

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of an Arrangement with Citigroup Energy Inc. and Shell Energy North America (US), L.P., involving the Purchase of Natural Gas for PIPP Customers ) Case No. 09-131-GA-UNC

ENTRY

The Commission finds:

- (1) By Finding and Order dated June 18, 1998, in Case Nos. 98-593-GA-COI et al., the Commission approved the continuation and/or expansion of gas choice pilot programs which were initiated the previous year. Columbia Gas of Ohio, Inc. (Columbia), was directed to implement state-wide availability of its Choice program, subject to various terms and conditions set forth in the Finding and Order. The Commission also directed that the gas choice programs of each of the companies provide for the bidding out of commodity service to Percentage of Income Payment Plan (PIPP) customers on an aggregated basis.
- (2) In conjunction with its Choice program, Columbia has aggregated all of its PIPP customers into a single pool that it has bid out to marketers to supply.
- (3) On February 12, 2009, Columbia conducted an auction process with the assistance of World Energy Solutions, Inc. Citigroup Energy Inc. (Citigroup) and Shell Energy North America (US), L.P. (Shell) were the resulting suppliers selected to supply gas commodity for Columbia's PIPP customers for the twelve-month period ending March 31, 2010. Contracts with both suppliers include a "regulatory-out clause" as required by the Commission in the Finding and Order dated June 18, 1998 in Case Nos. 98-593-GA-COI and 98-549-GA-ATA. The Finding and Order in that case states that "LDCs should not enter into a PIPP marketer contract without Commission approval, unless the contract provides for a regulatory out clause." (Finding and Order at 25). Within both of these contracts, the Transaction Confirmation contains a "Regulation"

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clause which nullifies the contract if the Commission does not approve the agreement.

- (4) Columbia specified that all marketer bids had to reflect the sale of gas to Columbia at a price equal to a defined index for the gas, plus demand charges calculated at a 100-percent load factor, plus shrinkage charges, less a Supplier Bid Credit. PIPP customers would then be charged Columbia's expected gas cost (EGC) less the Supplier Bid Credit, instead of Columbia's GCR. This would ensure that Columbia's PIPP customers benefit from competition in the gas commodity marketplace. Citigroup and Shell were the winning bidders, with a weighted average Supplier Bid Credit of \$0.01275/MMBtu.
- (5) On February 20, 2009, Columbia filed an application requesting that the Commission approve the selection of Citigroup and Shell as the alternative natural gas suppliers for Columbia's PIPP customer class.
- (6) The Commission has reviewed the application and finds that the selection of Citigroup and Shell as the alternative natural gas providers for the PIPP customer class is reasonable and should be approved. Further, the provisions of Chapter 4901:1-14, Ohio Administrative Code (O.A.C.), which do not recognize allocations of gas purchases for use by specific customer classes, should be waived in Columbia's accounting of gas supplied to the PIPP customer class when determining its GCR.

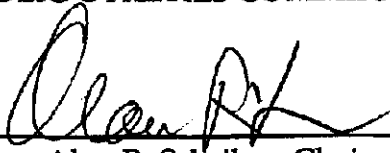
It is, therefore,

ORDERED, That the application of Columbia Gas of Ohio, Inc., for approval of its selection of Citigroup Energy Inc. and Shell Energy North America (US), L.P. as the alternative natural gas suppliers for the PIPP customer class be granted. It is, further,

ORDERED, That Columbia be granted a waiver of those provisions of Chapter 4901:1-14, O.A.C., which do not recognize allocations of gas purchases for use by specific customer classes. It is, further,

ORDERED, That a copy of this entry be served upon all parties of record in these

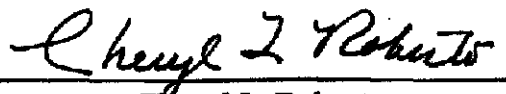
THE PUBLIC UTILITIES COMMISSION OF OHIO

  
Alan R. Schriber, Chairman

  
Paul A. Centolella

  
Ronda Hartman Fergus

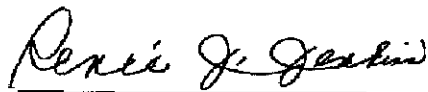
  
Valerie A. Lemmie

  
Cheryl L. Roberto

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Entered in the Journal

MAR 25 2009



Renee J. Jenkins  
Secretary