

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)	Case No. 08-1344-GA-EXM
Ancillary Services.)	
)	
In the Matter of the Application of)	
Columbia Gas of Ohio, Inc. for a Waiver)	
for the Purpose of Promoting Economic)	
Development and Providing Enhanced)	Case No. 10-457-GA-WVR
Demand-Side Management Rebates for)	
Residential Customers.)	

FINDING AND ORDER

The Commission finds:

- (1) Columbia Gas of Ohio, Inc. (Columbia) is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission.
- (2) By Opinion and Order issued December 2, 2009 (*SSO/SCO Order*), in Case No. 08-1344-GA-EXM, *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of a General Exemption of Certain Natural Gas Commodity Sales and Service or Ancillary Services (08-1344)*, the Commission approved a stipulation authorizing Columbia to implement Standard Service Offer (SSO) and Standard Choice Offer (SCO) services, to replace Columbia's gas cost recovery (GCR) service. In accordance with the stipulation approved by the Commission, beginning in April 2010, Columbia would obtain gas supplies from alternative suppliers and pass the price of that gas, as well as any applicable refunds, on to its sales customers via the Choice/SSO Reconciliation Rider (CSRR).
- (3) On April 8, 2010, Columbia filed an application for a waiver of certain provisions of the *SSO/SCO Order*. According to the application, Columbia is requesting the waiver pursuant to Rule 4901-1-38, Ohio Administrative Code, (O.A.C.) so that it may use \$1.55 million of the \$2.3 million in interstate pipeline

refunds to promote economic development in Ohio instead of using the funds as a credit to Columbia's CSRR. The remaining \$750,000 is requested to be used for enhanced demand-side management (DSM) rebates.

- (4) According to the application, the funds at issue originate from an order from the Federal Energy Regulatory Commission (FERC) approving an amendment to a previous Settlement and Stipulation with the Tennessee Gas Pipeline Co. (TGP). In 1995, TGP entered into the settlement which allowed for a cost recovery mechanism for costs associated with implementing a program to deal with contamination issues along its pipeline system. Over the years, TGP has collected more than was needed to fully fund and complete the program. As a result, TGP reached an uncontested settlement with its customer group to refund the over-collected amounts. Columbia's share of the refund is \$2.3 million, to be disbursed over three years.
- (5) Historically, refunds received by Columbia from interstate pipelines were credited to sales customers through the calculation of the GCR rate, as set forth in Section 4901:1-14, O.A.C., and Appendix A thereto. As directed by the SSO/SCO Order, however, effective April 1, 2010, such refunds will be credited to Columbia's sales and Choice program customers through the CSRR. According to the instant application, the refund from TGP would amount to an average of less than 3.1 cents a month per customer, for a total of \$1.31 once the refund is fully disbursed. In order to maximize the use and impact of this refund, Columbia is proposing to aggregate the \$2.3 million into one fund to be used for the promotion of economic development in Ohio and for the enhancement of DSM rebates for residential customers. Columbia states that this use of the refund will likely have a greater impact on Columbia's customers as a whole.
- (6) Through this application, Columbia is proposing to establish an Economic Development Grant Program (Grant Program) which would be available to provide financial assistance to a new company or the expansion of an existing company. Each grant would range from \$50,000 to \$1 million over the next three years, until the grant is exhausted. Any new or existing

company project within Columbia's territory can apply for a grant. Small businesses will also be eligible for a grant. The funding level will be based upon the number of jobs created, the level of investment, the wages of the jobs created, the project location, the use of the funds, the demonstration of support and need, the level of competition, and whether the project will receive additional funding assistance from other sources. The application approval process will consist of four parts: the internal review and funding recommendation by Columbia; review and recommendation by the Ohio Department of Development (ODOD) and the Office of the Ohio Consumers' Counsel review by the Staff of the Commission and signature by the chairman of the Commission. Columbia states that it will collaborate with local and regional economic development organizations, including ODOD, to identify eligible projects. Once a project is identified, Columbia will work directly with the applicant company to complete the application to be submitted and reviewed by Columbia. After the application is complete, Columbia will determine the funding level the project will receive from the Columbia Grant Program.

- (7) In addition to the Grant Program, Columbia's application proposes to allocate \$750,000 of the \$2.3 million refund to enhance DSM rebates for residential customers, the details of which shall be discussed and agreed upon by the Demand-Side Management Stakeholder Group.
- (8) On May 5, 2010, a motion for admission *pro hac vice*, requesting that David C. Rinebolt be admitted to practice before the Commission in these proceedings was filed. Mr. Rinebolt represents Ohio Partners for Affordable Energy (OPAE). Mr. Rinebolt is an active member of the District of Columbia Bar, and has been granted permission to practice *pro hac vice* before the Commission on numerous occasions. The Commission finds that the motion is reasonable and should be granted.
- (9) On May 5, 2010, OPAE filed a motion to intervene in this proceeding stating that it was an intervener in the SSO/SCO Case and a signatory party to the October 7, 2009, stipulation in that case. According to OPAE, to the extent the pending application proposes to waive the provisions of the SSO/SCO

Order, OP&E has an interest in this application. The Commission finds that OP&E has set forth reasonable grounds to intervene and, therefore, OP&E's motion should be granted.

- (10) On May 11, 2010, Interstate Gas Supply, Inc (IGS) filed a motion to intervene in this proceeding. IGS is a certificated competitive natural gas supplier that serves substantial end-user loads in the Columbia service territory. As a member of the Ohio Gas Market's Group, which was a signatory party to the Stipulation in 08-1344, IGS states that it has a direct interest in any proceeding that seeks to modify the terms of that Stipulation. On May 12, 2010, IGS filed a letter stating that it generally supports Columbia's application. The Commission finds that IGS has set forth reasonable grounds to intervene and, therefore, IGS' Motion should be granted.
- (11) Initially, the Commission notes that, while Columbia states that it filed its waiver request pursuant to Rule 4901-1-38, O.A.C., this rule provides that the Commission may waive any rule or requirement set forth in Chapter 4901-1, O.A.C.; therefore, Rule 4901-1-38, O.A.C., is not applicable to the instant request. However, the Commission will consider the request filed by Columbia as a motion for waiver of certain provisions of the stipulation approved by the Commission in the *SSO/SCO Order*. To that end, the Commission finds it appropriate to include 08-1344 in the case header for this order and concludes that any future motions for waiver of the provisions of the stipulation approved in the *SSO/SCO Order*, should be filed in a WVR docket, as well as in 08-1344.
- (12) The Commission has reviewed the application and finds that the waiver request is reasonable and in the public interest and should be granted. Therefore, Columbia's request to use the \$2.3 million TGP refund for the purposes of funding an Economic Development Grant Program and for funding enhanced DSM rebates is likewise reasonable and should be approved.

It is, therefore,

ORDERED, That Columbia's motion for waiver of the relevant provisions of the Commission's SSO/SCO Order be granted. It is, further

ORDERED, That Columbia is authorized to establish and fund the Economic Development Grant Program as discussed in findings (5) and (6) above. It is, further

ORDERED, That Columbia is authorized to allocate \$750,000 of the refund to fund enhanced DSM rebates as discussed in findings (5) and (7) above. It is, further

ORDERED, That the motion to admit David C. Rinebolt to practice *pro hac vice* is granted. It is, further

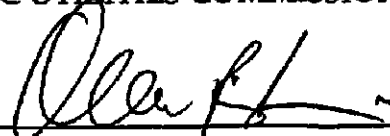
ORDERED, That the motions to intervene by OPAE and IGS are granted. It is, further

ORDERED, That the directives in finding (11) be observed. It is, further,

ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this Finding and Order be served upon all parties of record in the proceedings and all other interested parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

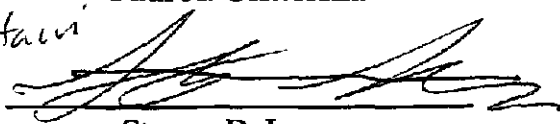


Alan R. Schriber, Chairman

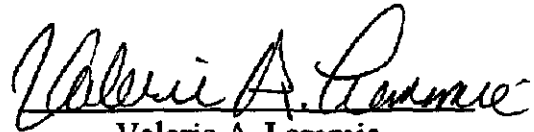


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Entered in the Journal

MAY 13 2010



Renee J. Jenkins
Secretary