

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Joint Motion to Modify)
the June 18, 2008 Opinion and Order in) Case No. 12-1842-GA-EXM
Case No. 07-1224-GA-EXM.)

**DIRECT TESTIMONY
OF
BRUCE M. HAYES**

**ON BEHALF OF
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

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1 **I. INTRODUCTION**

2
3 ***Q1. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.***

4 ***A1.*** My name is Bruce M. Hayes. My business address is 10 West Broad Street, Suite
5 1800, Columbus, Ohio 43215-3485. I am employed by the Office of the Ohio
6 Consumers' Counsel ("OCC" or "Consumers' Counsel") as a Principal
7 Regulatory Analyst.

8
9 ***Q2. WOULD YOU PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL***
10 ***AND PROFESSIONAL EXPERIENCE?***

11 ***A2.*** I graduated from the University of Kentucky in 1973 with a Bachelor of Science
12 in Mechanical Engineering. I joined Aetna Life and Casualty in 1973 and held
13 various positions related to Loss Control and Safety Engineering. In 1979, I
14 joined Columbia Gas of Kentucky ("CKY") as an Industrial Sales Engineer. I
15 transferred to Columbia Gas of Ohio ("COH") in 1986 and held a variety of
16 positions in economic development, marketing and sales. During my time at the
17 Columbia companies, I was actively involved in the development and
18 implementation of the industrial and commercial gas transportation programs. In
19 the early 1980's, I was involved in expanding CKY's transportation program from
20 a single self-help customer to over fifty industrial and large commercial
21 customers by initially establishing special contract interstate transportation
22 programs like the Fuel Oil Displacement and Special Marketing Programs.

*Direct Testimony of Bruce M. Hayes
On Behalf of the Office of the Ohio Consumers' Counsel
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1 I was also involved in a customer issue regarding intrastate transportation and
2 valuation of gas. We modified our methodology so that valuation of gas occurred
3 on British Thermal units (“Btu”) value rather than volume. This led to changes in
4 transportation policies and billing in all the states in the Columbia Gas
5 Distribution System.

6
7 In the 1990’s I managed the COH rate flexing or rate discounting program for
8 industrial customers, arranged for long term capacity release to large customers
9 and arranged discounts on Columbia Gas Transmission interstate pipelines. I had
10 input to the transportation and gas supply departments on issues such as
11 transportation contracts, curtailment, enhanced banking arrangements and
12 electronic measurement for large volume customers.

13
14 In 2002, I joined OCC as a Senior Regulatory Analyst and was promoted to
15 Principal Regulatory Analyst in 2010. I represent OCC on the gas committee of
16 The National Association of State Utility Consumer Advocates and have served
17 as an Executive Committee member with the North American Energy Standards
18 Board. I have participated in various Ohio Gas Cost Recovery (“GCR”) case
19 work and Management/Performance (“M/P”) Audits beginning with my Senior
20 Staff Engineer position with Columbia Gas of Ohio and as an analyst for the
21 OCC. I have taken part in a number of rate cases and accelerated infrastructure
22 replacement and recovery cases associated with the four largest investor owned
23 gas companies in Ohio. I have also participated in number of external working

1 groups related to gas transportation programs and working groups related to gas
2 distribution companies moving toward exiting the merchant function.

3

4 **Q3. WHAT ARE YOUR RESPONSIBILITIES AS A PRINCIPAL REGULATORY**
5 **ANALYST?**

6 **A3.** My duties include research, investigation and analysis of gas filings at the state
7 and federal levels, participation in special projects and assistance in policy
8 development and implementation. I am also the assigned leader of the gas team
9 since June 1, 2008, and coordinate the activities of the members of the agency's
10 gas team.

11

12 **Q4. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR TESTIFIED**
13 **BEFORE THIS COMMISSION?**

14 **A4.** Yes. I have testified in the following Public Utilities Commission of Ohio
15 ("PUCO" or "Commission") cases:

- 16 1. *Dominion East Ohio Company*, Case No. 05-219-GA-GCR;
- 17 2. *Columbia Gas of Ohio, Inc.*, Case Nos. 04-221-GA-GCR and 05-221-GA-
18 GCR;
- 19 3. *Columbia Gas of Ohio, Inc.*, Case Nos. 07-478-GA-UNC and 07-237-GA-
20 UNC;
- 21 4. *Columbia Gas of Ohio, Inc.*, Case No. 08-1344-GA-UNC; and
- 22 5. I also filed written testimony in *Duke Energy Ohio, Inc.*, Case Nos. 07-
23 589-GA-AIR, 07-590-GA-ALT and 07-591-GA-AAM.

1 ***Q5. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE ANY***
2 ***OTHER STATE REGULATORY COMMISSION?***

3 ***A5.*** Yes. I submitted testimony on behalf of Columbia Gas of Kentucky, before the
4 Kentucky Public Service Commission in CKY, Inc. Rate Case No. 8281.¹ The
5 testimony was related to a long term decrease in the forecasted throughput for
6 CKY.

7
8 ***Q6. WHAT DOCUMENTS HAVE YOU REVIEWED IN THE PREPARATION OF***
9 ***YOUR TESTIMONY?***

10 ***A6.*** I have reviewed the Joint Motion of Dominion East Ohio (“Dominion” or “the
11 Company”) and the Ohio Gas Marketers Group (“OGMG”) (collectively the
12 “Joint Movants”) to modify the June 18, 2008 Opinion and Order in Case No. 07-
13 1224-GA-EXM. I also reviewed the Stipulation and Recommendation that the
14 Joint Movants filed, the testimony that Dominion, the OGMG and the Retail
15 Energy Supplier Association filed, as well as, other documents filed in Case No.
16 12-1842-GA-EXM. I have also reviewed related documents and Opinion and
17 Orders from other proceedings, including the Company’s previous exemption
18 case, Case No. 07-1224-GA-EXM.

19
20

¹ *In the Matter of An Adjustment of Rates of Columbia Gas of Kentucky, Inc.*, Case No. 8281, Order
(December 30, 1981).

II. PURPOSE OF TESTIMONY

Q7. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A7. The purpose of my testimony is to support the Stipulation and Recommendation ('Stipulation" or "Settlement") that Dominion, OCC and the OGMG signed. I also explain the concerns that underlie the OCC position. The terms of the Stipulation provides for Dominion to seek authority, from the PUCO, to exit the merchant function for non-residential customers. In the Stipulation, Dominion has agreed not to seek an exit from the merchant function for residential customers prior to April 1, 2015. There is no requirement in the Stipulation that Dominion ever apply for an exit of the merchant function related to residential consumers.

The issue in an exit from the merchant function or "Exit" proceeding involves whether the PUCO will require a natural gas utility to continue to provide customers with their historic default option to purchase natural gas through the utility [in this instance through the Standard Choice Offer ("SCO").

I recommend that the PUCO authorize information be gathered from the non-residential customers and the Choice Marketers regarding the impacts on customers from a non-residential Exit, and that such information be properly collected and analyzed. Because an Exit is one of the most significant consumer

1 issues in Ohio natural gas regulation today, the PUCO should seek to learn as
2 much as possible about these non-residential customers and the reasons they
3 remained on SCO service. In addition, the PUCO should study customer attitudes
4 toward the monthly variable rate ("MVR") or other products, if any, from
5 suppliers, before consideration of an application for a residential Exit. This
6 information will be valuable in helping Dominion understand the residential
7 customers' concerns, in the event that Dominion later seeks an Exit from the
8 merchant function for residential customers.

9

10 **III. SUPPORT FOR THE STIPULATION AND RECOMMENDATIONS.**

11

12 ***Q8. DOES OCC SUPPORT THE STIPULATION FILED WITH THE***
13 ***COMMISSION IN THIS CASE?***

14 ***A8.*** OCC was a signatory party to the Stipulation, and recommends the Commission
15 approve the Stipulation.

16

17 ***Q9. ON WHAT BASIS DO YOU RECOMMEND THE COMMISSION APPROVE***
18 ***THE STIPULATION IN THIS CASE?***

19 ***A9.*** It is my understanding that the Commission relies upon a three-prong standard
20 when evaluating a Stipulation.

21

22

1 ***Q10. WHAT ARE THE COMPONENTS OF THE THREE-PRONG STANDARD?***

2 ***A10.*** It is my understanding that when the Commission evaluates settlements, it relies
3 upon the following components in its review:

4 1. Is the settlement a product of serious bargaining among
5 capable, knowledgeable parties?

6 2. Does the settlement, as a package, benefit ratepayers and
7 the public interest?

8 3. Does the settlement package violate any important regulatory
9 principle or practice?

10

11 ***Q11. IN YOUR OPINION DOES THE SETTLEMENT IN THIS CASE ADHERE***
12 ***TO THE THREE COMPONENTS THAT THE COMMISSION ROUTINELY***
13 ***CONSIDERS WHEN REVIEWING A STIPULATION?***

14 ***A11.*** Yes it does, as I elaborate below.

15

16 ***Q12. IN YOUR OPINION IS THE SETTLEMENT A PRODUCT OF SERIOUS***
17 ***BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES?***

18 ***A12.*** Yes it is. Each of the signatory parties has a history of active participation in
19 PUCO proceedings and is represented by experienced and competent counsel.
20 The parties are knowledgeable in issues addressed by the Stipulation (exit the
21 merchant function and related issues). The Company and interested parties
22 participated in negotiations that required numerous meetings and took place over

1 several months, resulting in concessions, as evidenced by the Stipulation. The
2 Signatory Parties represent the diverse interests of different stakeholders,
3 including an LDC, Marketers and Suppliers, and of Dominion's residential
4 customers.²

5

6 ***Q13. IN YOUR OPINION, DOES THE SETTLEMENT AS A PACKAGE,***
7 ***BENEFIT CUSTOMERS AND THE PUBLIC INTEREST?***

8 ***A13.*** Yes, because the Stipulation resolves important and complex issues that were
9 raised in this proceeding, it benefits customers and is in the public interest. The
10 Stipulation postpones any consideration of a residential Exit for a number of
11 years. And the Stipulation provides OCC and others, if Dominion ever files an
12 application to Exit for residential customers, with the opportunity for a hearing to
13 challenge Dominion's application to Exit for residential customers.³ The
14 Stipulation, does allow Dominion to seek authorization from the Commission for
15 a non-residential Exit, and OCC did not take a position on that matter.⁴
16
17 The Stipulation also will require provision to OCC of readily available,
18 aggregated non-CRNGS specific rate, usage and customer count information in a
19 format agreed to in advance by the Signatory Parties. That information is intended

² Stipulation at 8.

³ Stipulation at 4.

⁴ Stipulation at 3 (OCC does not take a position on an exit of the merchant function for Dominion's Non-Residential Customers.)

1 to enable OCC to periodically analyze, at OCC's discretion, the impact of an exit
2 from the merchant function on Non-Residential Customers.⁵

3
4 In addition, and while OCC took no position regarding any potential exit from the
5 merchant function for non-residential customers, the process in the Stipulation at
6 least assures non-residential customers that there would be an evidentiary hearing
7 to present the Commission evidence from interested parties regarding an exit the
8 merchant function for non-residential customers.

9
10 ***Q14. IN YOUR OPINION, DOES THE SETTLEMENT PACKAGE VIOLATE ANY***
11 ***IMPORTANT REGULATORY PRINCIPLE OR PRACTICE?***

12 ***A14.*** No it does not. The Stipulation does not violate any important regulatory
13 principle or practice. In fact, the Stipulation resolves important issues for a broad
14 range of stakeholders, including residential customers of Dominion. As I stated
15 previously, residential customers are protected by the Stipulation. Dominion
16 cannot apply to Exit its merchant function for residential customers for a period of
17 years. And Dominion cannot exit the merchant function unless it files an
18 application to do so and the PUCO approves the application. OCC has reserved
19 the right for it and others to challenge any application or request filed with the
20 Commission by a Signatory Party or Non-Signatory Party seeking approval for
21 Dominion to exit the merchant function for residential customers.⁶ Furthermore,

⁵ Stipulation at 4.

⁶ Stipulation at 4.

1 in the event an application for a residential Exit is filed and OCC and/or others
2 challenge it, OCC and/or others shall be entitled to exercise all rights available
3 under the Commission's rules and Ohio law, including, as applicable, to conduct
4 discovery, present and cross-examine witnesses at an evidentiary hearing, and
5 make legal arguments through a full and adequate briefing schedule that includes
6 initial and reply briefs.⁷

7

8 ***Q15. WHY ARE DOMINION AND OTHER NATURAL GAS UTILITIES***
9 ***CONSIDERING AN EXIT FROM THE MERCHANT FUNCTION?***

10 ***A15.*** It is my understanding that the utilities started down this path in order to be
11 exempted from gas cost recovery (“GCR”) regulation in Ohio.

12

13 ***Q16. WHAT IS YOUR UNDERSTANDING OF THE REASONS UTILITIES***
14 ***SOUGHT EXEMPTION FROM THE GCR REGULATION IN OHIO?***

15 ***A16.*** Based on my own personal experiences with the GCR, as well as, discussions I
16 have had with utility company representatives since then, I understand that part of
17 the utilities’ rationale for seeking an exemption from GCR regulation is that the
18 utilities tied up significant financial resources providing customers with the
19 natural gas commodity service, but the utility was unable to earn a profit on that
20 business activity. In other words the utility’s natural gas commodity costs were
21 passed directly through to customers without a mark-up. The downside from the
22 utility’s perspective was the PUCO’s regulation included a management

⁷ Stipulation at 4.

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1 performance audit that could result in a disallowance of certain cost recovery if
2 the Commission found the utility's management practices involved in procuring
3 the natural gas commodity were imprudent. The utility saw no upside gain, but
4 downside risk from this business activity, and looked for a way out from under
5 that regulatory model.

6

7 There was concern that the GCR was not providing customers with a market-
8 sensitive price signal. There was also concern that the GCR mechanism muted
9 price changes and did not provide an accurate and transparent market price to
10 customers, even after adjusting the GCR from a fixed three-month price to a
11 monthly adjusted price.⁸

12

13 ***Q17. DID THE STANDARD SERVICE OFFER ("SSO") AUCTION EXEMPT***
14 ***THE UTILITY FROM GCR REGULATION?***

15 ***A17.*** Yes, it is my understanding that it did. Dominion filed for an alternative rate plan
16 and the plan approved by the PUCO indicated that the utility was no longer
17 subject to GCR regulation.⁹

18

19

⁸ *In the Matter of the Commission's Review of its Rules Regarding the Uniform Purchased Gas Adjustment at Chapter 4901:1-14, Ohio Administrative Code*, Case No. 03-1384-GA-ORD, et al., Entry at 1 (August 6, 2006).

⁹ Dominion SSO Case, Case No. 05-474-GA-ATA, Order at 24-25 (May 26, 2006).

1 ***Q18. DOES THE CURRENT STANDARD CHOICE OFFER (“SCO”) AUCTION***
2 ***ALSO EXEMPT THE UTILITY FROM GCR REGULATION?***

3 ***A18.*** Yes, it is my understanding that it does, based on the Commission’s Order
4 approving the SCO.¹⁰
5

6 ***Q19. WOULD AN EXIT FROM THE MERCHANT FUNCTION, IF***
7 ***AUTHORIZED BY THE PUCO, EXEMPT THE UTILITY FROM GCR***
8 ***REGULATION?***

9 ***A19.*** Yes, it is my understanding that it would, based on the Company’s Joint Motion.¹¹
10

11 ***Q20. DID OCC SIGN THE JOINT MOTION IN THIS CASE?***

12 ***A20.*** No. OCC did not sign the Joint Motion. In the Joint Motion, Dominion and
13 OGMG noted, with regard to OCC, that: “[w]hile OCC supports approval of the
14 Stipulation, the Joint Movants would make clear that the legal position set forth in
15 the attached Memorandum in Support is theirs only.”
16

17 ***Q21. HOW MANY NON-RESIDENTIAL CUSTOMERS WILL BE AFFECTED BY***
18 ***AN EXIT?***

19 ***A21.*** According to Mr. Murphy there are approximately 14,000 non-residential
20 customers who are currently being served through the SCO.¹² This represents

¹⁰ Dominion SCO Case, Case No. 07-1224-GA-EXM, Order at 18 (June 18, 2008).

¹¹ Joint Motion at 1

¹² Direct Testimony of Jeffrey A. Murphy at 5 (September 13, 2012).

1 approximately 16.5 percent¹³ of Dominion's total commercial/industrial customer
2 base.¹⁴ Mr. Murphy in his testimony describes these customers as follows: "a
3 core of non-residential customers who will continue to rely on the SCO rate and
4 thereby hinder [Dominion's] exit from the merchant function and the formation of
5 a more competitive natural gas commodity market."¹⁵
6

7 ***Q22. WHAT IS OCC'S POSITION REGARDING AN EXIT OF THE MERCHANT***
8 ***FUNCTION FOR NON-RESIDENTIAL CUSTOMERS?***

9 ***A22.*** The OCC takes no position regarding an exit of the merchant function for non-
10 residential customers.
11

12 ***Q23. DOES MR. MURPHY'S TESTIMONY INCLUDE A RECOMMENDATION***
13 ***AS TO WHAT THE PUCO SHOULD DO REGARDING AN EXIT FOR***
14 ***RESIDENTIAL CUSTOMERS IN THE EVENT THE EXIT FOR NON-***
15 ***RESIDENTIAL CUSTOMERS IS APPROVED?***

16 ***A23.*** Mr. Murphy stated in his testimony: "Also [Dominion] has committed not to file
17 for approval of a full Exit for residential customers until at least April 1, 2015.

18 This **wait and see** approach will allow interested parties and the Commission to

¹³ [http://www.puco.ohio.gov/emplibrary/files/utilitiesDeptReports/June 2012%20gas%20choice%20enrc](http://www.puco.ohio.gov/emplibrary/files/utilitiesDeptReports/June%202012%20gas%20choice%20enrc) (June 2012), (Non-Residential Choice Eligible Customers is 84,800) (14,000 / 84,800 = 16.5%).

¹⁴ PUCO Natural Gas Customer Choice Programs in Ohio Customer Enrollments Levels (June, 2012).

¹⁵ Direct Testimony of Jeffrey A. Murphy at 6 (September 13, 2012).

determine **whether a full exit might produce benefits** that would also be
achievable for residential customers.”¹⁶

***Q24. DO YOU AGREE WITH THE “WAIT AND SEE” APPROACH CONTAINED
IN MR. MURPHY’S TESTIMONY?***

A24. No, not entirely. **If** the PUCO is to go forward with an exit from the merchant
function for non-residential customers, then in my opinion, the PUCO should
view the non-residential Exit as an opportunity to learn more about (1) the
benefits -- if any -- produced for non-residential customers, (2) these customers’
attitudes toward the SCO (3) these customers’ attitudes towards Dominion’s
Choice program, (4) the success or failure of the Exit in providing these
customers with reasonably priced natural gas services as required by R.C.
4929.02(A)(1), and (5) anything else that the Commission deems important in
evaluating the impact that the Exit had on these non-residential customers. In
addition, the PUCO should assess the success or failure of the proposed education
program intended for these customers.¹⁷ The Commission should also take the
opportunity of a non-residential Exit to study the new product innovations, if any,
and any workforce/asset investments that the Choice Suppliers in Dominion’s
service territory claim will occur as a result of the Exit.¹⁸ This information could
be important, **if** the Commission were to consider an Exit from the merchant

¹⁶ Direct Testimony of Jeffrey A. Murphy at 5 (September 13, 2012). (Emphasis added).

¹⁷ See Staff Comments at 3-5 (August 30, 2012).

¹⁸ Direct Testimony of Teresa L. Ringenbach at 6-7 (September 13, 2012), see also Direct Testimony of Jeffrey A. Murphy at 6-7 (September 13, 2012).

1 function for residential customers. I am recommending that the PUCO take a
2 more proactive approach than it would appear Mr. Murphy is recommending.

3
4 ***Q25. ARE THE REASONS FOR THE CUSTOMERS' DECISION(S) TO TAKE***
5 ***SCO SERVICE SUFFICIENTLY PRESENTED IN MR MURPHY'S***
6 ***TESTIMONY?***

7 ***A25.*** No. Mr. Murphy testifies that: "Several years into Phases 1 and 2, it appears that
8 as long as SCO service remains an option, some customers -- for any number of
9 reasons -- will not exercise their ability to choose a CRNG supplier.

10 Discontinuing SCO service will accordingly **encourage** customers and suppliers
11 to enter into direct retail relationships."¹⁹ Mr. Murphy has not suggested the
12 reasons for these customers choosing SCO service. Nevertheless it is important
13 for the Commission to understand those reasons. While the Company or
14 Marketers may attribute the reason to customer inertia; however, the reason could
15 also be the result of a conscious decision by customers, whether some consider it
16 educated or not, to not participate in Dominion's Choice program.

17
18 One reason that non-residential customers may be currently taking SCO service is
19 because the SCO (but for a few isolated supplier offers) has consistently been
20 better -- meaning at a lower price -- than the numerous comparable variable rate
21 offers from Choice Marketers on the PUCO Apples-to-Apples chart.²⁰ Thus, it is

¹⁹ Direct Testimony of Jeffrey A. Murphy at 7 (September 13, 2012). (Emphasis added).

²⁰ BMH Attachment 1.

1 possible that these non-residential customers have made a choice, with that choice
2 being to take the lower price SCO option. In addition, with limited upward
3 pressure on price due to the abundance of natural gas and the reduced industrial
4 load, these customers may not see the value in paying a premium for a fixed-rate
5 contract to hedge against a risk that is not perceived as realistic or threatening.
6

7 ***Q26. WHAT METHOD SHOULD THE PUCO USE TO DETERMINE THE***
8 ***REASONS THAT THESE NON-RESIDENTIAL CUSTOMERS HAVE***
9 ***CONTINUED TAKING SCO SERVICE?***

10 ***A26.*** I propose the Commission conduct an investigation using an independent survey
11 or a series of surveys of a statistically significant sample of the non-residential
12 customers to ascertain information necessary to understand these customers'
13 decisions to remain SCO customers. The information to be gathered would be:
14 (1) to ascertain the reasons why these non-residential customers stayed on the
15 SCO service; (2) to establish the extent of their familiarity with prior
16 participation in Dominion's Choice program; (3) to verify their receipt and
17 understanding of the education materials sent to them; (4) to assess the level of
18 satisfaction with their MVR Choice provider and MVR price following an Exit, if
19 one were to occur; (5) to obtain their opinions on new supplier products that were
20 offered; (6) to note their Choice decisions following the Exit, if one were to occur
21 and (7) to obtain any other information that the PUCO finds necessary to assist
22 with an evaluation of the impact that the Exit and subsequent Choice participation
23 has had on Dominion's non-residential customers.

1 ***Q27. WHY DO YOU RECOMMEND SUCH A SURVEY OR SURVEYS?***

2 ***A27.*** First, it makes sense to glean from the non-residential customers as much
3 information as can be gathered to learn about their attitudes towards
4 Dominion's Choice Program. That information should include attitudes
5 that existed before the exit from the merchant function and how those
6 attitudes changed as Choice participation begins. The information should
7 be obtained again a year after the Exit to gather feedback from the
8 participants regarding their experiences with the Choice program.

9
10 Such information if properly collected and analyzed would be valuable **if**
11 Dominion were to decide to apply for an exit from the merchant function
12 for residential customers. The Commission needs to understand the level
13 of sophistication with regard to energy markets possessed by these non-
14 residential customers, and the reasons for their prior decisions not to
15 participate in Choice. It is also important after the Exit to gauge the level
16 of customer satisfaction once subjected to a full Exit.

17
18 ***Q28. WHY SHOULD THE COMMISSION BE CONCERNED WITH THE***
19 ***ATTITUDES OF THE NON-RESIDENTIAL CUSTOMERS***
20 ***TOWARDS THE DOMINION CHOICE PROGRAM?***

21 ***A28.*** Mr. Murphy's testimony states that approving the Stipulation is in the public
22 interest because "[doing so] will promote an expeditious transition to the
23 provision of natural gas service and goods in a manner that achieves effective

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1 competition and transactions between willing buyers and willing sellers. R.C.
2 4929.02(A)(7).”²¹

3
4 Mr. Parisi characterizes the remaining non-residential SCO customers as being
5 recalcitrant.²² Mr. Murphy’s testimony uses the term “hinder” or “hindering”
6 three times describing the impact the SCO is having on the development of the
7 Choice market. But if the customers’ decision to remain on the SCO has been an
8 educated and conscious decision, then “encouraging”²³ the non-residential
9 customers to select a supplier in Dominion’s Choice Program because the SCO
10 option has been eliminated does not make these non-residential customers
11 “willing buyers.”

12

13 ***Q29. DOES THE STIPULATION ALLOW OCC THE RIGHT TO OBTAIN***
14 ***AGGREGATED NON-CRNGS SPECIFIC RATE USAGE AND CUSTOMER***
15 ***DATA?***

16 ***A29.*** Yes. The Stipulation provides the right for OCC to obtain periodic data to
17 analyze the impact of an exit from the merchant function on non-residential
18 customers.²⁴ In this regard, I recommend that the Commission also consider
19 conducting an independent investigation to analyze and evaluate information that

²¹ Jeffrey A. Murphy at 7 (September 13, 2012).

²² Direct Testimony of Vince Parisi at 6 (September 13, 2012).

²³ Direct Testimony of Jeffrey A. Murphy at 7 (September 13, 2012).

²⁴ Stipulation at 4-5.

1 was properly collected based on feedback received directly from the affected non-
2 residential customers to fully understand the concerns raised by these customers.

3

4 ***Q30. IS YOUR RECOMMENDATION CONSISTENT WITH THE***
5 ***COMMISSION'S EXEMPTION ORDER?***

6 ***A30.*** Yes it is. In the Exemption Order, the PUCO states: “[i]n granting this authority,
7 the Commission reserves all authority to exercise oversight during the process,
8 including the ability to order any studies or reviews of the company or plan as it
9 deems appropriate.”²⁵ The Commission should exercise the same authority in this
10 case. Therefore, if the Commission does authorize a non-residential Exit, the
11 PUCO should order the surveys and studies that I recommend, and not adopt the
12 “wait and see” approach from Mr. Murphy’s testimony.

13

14 ***Q31. DO YOU RECOMMEND THAT THE COMMISSION CONDUCT A STUDY***
15 ***OF CHOICE SUPPLIER BEHAVIOR IF THERE IS A NON-RESIDENTIAL***
16 ***EXIT?***

17 ***A31.*** Yes. I essentially concur with the testimony of Ms. Ringenbach on this specific
18 point (but do not necessarily concur with her on other points she makes). In her
19 testimony she stated:

20 Five items should be studied. First, * * * whether suppliers during this
21 period brought new and varied products in the market. And, if new and
22 varied products are not introduced, are there barriers to development that

²⁵ Dominion SCO Case, Case No. 07-1224-GA-EXM, Order at 20 (June 18, 2008).

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1 inhibited development of new products and services and whether such
2 barriers can be removed. Second, more and varied products require
3 investment. So the Staff and [Dominion] should observe whether the
4 suppliers are gearing up their workforce and Ohio located assets. Third,
5 [Dominion] and the Commission Staff should see whether the switch to
6 MVR causes an increase in the number of complaints to the Commission's
7 call center that are legitimately connected to the MVR, such as price
8 gouging or customer confusion, * * *. Fourth, whether the suppliers
9 directly or indirectly have caused an additional investment in [the]
10 community.²⁶

11
12 In addition, Mr. Murphy testifies that: Discontinuing SCO service will directly
13 increase the entrance of customers into the commodity market, thus spurring
14 market entry, additional competition, and the development of the natural gas
15 supply market.²⁷ The Commission should monitor these aspects of the Choice
16 Suppliers' business activities to find out if the claimed benefits of the Exit
17 identified by Ms. Ringenbach and Mr. Murphy actually occur. These benefits of a
18 non-residential Exit should be studied and verified before the Commission even
19 considers years from now an application for an Exit that will affect Dominion's
20 residential customers.

²⁶ Direct Testimony of Teresa L. Ringenbach at 6-7 (September 13, 2012). (It appears from Ms. Ringenbach's testimony that she inadvertently omitted a fifth specific item that should also be studied.)

²⁷ Direct Testimony of Jeffrey A. Murphy at 6-7 (September 13, 2012).

1 ***Q32. IS THERE CONCERN REGARDING THE BENEFITS DERIVED FROM A***
2 ***NON RESIDENTIAL EXIT THAT THE PUCO SHOULD CONSIDER FOR***
3 ***REVIEW AS PART OF AN EXIT FROM THE MERCHANT FUNCTION?***

4 ***A32.*** Yes. The Joint Motion states: “[t]he information gleaned from a full Exit for
5 these customers will provide valuable insight into whether it would be appropriate
6 to fully exit the merchant function for residential customers, should [Dominion]
7 or another LDC eventually seek to do so.”²⁸ However, the Joint Movants do not
8 specify: (1) what information will be gleaned? (2) how the information to be
9 gleaned will be gathered? (3) who will gather the information? (4) when the
10 information will be available, and to whom? OCC and the Joint Movants seem to
11 agree that gathering information as a result of a PUCO -authorized non-residential
12 Exit is critical, but it remains up to the Commission to authorize the necessary
13 investigation to assure that such valuable information will be available. This is
14 especially critical because the Joint Movants consider a non-residential Exit as a
15 step along the path, in years to come, to a potential full residential Exit.
16 Therefore, it is imperative for the PUCO to answer the above questions
17 surrounding the acquisition of information necessary to determine the benefits, if
18 any, for the non-residential customers impacted by the full Exit of the merchant
19 function by the traditional local distribution company.

²⁸ Joint Motion at Memorandum in Support page 1.

1 ***Q33. COULD YOU PROVIDE SOME EXAMPLES OF THIS CONCERN?***

2 ***A33.*** Yes. The determination of benefits is important for a number of reasons.

3 Uppermost is my concern that non-residential customers, upon an Exit, will lose
4 the pricing benefit the SCO option has consistently provided these non-residential
5 customers, and the concern that such a price increase could also happen even
6 more dramatically to residential customers, if years from now, Dominion seeks
7 authority to Exit for residential customers. . The current Company Default
8 Service rate or Standard Choice Offer (“SCO”) rate is made up of a retail auction
9 bid Retail Price Adjustment plus the final New York Mercantile Exchange prompt
10 month futures price. The competitively bid SCO has consistently provided
11 customers with a lower cost alternative to the comparable published monthly
12 variable rate Choice Supplier Program Offers.²⁹ This alternative is especially
13 important for those customers who may have made the decision not to participate
14 in Dominion’s Choice program due to (1) a general lack of interest, (2) they don’t
15 understand or (3) they have had a prior unsatisfactory experience with the Choice
16 program, (4) an educated decision made not to participate in Choice, or (5) some
17 other unknown reason. Based on the published Choice monthly variable rate
18 offers made by suppliers -- and listed on the PUCO’s Apples-to-Apples chart on
19 its website, it appears that the lowest price variable offers for customers have
20 consistently been the monthly variable SCO rate.³⁰ Without the SCO option, my
21 concern is that these non-residential customers would be forced to take higher

²⁹ BMH Attachment 1.

³⁰ BMH Attachment 1.

1 variable price Choice program offers that will increase the price that those
2 customers pay for natural gas. However, with appropriate market oversight and
3 Commission review of the supplier offers following the Exit for non-residential
4 customers, the Commission can ascertain if my concerns are well-founded.
5

6 ***Q34. IS THERE ADDITIONAL SUPPORT FOR YOUR STATED CONCERN***
7 ***THAT THE PUCO NEEDS TO COLLECT AND ANALYZE DATA***
8 ***REGARDING THE ELIMINATION OF A COMPETITIVELY BID***
9 ***DEFAULT OPTION SUCH AS THE SCO?***

10 ***A34.*** Yes. Ms. Ringenbach notes in her testimony that the only state where a natural
11 gas company has exited the merchant function is Georgia.³¹ In this instance, only
12 one Local Distribution Company (“LDC”) -- Atlanta Gas and Light Company
13 (“AGL”) -- has fully exited from the merchant function. In 1999 when the
14 Georgia exit occurred, residential customers of AGL were paying approximately
15 the United States national average price. Since the AGL exit occurred, -- between
16 the years 2000 – 2011 -- AGL customers have been paying a price that has been
17 consistently higher than the U.S. national average. BMH Attachment-2 is a chart
18 that shows the U.S. Energy Information Administration (“EIA”) data indicating
19 the US, Ohio and Georgia annual residential prices before and after the
20 deregulation, in Georgia, took place.
21

³¹ Direct Testimony of Teresa L. Ringenbach at 5 (September 13, 2012).

1 BMH Attachment3 compares Georgia LDC residential offers with Georgia
2 Choice Suppliers pricing residential offers, and shows the Suppliers offers are
3 consistently higher than the other Georgia LDC offers.
4

5 ***Q35. DO YOU HAVE ANY OTHER REASON FOR YOUR RECOMMENDATION***
6 ***THAT THE PUCO SHOULD COLLECT AND ANALYZE DATA***
7 ***REGARDING THE ELIMINATION OF A COMPETITIVELY BID***
8 ***DEFAULT OPTION SUCH AS THE SCO?***

9 ***A35.*** Yes. I believe there are attributes that a Choice market should possess in order for
10 small customers (such as small commercial customers or residential customers) to
11 benefit: (1) a sufficient number of sellers to have workable competition and no
12 collusion, (2) well-informed customers, (3) transparent commodity prices, (4)
13 customer responsiveness to price, (5) low transaction costs for customers to
14 change suppliers, and (6) low entry barriers for new suppliers..
15

16 If there is an Exit for non-residential customers, the Commission should
17 continuously monitor the Choice market to assure that these attributes exist in the
18 Dominion market. I also believe it is appropriate to review the Choice markets in
19 several U.S. states including Ohio³² and Georgia, and the United Kingdom. I
20 also recommend the Commission conduct surveys of gas customers.
21

³² For example, I reviewed the 2010 Columbia GCR audit report that was prepared by Exeter Associates, Inc. and filed on November 18, 2010, in PUCO Case No. 10-221-GA-GCR, where the auditor found that since inception of the CHOICE Program, participating customers have paid nearly \$545 million more for gas than they would have paid if they had remained GCR customers.

1 **IV. CONCLUSION**

2

3 ***Q36. WHAT IS YOUR RECOMMENDATION?***

4 ***A36.*** The Commission should approve the Stipulation. In my opinion, if the
5 Commission authorizes a non-residential Exit, then the Commission should take
6 the opportunity to learn as much about the Dominion Choice market, the behavior
7 of the Choice Marketers, the reaction of the non-residential SCO customers who
8 were moved to MVR service, and the benefits, if any, that were derived from the
9 Exit. The information to assess these issues can be ascertained by conducting an
10 investigation through surveys of the Choice Marketers and the non-residential
11 SCO customers. The information must be properly collected and the investigation
12 properly conducted, and the results made available.

13

14 ***Q37. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?***

15 ***A37.*** Yes it does. However I reserve the right to incorporate new information that may
16 subsequently become available.

CERTIFICATE OF SERVICE

I hereby certified that a true copy of the foregoing Revised Prepared Testimony of Bruce M. Hayes, on behalf of the Office of the Ohio Consumers' Counsel, was served electronic service to the persons listed below, on this 16th day of October, 2012.

/s/ Larry S. Sauer

Larry S. Sauer

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Weekly Comparison of the SCO Rate to Supplier Monthly Variable Rate Offers

1	PUCO Apples to Apples - Date	9/15/11	9/26/11	9/29/11	10/6/11	10/14/11	10/20/11	10/27/11	11/3/11	11/10/11	11/16/12	11/23/11	12/1/11	12/9/11
2	Dominion SCO	4.8570	4.8570	4.8570	4.7590	4.7590	4.7590	4.7590	4.7590	4.5240	4.5240	4.5240	4.5240	4.3640
3	Constellation New Energy 1	5.7000	5.7000	5.7000	5.5000	5.5000	5.5000	5.5000	5.2800	5.2800	5.2800	5.2800	5.2000	5.2000
4	Constellation New Energy 2													
5	Delta Energy	5.6070	5.6070	5.6070	5.5090	5.5090	5.5090	5.5090	5.2740	5.2740	5.2740	5.2740	5.1140	5.1140
6	Direct Energy 1		5.3570	5.3570	5.3570	5.2878	5.2878	5.2878	5.0240	5.0240	5.0240	5.0240	4.8640	4.8640
7	Direct Energy 2													
8	Dominion Energy Solutions1	5.6400	5.6400	5.6400	4.8500	4.8500	4.8500	4.8500	4.8500	4.8500	4.8500		4.8500	4.8500
9	Dominion Energy Solutions2				4.8500	4.8500	4.8500	4.8500	4.8500	4.8500	4.8500			
10	Energy Cooperative of Ohio		6.5900	6.5900	6.5900	6.5900		6.1900	6.1900	6.1900	5.9900	5.9900	5.9900	
11	Energy Plus Natural Gas							4.3710	4.3710	4.0716	4.0716	4.0716	4.0716	
12	IGS Energy	4.8300	4.8570	4.8570	4.7400	4.7400	4.7400	4.7400	5.2500	5.2500	5.2500	5.2500	5.4500	5.4500
13	Integrus Energy Services	5.2570	5.2570	5.2570	5.1590	5.1590	5.1590	5.1590	4.9240	4.9240	4.9240	4.9240	4.9240	4.7640
14	Just Energy 1	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500		6.8500	6.8500	6.8500
15	Kratos Gas and Power	4.8500	4.8500	4.8500	5.1500	5.1500	5.1500	5.1500	5.0400	5.0400	5.0400	5.0400	5.0400	5.0900
16	MxEnergy		6.4900	6.4900	6.4900	6.4900	6.4900	6.4900	6.4900	6.1900	6.1900	6.1900	6.1900	6.2900
17	Ohio Natural Gas 1	4.9900	4.4900	4.4900	4.4900	4.4900	4.4900	4.4900	3.9900	3.9900	3.9900	3.9900	3.9900	3.9900
18	Ohio Natural Gas 2	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900
19	Ohio Natural Gas 3	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900
20	Quake Energy 1													
21	Quake Energy 2													
22	Vectren Source	5.6900	5.6900	5.6900	5.5600	5.5600	5.5600	5.5600	5.3900	5.3900	5.3900	5.3900	5.3900	5.6800
23	Volunteer Energy Services 1	6.0110	6.0110	6.0110	6.0110	6.3900			5.4640	5.4640	6.3900	6.3900	6.3900	5.8840
24	Volunteer Energy Services 2													
25	XOOM Energy Ohio													
26	Monthly Total All MVRs	67.405	85.369	85.369	89.086	89.396	76.416	86.977	91.217	90.618	84.494	81.644	86.294	76.006
27	Average Monthly MVR	5.6171	5.6913	5.6913	5.5679	5.5872	5.4583	5.4361	5.3657	5.3304	5.2809	5.4429	5.3934	5.4290
28	Average Monthly MVR Less SCO	0.7601	0.8343	0.8343	0.8089	0.8282	0.6993	0.6770	0.6067	0.8064	0.7569	0.9189	0.8694	1.0650
29	MVR Equal To Or Beating SCO	2	3	3	2	2	2	3	2	2	2	2	2	1
30	MVR Posted Offers	12	15	15	16	16	14	16	17	17	16	15	16	14
31	% MVR Equal To Or Beating SCO	17%	20%	20%	13%	13%	14%	19%	12%	12%	13%	13%	13%	7%

Weekly Comparison of the SCO Rate to Supplier Monthly Variable Rate Offers

1	PUCO Apples to Apples - Date	12/15/11	12/22/11	12/29/11	1/5/12	1/12/12	1/19/12	1/26/12	2/2/12	2/10/12	2/16/12	2/23/12	3/1/12	3/9/12
2	Dominion SCO	4.3640	4.3640	4.3640	4.3640	4.0840	4.0840	4.0840	4.0840	4.0840	3.6780	3.6780	3.6780	3.4460
3	Constellation New Energy 1	5.2000	5.2000	5.2000	4.8500	4.8500	4.8500	4.8500	4.5000	4.5000	4.5000	4.5000	4.4000	4.4000
4	Constellation New Energy 2													
5	Delta Energy	5.1140	5.1140	5.1140	4.8340	4.8340	4.8340	4.8340	4.4280	4.4280	4.4280	4.4280	4.1960	4.1960
6	Direct Energy 1	4.8640	4.8640	4.8640	4.5840	4.5840	4.5840	4.5840	4.5840	4.1780	4.1780	4.1780	4.1780	3.9460
7	Direct Energy 2				4.8640									
8	Dominion Energy Solutions1	4.8500	4.8500	4.8500	4.8500	4.8500	4.8500	4.8500	4.6800	4.6800	4.6800	4.6800	4.4500	4.4500
9	Dominion Energy Solutions2													
10	Energy Cooperative of Ohio	5.9900	5.7900	5.7900		5.7900	5.7900	5.7900	5.7900	5.7900	5.7900	4.9900	4.9900	
11	Energy Plus Natural Gas													
12	IGS Energy	5.4500	5.4500	5.4500	5.3900	5.3900	5.3900	5.3900	5.3900	5.2900	5.2900	5.2900	5.2900	4.9900
13	Integritys Energy Services	4.7640	4.7640	4.7640	4.4840	4.4840	4.4840	4.4840	4.0780	4.0780	4.0780	4.0780	4.0780	3.8460
14	Just Energy	6.8500	6.8500		4.0600	6.8500	6.8500	6.8500	6.8500		6.8500	6.8500	6.8500	6.8500
15	Kratos Gas and Power	5.0900	5.0900	5.0900	5.0500	5.0500	5.0500	5.0500	4.7000	4.7000	4.7000	4.7000	4.7000	4.3800
16	MxEnergy	6.2900	6.2900	6.2900	6.2900	5.9900	5.9900	5.9900	5.9900	5.4900	5.4900	5.4900	5.4900	4.5000
17	Ohio Natural Gas 1	3.9900	3.9900	3.9900	3.6900	3.6900	3.6900	3.6900	3.6900	3.6900	3.6900	3.6900	3.3900	3.3900
18	Ohio Natural Gas 2	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.5900	5.5900
19	Ohio Natural Gas 3	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900	5.9900
20	Quake Energy 1													
21	Quake Energy 2													
22	Vectren Source	5.6800	5.6800	5.6800	5.4600	5.4600	5.4600	5.4600	5.6900	5.6900	5.6900	5.6900	5.6800	5.6800
23	Volunteer Energy Services 1	5.8840	5.8840	5.8840	5.8840	5.4900	5.4900	5.4900		5.4900	5.2900	5.2900	5.2900	4.4100
24	Volunteer Energy Services 2													
25	XOOM Energy Ohio													4.5000
26	Monthly Total All MVRs	81.996	81.796	74.946	76.270	79.292	79.292	79.292	72.350	69.984	76.634	75.834	74.562	71.118
27	Average Monthly MVR	5.4664	5.4531	5.3533	5.0847	5.2861	5.2861	5.2861	5.1679	4.9989	5.1089	5.0556	4.9708	4.7412
28	Average Monthly MVR Less SCO	1.1024	1.0891	0.9893	0.7207	1.2021	1.2021	1.2021	1.0839	0.9149	1.4309	1.3776	1.2928	1.2952
29	MVR Equal To Or Beating SCO	1	1	1	2	1	1	1	2	2	0	0	1	1
30	MVR Posted Offers	15	15	14	15	15	15	15	14	14	15	15	15	15
31	% MVR Equal To Or Beating SCO	7%	7%	7%	13%	7%	7%	7%	14%	14%	0%	0%	7%	7%

Weekly Comparison of the SCO Rate to Supplier Monthly Variable Rate Offers

1	PUCO Apples to Apples - Date	3/15/12	3/22/12	3/29/12	4/5/12	4/12/12	4/19/12	4/26/12	5/3/12	5/10/12	5/17/12	5/24/12	5/31/12	6/7/12	6/21/12
2	Dominion SCO	3.4460	3.4460	3.4460	3.4460	2.7910	2.7910	2.7910	2.7910	2.6360	2.6360	2.6360	2.6360	3.0290	3.0290
3	Constellation New Energy 1	4.4000	4.4000	4.4000	4.1000	4.1000	4.1000	4.1000	3.9900	3.9900	3.9900	3.9900	3.9900	3.9900	3.9900
4	Constellation New Energy 2														
5	Delta Energy	4.1960	4.1960	4.1960	3.5410	3.5410	3.5410	3.5410	3.3860	3.3860	3.3860	3.3860	4.2790	4.2790	4.2790
6	Direct Energy 1	3.9460	3.9460	3.9460	3.6910	3.6910	3.6910	3.6910	3.6910	3.5360	3.5360	3.5360		3.9290	3.9290
7	Direct Energy 2											3.5360			
8	Dominion Energy Solutions1	4.4500	4.4500	4.4500	3.9900	3.9900	3.9900	3.9900	3.6900	3.6900	3.6900	3.6900	4.0800	4.0800	4.0800
9	Dominion Energy Solutions2														
10	Energy Cooperative of Ohio	4.9900	4.9900	4.9900	4.9900	4.9900	4.9900	4.9900	4.9900	4.8900	4.8900	4.8900	4.8900	4.8900	4.8900
11	Energy Plus Natural Gas														
12	IGS Energy	4.9900	4.9900		4.7400	4.7400	4.7400	4.7400	4.4900		4.4900	4.4900	4.4900	4.7400	4.7400
13	Integrays Energy Services	3.8460	3.8460	3.8460	3.8460	3.8460	3.1910	3.1910	3.0360	3.0360	3.0360	3.0360	3.0360	3.4290	3.4290
14	Just Energy	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500	6.8500
15	Kratos Gas and Power	4.3800					4.3800	4.3800	4.3800	3.5400	3.5400	3.5400	3.5400	3.5400	3.8500
16	MxEnergy	4.4000	4.4000	4.4000	4.4000	4.1000	4.1000	4.1000	4.1000	3.9900	3.9900	3.9900	3.9900		
17	Ohio Natural Gas 1														
18	Ohio Natural Gas 2	5.5900	5.5900	5.5900	5.2900	5.2900	5.2900	5.2900	4.9900	4.9900	4.9900	4.9900	4.9900	4.9990	4.9990
19	Ohio Natural Gas 3	5.5900	5.5900	5.5900	5.2900	5.2900	5.2900	5.2900	4.9900	4.9900	4.9900	4.9900	4.9900	4.9990	4.9990
20	Quake Energy 1								2.5600	2.5600	2.5600	2.5600		2.9900	2.9900
21	Quake Energy 2								2.6900	2.6900				2.9900	
22	Vectren Source	5.6800	5.6800	5.6800	4.9900		4.9900	4.9900			2.6360	2.6360		3.9290	3.9290
23	Volunteer Energy Services 1	4.4100	4.4100	4.4100	4.4100	3.9900	3.9900	3.9900		3.2900	3.2900	2.6360	3.2900	3.2900	3.8290
24	Volunteer Energy Services 2					2.7910	2.7910	2.7910	2.7910	2.6360	2.6360	2.6360	2.6360	2.6360	3.0290
25	XOOM Energy Ohio					4.3500	4.3500	4.3500	4.3500	3.9935	3.9935	3.9935			3.9935
26	Monthly Total All MVRs	67.718	63.338	58.348	60.128	61.559	70.274	70.274	64.974	62.058	66.494	69.376	55.051	65.560	67.806
27	Average Monthly MVR	4.8370	4.8722	4.8623	4.6252	4.3971	4.3921	4.3921	4.0609	3.8786	3.9114	3.8542	4.2347	4.0975	4.2378
28	Average Monthly MVR Less SCO	1.3910	1.4262	1.4163	1.1792	1.6061	1.6011	1.6011	1.2699	1.2426	1.2754	1.2182	1.5987	1.0685	1.2088
29	MVR Equal To Or Beating SCO	0	0	0	0	1	1	1	3	2	3	4	1	3	2
30	MVR Posted Offers	14	13	12	13	14	16	16	16	16	17	18	13	16	16
31	% MVR Equal To Or Beating SCO	0%	0%	0%	0%	7%	6%	6%	19%	13%	18%	22%	8%	19%	13%

Weekly Comparison of the SCO Rate to Supplier Monthly Variable Rate Offers

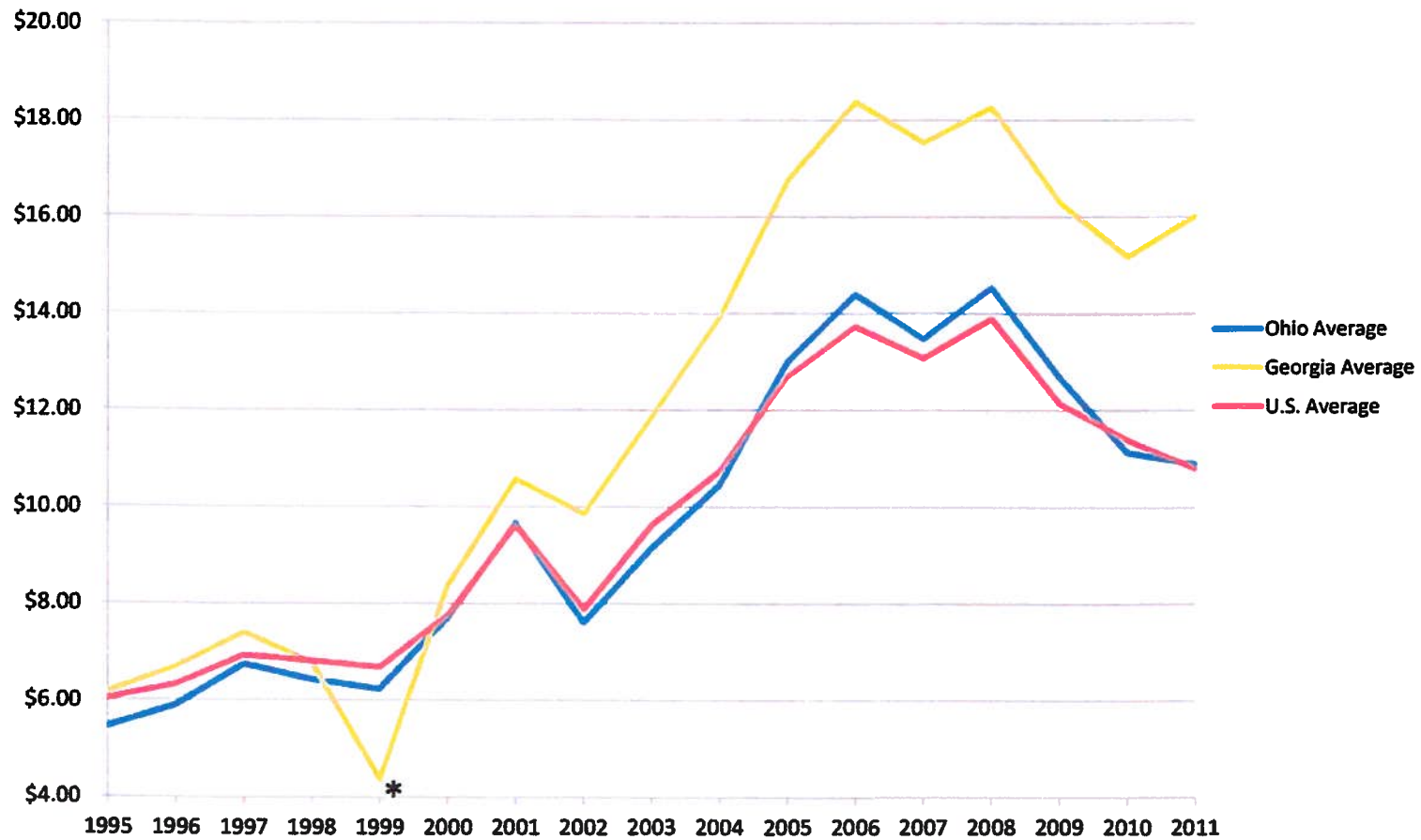
1	PUCO Apples to Apples - Date	6/28/12	7/5/12	7/12/12	7/19/12	7/26/12	8/2/12	8/9/12	8/16/12	8/23/12	8/30/12	9/6/12	9/13/12
2	Dominion SCO	3.0290	3.3740	3.3740	3.3740	3.3740	3.3740	3.6100	3.6100	3.6100	3.6100	3.2340	3.2340
3	Constellation New Energy 1	3.9900	3.9900	3.9900	3.9900	3.9900	3.9900	4.5900	4.5900	4.5900	4.5900	4.5900	4.5900
4	Constellation New Energy 2			4.2900	4.2900	4.2900		4.5900	4.5900	4.5900	4.5900	4.5900	4.5900
5	Delta Energy	4.2790	4.6240	4.6240	4.6240	4.6240	4.6240	4.8600	4.8600	4.8600	4.8600	4.4840	4.4840
6	Direct Energy 1	3.9290	3.9290	3.9290	3.9290	3.9290	4.5100	4.5100	4.5100		4.5100	4.1340	4.1340
7	Direct Energy 2												
8	Dominion Energy Solutions1	4.0800	4.4200	4.4200	4.4200	4.4200	4.6600	4.6600	4.6600	4.6600	4.6600	4.2800	4.2800
9	Dominion Energy Solutions2												
10	Energy Cooperative of Ohio	4.8900	4.8900	4.8900	4.8900	4.8900			4.8900	4.8900	4.8900	4.8900	4.8900
11	Energy Plus Natural Gas												
12	IGS Energy	4.7400	4.8900	4.8900	4.8900	4.8900	4.8900	4.9900	4.9900	4.9900	4.9900	4.9900	4.6900
13	Integrus Energy Services	3.4290	3.7740	3.7740	3.7740	3.7740	4.0100	4.0100	4.0100	4.0100	4.0100	3.6340	3.6340
14	Just Energy	6.8500	3.2050	3.2050	3.2050	3.2050	3.2050	3.5100	3.5100	3.5100		3.5100	3.0720
15	Kratos Gas and Power	3.8500	3.8500	3.9900	3.9900	3.9900	3.9900	4.2300	4.2300	4.2300	4.2300	4.2300	3.8800
16	MxEnergy												
17	Ohio Natural Gas 1												
18	Ohio Natural Gas 2	4.9990	4.9990	4.9990	4.9990	4.9990	4.7900	4.7900	4.7900	4.7900	4.7900	4.5900	4.5900
19	Ohio Natural Gas 3	4.9990	4.9990	4.9990	4.9990	4.9990	4.7900	4.7900	4.7900	4.7900	4.7900	4.5900	4.5900
20	Quake Energy 1	2.9900	3.3490	3.3490	3.3490	3.3490	3.5900	3.5900	3.5900	3.5900	3.5900	3.8900	3.8900
21	Quake Energy 2												
22	Vectren Source	3.9290	3.9290	3.9290	3.9290	3.9290	4.5100	4.5100	4.5100	4.5100	4.5100	4.1340	4.1340
23	Volunteer Energy Services 1	3.8290	3.8290	4.1740	4.1740	4.1740	4.1740	4.1740	4.1740	4.7850	4.7850	4.7850	4.4800
24	Volunteer Energy Services 2	3.0290	3.0290	3.3740	3.3740	3.3740	3.3740	3.3740	3.3740	4.4900	4.4900	4.4900	3.2340
25	XOOM Energy Ohio	3.9935	3.9935	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900
26	Monthly Total All MVRs	67.806	65.700	71.016	71.016	71.016	63.297	69.368	74.258	71.475	72.475	74.001	71.352
27	Average Monthly MVR	4.2378	4.1062	4.1774	4.1774	4.1774	4.2198	4.3355	4.3681	4.4672	4.5297	4.3530	4.1972
28	Average Monthly MVR Less SCO	1.2088	0.7322	0.8034	0.8034	0.8034	0.8458	0.7255	0.7581	0.8572	0.9197	1.1190	0.9632
29	MVR Equal To Or Beating SCO	2	3	3	3	3	2	3	3	2	1	0	2
30	MVR Posted Offers	16	16	17	17	17	15	16	17	16	16	17	17
31	% MVR Equal To Or Beating SCO	13%	19%	18%	18%	18%	13%	19%	18%	13%	6%	0%	12%

Notes and Explanations

Line 1	PUCO Dominion East Ohio Apples to Apples Charts provide consumers with a snapshot comparison of current natural gas supplier price options on a weekly basis. Line 1 shows the dates these monthly variable rate prices were posted.
Line 3	The Dominion Standard Choice Offer (SCO) as posted on the Apples to Apples Charts on the posted dates in Line 1. SCO numbers are \$ per mcf.
Lines 5 through 27	PUCO-Certified Retail Natural Gas Supplier Monthly Variable Rate (MVR) offers as listed on the PUCO Apples to Apples Chart on the posted dates in Line 1. MVR numbers are \$ per mcf.
Line 29	The total dollar value of all listed supplier MVR offers (Lines 5 through 27) on the weekly posted date. \$ per mcf
Line 30	The average monthly MVR. Line 29 divided by Line 33. \$ per mcf
Line 31	The average monthly MVR less the weekly posted SCO price. Line 30 minus Line 3. \$ per mcf
Line 32	The number of supplier weekly MVR offers from Lines 5 through 27 that were equal to or below the SCO posted for the corresponding week.
Line 33	The number of supplier MVR offers posted for the corresponding week (Line 1) on the PUCO Apples to Apples Chart.
Line 34	The percent of posted MVR supplier offers equal to below the SCO. Line 32 divided by Line 33.

Schedule BMH - 1

Natural Gas Delivered to Residential Customers (\$/Mcf)

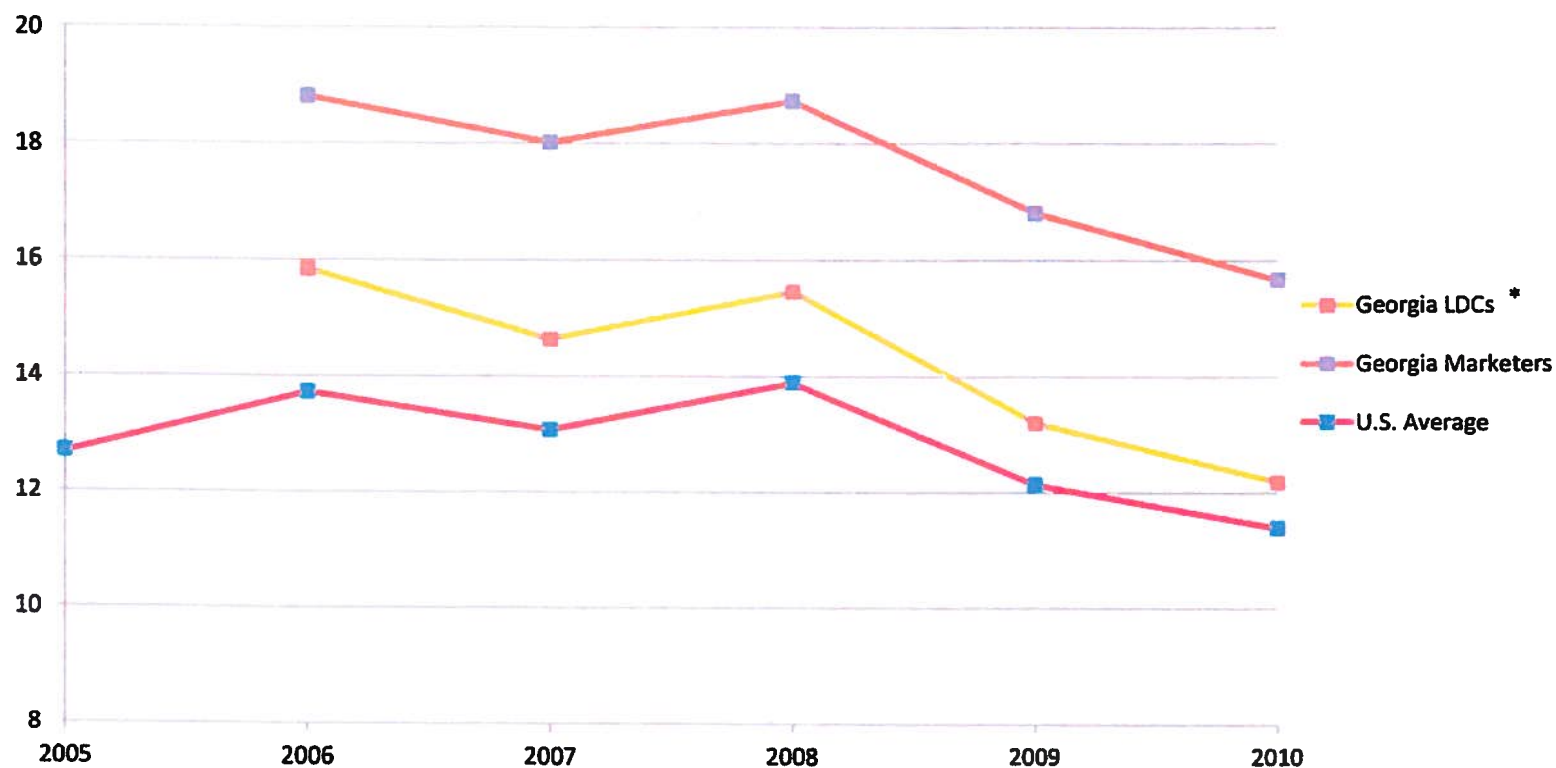


* Offers reflect prices just before AGL exit

Source: U.S. Energy Information Administration

Schedule BMH - 2

Natural Gas Delivered to Georgia Residential Customers (\$/Mcf)



* Georgia LDCs other than Atlanta Gas Light

Source: U.S. Energy Information Administration

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Summary: Testimony Revised Direct Testimony of Bruce M. Hayes on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Sauer, Larry S.