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PUCO

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The )  
East Ohio Gas Company d/b/a Dominion )  
East Ohio for Approval of a General ) Case No. 07-1224-GA-EXM  
Exemption of certain Natural Gas )  
Commodity Sales Services or Ancillary )  
Services )

PLEADING OF THE CITIZENS COALITION  
TO JOIN

MOTION TO ORDER A SPECIAL MANAGEMENT PERFORMANCE AUDIT  
AND

MOTION TO ORDER DOMINION TO PREPARE A LONG-TERM FORECAST  
REPORT PURSUANT TO THE REQUIREMENTS OF R.C. 4935.04  
AS FILED BY THE OFFICE OF THE OHIO CONSUMERS COUNSEL,  
AS WELL AS CITIZEN COALITION MOTIONS  
FOR ADDITIONAL AND FURTHER RELIEF  
TO PROTECT AND SAFEGUARD THE CUSTOMERS OF DOMINION.

I. PLEADING OF THE CITIZENS COALITION IN  
SUPPORT OF THE MOTIONS FILED BY THE OHIO CONSUMERS  
COUNSEL TO ORDER A SPECIAL MANAGEMENT  
PERFORMANCE AUDIT OF DOMINION AND TO ORDER  
DOMINION TO PREPARE A LONG-TERM FORECAST REPORT  
PURSUANT TO THE REQUIREMENTS OF R.C. 4935.04.

1. Now comes the Citizens Coalition comprised of The Neighborhood  
Environmental Coalition (hereinafter "Coalition"), The Consumers for Fair Utility Rates

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(hereinafter "Consumers"), The Cleveland Housing Network (hereinafter "Network"), and The Empowerment Center of Greater Cleveland (hereinafter "Center") who, through their counsel, hereby file this pleading, joining in the Motions already filed by the Ohio Consumers' Counsel requesting that a special management performance audit be performed on Dominion and that Dominion be ordered to prepare a long-term forecast report pursuant to the relevant sections of the Ohio Revised Code and all applicable regulations. The Citizens Coalition also are requesting additional relief from the PUCO, as spelled out below, in order to protect and safeguard the lives, health, and interests of the residential customers of East Ohio Gas Company d/b/a Dominion East Ohio (hereinafter "Dominion" or "Company.")

2. This pleading will highlight and comment on various provisions of the Motions filed by the OCC. Furthermore, this pleading contains further motions for relief now being filed by the Citizens Coalition in order to protect the lives, health, and interests of the residential customers of Dominion, particularly low-income families.

3. The OCC pleading in its "Memorandum in Support" begins by questioning a proposed lease agreement involving 3-5 Bcf of on-system storage which would be leased by Dominion to its affiliate DTL. (See page 1 of OCC "Memorandum in Support.") Allegedly, according to Dominion, this is excess capacity. But is this excess capacity? And will this be excess capacity in the upcoming years of the lease? Furthermore, how will this lease impact Dominion customers? Will this help to lower rates? What is the benefit of this to Dominion customers? Are there any disadvantages of such a lease for the residential customers? Could this wind up imposing more burdens and costs upon Dominion customers? Could this even impact customer safety, health, and gas supply reliability? Lastly, did Dominion explore any other alternatives, including

sales and leases to other entities? These are all questions that need to be answered in any special management performance audit.

Even more disconcerting is the possibility that this proposed lease is “just the first step in a gradual erosion and overall plan [of Dominion] to sell off more significant portions of the on-system storage capacity or other Dominion assets...” (Page 2 of OCC “Memorandum in Support.”) Such sales of major assets were done by FirstEnergy and its operating companies, including secretive and unexamined deals for major generating plants. These electric plants were built through customer funds and should be subject to comprehensive PUCO regulatory control. Instead, these plants have been taken away forever from the customers who provided the money to build these and who should have had the rights for gaining the electricity produced by such plants at reasonable rates. Is this same process now being undertaken by Dominion? What are this Company’s plans for these assets which are the products of customers paying their high gas bills? These questions deserve answers in both the proposed Special Management Performance Audit and the Long-term Forecast Report.

4. The OCC “Memorandum in Support” highlights significant issues about the ongoing relationships between the Dominion Choice program as well as the SCO, on the one hand, and Dominion’s on-system storage capacity, on the other hand. This certainly affects the residential customers and their need for reliable and economical supplies of natural gas. Again, these are issues which deserve to be addressed in the proposed Special Management Performance Audit and the Long-term Forecast Report.

5. OCC also raises questions about Dominion’s recent filings which indicated that it needed more gas storage capacity. (See page 7 of OCC “Memorandum in Support.”) Furthermore, there seem to be viable alternatives to the lease of this

capacity, which instead would involve reducing the volumes of off-system interstate storage capacity that Dominion currently leases from DTL. The point is that some kind of manipulations are being undertaken by both Dominion and DTL. Are these in the best interest of Dominion residential customers? How could these manipulations affect the costs of natural gas to the customers? These again are issues that demand answers which would hopefully be uncovered through the proposed Special Management Performance Audit and the Long-term Forecast Report.

6. There may even be substantial questions about how much gas storage does Dominion possess or have control over. Furthermore, Dominion may have misplaced some 10 Bcf of capacity from the pipelines project as well as 2 Bcf of cushion gas. Hopefully the Proposed Special Management Performance Audit could answer these riddles.

7. OCC refers to possible plans by Dominion to build and/or lease other facilities in the future. (See page 10 of the OCC "Memorandum in Support.") This undoubtedly will affect the rates that residential customers will have to pay for service. Again all of this including the implications for customer rates must be explored in the proposed Special Management Performance Audit and the Long-term Forecast Report.

8. There is the possibility that some of these Dominion dealings including with DTL may create windfall profits or result in subsidies for Dominion's affiliate. (See pages 12 and 13 of the OCC "Memorandum in Support.") Certainly Dominion's residential customers should share in these windfall profits since these were created through the moneys that the customers have paid Dominion over the past decades. Again all of this needs to be explored the proposed Special Management Performance Audit and the Long-term Forecast Report.

9. There has been a growing dangerous trend of curtailing and even eliminating PUCO regulatory jurisdiction. This has happened in the electric arena where utility companies, which are supposed to be "public" utility companies, can now undermine and even veto various PUCO decisions. Consider, for example, any ESP that the PUCO might seek to improve for the electric utility companies. These companies can completely and without explanation completely negate PUCO orders. Such vetoes can be exercised without any oversight by any judicial body, including the PUCO, the Ohio Supreme Court, and the United States Supreme Court.

This trend of eating away at PUCO regulatory authority is happening in the telephone area where many telephone company activities now go without any supervision and public oversight by the Commission.

The steps proposed by Dominion regarding its capacity are a further assault upon PUCO regulation and oversight.

Because of this dangerous trend, the Commission is even prevented from investigating various utility company activities which could be detrimental to the customers. One can think about the failure of anyone to oversee Wall Street's greedy activities or regulatory failures to oversee B.P.'s oil drilling in the Gulf. The Commission should order the proposed Special Management Performance Audit and the Long-term Forecast Report in order to preserve its jurisdictional capabilities and prevent the further castration of its regulatory capabilities as well as protect the best interest of all customer groups.

10. There is the possibility that Dominion is really abandoning various facilities which now serve its customers. A lease of ten or fifteen years in effect may be an abandonment. This issue is raised on pages 15 and 16 of OCC's "Memorandum in

Support.” The Ohio Revised Code contains very strict requirements about such abandonments. Here again is another issue that deserves to be explored in the proposed Special Management Performance Audit and the Long-term Forecast Report.

11. There also seem to have been contradictions in the various positions that Dominion has espoused regarding its facilities and assets, from one case to another. This raises concerns about assets being commingled and about gas customers always being “forced to take the short end of the stick.” See pages 20 to 24 of the OCC “Memorandum in Support.” Again these issues and concerns should be addressed in the proposed Special Management Performance Audit and the Long-term Forecast Report.”

**II. THE CITIZENS COALITION REQUESTS FURTHER RELIEF IN THIS CASE IN ORDER TO PROTECT THE LIVES, HEALTH, AND INTERESTS OF THE CUSTOMERS OF DOMINION, ESPECIALLY LOW-INCOME FAMILIES.**

12. All of the concerns and issues raised by OCC certainly lead to questions about Dominion itself and about its continued role as a public utility company in Ohio. Is Dominion really an “Ohio Public Utility”? Or is Dominion really an entity that no longer considers Ohio as its home? Is Ohio merely a group of customers for Dominion, much like a group of sheep, that are sheared for Company profits? The Citizens Coalition suggests that Dominion really is not a utility company of Ohio established to serve the best interests of its Ohio customers. This harsh conclusion is buttressed by other activities of Dominion. Here are a few of these:

a. Since early 2005, Dominion has sought approval of its comprehensive plan to abandon the merchant function. (See In the Matter of the Application of East Ohio Gas Company d/b/a Dominion East Ohio for approval of a Plan to restructure its Commodity Service Function, Case No. 05-474-GA-ATA, Application, April 8, 2005 ) What this meant was that Dominion no longer wanted to serve its residential customers by purchasing supplies of gas for them, even though the Company may be a better position in terms of knowledge and expertise to make such purchases for customers. Instead, Dominion wanted its own gas customers who had so faithfully supported this utility company for decades to find and purchase their own gas supplies. Some may speak of "abandoning the merchant function." What was really being abandoned were hundreds of thousands of customers, including low-income families, the elderly, and the handicapped. How can these customers, burdened with so many problems and troubles, now be expected to search through the websites, myriad market reports, gas discovery notices, national and international delivery schedules, and lists of competing suppliers with their various menus in an effort to find natural gas supplies at the lowest possible prices? This mission is truly impossible.

b. The problem is even worse than inexperienced and uninformed customers trying to make choices about gas suppliers. Most customers simply want a reliable gas supply at the lowest possible rates. How can this be achieved? In fact, is it even possible for residential customers to do this? Sure, customers can opt for a fixed rate for a certain period of time or, on the other hand, a variable rate over the same period. But which will turn out to be the lower cost for the customer? It would seem only after the time period is completed that the customers can look back and see what was the best choice. In the past customers could count on the company to do its best in

obtaining gas including for a variety of periods and at various prices. The Company could put together an overall portfolio based on the best wisdom of experienced Company employees. The PUCO oversaw these purchases including through the GCR reviews. Contrast this with what happens currently. Now there is little--if any--oversight by the Commission about gas purchase activities of the various gas suppliers.

c. For further concerns about Dominion's "public utility" activities, let us turn to their public education efforts. Dominion has been conducting various advertising activities about its so-called "Energy Choice" program. Recently, it sponsored one ad which shows a couple trying to pick what color to paint the bedroom for the baby. Another ad shows an elderly couple exercising their choice in picking out vegetables. Supposedly these ads are portraying "choosing" activities that are similar to gas customers selecting their gas suppliers. But are these activities at all similar to the skills needed to select gas suppliers? Presumably, the prices of the various colors of paint are the same and thus the couple will spend the same amount of money whatever color they choose. This is not at all true in the natural gas situation where exercising "Energy Choice" could result in customers paying much higher total prices than other customers for the same amount of gas.

Similarly, in the vegetable ad, the customers know simultaneously how much each pound of vegetables will cost them, with some overall cheaper while others may be more expensive. Again this is not at all the situation confronting the residential gas customers. The point is that Dominion's ads are really misleading and create an illusion that customers can exercise informed choices and achieve what they want in the lowest gas supply costs, when in fact they cannot. Customers also will often lack the necessary knowledge and capabilities even to search out what may happen to gas

prices in the upcoming months and years. Indeed most customers have little idea of what the NYMEX is or how it functions, and yet this is one of the major factors for establishing gas rates.

The point of all this is that Dominion has abandoned any real educational effort at educating customers on how to make informed choices. In fact, gas customers really cannot switch their gas suppliers, like buying vegetables or paints, but they may have to wait up to sixty days—according to Dominion's own advertising materials—before their decision could be effective. By that time, the poor customers may have been forced to pay extremely high prices during this two-month switching period for their natural gas. The Company has made no visible effort to help customers so they can switch right now, such as by using the technology of the internet or by using cell phones equipped with camera capabilities that take photos of the gas meters and communicate these instantly to Dominion and the gas suppliers for immediate implementation..

d. Another area where Dominion is failing its customers and indeed the entire region concerns its employment structure. The number of Company employees continues to be drastically cut by Dominion management. Yet the rates customers are charged is based upon higher numbers of employees. What happens to these cost savings? Are these shared with customers? This is another reason why a Special Management Performance Audit is needed. Moreover, the situation is much worse than customers simply losing their rightful share of company savings. When the company has less employees, this means that the Dominion territory has less job holders who earn incomes, support families, pay property taxes, support schools, and own houses. At the same time, gas customers are being forced to pay for these "ghost" employees which

means that the Dominion territory and its peoples lose twice. Here again, a substantial question is raised about Dominion's status as a "public utility company."

e. The establishment of an adequately funded Fuel Fund is another area where Dominion is lacking. Right now, virtually all major public utilities in Ohio have fuel funds which are intended to provide customers with help to obtain and retain necessary utility service when all other resources have been exhausted. Dominion did have a Fuel Fund of \$1.2 million in 2009 as the result of its last major rate case. But that fund ran out of money in the fall of 2009.

Now Dominion—unlike other utility companies—has nothing to help the most desperate of its customers. Do we have less poor in Ohio in 2010 than we had in 2009? Have the poor all disappeared? Or do we now have many children, seniors, and handicapped who may suffer the loss of necessary gas service because of the lack of funds.

While Dominion in the past has been generous in helping its customers, including low-income families, its current failure to sponsor a Fuel Fund is another sign that Dominion has abandoned its customers in Ohio. It is true that Dominion has through its billings established a funding source of help through the Salvation Army. But all the funds for this ran out before May 31, 2010. Natural gas continues to be necessary for the lives and health of Dominion customers. Gas is usually needed to cook food properly on gas stoves. Gas is needed for hot water to clean dishes after meals. This is an urgent matter for both cleanliness and health. Gas is needed to heat up hot water for cleanliness, health, and sanitation purposes. Just consider the children and babies who may not be able to have hot water for bathing and washing because the family's gas service is disconnected and there is no Fuel Fund available.

13. What should be done about these Company failings? Certainly, a Special Management Performance Audit and a Long Term Forecast Report may provide more revealing data. This may uncover instances of windfall profits and overcharging of gas customers. The PUCO can and should order Dominion to disgorge these unfair windfall profits and insure these are shared with all customers. Dominion's employment plans and strategies need to be examined both for fairness toward these employees as well as fairness to the customers and peoples of the entire Dominion territory. The Company should also be ordered to implement immediately an adequate Fuel Fund for 2010 and future years.

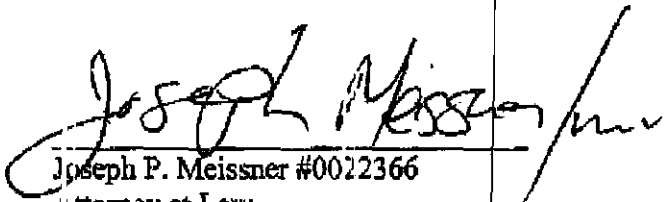
### **III. CONCLUSION**

14. The above are just a few of the issues and concerns which the Citizens Coalition are hoping will be addressed in the proposed Special Management Performance Audit and the Long-term Forecast Report.

15. The Citizens Coalition urges the Commission to grant the two motions sought by the OCC.

16. The Citizens Coalition further urges the Commission to grant the relief it is seeking including an order for the immediate establishment of an adequate Fuel Fund in order to protect the lives and health of low-income Dominion customers.

Respectfully submitted,

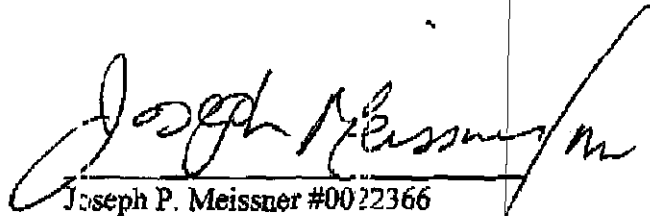
  
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**NOTICE OF SERVICE**

I hereby certify that a copy of the foregoing Legal Document was served upon the address of all the parties in this PUCO proceeding, either by ordinary first class mail, postage prepaid on this 28<sup>th</sup> day of June 2008.



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