

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

I. INTRODUCTION

On November 27, 2012, a settlement (“Amended Stipulation”) was filed in the above-captioned matter. In the Amended Stipulation the Office of the Ohio Consumers’ Counsel (“OCC”), Columbia Gas of Ohio, Inc. (“Columbia”), the Staff of the Public Utilities Commission of Ohio (“PUCO” or “Commission”) and Marketers achieved a compromise that leaves for another day and another case the PUCO’s consideration of whether to continue Columbia’s standard rate for Ohio’s residential consumers. The Amended Stipulation addresses the pre-conditions that are used as a basis for Columbia to determine whether or not it will seek to exit from providing its standard offer (i.e., merchant function) for non-residential customers.¹

The Amended Stipulation contained the following provision arranging that, in the event Columbia ceases to provide a standard offer to non-residential customer, certain

¹ The Amended Stipulation contains a process for whether or not Columbia will exit the merchant function for non-residential customers. OCC was not a Signatory Party for purposes of any provision in the Amended Stipulation regarding a non-residential exit.

customers will receive gas that is priced according to factors that include a monthly variable rate ("MVR"):

If Columbia exits from the merchant function for any customer class, Columbia will provide no default commodity service for CHOICE-Eligible customers in that customer class upon exit. CHOICE-Eligible Customers in the customer class may enroll with a Supplier. Those CHOICE-Eligible Customers in the customer class that do not enroll with a Supplier will be assigned to a Supplier, and the pricing for such customers will be based on the closing New York Mercantile Exchange ("NYMEX") price plus basis (the monthly variable rate or "MVR" price).²

The Amended Stipulation further addressed the subject of allocating customers to other providers in the event Columbia's standard offer is withdrawn:

The Parties agree that the allocation methodology can be addressed by the undersigned in the testimony phase of this proceeding; however, this provision does not preclude any of the Parties from making proposals in the future with regards to the allocation methodology for Residential Customers.³

In the PUCO's Entry on Rehearing, the Commission spoke to the above issues for non-residential customers:

The Commission recognizes that the following details regarding the initial [MVR] allocation methodology must be discussed amongst the parties prior to implementation:

- (a) The methodology that should be used to allocate residual customers who were not initially allocated because their SCO or Choice suppliers chose not to be an MVR supplier.
- (b) The algorithm that should be used to carry out the allocation methodologies, which shall include:
 - (i) A formula to calculate each MVR Choice supplier's market share of nonresidential Choice customers, as described in finding (49) (a) above;

² Amended Stipulation at 7 (November 27, 2012).

³ Amended Stipulation at 14 (November 27, 2012).

(ii) A formula to calculate each MVR SCO supplier's market share of non-residential Choice customers, as described in finding (49) (a) and (b) above; and

(iii) A formula to calculate how the residual customers will be allocated under the methodology in finding (50)(a) above.

To address these details, the Commission directs Staff to meet with Columbia and the stakeholders to discuss and work out these details of the allocation process, in keeping with the framework established in our order, as clarified and modified in this entry on rehearing. Staff is directed to file, within 90 days from the date of this entry on rehearing, the detailed allocation methodology, including the resolution of the issues in (a) and (b) above, with the Commission for our review and approval.⁴

On June 18, 2013, the PUCO Staff submitted its proposed allocation methodology for non-residential customers to be billed with the monthly variable rate (“Proposed MVR Allocation Methodology”). OCC provides the following comments on the Staff’s proposal.

II. COMMENTS

As invited by the Commission, Columbia, the PUCO Staff, OCC and other interested parties met to discuss the allocation methodology for customers to be billed with the monthly variable rate. Because the discussions were centered on the MVR allocation methodology to address a potential exit from the merchant function for non-residential customers only, OCC did not participate in the discussions. OCC’s only concern with the

⁴ Entry on Rehearing at 25 (March 20, 2013)

establishment of an MVR allocation methodology for non-residential customers was that any such methodology did not and would not establish precedent in the event there would be a future Columbia exit from the merchant function for residential customers.

The PUCO Staff acknowledged in its Proposed MVR Allocation Methodology that it was not intended to be precedent for a residential exit. Staff noted: “This point was made by the Commission in its January 9, 2013 Opinion and Order at page 31 when it clarified that approval of the provisions in the Stipulation, for non-residential customers exiting the merchant function, in no way determined the reasonableness of exiting the merchant function for residential customers.”⁵

Because the timing of a residential exit from the merchant function is uncertain, if it occurs at all for residential customers, it would be inappropriate for the non-residential MVR Allocation Methodology to be precedent if and when a residential exit occurs. Additionally, the circumstances (in addition to timing) surrounding any potential residential exit could be different from a non-residential exit.

Therefore, OCC requests that the Commission rule as follows. In any Order finalizing the allocation of non-residential customers to be charged the monthly variable rate, the PUCO should affirm that the non-residential methodology will not be deemed to be precedent for allocating residential customers to the MVR rate, in the event that some day Columbia applies for, and the PUCO authorizes the withdrawal of the standard offer for selling natural gas to residential customers.

⁵ Proposed MVR Allocation Methodology at 3 (June 18, 2013).

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of these *Comments* have been served on the persons stated below via electronic service this 23rd day of July, 2013.

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

7/23/2013 4:57:23 PM

in

Case No(s). 12-2637-GA-EXM

Summary: Comments Comments by the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Sauer, Larry S.