

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's Review of)	
its Rules for Competitive Retail Natural Gas)	Case No. 12-925-GA-ORD
Service Contained in Chapter 4901:1-27)	
Through 4901:1-34 of the Ohio)	
Administrative Code.)	

INITIAL COMMENTS OF HESS CORPORATION

Pursuant to the Commission's November 7, 2012 Entry in the above-referenced matter, Hess Corporation ("Hess") respectfully submits these Initial Comments to the proposed amended rules affecting Certified Retail Natural Gas Service suppliers ("CRNGSs"). Hess is generally supportive of the Initial Comments filed by the Ohio Gas Marketers Group and the Retail Energy Supply Association (hereinafter jointly referred to as "OGMG/RESA"), but submits its own comments only to supplement and to clarify Hess' position on Question 3 posed by the Staff of the Public Utilities Commission of Ohio ("Commission Staff").

I. RESPONSE TO THE COMMISSION STAFF'S QUESTION 3

Question 3. It is the policy of the state, under Section 4929.02, Revised Code, to promote diversity of natural gas supplies and suppliers by giving consumers effective choices over the selection of those supplies and suppliers. Should the Commission's rules regulate the availability of certain lengths and types of contracts for certain customer classes. Should the Commission's rules require a supplier to disclose all inducements to contract?

RESPONSE:

Notably, Commission Staff's Question 3 does not delineate which class of customers could be subject to the potentially proposed regulations concerning contract parameter availability to retail customers. Hess supports OGMG/RESA's position that the Commission should not regulate key service contract conditions, including contract length, for any class of

customers. However, should the Commission consider regulating contract length and/or the types of contracts available to certain customer classes, it should limit its examination to non-mercantile customers only. Mercantile, or large commercial and industrial customers (“C&I customers”), have an extremely sophisticated understanding of their energy needs and over 15 years of experience in evaluating offers from competitive retail suppliers. C&I customers routinely choose natural gas supply service products based on a multitude of factors, and typically take advantage of more complex products that are specifically tailored to a customer’s usage profile and risk tolerance, including, but not limited to, fixed price, index-following, index with cap, floating, and NYMEX plus basis supply offerings. Obviously, key components in all of these offerings are contract length and the type of contract pricing (*e.g.*, variable versus fixed). Regulating key service contract conditions would prevent CRNGSs from offering new and innovative services to C&I customers, and needlessly deprive C&I customers of options that have proven to allow them to manage their natural gas supply services effectively. As provided above, Hess does not believe it is necessary to regulate the contract length and/or type of contract available to any customers. CRNGSs are best suited to respond and to develop the supply-side offerings that best meet the needs of retail customers. However, in the event that the Commission considers regulating key service contract conditions, including contract length and/or type of contracts available to certain customers, the Commission should explicitly limit any regulations to non-mercantile customers (residential customers and small commercial customers with usage less than 500 Mcf annually)¹ only for the reasons presented herein.

¹ See Rule 4901:1-29-02(G), O.A.C.

II. CONCLUSION

Hess appreciates Staff's approach in proposing these questions. Hess respectfully requests that the Commission consider our comments provided herein.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Dad Afe", written in a cursive style.

David A. Cetola
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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing document was served via electronic mail on all parties who have or will be submitting initial comments in Case No. 12-925-GA-ORD this 7th day of January, 2013 or shortly thereafter when the identity of such commenter are known.

A handwritten signature in black ink, appearing to read "Dad Afe", is positioned above a horizontal line.

David A. Cetola

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Summary: Comments electronically filed by Mr. William D Zuretti on behalf of Hess Corporation