

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. )

In the Matter of the Application to )  
Modify, in Accordance with Section )  
4929.08, Revised Code, the Exemption ) Case No. 12-2637-GA-EXM  
Granted Columbia Gas of Ohio, Inc., in )  
Case No. 08-1344-GA-EXM. )

FINDING AND ORDER

The Commission finds:

- (1) Columbia Gas of Ohio, Inc. (Columbia), is a natural gas company as defined by Section 4905.03(A)(5), Revised Code, and a public utility as defined by Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of the Commission.
- (2) By opinion and order issued on December 2, 2009, in Case No. 08-1344-GA-EXM (08-1344), the Commission approved a stipulation, which authorized Columbia to conduct an auction to secure natural gas supplies, initially through a standard service offer structure, and subsequently through a standard choice offer (SCO) structure through March 31, 2012.
- (3) On September 7, 2011, in 08-1344, the Commission issued a second opinion and order, which, *inter alia*, authorized the continuation of the stipulation approved on December 2, 2009, for the 12-month period beginning April 1, 2012.
- (4) Subsequently, by opinion and order issued on January 9, 2013, in Case No. 12-2637-GA-EXM (12-2637), the Commission, *inter alia*, granted the joint motion to modify the orders in 08-1344 and approved an amended stipulation entered into between Columbia, Ohio Gas Marketers Group, Retail Energy Supply Association,

Dominion Retail, Inc., Ohio Consumers' Counsel, and Staff. The amended stipulation, *inter alia*, modified the exemption approved by the Commission in 08-1344 for a five-year term commencing on April 1, 2013.

- (5) On February 26, 2013, an auction was conducted to establish rates for the SCO customers. The auction took place via the internet with 11 bidders participating. Columbia contracted for the services of World Energy Solutions, Inc. (World Energy) as the manager of the auction.
- (6) The auction was a descending clock auction in which 16 supply tranches were bid, with each bidder limited to a maximum of four tranches. The auction participants bid a retail price adjustment (RPA) in the form of an adder to the monthly New York Mercantile Exchange (NYMEX) settlement price for natural gas futures. The RPA is a fixed dollar amount over the 12-month term and reflects the bidders' estimate of their incremental cost to deliver the required amount of gas from the Henry Hub (which is priced at NYMEX) to Columbia's city gate. The auction ended after sealed bids were submitted in which 16 tranches were bid at an RPA of \$1.29 per thousand cubic feet (Mcf).
- (7) On February 26, 2013, Staff filed a post-auction report (Staff Report) detailing the results of the auction. The report contained descriptions of the auction and a conclusion by Staff that, based on its observation, the auction was fair and devoid of any indications of collusion or other anomalies. The result of the auction was an RPA of \$1.29 per Mcf. The Staff Report recommended that the Commission approve the auction result and allow Columbia to continue to serve its SCO customers at the new RPA rate upon the expiration of the existing SCO period on March 31, 2013.
- (8) The Commission has reviewed the Staff Report and the auction results and agrees with Staff's conclusion that the auction results are reasonable and should be approved. Therefore, the Commission finds that Columbia should be authorized to replace its current SCO rates upon expiration

of the existing rates on March 31, 2013, based on the RPA of \$1.29 per Mcf and to enter into the necessary agreements with the winning bidders. The monthly SCO price should be calculated as the sum of the NYMEX settlement price for the prompt month, plus the RPA of \$1.29 per Mcf. Accordingly, Columbia is authorized to file the final tariffs necessary to implement the terms of this order.

- (9) Unless otherwise ordered by the Commission, the new SCO rate is approved for the period April 1, 2013 through March 31, 2014. During that time, the Commission reserves all authority to exercise its oversight and specifically reserves the right to terminate the SCO mechanism and to implement an alternative pricing methodology at any time, if circumstances warrant.
- (10) The Staff Report filed on February 26, 2013, was filed without identifying the names of the participating or winning bidders. Coincident with the filing of the Staff Report, Staff filed a motion for protective order, pursuant to Rule 4901-1-24, Ohio Administrative Code, requesting that the names of the participating or winning bidders be kept confidential for a period of 15 days from the date of this finding and order. In support of its motion, Staff stated that this should be done in order to protect the bidders' positions in negotiations with pipelines for the incremental capacity necessary to meet their obligations as SCO suppliers. The Commission finds that Staff's motion for protective order is reasonable and should be granted.

It is, therefore,

ORDERED, That Columbia be authorized to replace its current SCO rate consistent with finding (8) above. It is, further,

ORDERED, That Columbia is authorized to file four complete copies of tariffs, in final form, consistent with this order. Columbia shall file one copy in this case docket and one copy in its TRF docket (or may make such filing electronically, as directed in Case No. 06-900-AU-WVR). The remaining two copies shall be designated for distribution to the Rates 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 April 1, 2013. It is, further,

ORDERED, That, in accordance with finding (10), Staff's motion for protective order be granted and the identities of the participating bidders be treated as confidential for a period of 15 days from the date of this finding and order. It is, further,

ORDERED, That a copy of this finding and order be served upon all parties in these proceedings.

THE PUBLIC UTILITIES COMMISSION OF OHIO



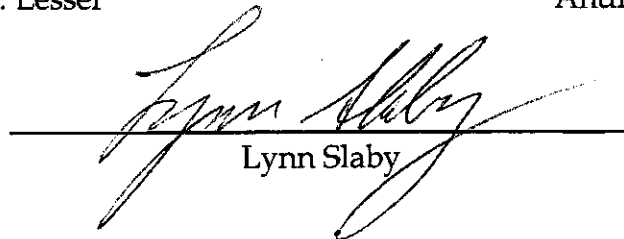
Todd A. Snitchler, Chairman



Steven D. Lesser



Andre T. Porter

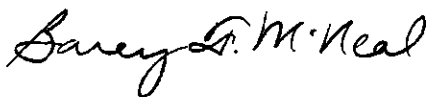


Lynn Slaby

CMTP/sc

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Barcy F. McNeal  
Secretary