31, Revised Code.

- 7) The general service agency purchase and transportation rates should not take effect prior to Commission approval, which under Case No. 87-159-GA-AEC is granted upon filing of the arrangement with the Commission.
- 8) The general service agency purchase and transportation agreements discussed in this case incorporate Columbia's tariffs by reference, and customers of Columbia under the agreements are subject to Columbia's tariffs on file with the Commission.
- 9) The provision of customer service lines, regulators, and line extensions are subject to Columbia's tariffs on file with the Commission and to Sections 4905.30 and 4905.32, 4905.33, and 4905.35, Revised Code.
- 10) The provision by Columbia of free customer service lines, regulators, and house piping, the waiver of deposits for main line extensions, and the provision of the cost differential between gas and electric appliances to customers subject to Columbia's general service tariffs are violations of Columbia's tariffs and Sections 4905.30, 4905.32, 4905.33, and 4905.35, Revised Code.
- 11) Columbia may not waive its tariff requirements for some customers and not others regardless of whether the cost is not borne by ratepayers because Sections 4905.32, 4905.33, and 4905.35, Revised Code, require that the tariffs be uniformly applied to similarly-situated customers.
- 12) The existence of competition for customers in Columbia's service territory does not justify the disregard for Columbia's tariffs on file with the Commission.
- 13) The provision of a main line extension to C & C without requiring a deposit is not in conformity with Columbia's tariffs P.U.C.O. No. 1, Original Sheet No. 8, Section 34 which should have applied to C & C. The provision of material to C & C in the form of a pipe

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and riser for the service line is also not in conformity with Columbia's tariffs.

- 14) The provision of a free customer service line to DAGC was inappropriate for a customer who should have been subject to Columbia's tariffs.
- 15) Under Columbia's tariffs, P.U.C.O. No. 1, Original Sheet No. 6, Section 22 (b), installation and maintenance of customer service lines is to be at the customer's expense.
- 16) The provision of a free regulator to BGCG, a general service customer subject to Columbia's tariffs, is contrary to Columbia's tariffs and Ohio statutory law.
- 17) The provision by Columbia of a free regulator to a customer subject to Columbia's general service rate is not in conformity with P.U.C.O. No. 1, Original Sheet No. 6, Section 23, of Columbia's tariffs which states that the customer shall install and maintain, at his expense, a suitable regulator for reducing pressure where service is provided from a high pressure transmission line.
- 18) A free customer service line should not have been provided to WCCRC under P.U.C.O. No. 1, Original Sheet No. 6, Section 22 (b) of Columbia's tariffs.
- 19) Under Ordinance No. 4209 of the city of Bowling Green, Section 3, the terms and conditions of service to be rendered shall conform with the rules and regulations for furnishing gas service of Columbia on file with the Commission.
- 20) The provision of free service lines, house piping, and the differential in the cost of gas and electric appliances given to some but not all stores at the Woodland Mall by Columbia was not appropriate under Columbia's tariffs for customers who should have been subject to Columbia's tariffs.
- 21) The complainant has met its burden of proving that Columbia has violated its tariffs and Sections 4905.30, 4905.32, 4905.33, and 4905.35, Revised Code, by providing free

customer service lines to Elder-Beerman and J.C. Penney at the Woodland Mall, DAGC, and WCCRC, free house piping and the differential between gas and electric appliances to Elder-Beerman at the Woodland Mall, a free regulator to BGCG, and a waiver of the deposit required for a main line extension to C & C.

22) The complainant did not meet its burden of proving that the general service agency purchase and transportation agreements between Columbia and its customers Equity, the Woodland Mall, C & C, and DAGC are unreasonable.

#### ORDER:

It is, therefore,

ORDERED, That Columbia may enter into general service agency purchase and transportation agreements to retain existing load and to attract new load. It is, also,

ORDERED, That general service agency purchase and transportation agreements take effect only upon their filing with the Commission under Case No. 87-159-GA-AEC. It is, further,

ORDERED, That Columbia apply uniformly its tariffs on file with the Commission to all Columbia's general service customers to whom these tariffs apply and to all customers subject to ordinance rates which ordinances incorporate such tariffs and to all customers subject to agreements which agreements incorporate such tariffs. It is, further,

ORDERED, That a copy of this Opinion and Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Thomas V. Chema, ley Brown

Chairman ord Alan ber

CLM/vrt

Entered in the Journal

0 4 AUG 1987

A True Copy

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UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION

Columbia	Gas	Transmi	ssion	)

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NOTICE OF REQUEST UNDER BLANKET AUTHORIZATION

(September 22, 1988)

Take notice that on September 12, 1988, Columbia Gas Transmission Corporation (Columbia Gas), 1700 MacCorkle Avenue, S.E. Charleston, West Virginia 25314, filed in Docket No. CP88-782-000 a request pursuant to Sections 157.205 and 157.215 (18 C.F.R. 157.205 and 157.215) of the Commission's Regulations under the Natural Gas Act to abandon by sale to Columbia Gas of Ohio, Inc. (COH) Columbia Gas' B-157 pipeline system consisting of 32.5 miles of various sized pipeline and all related facilities and properties. In addition, Columbia Gas requests authority to construct and operate a new point of delivery to COH, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Columbia Gas proposes to abandon by sale to COH its B-157 pipeline system consisting of approximately 32.5 miles of various pipeline diameters and all related facilities and properties located in Franklin and Delaware countles, Ohio. The subject facilities currently serve 11 small distribution systems and 100 mainline COH customers directly from Columbia Gas' system. Columbia Gas does not serve any other customer from the facilities to be sold. COH will incorporate the subject facilities into its existing distribution system and continue the same service that is currently rendered by Columbia Gas. It is stated, that the purchase price of the facilities to be sold to COH is the original cost less related depreciation at the time of the sale, which was approximately \$690,000 as of December 31, 1987.

Related to the abandonment and sale, Columbia Gas proposes to construct and operate a meter and regulator station in Franklin County, Ohio, at the interconnection of Columbia Gas' 20-inch transmission pipeline and the facilities to be sold, for the delivery of gas to COH. It is stated that COH will reimburse Columbia Gas for the cost of construction and installation, estimated to be \$336,000, of the delivery point.

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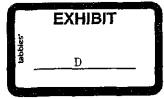
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Docket No. CP88-782-000 - 2 -

The estimated deliveries of natural gas to be provided CON of 20,071 Dt and 2 006 065 Dt for peak day and annual requirements, respectively, are within Columbia Gas' currently authorized levels of service. No new or additional sales of gas are proposed by Columbia Gas in the request for permission to abandon the subject facilities by sale to COH. COH indicates that the end-use of the gas will continue to be the same as that presently served by Columbia Gas which is residential, commercial and industrial.

Any person or the Commission's staff may, within 45 days after issuance of the instant notice by the Commission, file pursuant to Rule 214 of the Commission's Procedural Rules (18 CFR 385.214) a motion to intervene or notice of intervention and pursuant to Section 157.205 of the Regulations unler the Natural Gas Act (18 CFR 157.205) a protest to the request. If no protest is filed within the time allowed therefor, the proposed activity shall be deemed to be authorized effective the day after the time allowed for filing a protest. If a protest is filed and not withdrawn within 30 days after the time allowed for filing a protest, the instant request shall be treated as an application for authorization pursuant to Section 7 of the Natural Gas Act.

> Lois D. Cashell Secretary



#### SUBURBAN NATURAL GAS COMPANY ESTABLIERED 1882

274 E. FRONT STREET, P.O. BOX 130 CYGNET, ORIO 48413-0130 (419) 635-2345

> 2626 LEWIS CENTER ROAD LEWIS CENTER, OKIO 43035-9206 (740) \$48-2450

DAVID L. PEMBERTON, BR. CHAIRMAN OF THE BOARD

August 24, 2007

Mr. Jack Partridge President and CEO Columbia Gas of Ohio P. O. Box 117 Columbus, OH 43216-0117

Dear Jack:

It has come to my attention that our company and yours may, once again, be on a course which could result in serious consequences for both. Since the matter involves competition between our companies, I considered it best to reduce my thoughts to writing to avoid any misunderstanding as to my concern, which is not competition per se but competition which violates the spirit and intent of the settlement arrived at more than a decade ago by our companies which we jointly submitted to the Public Utilities Commission of Ohio for its approval.

As you may recall, the settlement to which I refer was arrived at only after costly and extensive litigation concerning your company's competitive practices in southern Delaware County which included, among others, duplication of facilities. As to that issue, the settlement provided for the sale and exchange of facilities and customers with the purpose and intent of rationalizing our systems in a manner which served not only our respective companies but the public's interest in safe, economical, and efficient utility services; and it was with these objectives in mind that the Commission, after careful and protracted deliberations, ultimately approved the settlement. Until recently, the settlement appears to have worked well in meeting these objectives. Hopefully, it can continue to do so.

This past week, Suburban received an OUPS notice advising that Miller Pipeline Company intended to construct a pipeline and related facilities through a subdivision served by Suburban to serve a continuation of this residential development. The subdivision and the proposed duplicative gas line extension are located east of Braumiller Road slightly north of Cheshire Road, coincidentally, within the area specifically excluded from Suburban's Release And Covenant Not To Sue attached to the settlement agreement with respect to the Settled Claims. Upon inquiry, Suburban's field personnel were advised that the proposed facilities were to be owned and operated by your company.

Mr. Jack Partridge Page 2 August 24, 2007

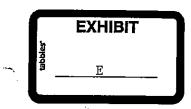
Without going into the legality of the proposed facilities, we believe that they violate the spirit and intent of the above-referenced settlement agreement and the protections intended to be afforded our company thereunder. We are also concerned that they portend a return to the overly aggressive behavior which prompted the Commission's intervention in approving that agreement over 10 years ago, over which it specifically retained continuing jurisdiction. This concern is heightened by the fact that Suburban's multi-million dollar commitment to a new 12-inch pipeline constructed specifically to serve this area will be seriously impaired should our concern be validated, to the detriment of both Suburban and its customers—a pipeline, by the way, which was necessitated by supply limitations imposed by your company.

We hope that we are wrong in our concern. We would appreciate any assurances you can give us with regard to this matter. Perhaps, a conference with the Commission's staff would be beneficial.

Very truly yours,

David L. Pemberton

DLP:mew cc: Mr. David L. Pemberton, Jr.



# SUBURBAN NATURAL GAS COMPANY

ESTABLISHED 1882

DAVID L. PEMBERTON, SR. OHAIRMAN OF THE BOARD 274 E. FRONT STREET, P.O. BOX 130 CYGNET, OHIO 43418-0180 (419) 655-2345

2626 LEWIS CENTER ROAD LEWIS CENTER, OHIO 43035-9206 (740) 348-2450

August 30, 2007

VIA FACSIMILE 614 460-6455 Mr. Jack Partridge President and CEO Columbia Gas of Ohio P. O. Box 117 Columbus, OH 43216-0117

Dear Jack;

Supplementing my letter of August 24, 2007, our investigation of the matter addressed indicates that the proposed duplication of facilities arose as the result of a misunderstanding at the operations level. The facts, as I understand them, are as follows.

A letter of commitment to serve the whole development was sought and obtained by the original developer from Suburban, and our plans for "piping" the project were submitted with the zoning application. Subsequently, the property was sold to the current developer whose operating personnel inadvertently included the second phase of this development in discussions with your people about piping several other projects committed to your company. We and the executive management of the current developer were unaware of this until Suburban raised the question after receiving Miller's OUPS transmission, prompting my letter to you.

Discussions with the current developer's CEO confirm his desire to honor the original commitment to Suburban. However, he is concerned about the contractual relation recently entered into with Columbia. He would also prefer avoiding the proposed duplication and location of your facilities in that part of the development already served by Suburban, as would Delaware County officials. However, he would also prefer avoiding becoming embroiled in a disagreement between our companies.

Based on the foregoing and for the reasons set forth in my August 24, 2007 letter, it would be appreciated if Columbia would release the current developer from its commitment to use Columbia for gas service to this development. Not only would this relieve Suburban of the concerns expressed in my August 24, 2007 letter, it would relieve both the developer's CEO and the Delaware County officials with whom we have spoken of their concerns about the proposed location of Columbia's facilities in the existing residential community in extending service to the new portion of the development. To assist you in this decision, Suburban is prepared to assume Columbia's contractual obligations to both Miller Pipeline Company, with whom we have Mr. Jack Partridge Page 2 August 30, 2007

recently worked, and to the current developer. My son and Dave Monte could work out the details.

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Thank you for your prompt reaction to my August 24, 2007 letter and to the foregoing request.

Very truly yours,

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David L. Pemberton

DLP:mew cc: Mr. David L. Pemberton, Jr.

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SUBURBAN NATURAL GAS COMPANY ESTABLISHED 1882

274 E. FRONT STREET, P.O. BOX 130 CYGNET, OHIO 43413-0130 (419) 655-2845

2626 LEWIS CENTER ROAD LEWIS CENTER, OHIO 43035-9206 (740) 548-2450

DAVID L. PEMBERTON, SR. CHAIRMAN OF THE BOARD

November 20, 2007

VIA FACSIMILE (614) 460-6455 Mr. John W. Partridge, Jr., President Columbia Gas of Ohio P. O. Box 117 Columbus, OH 43216-0117

Dear Jack:

I have been advised that Columbia's representatives are once again violating the settlement agreement entered into between our companies and approved by the PUCO in Case No. 93-1569-GA-SLF, et al. on January 18, 1996. Specifically, Columbia's representatives are offering to install facilities and provide service to a new project to be constructed on the north side of Lazelle Road immediately adjacent to the City of Columbus' fire station at 480 Lazelle Road.

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Suburban maintains and operates two pipelines on the aforesaid property, one of which was acquired from Columbia through the purchase and transfer of facilities approved in the above-referenced proceedings and capacity therefrom leased back to Columbia to be used solely for the purpose of providing natural gas service to the Oak Creek and Wynstone subdivisions. That portion of the settlement agreement addressing the sale and lease of this pipeline specifically provides that "Columbia would have no right to make new taps on, or construct additional laterals from, that pipeline" (Pages 4-5, Paragraph 5 of settlement agreement). Columbia's proposed service violates the purpose and intent of this provision of the settlement agreement, as well as the more general provisions referred to in prior correspondence. We also have reason to believe that Columbia has offered marketing incentives to obtain this account which raises as well the tariff issues intended to be put to rest by our agreement.

Should Columbia fail or refuse to withdraw its offer to serve the subject premises, we shall have no alternative but to seek enforcement of the settlement agreement and resume our complaints regarding Columbia's marketing programs within the area covered by the settlement agreement.

Your prompt response to this letter is essential.

Very truly yours,

David L. Pemberton

DLP:mew cc: Mr. David L. Pemberton, Jr. John W. Bentine, Esquire



December 4, 2007

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Suburban Natural Gas Company David L. Pemberton, Sr. Chairman of the Board 274 E. Front Street P.O. Box 130 Cygnet, OH 43414-0130

Re: Your Correspondence Dated November 29, 2007

Dear Mr. Pemberton:

Your letter to Jack Partridge, dated November 20, 2007, has been referred to me for response. Let me begin by noting that Columbia Gas of Ohio ("Columbia") has, at all times, complied with the terms of the Columbia-Suburban settlement agreement approved by the PUCO in Case No. 93-1569-GA-SLF, et al. Respectfully, then, Columbia must disagree with your opening salvo that Columbia representatives are "once again violating" that agreement.

Recently, Columbia was approached by representatives of Feibel Realty regarding the terms and conditions under which Columbia would provide service to Feibel's project along the north side of Lazelle Road, near the intersection of Talla Court. As a public utility, Columbia is obligated to respond to reasonable requests for natural gas service, and Columbia is simply fulfilling that obligation.

Neither the specific language that you have quoted from the settlement agreement, nor any general provisions referred to in prior correspondence between you and Mr. Partridge, prohibit Columbia from either engaging in discussions with Feibel or ultimately providing service from Columbia-owned facilities to the Feibel project on Lazelle Road. Also, contrary to your stated belief that Columbia has offered marketing incentives to obtain this account, I am instructed to convey to you that this has simply not occurred,

As Mr. Partridge has indicated to you in recent correspondence, Columbia intends to continue competing fairly to serve new projects. By the same token, Suburban is at liberty to attempt to procure this load by engaging in discussions with Feibel regarding the terms under which Suburban is able to provide service. For its part, Feibel should be free to make an informed decision about which utility is best suited to meet its needs. Should you wish to discuss this further, please do not hesitate to contact me directly.

Sincerely,

Daniel A. Creekmur