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PUCO

**Before
The Public Utilities Commission of Ohio**

**In the Matter of the Application)
of Columbia Gas of Ohio, Inc. for)
Approval of a General Exemption)
of Certain Natural Gas)
Commodity Sales Services or)
Ancillary Services from Chapters)
4905, 4909, and 4935 Except)
Sections 4905.10, 4935.01, and)
4935.03, and from Specified)
Sections of Chapter 4933 of the)
Revised Code)**

Case No. 08-1344-GA-EXM

Comments Concerning Application from the Ohio Farm Bureau Federation

On January 30, 2009 in accordance with the Appendix to Section 4901:1-19-04, Ohio Administrative Code, and as defined in Section 4905.03(A)(6), Ohio Revised Code (ORC), Columbia Gas of Ohio, Inc. (COH) submitted an application for approval of the following:

- Exemption from Section 4929.04, ORC concerning all commodity sales services. This exemption will impact customers served by its Small General Service Sales Rate, Small General Service Schools Sales Rate, General Service Sales Rate, General Service Schools Sales Rate, and Large General Service Sales Rate.
- Approval of a proposed Choice/SSO Reconciliation Rider (CSSR) pursuant to Sections 4929.11 and 4905.13, ORC. The purpose of the CSSR is to recover or pass back the unrecovered gas cost balance and refunds from all affected customers, as well as exercise all applicable accounting authority necessary to implement the process.

The Ohio Farm Bureau Federation (OFBF) appreciates the opportunity to be involved in this process, and submits the following comments for your consideration:

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OFBF represents a diverse group of industrial, mercantile, small business and residential energy consumers employing both General Transportation Service (GTS) provisions and CHOICE program requirements to create strategies to control their energy costs.

Over the past two decades OFBF has worked with COH, the Public Utilities Commission of Ohio (PUCO), the Ohio Consumers Counsel (OCC), energy service providers, natural gas marketers, and other groups representing industrial, mercantile and residential consumers in key collaborative and stakeholder advisory groups. These efforts have helped create and/or redesign COH's GTS and CHOICE programs, as well as promoted aggregation and group purchasing benefits. Accordingly, OFBF is involved in the stakeholder process as detailed on pages 2-3 of COH's *Application and Exhibits* for this proceeding and supports many of its proposals and provisions.

However, a new GTS eligibility requirement contemplated in *Rules and Regulations Governing The Distribution and Sale of Gas, Third Revised Sheet No. 10*, of this docket, could dramatically impact the cost for greenhouse operations for using natural gas utility services.

As discussed in Section IV: 1 A (2), the majority of Remaining Firm Service Customers using less than 15,000 mcf per year will be ineligible for GTS. While OFBF commends COH and other parties involved in the stakeholder process for creating an exception for asphalt plants and grain dryers from this provision, more work needs to be done.

What will be the impact of green house growers being obligated to switch from GTS to another form of natural gas service, in this case, the COH CHOICE program? Analysis has been conducted by the University of Toledo's Maumee Valley Greenhouse Growers Association and its contracted service provider, Palmer Energy. Employing usage data from selected members in more than one COH marketing area, the organization examined the cost difference between GTS and CHOICE programs during the past 24 months. Preliminary analysis of the information reveals the following:

- **Increased Natural Gas Fuel Costs:** If this proposal was enacted earlier, greenhouse growers who would have employed CHOICE as their only cost control option after elimination of the GTS program would have paid an additional \$0.68/mcf in January – December 2007 and \$0.55/mcf in January – December 2008.
- **Additional Cost Riders:** Greenhouse growers who were not granted exemption by virtue of being a GTS participant prior to June 1994 will be assessed an additional \$0.60/mcf for the Partial Income Payment Program (PIPP) rider, as well as an additional \$0.40/mcf for the utility's uncollectible bill rider.

Granted, greenhouse growers will still be able to form special aggregation groups with several CHOICE providers, and the program provides several opportunities to mitigate potential cost risks in the event of service provider failure and/or emergency service curtailment. However, many growers are concerned that an additional cost of \$1.55 – 1.68/mcf/year would outweigh these benefits.

Another note – Analysis of natural gas usage histories of 74 greenhouse operations operating in COH as former members of the OFBF Self-Help Gas Program shows that only one (1) operation uses enough natural gas on an annual basis to maintain the new GTS eligibility requirements as detailed in this proposal. OFBF has some data on several large-scale commercial properties; analysis of this data reveals similar conclusions.

During the course of stakeholder group discussions on the issue, it was understood that approximately 7500 of COH's customers currently using 2,000 – 15,000/mcf/year under GTS provisions would be impacted by this decision. Along with greenhouses, other agribusiness operations (food processors and biofuel production facilities), as well as general manufacturing, restaurants, warehouses, commercial real estate management companies, cleaners and other services with similar natural gas fuel requirements could be impacted.

OFBF recommends that the following points be considered by the PUCO prior to full approval of this proposal:

- Detailed Analysis: A full listing of the approximate 7500 COH customers using 2,000 – 15,000/mcf/year under current GTS provisions and analysis of the potential financial impact of this transition from GTS to CHOICE eligibility using a recognized customer classification code could be made available to these consumers.
- Mitigation: Based on the analysis described above, the PUCO could charge the stakeholder group and/or recommend creation of a transition process addressing mitigation of these potential customer price increases beyond April 2010.
- Additional PUCO Consideration: To mitigate potential price increases, the PUCO could consider an exemption from PIPP and uncollectible bill riders for the customers impacted by the loss of the GTS program as a tool to control their energy costs.

OFBF looks forward to working with PUCO, COH, energy service providers and other interested parties in the stakeholder process to address this issue. Thank you for your time and consideration.

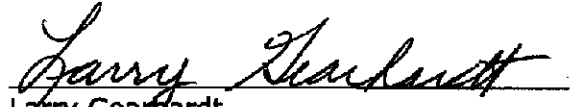
Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Larry Gearhardt". The signature is fluid and cursive, with a long horizontal stroke at the end.

Larry Gearhardt
Chief Legal Counsel
Ohio Farm Bureau Federation
280 North High Street, P.O. Box 182383

Certificate of Service

The undersigned hereby certifies that a true and accurate copy of the foregoing document was served on this 27th day of April, 2009 by regular U.S. Mail, postage prepaid, or by electronic mail, upon the persons listed below.


Larry Gearhardt

STEPHEN SEIPLE
COLUMBIA GAS OF OHIO INC
200 CIVIC CENTER DRIVE
P.O. BOX 117
COLUMBUS, OH 43216-0117

DAVID BOEHM
OHIO ENERGY GROUP
BOEHM, KURTZ & LOWRY
36 EAST SEVENTH STREET
SUITE 1510
CINCINNATI, OH 45202

LARRY SAUER
OHIO CONSUMERS COUNSEL
10 WEST BROAD STREET
18TH FLOOR
COLUMBUS, OH 43215

DALE ARNOLD
DIRECTOR, ENERGY SERVICES
OHIO FARM BUREAU FEDERATION, INC.
P.O. BOX 182383
COLUMBUS, OH 43218

LARRY R. GEARHART
CHIEF LEGAL COUNSEL
OHIO FARM BUREAU FEDERATION
280 N. HIGH STREET
P.O. BOX 182383
COLUMBUS, OH 43218-2383

M. HOWARD PETRICOFF
OHIO GAS MARKETERS GROUP
52 EAST GAY STREET
P.O. BOX 1008
COLUMBUS, OH 43216-1008

COLLEEN MOONEY
OHIO PARTNERS FOR AFFORDABLE
ENERGY
1431 MULFORD ROAD
COLUMBUS, OH 43212

DAVID RINEBOLT
OHIO PARTNERS FOR AFFORDABLE
ENERGY
231 WEST LIMA ST.
PO BOX 1793
FINDLAY, OH 45839-1793

STEVEN SHERMAN
PROLIANCE ENERGY, LLC
ONE INDIANA SQUARE
SUITE 2800
INDIANAPOLIS, IN 46204

JOHN DOSKER
STAND ENERGY CORP
1077 CELESTIAL STREET
SUITE 110
CINCINNATI, OH 45202-1629