BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's	)	
Review of the Natural Gas Retail Market	)	Case No. 13-1307-GA-COI
Development.	)	

REPLY COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL

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July 30, 2013

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I. INTRODUCTION AND GENERAL REPLY COMMENTS

In its June 5, 2013 Entry, the Public Utilities Commission of Ohio ("PUCO") invited comments "regarding the current standard choice offer (SCO) auctions and any recommendations on how to further support a fully competitive retail natural gas marketplace in Ohio," A number of parties[1] responded to the Entry, including the Office of the Ohio Consumers' Counsel ("OCC"). The focus of this case should be on achieving affordable prices for Ohio customers in their purchase of natural gas.

With the exception of OGMG/RESA and Dominion, all other Commenters who filed in response to the PUCO's June 5, 2013 Entry acknowledge that the current retail natural gas marketplace in Ohio is a competitive marketplace. Some Commenters note that the term "fully competitive" used by the PUCO is an undefined term[2] and others

[1] Comments were filed by: Columbia Gas of Ohio, Inc. ("Columbia"); Vectren Energy Delivery of Ohio, Inc. ("Vectren"); Dominion East Ohio ("Dominion"); Northeast Ohio Public Energy Council ("NOPEC"); Ohio Gas Marketers Group and Retail Energy Supply Association ("OGMG/RESA"); Ohio Oil and Gas Association ("OOGA"); AARP; Low Income Advocates (Ohio Partners for Affordable Energy, Ohio Poverty and Law Center, the Edgemont Neighborhood Coalition, Pro Seniors, Inc., Southeastern Ohio Legal Services, the Legal Aid Society of Southwest Ohio, Legal Aid Society of Columbus, the Legal Aid Society of Cleveland, the Legal Aid Society of Southwest Ohio on behalf of Communities United for Action, and the Citizens Coalition) (July 9, 2013).

[2] AARP Comments at 7 (July 9, 2013).

comment that the market may not be fully competitive.[3] However, the significant percentage of customers that have selected alternative suppliers and the options available to customers are good indicators of the competitiveness of the market. These parameters indicate a highly/fully competitive and maturing market.

Virtually across the board, utilities, customers, aggregators, and even marketers comment that, in light of the competitiveness of the market and the options available to customers, it is not necessary to make additional regulatory changes to enhance the competitiveness of the market.[4] OCC supports the broad cross-section of Commenters that oppose further changes to the market structure at this time.

OCC agrees, however, with those Commenters who support improved oversight over marketer practices. That improved oversight should include greater transparency in marketer offers, stricter regulation to prevent unconscionable business practices, and oversight and reporting of complaints against marketers.[5] OCC agrees in particular with AARP that the market will be improved if customer trust in marketers is enhanced by such transparency and reporting of marketers who engage in unacceptable business practices. AARP also makes the good point that the market will be improved if complaints against marketers receive appropriate consideration and action by the PUCO.[6] As providers of an essential service, the business practices of those providing natural gas supply service must be subjected to more than a modicum of scrutiny.

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[3] OGMG/RESA Comments at 12 (July 9, 2013).

[4] Columbia Gas of Ohio Comments at 1-2; Vectren Energy Delivery of Ohio Comments at 1; AARP Comments at 7-8; Low Income Advocate Comments at 11-15; NOPEC Comments at 2; Hess Comments at 2-3 (July 9, 2013).

[5] AARP Comments at 7-8 (July 9, 2013).

[6] Id. at 8.

II. REPLY COMMENTS

A. PUCO Question: "What regulatory changes, if any, should be made to further support a fully competitive retail natural gas marketplace?"

Most Commenters (OCC included) take the position that further regulatory changes are not necessary for Ohio consumers.[7] But OGMG/RESA's Comments stand isolated from most. They contend that to be a "fully competitive" market, all customers must be "engaged in the market, making reasoned purchasing decisions through direct contact with sellers."[8] They argue that in such a market, "there is no need for a default service program."[9] They argue against continuation of the Standard Choice Offer ("SCO"), which they claim is "antithetical to the development of a fully competitive market." They also argue that there are "subsidies flowing now from shopping customers to the SCO" and that these should be removed.[10]

In short, OGMG/RESA would dismantle one of the best things to happen for consumers in their natural gas service. The PUCO's competitive auction program has been wildly successful for Ohio consumers. The competitive auction program, for those choosing the standard offer, has produced spectacular reductions in the price that consumers pay for natural gas.

As discussed in OCC's Comments, the SCO and governmental aggregation service are essential market-priced options that do not interfere with the ability of

[7] OCC Comments at 7; Columbia Comments at 1, Vectren Comments at 1; NOPEC Comments at 2; AARP Comments at 7; Low Income Advocates Comments at 11; Hess Comments at 2 (July 9, 2013).

[8] OGMG/RESA Comments at 2 (July 9, 2013).

[9] Id.

[10] Id. at 3.

individual Gas Marketers to compete in the retail natural gas supply marketplace.[11] The SCO and aggregation services are the equivalent of groups of customers coming together to purchase a product.

It is difficult to imagine a marketer taking issue with a group of commercial or industrial customers creating a buyers' group to purchase their gas or electric supply. But OGMG/RESA oppose residential customers using the power of group buying through the SCO as their purchaser. That sort of opposition to customers obtaining price improvements is not grounded in consumer welfare but speaks of protectionism for the marketers' business model. The PUCO should be unpersuaded by the marketers' proposal. .

As noted, the marketers want all consumers "engaged in the market." Their objective is to force consumers to choose among their sales offers by eliminating the standard offer or by artificially increasing its price. That is a really bad idea for consumers. While the marketers understandably have a high regard for what they offer consumers, their offers are not nearly a focus in Ohioans' daily lives that the marketers' proposal would impose.

The marketers offers have cost Columbia Choice consumers $885 million compared to the standard offer, over the last 15 years.[12] Meanwhile, the standard offer that the PUCO instituted for Ohio consumers has been very successful for providing affordable rates.

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[11] OCC Comments at 7 (July 9, 2013).

[12] *In re Columbia Exit Case,* Case No. 12-2637-GA-EXM, Comments at Attachment A, Columbia response to OCC Request to Produce No. 65 (November 5, 2012). See also **Dispatch Exclusive | Ohioans burned by gas 'choice' - Columbus Dispatch (November 11, 2012) by Dan Gearino (Last visited July 9, 2013),** http://www.dispatch.com/content/stories/business/2012/11/11/ohioans-burned-by-gas-choice.html.

Ohioans have many things to be preoccupied or even downright worried about, such as children, schools, aging parents, a job (or the need to find a job), money and so on. While a marketer's offer to supply natural gas may loom large in the marketer's world, that same offer can be of much less importance to Ohioans where responsibilities of daily life may leave little time for studying educational materials, sifting through marketer mailings, answering the door for a marketer's agent and otherwise deciphering energy offers that could strain even an expert's ability to analyze. There should be no penalty (as some have proposed in the past) from the PUCO for Ohioans who choose not to choose a marketer for natural gas service.

AARP notes that not all residential customers have the tools to effectively assess marketer offers.[13] Customers with "mental disabilities, learning difficulties, poor reading and math skills, or other impediments will have difficulty effectively shopping."[14] And, as OCC emphasized in its Comments, customers should not be compelled to engage individually in comparing supplier offers or acting upon them.[15] It is, and should continue to be, the comparative nature of marketer offers (via competition) that causes customers to switch to new suppliers when the new suppliers have made better offers. It is the competitive benefits of participation for consumers in markets that is the touchstone of market's success. If customers do not perceive such benefits, then they should not be expected, or required, to participate in them.

OGMG/RESA complain that the supplier who wins the SCO auction has no costs of customer acquisition beyond participation in the SCO auction and does not have to

[13] AARP Comments at 8 (July 9, 2013).

[14] Id.

[15] OCC Comments at 5 (July 9, 2013).

follow enrollment, customer consent, contracting and other procedures required of individual Gas Marketers.[16] They emphasize that the SCO supplier does not incur costs associated with these customer acquisition and enrollment/consent/contracting procedures and suggests that this is inequitable.[17] They argue that if the SCO is to be continued, the SCO supplier should be required "to pay an assessment that reflects the inherent value of all avoided costs of SCO service as compared to true retail product offers."[18] They also argue that switching fees should be applied regardless of whether the customer is switching to or from an SCO or an individual Gas Marketer.[19] Finally, they argue that the SCO should not be the option of "first resort" for new customers or for those that move within the same service territory.[20] The PUCO should reject all of those arguments.

The SCO auction is a business model for competition in which any of the marketers can participate. Some do participate[21] and some don't. That is their choice. But their choice should not result in the dismantling of the standard-offer model that they don't like.

The SCO auction price is established through a competitive bidding procedure open to all Gas Marketers who have been certified by the PUCO. Participation in that

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[16] OGMG/RESA Comments at 3-4 (July 9, 2013).

[17] Id. at 4-7.

[18] Id. at 7.

[19] Id.

[20] Id.

[21] Hess Comments at 1 ("Hess, through its Choice-focused affiliate CRNGS, Hess Small Business Services, LLC, has been serving Choice commercial customers in Ohio since 2012. Hess has participated in the Ohio utilities' Standard Choice Offer ("SCO") auctions since their inception and is currently serving SCO tranches behind East Ohio Gas Company d/b/a Dominion East Ohio ("DEO"), Columbia Gas of Ohio ("COH") and Vectren Energy Delivery of Ohio, Inc. ("VEDO"). As the Commission can see, Hess has significant experience with the SCO auctions and the various levels of the Ohio retail natural gas market.")

auction itself involves risks as well as rewards, and there are associated costs and benefits of serving the market as the SCO supplier. OGMG/RESA addresses only the advantages of being the SCO supplier without discussing the risks and costs of providing SCO service. And OGMG/RESA fail to acknowledge that any of their members certified in Ohio could bid on the SCO market if the advantages of serving that market were so great as to position them to offer SCO service. Most importantly, however, is the fact that the evidence bears out that Gas Marketers have been able to compete effectively against the SCO.[22] Thus, the facts do not support OGMG/RESA's claim that advantages realized by SCO suppliers undermine the ability of Gas Marketers to compete.

Similarly, OGMG/RESA's other proposals should be rejected. The proposal for an assessment on the SCO supplier would impose artificial costs on the SCO supplier that are not associated with providing such service. The proposal that customers switching to or from the SCO supplier should pay switching fees and the SCO supplier should not be the default supplier (or supplier of "first resort" or "last resort") should similarly be rejected because customers should not be required to select a supplier.

Finally, OGMG/RESA's proposed changes are inconsistent with PUCO-approved stipulations in the Dominion and Columbia exit cases.[23] OGMG/RESA appear to have little quandary about upsetting the terms of these stipulations. The PUCO should uphold the resolution of the issues in these proceedings as set forth in the stipulations.[24]

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[22] See http://www.puco.ohio.gov/emplibrary/files/util/UtilitiesDeptReports/March%202013%20Gas%20Choice%20Enrollment.pdf (Total Choice Enrollment: Columbia 39.4%, Dominion 72.5% and Vectren 43.4%) (Last visited July 29, 2013).

[23] OCC Comments at 7-9 (July 9, 2013), *citing In re Dominion East Ohio Exit Case*, Case No. 12-1842-GA-EXM, Stipulation and Recommendation (June 15, 2012) See also Opinion and Order at 11-17 (January 9, 2013); *In re Columbia Gas Exit Case*, Case No. 12-2637-GA-EXM, Amended Stipulation (November 27, 2012) See also Opinion and Order at 40-46 (January 9, 2013). See also Columbia Comments at 2.

[24] See Columbia Comments at 4-5 (July 9, 2013).

B. PUCO Question: What types of educational programs, if any, should be implemented to ensure that retail customers are fully aware of the options open to them for purchasing retail natural gas service?

OCC finds the comments on educational programs given by other parties to be mostly constructive. OCC supports education of consumers on the options available to purchase natural gas, as well as education that promotes consumer understanding of Choice. As emphasized in OCC's Comments, the PUCO should promote education of customers regarding the SCO as well as Choice offers made by Gas Marketers.[25]

Education should be focused on ensuring that customers understand both the potential benefits of switching Gas Marketers, as well as the potential pitfalls. Customers must have adequate education regarding contract commitment time frames, comparability of offers, termination fees, and other contract pricing and terms that distinguish Choice offers, including the SCO. The PUCO's "Apples-to-Apples" comparison is an essential component of customer education. Nonetheless, as emphasized in OCC's Comments, educating to the point of customer understanding can be difficult.[26] In other words, educational programs are not a panacea for obstacles to customers making wise choices in the market. And the worst case is that education could lead customers to leaving the standard offer and entering the choice market when they are not adequately informed about how to do so on a financially advantageous basis. At the same time, the PUCO should refrain from overwhelming customers with shopping information, as that may only discourage them from participating.

OGMG/RESA suggest that consumer education efforts should be focused on three things – (1) distinguishing commodity and distribution services, (2) encouraging

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[25] OCC Comments at 10-14 (July 9, 2013).

[26] OCC Comments at 11 (July 9, 2013).

customers to shop, and (3) understanding competitive products.[27] Educating customers regarding the difference between commodity and distribution service is, of course, fundamental.

The marketers' second proposal for education is to "encourage" customers to shop. But that proposal is not about education. It is about converting education into more marketing. The marketers' proposal would sacrifice real education. It's a bad idea.

Dominion explains in its Comments that, in conducting customer education "the utility's primary objectives are to (1) inform customers of their options and (2) equip them to make informed choices among those options."[28] Education is not about cheerleading for marketers.

C. PUCO Question: Does the SCO provide a competitive level playing field for SCO providers and competitive retail natural gas service (CRNGS) providers? For example, how, if at all, do the following processes differ for SCO and CRNGS providers: data collection; contract administration; customer enrollment; and customer service?

OCC has presented its perspective on these issues in response to question (a). OCC, however, takes particular exception to OGMG/RESA's contention that the SCO rewards "apathy and indifference on the part of both customers and SCO suppliers."[29] The choice not to choose a different supplier is not fairly characterized by the negative attributes of "apathy" and "indifference." OGMG/RESA would have it believed that no residential customer has ever voluntarily left a choice provider in order to return to SCO service. In actuality, for those shoppers focused on short-term savings, the SCO is often the best choice. In many markets, customers choose to remain with their existing

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[27] OGMG/RESA Comments at 7-8 (July 9, 2013).

[28] Dominion Comments at 5 (July 9, 2013).

[29] OGMG/RESA at 9 (July 9, 2013).

provider(s) rather than to evaluate the choice of other providers, or they may evaluate the choice of other provider(s) and reject them. In neither case is the choice not to choose made because of “apathy” or “indifference.” The choice to remain with the existing provider, for whatever reason, is a choice - and customers should not be compelled to select another provider.

The choice of the existing provider may also be the best, most economical choice for a customer. If a provider, such as the SCO provider, is the best, most economical choice, then the customer sees the rewards of that choice. If, on the other hand, they miss out on a quality provider who offers a more economical choice, then they may be missing out on those benefits. But, in either case, the choice is the customer’s and should remain the customer’s.

As explained above, customers’ reliance on the SCO is a choice for how customers may decide to participate in the market. SCO providers are selected through a competitive auction in which Gas Marketers may take part. It can be fairly assumed that participants in the SCO auction understand the risks and rewards of being an SCO provider, including the upsides that marketing costs are small and individual customer enrollments are unnecessary. Marketers competing to provide SCO service will balance these advantages with the risks of serving the SCO market (discussed further below), including loss of customers to other Gas Marketers, and will bid accordingly. The continuation of SCO service is consistent with a competitive market and provides a level playing field.

Furthermore, as Columbia notes in its Comments, "all participants [Choice, Aggregators, and SCO] are treated equally with respect to capacity assignment, demand curves, payment to suppliers, and other areas of the market."[30]

D. PUCO Question: Are there barriers to market entry associated with the SCO and, if so, how are those barriers affecting the growth of Ohio's competitive market?

OGMG/RESA identify two barriers to competitive entry they claim exist because of the SCO. First, they argue that the SCO option "unfairly favors SCO default service over true CRNGS" and therefore deters potential Gas Marketers from entering the market.[31] Second, they claim that the Gas Marketers are "discouraged" from developing "more innovative products" because of the SCO option.

But the advantages of providing SCO service are balanced by risks and obligations that Choice providers do not face. As Dominion notes in its Comments, "[t]he nature of SCO service imposes barriers of a sort not faced by other CRNG suppliers." Dominion elucidates as follows:

> For example, SCO suppliers are obligated to accept new customers at the approved SCO rate regardless of when those customers begin taking service. There are differences in capacity assignment provisions that impose additional requirements for SCO suppliers due to the substantial number of human needs customers who are served. SCO suppliers are also liable to absorb up to a 50-percent increase in customer load at the same price in the event another supplier defaults, which is not an obligation placed on other CRNG suppliers.
>
> [Dominion] also imposes a Default Fee collateral requirement on SCO suppliers in addition to the formula-based requirement applied to all Energy Choice suppliers. The Default Fee collateral requirements provide additional surety to offset the impact of a defaulting SSO/SCO supplier. While that collateral can be posted

[30] Columbia Gas Comments at 3 (July 9, 2013).

[31] OGMG/RESA Comments at 11 (July 9, 2013).

> in the form of a letter of credit or surety bond rather than a cash deposit, the requirement nonetheless imposes a hurdle not faced by other CRNG suppliers.[32]

Moreover, OGMG/RESA fail to provide any real-life examples of how the claimed SCO advantages have acted as a barrier to entry. Nor could they, since the market is highly competitive and continues to mature. The chart on page 4 of Columbia's Comments clearly indicates the broad level of participation in the natural gas supply market on Columbia's system. Similarly, Vectren's Comments indicate that, since the SCO went into effect, the number of Choice Marketers has increased from 3 to 13, and the market served by Gas Marketers has increased from 25% to 48%.[33] New and innovative products will be offered to the extent that they appeal to customers and are perceived as more favorable than current products.

E. PUCO Question: Is the SCO functioning as a competitive market price?

The SCO is a competitive market price. It is the result of a PUCO-approved auction process for the same natural gas supply services that Gas Marketers provide to their customers. There is no difference in the product description between the services provided by the SCO provider and the services provided by Gas Marketers. While OGMG/RESA comment that the true costs of SCO service are "masked" and that this "distorts" the market,[34] the facts do not bear this out. Instead, it is plain that the product description (of SCO and Choice) is effectively the same. The SCO is determined through a competitive bidding process, and still many Gas Marketers have entered and are currently participating in the market selling products that capture the business of

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[32] Dominion Comments at 7 (July 9, 2013).

[33] Vectren Comments at 3 (July 9, 2013).

[34] OGMG/RESA Comments at 12 (July 9, 2013).

customers. In light of the competitiveness of this marketplace and the benefits for consumers, OGMG/RESA's recommendations to change the operation of the market should be rejected.

Establishing a marketplace where consumers are forced to choose a Gas Marketer has not been beneficial for customers. In OCC's Comments, the experience in Georgia of the elimination of the standard rate was harmful to residential customers.[35] Similarly, the Texas electric competitive markets have had problems. For example, volatile retail prices have caused issues in the ERCOT region of Texas. In 2005, six retail electric providers ("REPs") defaulted, and in 2008, five more went out of business. Some of the failed REPs did not pay their energy bills to ERCOT, totaling more than $11 million in losses in the two years.[36] A report to the Texas legislature discusses the 2008 events:

> Also during this period of high electricity prices, four retail electric providers (REPs) were unable to meet their obligations to ERCOT and went out of business. Their customers were transferred to providers of last resort (POLRs). Customers and REPs serving as POLRs expressed frustration and disappointment in the POLR process**. Many of the customers were unable to obtain refunds of deposits they paid to their original REP, and the REPs to which they were transferred typically requested deposits to serve them. In addition, many of the customers lost the benefit of low-price fixed contracts with a REP that left the market, while the prices they faced for POLR service or a competitive service were much higher.** Some customers were unable or unwilling to pay an additional deposit. The POLR REPs provided service to some customers for a period and then terminated the customer's service for non-payment of the deposit. **Many unhappy customers switched away from the POLR REP without paying their bills and some POLR REPs experienced**

[35] OCC Comments at 19-20 (July 9, 2013).

[36] *In the Matter of the Commission's Investigation of Ohio's retail Electric Service Market,* Case No. 12-3151-EL-COI, OCC Comments at 10-11 (July 8, 2013), citing *Annual Baseline Assessment of Choice in Canada and the United States, Volume II—Appendices ABACCUS: An Assessment of Restructured Electricity Markets*, Distributed Energy Financial Group LLC, (December 2010).

large uncollectible expenses during this period.[37] (Emphasis added).

Customers in Texas saw no disruption in service, but they saw the loss of low price fixed rate contracts and deposits. Such a result is bad for customers. And such a result could leave customers with the memory (and reality) of a bad experience with the retail process that occurred from offers from non-utility suppliers.[38]

It is disingenuous for the Marketers to suggest that elimination of the SCO will make the natural gas retail market more competitive. The more options that are available – including the SCO -- to customers the better the customers who participate in that market will be served.

F. Additional Question: What is the way to ensure reasonably priced natural gas service for Ohio consumers?

In OCC's Comments, an additional sixth question and response was included, because it was perceived that the focus of the PUCO's review was neglecting to address customer (Ohioan) benefits of competition.[39] In support of the point of OCC's additional question is the policy of Ohio. That policy includes that natural gas service should be reasonably priced.[40] While Commenters have not yet replied to OCC's additional question, it is interesting to contrast the Comments submitted by the Utilities on the general topic raised by OCC in the additional question. The Comments submitted by

[37] *In the Matter of the Commission's Investigation of Ohio's retail Electric Service Market*, Case No. 12-3151-EL-COI, OCC Comments at 11 (July 8, 2013), citing.*2009 Report to the 81st Texas Legislature, Scope of Competition in Electric Markets in Texas*, Public Utility Commission of Texas at 2 (January 2009).

[38] *In the Matter of the Commission's Investigation of Ohio's retail Electric Service Market,* Case No. 12-3151-EL-COI, OCC Comments at 10-11 (July 8, 2013).

[39] OCC Comments at 19-20 (July 9, 2013) (July 9, 2013).

[40] R.C. 4929.02(A)(1).

Columbia and Vectren are focused on protecting their customers while Dominion is focused on developing the competitive market.

Columbia and Vectren both included Comments that recognized the importance of protecting customers through the structure of the competitive retail market in Ohio.

Columbia stated:

> Any artificial attempt to modify the cost structures should be made with the customers' interest in the forefront.[41]
>
> The SCO is the most transparent pricing mechanism currently available and provides a market clearing price against which suppliers must compete. This clearly benefits customers.[42]

Vectren stated:

> VEDO's main goal is to ensure customers continue to receive reasonably priced reliable service.[43]
>
> Additionally, VEDO believes it is also important for regulators and utility companies to take customer surveys to gauge the customers' interest in, and potential acceptance of, a restructured commodity market in addition to their overall awareness of their ability to choose their gas supplier.[44]

Dominion, on the other hand, did not raise any concern for its customers (or the reasonableness of the price customers pay) as part of its response to the PUCO's questions in its Comments.

OCC recently entered settlements with Dominion and Columbia intended to provide a framework for considering an exit from the merchant function ("elimination of

[41] Columbia Comments at 3 (July 9, 2013).

[42] Columbia Comments at 4 (July 9, 2013).

[43] Vectren Comments at 1 (July 9, 2013).

[44] Vectren Comments at 2 (July 9, 2013).

the standard rate") in those service areas.[45] In Comments, OCC addressed the importance of the Commission not taking any action that would alter the regulatory framework of the competitive retail natural gas marketplace that could potentially alter the quid pro quo for the signatories of those Stipulations.[46] OCC also urged the Commission to not make rulings that change the outcomes of these stipulations.[47] Similarly, Columbia included in its Comments a concern for a measured approach to the retail market that will not upset the recent settlement entered into by Columbia and other interested parties.

Columbia stated:

> In addition, Columbia recently filed an Amended Stipulation and Recommendation in Case No. 12-2637-GA-EXM which will continue to bring about changes to Columbia's CHOICE, GA, and SCO programs over a five-year horizon (April 1, 2013 – March 31, 2018).2 The Commission approved this Joint Stipulation and Recommendation on March 6, 2013.3 In large part, the changes that are provided for in this Stipulation are intended to further enhance competition in the marketplace. Again, it would be premature to make or suggest significant changes until the Commission can evaluate the effect of this stipulation upon the competitive retail natural gas market in Ohio. For all the reasons explained in these Comments, the best way to ensure reasonably priced natural gas prices for Ohio consumers is to preserve current offerings of the standard offer for Ohio consumers. Preserving the standard offer means continuing it and keeping it free of the artificial, non-market increases with which some would burden it.[48]
>
> As noted earlier, Columbia has held two SCO auctions, and as a result of the Commission Order in Case No. 12-2637-GA-EXM Columbia plans to conduct SCO auctions for at least the next four years. Before making any additional changes to support a competitive retail natural gas market the Commission should let current regulatory stipulations run their course and accumulate several years of data that can and should be analyzed before

[45] OCC Comments at 5 (July 9, 2013).

[46] OCC Comments at 8 (July 9, 2013).

[47] OCC Comments at 5 (July 9, 2013).

[48] Columbia Comments at 2 (July 9, 2013).

> exploring further possible changes that might support the competitive retail natural gas market.[49]

Interestingly, Dominion had also recently entered a Stipulation to resolve its Exit Case,[50] but the Utility included little discussion of the Stipulation[51] and raised no concerns that PUCO action could prematurely impact the agreed upon settlement terms. In fact, Dominion's Comments read as if they were written by the Utility's unregulated affiliate -- Dominion Retail -- who did not submit Comments individually or as part of the OGMG or RESA. For example, Dominion was critical of the existence of the SCO as a default price offer that Gas Marketers would not otherwise provide,[52] yet the Utility neglects to explain how the monthly variable rate ("MVR") -- the process that would replace the SCO -- is not a default price provided by Gas Marketers.

III. CONCLUSION

Comments submitted in this proceeding reflect that the Ohio retail natural gas supply market is competitive and maturing. Within that market, the Standard Choice Offer is an essential option for customers. The SCO is established by a competitive auction, which neither interferes with nor creates barriers to competition from other suppliers.

Additional education should be focused on advising customers of all of their options, helping them understand offers and evaluating whether they can benefit from

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[49] Columbia Comments at 4-5 (July 9, 2013).

[50] *In re Dominion East Ohio Exit Case*, Case No. 12-1842-GA-EXM, Stipulation and Recommendation (June 15, 2012).

[51] Dominion Comments at 8 ("The exits approved for DEO and COH will provide a helpful opportunity to evaluate how well the SCO functions in this way and whether and to what extent its removal will foster further competition in the retail natural gas market.")

[52] Dominion Comments at 1 (July 9, 2013).

offers. Such education should be fair and balanced The PUCO should refrain from making further changes in the retail natural gas market. If the PUCO determines that changes are needed, it should be mindful of Stipulations in the Columbia and Dominion proceedings.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of these *Reply Comments* have been served on the persons stated below via electronic transmission to the persons listed below, this 30th day of July 2013.

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