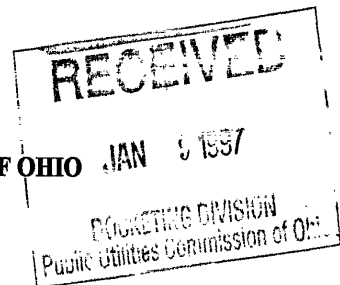


BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO



In the Matter of the Application )  
of Columbia Gas of Ohio, Inc. to )  
Establish the Columbia Customer )  
Choice Program )

Case No. 96-1113-GA-ATA

**REQUEST FOR INTERVENTION  
AND COMMENTS IN SUPPORT  
OF THE APPLICATION**

**Request for Intervention**

Now comes Enron Capital & Trade Resources Corp. (Enron) a marketer of natural gas located in Dublin, Ohio and moves this Commission for intervention as a full party of record in the above-styled docket.

**Support for the Request for Intervention**

In support of its request for intervention, Enron states that it is the largest marketer of natural gas on the Columbia Gas of Ohio (Columbia) system. That Enron and its predecessors have marketed gas on the Columbia system for more than fifteen years. That Enron is a member of the Columbia Collaborative and has actively participated in Collaborative reviews. Finally, that Enron operates a pool on Columbia subject to a Commission approved pooling agreement.

The Application in the matter at bar is for a transportation program in which marketers are contemplated to play a significant role. As a marketer who has an interest

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in participation in the program, Enron has a direct interest that cannot be adequately addressed by any other party.

WHEREFORE, Enron requests intervention in the above styled docket.

**Comments Concerning the Application**

Twenty years ago natural gas producers, gas utilities, large industries and the Commission, faced with the challenge of curtailment, worked out a practical plan to permit the retail purchase of natural gas by industrial customers. The "Self Help" program, as it came to be called, not only help relieve curtailment; but it lowered fuel costs for Ohio industry and made available to Ohio industry new and innovative services and pricing designs.

Twenty years after the commencement of the Self Help program 93% of industrial gas throughput is conducted through direct retail purchase.<sup>1</sup> Further, Ohio's Self Help program become the template for industrial gas transportation programs in most states and on the federal level.

Fourteen months ago a group of interested parties on the Columbia system including representatives from the Cities of Toledo and Columbus, the Consumer Counsel's Office, gas marketers, industrial users, the public school consortiums, and Columbia began meeting to devise a practical program to allow residential and small commercial customers to directly purchase their natural gas needs. The expressed goal of the program is to allow residential customers to capture the savings on gas commodity and transport in a similar fashion to that enjoyed by industrial customers.

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<sup>1</sup> Ohio Energy Data Report second quarter 1996 reporting the year 1995 Public Utilities Commission of Ohio page 12.

The savings to industries in the Self Help program stem in large measure from the ability to shop the national gas commodity market and make use of the open access gas transmission system.<sup>2</sup>

Because of their size and seasonal use, residential customers pose additional problems that must be solved before they too can become transporters. The problems facing a residential program include how to inform mass numbers of people and how to provide for the smooth transition of upstream capacity.

The result of the fourteen months of discussion, planning and negotiation is the revised application filed today. The application is a carefully crafted program which balances the interests of many parties. As such it is not well suited to amendment or alteration in this final stage. Even relatively small changes could cause the cooperative effort of the numerous participants to fall apart.

There are three features of the application which separate it from residential transport programs in existence today in Maryland and Pennsylvania. First is its scope, rather than a few thousand participants this program is designed for tens of thousands. The difference is more than numbers. One of the perceived barriers to a residential transportation program is the cost and ease of informing the public. Critics say that the general public is not sophisticated enough to purchase gas, or that the cost of informing the public will be too high versus the savings. This program will demonstrate whether in fact there is an informational or sophistication barrier to residential transportation.

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<sup>2</sup> Federal Energy Regulatory Commission 636 essentially made the interstate pipelines common carriers and allowed anyone to become a shipper without first obtaining a certificate under Section 7 of the Natural Gas Act. Order 636 also created a secondary market for both transmission and storage.

Second, this program gives marketers a free hand to source their gas supplies. All the programs up to now have made the marketer step into the utilities shoes and use the utility's interstate pipeline capacity. Needless to say, if a marketer must pay the same transportation costs as the utility and by virtue of using the same transportation buy its gas from the same production fields, then the marketer's price will be about the same as the utility. Open sourcing allows for the first time to see if using the national gas market can result in savings for residential customers, and if so how much.

Finally, there has been some concern that the public will be harmed by "fly-by-night" gas marketers who will engage in "slamming" and other deceitful practices. First, it should be noted that gas marketing differs greatly from resale telephone long distance service in that entry requires a large capital investment, that alone should discourage "fly-by-night" marketers. More importantly, the Application contains four discrete protections which were designed with the consumer protection in mind. First, a marketer just cannot go into the residential gas supply business, the Application calls for a prospective marketer to make an application to Columbia who will screen the applications. Second, participating marketers must post a bond or demonstrate financial strength adequate to support the program. This serves two purposes, it will deter hucksters who have schemes but no capital, and the bond or bond equivalent can be used to underwrite Columbia's re-entry to cover if the Marketer fails.

It should be emphasized that no consumer will have its service cut off because of failure to pay the marketer or by the marketer's failure to make deliveries. Columbia operates the safety net, funded by the marketer's bond or bond equivalent. All shut offs

will be by the utility following Commission rules and regulations and subject to the full Commission safeguards.

Third, to deter "slamming" all participating customers must sign a written form which will be delivered to Columbia within 45 days, and the application must contain the 16 digit account number. Columbia acts as the clearing house releasing the billing information to the marketers for each customer as defined by the 16 digit account number. This assures that each customer can only be in one marketers program at a time.

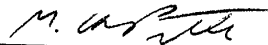
Finally, each marketer in the program must have a dispute resolution procedure and cooperate with the Consumer Services Department of the Commission and the Consumer Counsel's Office. That cooperation begins with the appointment by the marketer of a contact person that Consumer Services or the Consumer Counsel can call. The phone numbers for the marketer, the Commission Consumer Affairs Department and the Consumer Counsel's office will appear on the customer's bill each month.

In the closing hours of the negotiations one final consumer protection has been added just for the start up period. The Marketers have agreed that for the first year of the program consumers shall have the extra right to terminate or re negotiate their supply contracts at the end of their contract year.

In conclusion, the cooperation and information sharing that has taken place during the last fourteen months within the Columbia Collaborative gives the proposed program its practical design. There has been careful attention to detail. Columbia to its credit has exercised the "big tent" approach and invited its critics in to comment and help shape the program. That was the same technique used to design the Self Help program originally, and continued by this Commission through the 85-800 docket.

Every innovative program poses a risk which must be balanced against the cost of standing still. Foregoing the opportunity for lower residential gas commodity costs today by maintaining a barrier to the use of the national market is the economic equivalent of a rate increase. Twenty years ago this Commission took the initiative and forged the Self Help program. The time has come for Ohio to lead again this time for the benefit of the small customers. Rather than try to micro manage the proposal, the Commission should approve it as presented by the Collaborative, set up the Staff to monitor the program, and be prepared to answer the deluge of inquiries that will come if as planned within a year Ohio has more residential retail purchasing than the rest of the country combined.

Respectfully Submitted,



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Counsel for Enron Capital & Trade  
Resources Corp.

CERTIFICATE OF SERVICE

I hereby certify that a copy of Enron's Request for Intervention was served by first-class mail, postage pre-paid, this 9 day of January, 1997, upon all persons shown on Exhibit A attached.



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M. Howard Petricoff

EXHIBIT A

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