



Public Utilities Commission

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08-1344-GA-EXM

FILE

October 27, 2011

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

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2011 OCT 27 PM 1:31
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Re: Case No. 08-1344-GA-EXM

On September 7, 2011, the Public Utilities Commission of Ohio (Commission) issued its Second Opinion and Order in Case No. 08-1344-GA-EXM. Included in that Order were certain recommendations concerning the transportation capacity contracts between Columbia Gas of Ohio (Columbia) and North Coast Gas Transmission (North Coast). The Commission denied North Coast's request to amend the Revised Outline approved therein for the upcoming 2012 SCO auction, but ordered that Columbia should work with Staff, North Coast, and other affected stakeholders in an effort to resolve North Coast's capacity allocation concerns prior to end of the initial three year term of the stipulation that expires on March 31, 2013.

The core issue raised by North Coast is a concern that the allocation process established in Sections 18 through 20 of the 2009 Program Outline provides for inefficient use of North Coast's firm transportation capacity. Under Columbia's current Choice and SSO/SCO program design, approximately 58,000 Dekatherms (Dth) of North Coast's firm transportation capacity has been made available for use by Choice and SSO/SCO suppliers. However, while that capacity is substantial in the aggregate, it has become virtually unused, since it has been allocated by Pipeline Scheduling Point to all Choice and SSO/SCO suppliers. North Coast explained that this is because suppliers end up with a minute fraction of the capacity, which makes it inefficient to economically administer, and thus discourages suppliers' use of this capacity. North Coast advocates that future Choice and SSO/SCO programs should be structured to provide for fewer divisions of its firm transportation capacity. North Coast believes that the division of the entire asset portfolio could be structured such that all parties would still compete on a level playing field without allocating equal amounts of the portfolio elements to all participants.

In response to the Commission's directive, Staff has had discussions with both Columbia and North Coast to attempt to resolve the issues involved. Although both sides agree that much of the North Coast capacity is not being used, finding a resolution acceptable to Columbia, North Coast and the participating Choice and SSO/SCO suppliers prior to the scheduled auction date of February 14, 2012 would be problematic. North Coast has agreed that, because the capacity allocation methodology is already fixed for the upcoming season, it is probably not feasible to implement the necessary changes in time for that auction. North Coast did however, express an expectation that discussions of how to more efficiently utilize the North Coast capacity would be conducted on a timeline that would allow for the necessary program changes for subsequent periods. Staff believes it is appropriate to establish such a meeting schedule to begin immediately

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subsequent to the 2012 auction and will work with the affected parties to facilitate those discussions.

Both Columbia and North Coast have reviewed this letter and have authorized me to represent that they are in agreement with its substance.

Sincerely,

A handwritten signature in black ink that reads "Steve Puican". The signature is written in a cursive, flowing style.

Steve Puican
Chief, Natural Gas Section
Utilities Department

Cc: Parties of Record