

FILE

RECEIVED-DOCKETING DIV

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO 2008 SEP 10 PM 3:24

PUCO

In the Matter of the Commission's Review of)
Chapters 4901:1-17 and 4901:1-18 and Rules)
4901:1-5-07, 4901:1-10-22, 4901:1-13-11,)
4901:1-15-17, 4901:1-21-14, and 4901:1-29-12))
of the Ohio Administrative Code.)

Case No. 08-723-AU-ORD

**INITIAL COMMENTS OF
THE OHIO GAS COMPANY**

Joseph M. Clark (Counsel of Record)
Daniel J. Neilsen
MCNEES WALLACE & NURICK LLC
21 East State Street, 17th Floor
Columbus, OH 43215-4228
Telephone: (614) 469-8000
Telecopier: (614) 469-4653
jclark@mwncmh.com
dneilsen@mwncmh.com

September 10, 2008

Attorneys for The Ohio Gas Company

[C26234:3]

This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered in the regular course of business
Technician 76 Date Processed 9-10-08

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's Review of)	
Chapters 4901:1-17 and 4901:1-18 and Rules)	
4901:1-5-07, 4901:1-10-22, 4901:1-13-11,)	Case No. 08-723-AU-ORD
4901:1-15-17, 4901:1-21-14, and 4901:1-29-12)	
of the Ohio Administrative Code.)	

**INITIAL COMMENTS OF
THE OHIO GAS COMPANY**

I. INTRODUCTION

On June 25, 2008, the Public Utilities Commission of Ohio ("PUCO") issued an Entry requesting comments on PUCO Staff's ("Staff") proposed revisions to the PUCO's rules and appendices related to credit and collections, extended payment programs and low-income payment programs, namely the percentage of income payment plan ("PIPP") program. The proposed rules also suggest the elimination of payday lenders as authorized payment centers for utility bills. Additionally, Staff conducted a workshop on July 8, 2008 to allow interested stakeholders to ask questions to clarify the proposed rule amendments and appendices. The Commission subsequently extended the deadline for comments on the proposed changes. Ohio Gas Company ("Ohio Gas") respectfully submits its comments for the Commission's review.

II. DISCUSSION OF STAFF'S PROPOSAL AND COMMENTS

Ohio Gas is a natural gas company providing service to approximately 45,000 customers in Northwest Ohio. Nearly all of Ohio Gas' residential customers are served through Community Energy Partnership ("CEP") program arrangements. Through the

CEP program, Ohio Gas coordinates with local governments to implement governmental aggregation programs. The migration of customers from gas cost recovery ("GCR") service to CEP transportation service is nearly complete and only approximately 13 GCR customers remain on Ohio Gas' system.

A. Permanent Waivers of the Proposed Rules for Small¹ Gas or Natural Gas Companies.

Ohio Gas encourages the PUCO to carefully weigh the financial burdens placed on gas or natural gas companies in complying with Staff's proposed rule modifications, principally those mandates that would force gas or natural gas companies to make large investments in technology in order to comply with the regulations, such as programming changes. Ohio Gas urges the PUCO to be especially cognizant of the significant costs these changes would impose upon small gas or natural gas companies and their customers inasmuch as such modifications would result in a larger cost per customer for small gas or natural gas companies than for larger companies.

For example, Ohio Gas estimates the proposed changes, if accepted by the PUCO, would require (at a minimum) between 360 and 500 hours of programming changes to its billing software by outside consultants as well as approximately 300 hours from its key employees to oversee the design, testing, implementation, and training required to put these changes into place. Ohio Gas employs only one person in its information system department and one customer accounting person capable of business systems design and would have to rely on outside consultants to implement the changes.

¹ In its Minimum Gas Service Standards ("MGSS") rulemaking, the PUCO defined a gas or natural gas company serving 75,000 or fewer customers as a "small gas company" or "small natural gas company."

Should the proposed rule amendments be accepted by the PUCO, Ohio Gas respectfully asks the PUCO to grant small gas or natural gas companies a permanent waiver from the rules. In particular, Ohio Gas requests a waiver from any rules that would require the addition of technological capability or reprogramming of existing computerized billing systems in light of the high cost that small companies, and their customers, would have to incur to implement such requirements.

Such a waiver would be consistent with Governor Ted Strickland's Executive Order entitled "Implementing Common Sense Business Regulation."² Pursuant to the Executive Order, administrative agencies should "make exceptions to rules and provide exemptions for small businesses."³ Ohio Gas and other gas or natural gas companies serving small numbers of customers fit into this category and a permanent waiver would make common sense. The Executive Order also mandates that administrative agencies strike "a reasonable balance between the underlying regulatory objectives and the burdens imposed by regulatory activity."⁴ Granting Ohio Gas' request would achieve a proper balance between the regulatory objectives sought to be achieved by such changes while also acknowledging the magnitude of the burdens imposed by the proposed rule modifications upon small gas or natural gas companies.

If the PUCO does not grant small gas and natural gas companies a permanent waiver from the proposed rule modifications, the PUCO should allow adequate time to implement the software and other changes necessary to implement the proposed rule modifications. Ohio Gas suggests that the time granted to implement the changes correlate to the extent it adopts the Staff's proposed rule modifications. Should the

² Executive Order, Implementing Common Sense Business Regulation (February 12, 2008).

³ *Id.* at 3 (paragraph 4g).

⁴ *Id.* at 2 (paragraph 4c).

PUCO adopt a significant portion or all of the Staff's proposed rule changes, Ohio Gas urges the PUCO to grant at least two calendar years time to implement the proposed rules. Finally, the Commission should also ensure that any new costs resulting from the rule modifications adopted by the Commission are fully recovered by the gas or natural gas companies subject to the Commission's jurisdiction.

B. Appendix B – OSCAR Report Changes

Staff proposes a reorganized and revised OSCAR Report. Staff's revised OSCAR Report would increase the quantity of information captured in the report, expanding the report to 96 columns of information that must be submitted on a monthly basis. The proposed revisions to the OSCAR Report includes a collection of additional data on, among other things, arrearage crediting for active PIPP customers, the Graduate PIPP program, out-of-territory former customers, PUCO-ordered payment plans other than PIPP, and residential disconnections and reconnections. As with the proposed substantive rule changes, the additional data that would be captured by the proposed modifications to the OSCAR reports would impose significant time burdens on Ohio Gas staff as well as entail extensive programming changes to gather the newly required information.

Additionally, the proposed OSCAR form would impose certain data collection requirements that are not easily gatherable or are economically unfeasible. Ohio Gas urges the PUCO to remove these columns from the OSCAR report. For example, Columns 4.01-4.05 (PIPP Payments) would track the source of PIPP payments. Ohio Gas cannot track this information in the proposed manner or differentiate the sources of payments inasmuch as payments are processed by a machine that does not collect or

retain information on the person or entity paying a natural gas bill. Further, the proposed OSCAR form would gather information regarding payments and arrearage credits for out-of-territory, former PIPP customers. The cost associated with tracking this information is outweighed by the reality that collections from out-of-territory, former PIPP customers are very minimal.

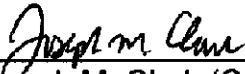
C. Rule 4901:1-18-06(A)(5) – Disconnection Notices

Staff's proposed rule regarding the information that must be provided with disconnection notices is similar to the current rule that contains these requirements. Specifically, the current and proposed version of this rule would require gas or natural gas companies to include on the disconnection notice information regarding the payment plans available to customers. Information about the newly-proposed 1/12th payment plan and modified 1/6th payment plan would, if adopted, be required to be included into the disconnection notices. Incorporating this information would entail modifying the current version of Ohio Gas' preprinted disconnection notices. Ohio Gas respectfully asks the PUCO to afford it an opportunity to exhaust current bill stock before requiring compliance with this modified rule.

III. CONCLUSION

Ohio Gas appreciates the opportunity to make these comments and respectfully urges the PUCO to consider and adopt the recommendations of Ohio Gas.

Respectfully submitted,



Joseph M. Clark (Counsel of Record)
Daniel J. Neilsen
MCNEES WALLACE & NURICK LLC
Fifth Third Center
21 East State Street, 17th Floor
Columbus, OH 43215-4228
Telephone: (614) 469-8000
Telecopier: (614) 469-4653
jclark@mwncmh.com
dneilsen@mwncmh.com

Attorneys for The Ohio Gas Company