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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION)
OF SUBURBAN NATURAL GAS COMPANY)
TO REVISE ITS TARIFF TO INCLUDE A) CASE NO. 11-3943-GA-ATA
DEMAND SIDE MANAGEMENT RIDER)

**SUBURBAN NATURAL GAS COMPANY'S REPLY TO OHIO
PARTNERS FOR AFFORDABLE ENERGY'S MOTION TO
INTERVENE AND MEMORANDUM IN SUPPORT AND
COMMENTS**

Introduction

Suburban Natural Gas Company ("Suburban") proposes a demand side management program funded through a rider ("DSM") to level the competitive playing field and facilitate energy efficiency. Ohio Partners for Affordable Energy ("OPAE"), who itself provides weatherization and energy efficiency services, opposes Suburban's efforts notwithstanding that this Commission has previously approved a demand side management rider of a much larger Suburban competitor. OPAE does so by misunderstanding the state of competition in the natural gas industry, casting Suburban's proposed DSM in the most nefarious (and inaccurate) of lights, and finding "objectionable" – without explanation – Suburban's proposed use of a rider. After cutting through such haze, it is apparent as explained below that Suburban's DSM should be approved.

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Discussion

A. Suburban Seeks A Level Competitive Playing Field

OPAE asserts that Suburban's purpose behind the proposed DSM "is to advantage Suburban in its competition with other natural gas companies." Motion at 4 (emphasis added). In fact, Suburban seeks the DSM to level the competitive playing field since a much larger competitor already has a demand side management program. See Columbia Gas of Ohio, Inc. Tariff, Sixth Revised Sheet No. 28; see also East Ohio Gas Company Tariff, Second Revised Sheet No. DSM 1; Vectren Energy Delivery of Ohio, Inc. Tariff, Sheet No. 46, Third Revised Page 1 of 1 ("Energy Efficiency Funding Rider"). OPAE's comment that "[t]he goal of demand side management programs is not to favor one competitor over another []" is therefore superfluous – Suburban will not gain competitive favor through its proposed DSM, but a level playing field that will inure to consumers' benefit. See Motion at 4.

If approved, Suburban's DSM would apply only where a customer already has an opportunity to utilize a competitor's demand side management program. Accordingly, were this Commission to adopt OPAE's position, only those looking for a demand side management program would be hurt because they would be deprived of a competitive option for a provider of such programs.

B. Suburban's Proposed DSM Is Commensurate With The Commission's Previous Recognition Of Such Program's Importance To Energy Efficiency And Consumer Benefit

Suburban's proposed DSM is not "a subsidy to encourage home building" as OPAE asserts. See id. In addition to facilitating competition between Suburban and a much larger competitor that already has a demand side management rider as approved by

this Commission, Suburban's proposed DSM will facilitate energy-efficient measures in homes. The homes will be built; Suburban's proposed DSM will encourage energy-efficient homes to be built – an obvious benefit to, among others, customers, as this Commission has already recognized when it previously approved other demand side management programs. See, e.g., Case No. 09-1036-GA-UNC; 08-833-GA-UNC; see also Columbia Gas of Ohio, Inc. Tariff, Sixth Revised Sheet No. 28. Indeed, OP&E has itself acknowledged the importance of demand side management programs to energy efficiency and their potential customer benefits when it commented in connection with Columbia Gas of Ohio, Inc.'s effort for a demand side management rider: "There is tremendous need for increased efficiency and the potential for significant customer savings." See Comments of Ohio Partners for Affordable Energy, Case No. 09-1036-GA-1036-UNC, at p.2.

C. Suburban's Proposed Use Of A Rider Is Appropriate

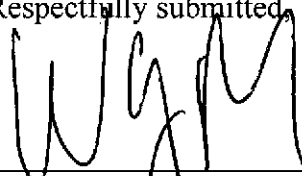
OP&E asserts that Suburban's proposed use of a rider is "objectionable." See Motion at 4. OP&E provides no basis for its objection. Previously, OP&E has not objected to riders used with demand side management programs, instead declaring only that "[r]ecovery riders should match expenses." See Comments of Ohio Partners for Affordable Energy, Case No. 09-1036-GA-UNC, at p.2. Suburban here does not dispute OP&E's declaration and has consciously modeled its proposed DSM based on the declaration's underlying premise and on its own IRP Rider.

Further, this Commission has not found objectionable the use of riders with demand side management programs – and has in fact approved such use. See, e.g., Case No. 09-1036-GA-UNC; 08-833-GA-UNC.

Conclusion

Suburban's proposed DSM will facilitate competition and energy efficiency. This Commission has already approved a demand side management rider of a large Suburban competitor. Suburban's application should be approved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WJM', is written over a horizontal line.

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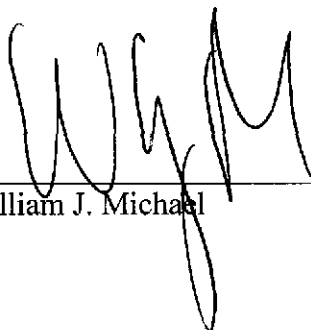
Attorney for Suburban Natural Gas
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Certificate of Service

I hereby certify that the foregoing Reply to Ohio Partners for Affordable Energy's Motion to Intervene and Memorandum in Support and Comments was served, via regular U.S. Mail, this 18th day of July, 2011, on:

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