

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's)	
Review of Chapter 4901:1-13 of the Ohio)	Case No. 13-2225-GA-ORD
Administrative Code, Regarding)	
Minimum Gas Service Standards)	
)	

REPLY COMMENTS OF IGS ENERGY

I. INTRODUCTION

On February 26, 2014, the Public Utilities Commission of Ohio ("Commission") issued an Entry requesting that parties file comments on Commission Staff's ("Staff") proposed rules. The Office of Ohio Consumers' Counsel ("OCC") and each of the gas utilities filed comments on March 28, 2014.

Among other things, OCC submitted two proposals in furtherance of its inappropriate and unlawful¹ favoritism of the SCO product. Particularly, OCC proposed that the Commission modify Rule 4901:1-13-10(G), Ohio Administrative Code ("OAC"), so that each time a customer contacts a natural gas utility or competitive retail natural gas ("CRNG") supplier, it must:

- (1) refer that customer to the Commission's call center; and
- (2) if the utility has a "modified variable rate" ("MVR"),² inform the customer about the SCO product and help that customer enroll in the SCO.

¹ Under R.C. 4902.11(C), "[t]he [Consumers'] counsel shall follow the policies of the state as set forth in Chapter 4929 of the Revised Code that involve supporting retail natural gas competition." State policies favor customer choice and do not elevate the Standard Choice Offer ("SCO") above any other product.

² It is not clear, but Interstate Gas Supply, Inc. ("IGS Energy") assumes that OCC is referring to a monthly variable rate.

OCC also proposed that the Commission modify Rule 4901:1-13-11(B)(27), OAC, and require each customer bill:

- (1) display the price to compare (“PTC”);
- (2) contain a statement directing customers to www.energychoiceohio.com; and
- (3) notify the customer that the customer can request a fact sheet from the OCC.

As discussed below, IGS Energy urges the Commission to reject OCC’s proposals for procedural and substantive reasons.

II. REPLY COMMENTS

A. The Commission should reject OCC’s collateral attack on the Commission’s order approving rules pertaining to CRNG service; OCC’s favoritism of the SCO is improper

OCC proposes that the Commission require gas utilities and CRNG suppliers to refer customers to the Commission’s call center and to explain how to enroll in the SCO rate. Initially, OCC’s proposal is procedurally improper. The rule that OCC proposes to modify was recently reviewed and approved by the Commission in a separate proceeding.³ And, the rule is only a part of this proceeding because staff proposed to simplify the Commission’s rules by relocating a portion of the CRNG rules to Chapter 4901:1-13, OAC: “Ohio Adm. Code 4901:1-29-08(C), OAC, would be moved to Ohio Adm. Code 4901:1-13-10(G).”⁴ Because the *CRNG Rules* have already been thoroughly and thoughtfully reviewed and approved in the 12-0925-GA-ORD proceeding, it would be inappropriate to second guess and collaterally attack the Commission’s recent determination.

³ Entry at 3-4 (Feb. 26, 2014) (citing *In re Rules for Competitive Retail Natural Gas Service Contained in Chapters 4901:1-27 through 4901:1-34 of the Ohio Administrative Code*, Case No, 12-0925-GA-ORD, Finding and Order (Dec. 18, 2013) (hereinafter “*CRNG Rules*”).

⁴ Entry at 3-4 (Feb. 26, 2014).

Moreover, OCC's proposal is substantively wrong. OCC's proposal would require CRNG suppliers and gas utilities to refer CRNG customers to the Commission call center for all CRNG issues. Not all CRNG issues are complaints and thus it would be inappropriate to refer all CRNG customers to the Commission automatically, particularly if the gas utility or the CRNG supplier is better suited to assist the customer. Further, rules for natural gas utilities to handle CRNG complaints are already established in 4901:1-29-08, OAC. OCC's proposal is inconsistent with these complaint procedures and would effectively circumvent the rules already established in 4901:1-29-08, OAC.

OCC's proposal would also require gas utilities and CRNG suppliers to favor the SCO in their communications with customers, which would violate state policy. R.C. 4929.02(3) requires the Commission to "[p]romote diversity of natural gas supplies and suppliers, by giving consumers effective choices over the selection of those supplies and suppliers." Moreover, R.C. 4929.02(7) requires the Commission to "[p]romote an expeditious transition to the provision of natural gas services and goods in a manner that achieves effective competition and transactions between willing buyers and willing sellers *to reduce or eliminate the need for regulation of natural gas services.*" OCC is statutorily required to follow these policies,⁵ yet OCC's proposal would tilt customers' selections toward the SCO product and perpetuate the need for Commission involvement in the regulation of natural gas service.

B. The Commission should reject OCC's request to modify the bill format in a manner that would favor the SCO product

OCC proposes several modifications to the bill format that would favor the SCO product. But, the SCO product competes against all other products in the market

⁵ R.C. 4902.11(C).

place.⁶ Requiring CRNG customers' bills to include an SCO price comparison—with no other comparable requirement for the SCO product—would create regulatory bias in favor of the SCO product in Ohio's retail natural gas markets. Further, price comparisons on the bill are often misleading and confusing to customers as they do not take into consideration, product differences (e.g. fixed rate, variable rates, renewable products, bundled products, etc.), or past or future prices. As CRNG product offerings become more diverse, and pricing becomes more dynamic, the SCO price comparison will become even less relevant and have greater potential to mislead.

Finally, it is inappropriate for OCC to insert this issue into the rules proceeding as this is the proceeding that relates to the minimum gas service standards for natural gas utilities. Consumer protection issues that relate to CRNG service were resolved in Case No. 12-0925-GA-ORD, and thus it would be unreasonable for the Commission to adopt OCC's proposal in this proceeding.

III. CONCLUSION

IGS Energy appreciates the opportunity to file reply comments in this proceeding and urges the Commission to rely upon state policy as the foundation for any modifications to its rules. State policy elevates customer choice, diversity of supplier choice, and reduction of Commission regulation of natural gas service. Because OCC's proposals are wholly inconsistent with state policy, IGS Energy urges the Commission to reject OCC's proposals.

⁶ As the Commission recently recognized in its review of the natural gas retail market, there may be cost disparities that provide an unfair advantage to the SCO product, but CRNG suppliers must still compete against the SCO. See generally *In the Matter of the Commission's Review of the Natural Gas Retail Market Development*, Case No. 13-1307-GA-COI, Entry (Feb. 13, 2014).

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Reply Comments of IGS Energy* was served upon the following parties of record this 11th day of April 2014, via electronic transmission.

/s/ Joseph E. Olier _____

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Summary: Reply Comments electronically filed by Mr. Joseph E. Olier on behalf of IGS Energy