

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Application of)
Southeastern Natural Gas Company and)
Madison Energy Cooperative Association,) Case No. 15-1508-GA-ATR
Inc. to Substitute Natural Gas Service and)
Transfer Assets and Customers.)

ENTRY ON REHEARING

The Commission finds:

- (1) Southeastern Natural Gas Company (Southeastern) is a public utility as defined in R.C. 4905.02 and a natural gas company as defined in R.C. 4905.03, and, as such, is subject to the jurisdiction of the Commission.
- (2) Madison Energy Cooperative Association Inc. (MECA) is a member-owned, not-for-profit cooperative that is operated exclusively for its members and is engaged in the business of supplying natural gas to its members within Ohio.

History of the Proceeding

- (3) On August 26, 2015, Southeastern and MECA (jointly referred to as joint applicants) filed a joint application to authorize the transfer of assets and customers from Southeastern to MECA and to approve the substitution of natural gas service by MECA for Southeastern. According to joint applicants, this is not an abandonment of service by Southeastern under R.C. 4905.20 and 4905.21, because the cessation of service by Southeastern is accompanied with uninterrupted and adequate service by MECA.
- (4) On September 30, 2015, Staff filed a letter in this docket. Staff indicated that, upon investigation, it was discovered that, on or about September 7, 2015, letters were sent to multiple customers of Southeastern advising them that the service lines for those customers would be disconnected as of November 30, 2015. Staff requested that the Commission require Southeastern to maintain all of its services and facilities, including those not currently included as part of the transfer application, until such time as the Commission has authorized an abandonment or transfer of all assets and services. Staff also

requested that the Commission direct Southeastern to send a letter to any customer to whom Southeastern previously sent a letter of abandonment of service lines, without the approval of the Commission, stating that, pursuant to R.C. 4905.20 and 4905.21, Southeastern will not abandon any such lines until such time that Southeastern receives the requisite approval from the Commission.

- (5) By Entry of October 7, 2015, the Commission directed Southeastern to maintain all of its public utility services and facilities until such time as the Commission authorized an abandonment and/or transfer of such assets and services. Southeastern was also directed to send a letter, by October 23, 2015, to any customer to whom it sent a letter of abandonment of service lines stating that, pursuant to R.C. 4905.20 and 4905.21, Southeastern will not abandon any such lines until Southeastern receives the requisite approval from the Commission. Further, Southeastern was directed to provide to the Commission's Service Monitoring and Enforcement Department a proposed draft of the letter for review and approval prior to Southeastern sending the letter to customers and to file the names and addresses of those customers to whom Southeastern sent the letter of abandonment of service lines.

In addition, in the October 7, 2015 Entry, the Commission provided joint applicants an opportunity to file, by October 23, 2015, a response to Staff's September 30, 2015 letter. Interested persons were given until November 6, 2015 to file comments.

- (6) R.C. 4903.10 states that any party who has entered an appearance in a Commission proceeding may apply for a rehearing with respect to any matters determined therein by filing an application within 30 days after the entry of the order upon the Commission's journal.
- (7) On October 14, 2015, Southeastern filed an application for rehearing of the Commission's October 7, 2015 Entry. No one filed memoranda contra Southeastern's application for rehearing.
- (8) On October 14, 2015, Southeastern also filed a motion for an extension of time from the October 23, 2015 deadline to send letters to customers. By Entry issued October 22, 2015, the

attorney examiner granted Southeastern's motion for extension, and the October 23, 2015 deadline for Southeastern to send a clarifying letter and for joint applicants to file a response to Staff's September 30, 2015 letter, as well as the November 6, 2015 deadline for the filing of comments, were stayed pending a decision by the Commission on Southeastern's application for rehearing.

Southeastern's Application for Rehearing

- (9) In its application for rehearing of the October 7, 2015 Entry, Southeastern states that, at the time the Commission issued the Entry, it did not have all of the facts and, as a result, it erred in several ways. Southeastern claims that the October 7, 2015 Entry is unreasonable and unlawful because:
- (a) The Commission's reading of R.C. 4905.20 and 4905.21 is unreasonable because it did not recognize the last sentence of the second paragraph of R.C. 4905.21, which provides that R.C. 4905.20 does not apply to a gas company when it is removing or exchanging abandoned field lines.
 - (b) The Commission unreasonably and unlawfully failed to acknowledge that it had approved a provision in Southeastern's current tariff approved in Case No. 00-1840-GA-ATA, which indicates that, when gas service is supplied through gathering lines with local supply gas to existing customers on the effective date of the tariff, Southeastern may terminate, refuse, or discontinue service if the continued provision of service becomes uneconomical. *In re Southeastern Natural Gas Co.*, Case No. 00-1840-GA-ATA, Finding and Order (Feb. 8, 2001).
 - (c) The Commission's requirement directing Southeastern to draft a letter to consumers is unreasonable and unlawful because it ignores the fact that removing and exchanging field lines/gathering lines are not subject to R.C. 4905.20 and 4905.21, and such letters will be confusing to customers.

- (d) The Commission's requirement to file a list of affected customers would invade customers' privacy and violate the Commission's own rules and noting that Staff already possesses the list.
- (e) Southeastern did not send letters of abandonment of service lines to customers it only delivered letters abandoning field lines and gathering lines consistent with the General Assembly's and this Commission previously recognition of the difference.
- (f) If the Commission wanted to pursue the question of whether an unlawful abandonment occurred or not, it should have instituted a Commission-ordered investigation and not delay the processing of transferring assets and customers from Southeastern to MECA.

Commission's Conclusion on Application for Rehearing

- (10) Upon consideration of Southeastern's application for rehearing, it is evident that our October 7, 2015 Entry was misconstrued and is believed by Southeastern to substantively opine on the merits of joint applicants' filing and the issue regarding the customers who received letters from Southeastern regarding disconnection of service. We emphasize that the purpose of our October 7, 2015 Entry was to ensure that service was continued to all customers pending our consideration of the joint application and to establish a reasonable process for review of the joint application, including the provision of notice to the customers currently served by Southeastern who received disconnection letters from Southeastern. We made no decisions related to the joint application or the merits of said application. Moreover, we made no substantive ruling on whether the lines through which Southeastern is providing service to those customers who received letters are subject to the provisions of R.C. 4905.20 and 4905.21. Rather, it was our intent, by establishing the procedural schedule for this case, to move forward in a judicious manner with the processing of the joint application. We believe it is important that the customers, including those customers who were notified of the discontinuance of service by Southeastern, be provided with the opportunity to file comments on an application that will

affect them. Pending our consideration of any comments that are filed, it is not appropriate for Southeastern to, on its own, cease the provision of gas service to these customers absent a ruling by the Commission. Specifically, with regard to Southeastern's assertion that the names and addresses of those customers who received the letters should not be included in the record, the Commission believes it essential that a formal process be established to ensure that these customers are informed of the process and allow them the opportunity to respond. To that end, their contact information must be provided. Therefore, we find that Southeastern's application for rehearing is unfounded and should be denied in its entirety.

Procedural Schedule

- (11) At this time, the Commission finds that the procedural schedule that was stayed by the attorney examiner's Entry issued on October 22, 2015, should be reestablished, as follows:
 - (a) Southeastern is directed to send a letter, by November 14, 2015, to any customer to whom it sent a letter of disconnection of service lines stating that Southeastern will not disconnect any such lines until Southeastern receives the requisite approval from the Commission. By November 9, 2015, Southeastern should provide the Director of the Commission's Service Monitoring and Enforcement Department a proposed draft of the letter for review and approval prior to Southeastern sending the letter to customers.
 - (b) Southeastern should file, in this docket, by November 9, 2015, the names and addresses of those customers to whom Southeastern sent the letter of disconnection of service lines. Once the list of affected customers is filed in this docket, the Docketing Division should serve a copy of this Entry, by certified mail, on those customers.
 - (c) Southeastern and MECA may file a response to Staff's September 30, 2015 letter by November 12, 2015.
 - (d) Any interested persons or entities may file comments in this docket by November 20, 2015.

The comments should state the above-captioned case number and be addressed to the Public Utilities Commission of Ohio, Docketing Division, 180 East Broad Street, Columbus, Ohio 43215-3793. Electronic filing and FAX options for filing comments are also available by contacting the Commission's Docketing Division.

It is, therefore,

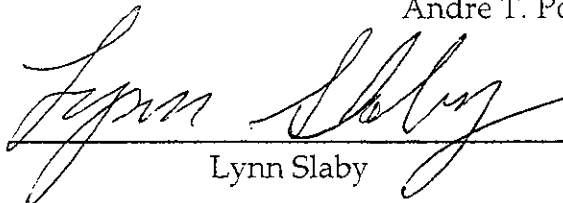
ORDERED, That Southeastern's application for rehearing be denied in its entirety. It is, further,

ORDERED, That the procedural schedule set forth in Finding (11) be established. It is, further,


ORDERED, That a copy of this Entry on Rehearing be served upon all parties and interested persons of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Andre T. Porter, Chairman


Lynn Slaby


M. Beth Trombold



Asim Z. Haque


Thomas W. Johnson

SEF/dah

Entered in the Journal

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Barcy F. McNeal
Secretary