

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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|---|---|-------------------------|
| In the Matter of the Application to Modify, |) | |
| In Accordance with Section 4929.08, |) | |
| Revised Code, The Exemption Granted |) | Case No. 12-2637-GA-EXM |
| To the East Ohio Gas Company d/b/a |) | |
| Dominion East Ohio in Case No. |) | |
| 07-1224-GA-EXM |) | |

SUPPLEMENTAL TESTIMONY OF VINCE PARISI

ON BEHALF OF

THE OHIO GAS MARKETERS GROUP AND

THE RETAIL ENERGY SUPPLY ASSOCIATION

November 27, 2012

1 **Q1. Please state your full name and title.**

2 A1. My name is Vincent A. Parisi. I am General Counsel and Regulatory Affairs Officer for
3 Interstate Gas Supply, Inc. (IGS), and I seek to supplement my direct testimony of
4 November 13, 2012 in this proceeding.
5

6 **Q2. What is the purpose of your supplemental testimony?**

7 A2. I am presenting the views of the Ohio Gas Marketers Group (OGMG) and the Retail
8 Energy Supply Association (RESA) as to the Amended Stipulation being filed today
9 contemporaneously with this supplemental testimony. Both OGMG and RESA support
10 the Amended Stipulation, and urge the Commission to accept the Amended Stipulation as
11 filed, for it not only meets the three criteria the Commission through case law has
12 established for accepting partial stipulations, but it is in compliance with the mandated
13 course of market development required by statute.
14

15 **Q3. Please explain the mandated course of action this Commission is required to follow**
16 **as to how natural gas supplies are provided to customers who fail to arrange for**
17 **natural gas supplies?**

18 A3. Revised Code Section 4929.02(A) (7) states:

19 [It is the policy of this state to, throughout this state to]... Promote an expeditious
20 transition to the provision of natural gas services and goods in a manner that achieves
21 effective competition and transactions between willing buyers and willing sellers to
22 reduce or eliminate the need for regulation of natural gas services and goods under
23 Chapters 4905 and 4909 of the Revised Code. (Emphasis added)
24

25 As noted by the underlining above, this subsection of the state energy policy for natural
26 gas requires a transition from governmental regulated natural gas commodity (goods) and

1 associated services to a market based system (deregulation). As an agency of state
2 government, the Commission must adhere to this state policy.

3
4 **Q4. How does the Amended Stipulation comply with the statutory mandate?**

5 A4. The Amended Stipulation does not compromise nor violate the statute. Instead, what it
6 does is provide more information and more time before further action is taken which
7 would change the manner or mode in which default natural gas service is provided to
8 residential customers. The General Assembly did not micro manage the steps which were
9 to be taken to “reduce or eliminate the need for regulation of natural gas goods and
10 services”. Certainly, as to commercial sales the Amended Stipulation is a step towards
11 deregulation.

12
13 **Q5. Please describe the differences between the Joint Stipulations and the Amended**
14 **Stipulation.**

15 A5. The Amended Stipulation is the culmination of months of negotiations, which took place
16 both before and after the original Stipulation was filed. The Amended Stipulation was a
17 compromise designed to broaden the base of support for changes to the current method of
18 providing default natural gas service on the Columbia system. It provides more detail on
19 the information to be obtained during the commercial customer move to a monthly
20 variable rate mechanism. While OGMG and RESA may not agree that the information
21 gathered is dispositive or even useful, parties who are skeptical of deregulation
22 nonetheless should have the ability to obtain the information they desire. The Stipulation
23 embodies among its signatory parties the common goal of seeking what is best for the

1 public within the context of the statutory framework and state policy established by the
2 General Assembly. The Stipulation also embodies a willingness among the signatory
3 parties to work together towards that common goal.
4

5 **Q6. Does the Amended Stipulation meet the Commission's criteria for settlement?**

6 A6. Yes. It is well established case law that the Commission shall evaluate the
7 reasonableness of a Stipulation by using a three prong test. The three prongs are: 1)
8 whether the stipulation is a product of serious bargaining among capable knowledgeable
9 parties; 2) whether as a package the stipulation benefits ratepayers and the public interest;
10 and 3) whether the settlement package violates an important regulatory principle or
11 practice. *In re Application of Duke Energy Ohio*, Case No. 11-4393-EL-RDR; Opinion
12 and Order at 10 (Aug. 15, 2012). For the reasons set forth in my original direct testimony
13 it is clear that all three prongs of the test are met. The Amended Stipulation enhances the
14 original Stipulation in that now the Consumers' Counsel has joined and broadened the list
15 of supporters who are capable and knowledgeable.
16

17 **Q7. Do you have any other information that you think the Commission should consider?**

18 A7. Yes. OGMG and RESA ask that the Commission move expeditiously in approving the
19 Stipulation. Natural gas utilities use a space heating year based on the interstate
20 pipelines' storage cycles on which to contract for default natural gas supplies.
21 Columbia's current SCO contractual supply of default natural gas terminates March 31,
22 2013 as does Vectren Energy Delivery of Ohio, and Dominion East Ohio. Columbia's
23 2013 Standard Choice Offer Auction (SCO) is scheduled for January 29, 2013. Vectren's

1 SCO auction is scheduled for February 2013 and Dominion East Ohio's SCO auction is
2 scheduled for March 2013. Thus, the replacement auction really needs to go forward as
3 scheduled. Delays in the current auction schedule would threaten the participation in the
4 auctions by suppliers not only in Columbia but in the other major utilities as well. For
5 each auction each supplier must study the market, consumption patterns, transmission
6 delivery and supply options. Further, since the same skilled personnel are needed to
7 make bids in each auction, there must be time between the Ohio SCO auctions.

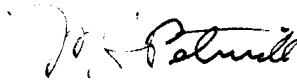
8 My company is currently an SCO supplier for Columbia and it intends to bid in
9 the 2013 SCO auction; but to do so we must know whether the changes in the Amended
10 Stipulation are going to apply. It is my belief that the Amended Stipulation, if approved,
11 would have the effect of reducing the closing SCO bid price. The bidding information
12 session for the Columbia 2013 auction is set for January 8th, and it will take a couple of
13 weeks for suppliers like IGS to digest the information provided in the bidding packet in
14 order to make an informed bid.

15
16 **Q8. Does that complete your testimony?**

17 **A8. Yes.**

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Supplemental Testimony of Vince Parisi was served electronically upon the parties identified below on this 27th day of November, 2012.



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Summary: Testimony Supplemental Testimony of Vince Parisi electronically filed by M
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Association