BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The	)	
East Ohio Gas Company d/b/a	)	
Dominion East Ohio for Approval of a	)	Case No. 07-1224-GA-EXM
General Exemption of Certain Natural	)	
Gas Commodity Sales Services or	)	
Ancillary Services.	)	

ENTRY

The Commission finds:

(1) By Opinion and Order issued on June 18, 2008, the Public Utilities Commission of Ohio (Commission) approved a joint stipulation and authorized The East Ohio Gas Company d/b/a Dominion East Ohio (Dominion) to conduct auctions for the pricing of its wholesale and retail natural gas supplies.

(2) On July 22, 2008, Dominion held an auction to continue to provide commodity service to its retail customers via a Standard Service Offer (SSO), the price of which was partially based on the auction results. The result of the auction was a Retail Price Adjustment (RPA) of $2.33 per MCF, which when added to the NYMEX prompt month closing price equaled Dominion's SSO rate. On July 23, 2008, the Commission approved the auction results. The $2.33 per MCF RPA was effective from September 1, 2008 through March 31, 2009.

(3) On February 10, 2009, Dominion held the first of two one-year auctions for the pricing of its wholesale and retail natural gas supplies. The first auction established the SSO rate for the wholesale supplies with the second auction establishing the Standard Choice Offer (SCO) for the retail supplies. Both auctions took place via the internet with seven bidders participating in the wholesale auction and ten bidders in the retail auction. Dominion contracted for the services of World Energy Solutions, Inc., (World Energy) as the manager of the auctions. World Energy is a provider of energy purchasing services using a proprietary, web-based platform. The auctions were jointly monitored by Dominion, the Office of the Ohio Consumers' Counsel, and the PUCO Staff.

(4) The SSO auction was conducted as a descending clock auction in which three wholesale supply tranches were bid, with each bidder limited to a maximum of one tranche. During each round, the bid was in the form of a tranche each bidder would be willing to supply at an announced rate. That rate was a RPA which is in the form of an adder to the monthly NYMEX settlement price.

(5) The SCO auction started as a descending clock auction with nine tranches of retail supply to be bid, with each bidder limited to a maximum of three tranches. During each round, the bids were in the form of tranches each bidder would be willing to supply at an announced rate. That rate was also a RPA which like the SSO is in the form of an adder to the monthly NYMEX settlement price.

Once the SCO price descended to the level of the winning SSO price, the auction format changed to an ascending auction. In the ascending auction bidders bid to pay an initial increment of $75,000 per tranche. The ascending auction was brought to closure through the use of a sealed bid format in which bidders bid an amount per tranche which the bidder would pay to Dominion. All ascending bid amounts (payments) will be credited by Dominion to its Transportation Migration Rider – B.

The use of the SSO price as a floor for the SCO reflects the belief that customers served under the wholesale auction (PIPP and Choice ineligible customers) should not face a rate higher than those served under the retail auction (Choice eligible customers). The switch to an ascending clock auction once that floor was reached nonetheless recognized that bidders placed additional value on acquiring specific retail customers rather than generic wholesale supplies. The ascending sealed bid captured that additional value for customers.

(6) On February 10, 2009, the Staff filed a post-auction report (Staff Report) detailing the results of the wholesale (SSO) and retail (SCO) auctions. That report contained descriptions of the auctions and a conclusion by the Staff that based on their observations, the auctions were fair and devoid of any indications of collusion or other anomalies. The results of the auctions were RPAs of $1.40 per MCF for the wholesale (SSO) and retail (SCO). The Staff Report recommended that the Commission approve the auctions results and allow Dominion to continue to serve its customers with the SSO/SCO with the new RPAs upon the expiration of the existing SSO on March 31, 2009.

(7)   The Commission has reviewed the Staff Report and the auctions' results and agrees with Staff's conclusion that the auction results are reasonable and should be approved. Dominion is authorized to replace its current SSO with a new SSO, upon expiration of the existing SSO on April 1, 2009, based on the RPA of $1.40 per MCF for both the wholesale (SSO) and retail (SCO) and to enter into the necessary agreements with the winning bidders of both auctions. The monthly SSO/SCO price will be calculated as the sum of the NYMEX settlement price for the prompt month plus the RPAs of $1.40 per Mcf. Dominion is further authorized to file the final tariffs necessary to implement the terms of this Entry.

(8)   Unless otherwise ordered by the Commission, the new SSO and SCO are approved for the period April 1, 2009, through March 31, 2010. During that time, the Commission reserves all authority to exercise its oversight and specifically reserves the right to terminate the SSO and SCO rates and to return Dominion to the gas cost recovery pricing methodology at any time, if circumstances warrant.

(9)   The Staff Report filed on February 10, 2009, was filed without identifying the names of the participating or winning bidders. The Staff Report stated that this was done in order to protect the bidders' positions in negotiations with pipelines for the incremental capacity necessary to meet their obligations as SSO and/or SCO suppliers. The Staff Report requests that the Commission continue to treat the bidders' names as confidential for a period of 60 days from this Entry. The Commission believes this request is reasonable and should be granted.

It is, therefore,

ORDERED, That Dominion is authorized to replace its current Standard Service Offer consistent with findings (7) and (8) above and replace it with the appropriate SSO or SCO rate. It is, further,

ORDERED, That Dominion is authorized to file complete copies of tariffs, in final form, consistent with this entry. Dominion shall file one copy in its TRF docket (or may make such filing electronically, as directed in Case No. 06-900-AU-WVR), and one copy in this case docket. It is, further,

ORDERED, That the effective date of the new tariffs shall be a date not earlier than both the date upon which final tariffs are filed with the Commission and April 1, 2009.

The new tariffs shall be effective for services rendered on or after such effective date. It is, further,

ORDERED, That Dominion shall notify those customers affected by the change in the SSO pricing methodology and those customers affected by the change in the SCO pricing methodology which would include the insertion of the winning bidders name on billing statements. Dominion will notify affected customers via bill messages or via bill inserts, within 30 days of the effective date of the tariffs. Copies of the customers' notices shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least 10 days prior to their distribution to customers. It is, further,

ORDERED, That the identities of the participating SSO and/or SCO bidders be treated as confidential for a period of 60 days. It is, further,
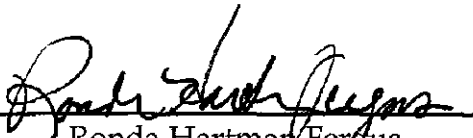
ORDERED, That this docket remain open until otherwise ordered by the Commission. It is, further,
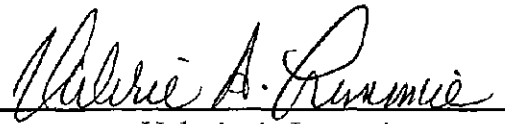
ORDERED, That a copy of this Entry be served upon all parties in this proceeding.
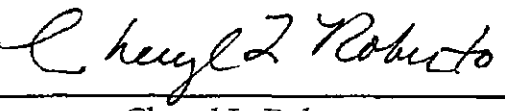
THE PUBLIC UTILITIES COMMISSION OF OHIO

Alan R. Schriber, Chairman

Paul A. Centolella

Ronda Hartman Fergus

Valerie A. Lemmie

Cheryl L. Roberto

RS:sm

Entered in the Journal
FEB 1 1 2009

Reneé J. Jenkins
Secretary