

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Columbia Gas of Ohio, Inc. for Approval)
of a General Exemption of Certain) Case No. 08-1344-GA-EXM
Natural Gas Commodity Sales Services)
or Ancillary Services.)

ENTRY

The Commission finds:

- (1) Columbia Gas of Ohio, Inc. (Columbia) is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission.
- (2) On December 2, 2009, the Commission approved a joint stipulation in this case docket which authorized Columbia to conduct an auction for pricing of its wholesale natural gas supply. With that approval, the Commission authorized Columbia to implement two consecutive one-year Standard Service Offer (SSO) periods, the first beginning April 1, 2010, followed by a move to a Standard Choice Offer (SCO) beginning April 1, 2012. On September 7, 2011, the Commission issued a Second Opinion and Order in this proceeding which reaffirmed its December 2, 2009, authorization for Columbia to proceed with its transition from the SSO to an SCO auction. In accordance with the September 7, 2011, Order, Columbia filed revised tariffs to reflect the necessary changes to implement the SCO auction. On November 22, 2011, the Commission approved Columbia's revised tariffs. On February 14, 2012, Columbia conducted its first SCO auction for the period April 1, 2012 through March 31, 2013.
- (3) On February 9, 2012, Columbia filed proposed supplemental tariff revisions in order to clarify the tariffs regarding two issues. First, Columbia states that the proposed revisions clarify the applicability of the Percentage of Income Payment Plan (PIPP) Rider. Second, Columbia explains that the proposed revisions clarify the responsibility for the collection and maintenance of sales tax exemption certificates and the payment of sales taxes.

- (4) With regard to the first proposed revision, Columbia explains that, on September 29, 1994, the Commission approved a joint stipulation in Case No. 94-987-GA-AIR which provided that those customers that were transportation service customers prior to June 3, 1994, would be exempt from paying the PIPP Rider. Columbia offers, however, that certain provisions in the tariffs previously proposed by Columbia to implement the SCO auction and approved by the Commission on November 22, 2011, may have inadvertently eliminated the PIPP Rider exemption for certain customers. According to Columbia, the tariffs approved on November 22, 2011, revised the minimum annual throughput requirement for customers to remain on the General Transportation Service (GTS) rate schedule without purchasing backup service from 2,000 thousand cubic feet (Mcf) per year to 6,000 Mcf per year effective April 1, 2012. As a result, there will be a number of customers that formerly qualified for service under the GTS rate schedule that may no longer be able to do so; thus, these customers will be served under rate schedules for which there is no provision for an exemption and they will become subject to the PIPP Rider. However, Columbia asserts that it was the intent of the stakeholders that any customer that was a GTS rate schedule customer prior to April 1, 2012, and who was exempt from payment of the PIPP Rider, would remain exempt from the PIPP Rider after April 1, 2012, regardless of whether the customer must take service under a different rate schedule due to the change in transportation eligibility requirements. According to Columbia, the proposed tariff changes filed on February 9, 2012, reflect the intent of the stakeholders and ensure that any customer that is currently exempt from payment of the PIPP Rider will remain exempt after April 1, 2012, regardless of the rate schedule under which it takes service.
- (5) As for the second proposed revision, Columbia explains that the sales tax issue arises from the transition from the SSO to an SCO auction. Under the SSO, marketers are supplying gas to Columbia on a wholesale basis which Columbia then resells to customers. SSO sales are, thus, subject to the gross receipts tax applicable to Columbia's revenues. Under the SCO, marketers will be supplying natural gas directly to end use customers. The SCO retail sales will be subject to the applicable sales tax rate, rather than Columbia's gross receipts tax. Columbia attests that some of

its customers, e.g., charitable organizations and government entities, are exempt from the payment of sales taxes and Columbia currently maintains the tax exemption certificates supplied by such exempt customers. According to Columbia, this process has become increasingly cumbersome over time and will become even more so with the transition to the SCO. Columbia is proposing that, since it is the Choice and SCO suppliers who are ultimately responsible for the payment of the sales tax to the state of Ohio, those suppliers should also be responsible for the maintenance of the tax exempt certificates for their customers. According to Columbia, this requirement should not be unduly burdensome for suppliers since Vectren Energy Delivery Ohio, Inc. and The East Ohio Gas Company d/b/a Dominion East Ohio both already impose this requirement. The proposed tariff revisions require Choice and SCO providers to maintain the exemption certificates and also further clarify that each SCO supplier is responsible for filing any and all sales tax returns with the appropriate taxing authority.

- (6) The Commission has reviewed the proposed tariff revisions and finds that they are reasonable and in the public interest and should be approved.

It is, therefore,

ORDERED, That Columbia's request to revise its current tariffs is approved. It is, further,

ORDERED, That Columbia is authorized to file four complete copies of tariffs, in final form, consistent with this Entry. Columbia shall file one copy in this case docket and one copy in its TRF docket (or may file electronically as directed in Case No. 06-900-AU-WVR). The remaining two copies shall be designated for distribution to the Rates and Tariffs, Energy and Water Division of the Commission's Utilities Department. It is, further,

ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which final tariffs are filed with the Commission. It is, further,

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

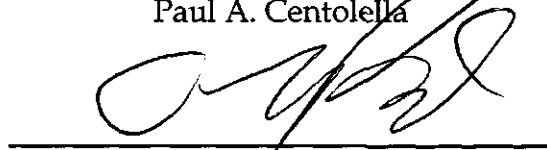
ORDERED, That a copy of this Entry be served upon all parties of record.

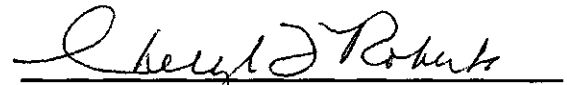
THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Paul A. Centolella


Steven D. Lesser

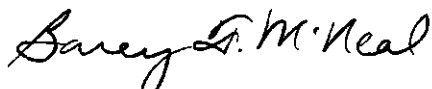

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Entered in the Journal

MAR 28 2012


Barcy F. McNeal
Secretary