

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Complaint of
The Office of the Ohio Consumers'
Counsel, et al.,

Case No. 10-2395-GA-CSS

Complainants,

v.

Interstate Gas Supply, Inc.

Respondent.

PUCO

2010 NOV 12 PM 5:18

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**INTERSTATE GAS SUPPLY, INC.'S
ANSWER AND AFFIRMATIVE DEFENSES**

Interstate Gas Supply, Inc. ("IGS") hereby answers the complaint ("Complaint") of the Office of the Ohio Consumers' Counsel ("OCC"), Stand Energy Corporation ("Stand"), Border Energy, Inc. ("Border"), Northeast Ohio Public Energy Counsel ("NOPEC") and the Ohio Farm Bureau Federation ("OFBF") (collectively "Complainants"). IGS denies all allegations set forth in the introductory paragraph of the Complaint. Further, IGS denies any allegations not specifically admitted herein and denies that the Complainants are entitled to the relief sought. IGS answers the remaining allegations set forth in the Complaint as follows:

Parties

1. IGS admits that OCC is a state agency that represents the interests of Ohio's residential utility customers in proceedings at the PUCO. IGS states that it has insufficient knowledge or information to form a belief as to the truth of the remaining allegations in Paragraph 1 of the Complaint.

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Technician Ann Date Processed 11/15/10

2. IGS admits the allegations in Paragraph 2 of the Complaint.

3. IGS admits the allegations in Paragraph 3 of the Complaint.

4. IGS admits that NOPEC is a regional council of local governments in Northeast Ohio established under R.C. Chapter 167, with an office located at 31320 Solon Road, Suite 20, Solon, Ohio. IGS states that it has insufficient knowledge or information to form a belief as to the truth of the remaining allegations in Paragraph 4 of the Complaint including footnote 1.

5. IGS admits OFBF is a non-profit organization of member county farm bureaus representing agricultural interests in Ohio, with an office at 280 North High Street, Columbus, Ohio. IGS states that it has insufficient knowledge or information to form a belief as to the truth of the remaining allegations in Paragraph 5 of the Complaint.

6. IGS admits the allegations in Paragraph 6 of the Complaint, but notes that IGS' offices are located at 6100 Emerald Parkway, Dublin, Ohio 43016 rather than 5020 Bradenton Avenue, Dublin, Ohio 43017, as set forth in Paragraph 6 of the Complaint.

7. IGS admits the allegations in Paragraph 7 of the Complaint.

8. IGS admits the allegations in Paragraph 8 of the Complaint.

Jurisdiction

9. IGS admits the allegations in Paragraph 9 of the Complaint only to the extent that this Complaint was properly brought in accordance with Ohio Revised Code 4929.24 and 4905.26.

First Defense

Background

10. IGS admits that natural gas is an energy choice used by many Ohioans to heat their homes and is used extensively in Ohio in commercial and industrial concerns. IGS denies the remaining allegations in Paragraph 10 of the Complaint.

11. IGS admits that Columbia operates a "Choice" program as well as offers other gas transportation options for customers who can, among other options, purchase their natural gas commodity from a competitive retail natural gas service ("CRNGS") provider or other suppliers through Columbia Gas of Ohio's ("Columbia") local distribution systems. IGS denies the remaining allegations in Paragraph 11 of the Complaint.

12. IGS admits the allegations in Paragraph 12 of the Complaint.

13. IGS admits that it provides mailings to customers. IGS states that it has insufficient knowledge or information to form a belief as to the truth of the remaining allegations in Paragraph 13 of the Complaint.

14. IGS admits the allegations in Paragraph 14 to the extent that the language in Paragraph 14 is used in O.A.C. 4901:1-29-02, but states that the Complainants do not include the entire purpose and scope set forth in O.A.C. 4901:1-29-02 and that Section 4901:1-29-02 speaks for itself.

15. IGS admits that effective August 1, 2010, IGS entered into a licensing agreement with NiSource Retail Services, which agreement provides IGS with the ability to use the Columbia Retail Energy trade name and Columbia logo in certain of its marketing and solicitation efforts. IGS denies all other allegations set forth in Paragraph 15 and states that it has insufficient knowledge or information to form a belief as to the

truth of the remaining statements made in the Columbus Dispatch article cited in footnote 2 of Paragraph 15 of the Complaint.

16. IGS admits the allegations in Paragraph 16 of the Complaint.

17. IGS admits that on August 6, 2010 it filed a Notice of Material Change with the PUCO giving notice that IGS had registered the name "Columbia Retail Energy" with the Ohio Secretary of State. IGS denies all other allegations and inferences set forth in Paragraph 17 of the Complaint.

18. IGS admits that on August 10, 2010 the PUCO issued Certificate No. 02-002G(5), which Certificate speaks for itself. IGS denies all other allegations and inferences set forth in Paragraph 18 of the Complaint.

19. IGS admits the allegations in Paragraph 19 of the Complaint.

20. IGS denies the allegations set forth in Paragraph 20 of the Complaint. Further answering, IGS states that it is not required to have a separate certificate authorizing IGS to use the trade name "Columbia Retail Energy" or to use the Columbia logo.

21. IGS denies the allegations set forth in Paragraph 21 of the Complaint. Further answering, IGS states that Attachment 2 which is cited in footnote 3 to Paragraph 21 of the Complaint is not a current version of the Columbia Retail Energy webpage, the screen shot of the Columbia Retail Energy webpage was taken more than one month before the Complaint was filed and that webpage had been modified well before this Complaint was filed.

22. IGS admits the allegations in Paragraph 22 of the Complaint.

23. IGS admits the allegations in Paragraph 23 of the Complaint.

24. IGS admits the allegations in Paragraph 24 of the Complaint. Further answering, IGS states that comparing fixed rate prices to variable rate prices is an accepted natural gas industry practice and, upon information and belief, at least one or more Complainants, as well as other entities in the industry, have made similar comparisons in either their marketing materials, communications or public statements (See e.g. Attachment 1 and Attachment 2). Further answering, IGS states that such comparisons provide a transparency long promoted by the Commission. See e.g. *In re The East Ohio Gas Company*, PUCO Case No. 05-474-GA-ATA (May 25, 2006) at p. 17, footnote 4.

25. IGS admits the allegations in Paragraph 25 of the Complaint.

26. IGS admits the allegations in Paragraph 26 of the Complaint.

27. IGS denies the allegations set forth in Paragraph 27 of the Complaint. Further answering, IGS states that out of over 1.3 million Choice eligible Columbia Gas of Ohio customers, the Office of the Ohio Consumers' Counsel has received 6 customer complaints and out of the 6 customer complaints listed in Attachment 5 of the Complaint, four of the customers (Complaint Nos. 3-6) understood, after reading disclaimers on the CRE marketing material, that CRE was not Columbia Gas of Ohio or affiliated with Columbia. IGS further states that it has insufficient knowledge or information to form a belief as to the truth of the statements made in the newspaper articles cited in the footnote 5 to Paragraph 27.

28. IGS admits Columbia Retail Services is also currently using the Columbia trade name and Columbia logo as part of its marketing efforts to sell inside gas line

protection. IGS denies all other allegations or inferences set forth in Paragraph 28 of the Complaint.

29. IGS admits that it is not using the Columbia trade name and logo in the Dominion Choice Program, but denies that the licensing agreement with NiSource authorizes IGS to use the Columbia trade name and logo in the Dominion Choice Program.

30. IGS admits the allegations in Paragraph 30 of the Complaint. Further answering, IGS states that to the extent Paragraph 30 is implying that Manchester withdrew its Complaint as part of the licensing agreement between IGS and NiSource Retail Services, IGS denies such inference.

31. IGS admits that the Federal Energy Regulatory Commission's ("FERC") Enforcement Division entered into a Stipulation and Consent Agreement with Columbia Gas Transmission Corporation, among others, that was subsequently approved by the FERC, the content of which speaks for itself. Further answering, IGS states that it was not the only entity receiving information from Columbia Transmission that was a focus of the FERC inquiry and IGS cooperated fully with the FERC and was never charged with or accused of wrongdoing in conjunction with that FERC inquiry. IGS denies all other allegations or inferences set forth in Paragraph 31 of the Complaint.

First Claim

32. Respondent restates and incorporates by reference its responses set forth in Paragraphs 1 through 31 of its Answer as if fully rewritten herein.

33. IGS denies the allegations set forth in Paragraph 33.

Second Claim

34. Respondent restates and incorporates by reference its responses set forth in Paragraphs 1 through 33 of its Answer as if fully rewritten herein.

35. IGS admits the solicitation letter attached to the Complaint as Attachment 3 uses the Columbia Retail Energy trade name as the name in the return address and that there are no disclaimers on the solicitation letter envelope. IGS denies all other allegations set forth in Paragraph 35.

36. IGS denies the allegations set forth in Paragraph 36.

Third Claim

37. Respondent restates and incorporates by reference its responses set forth in Paragraphs 1 through 36 of its Answer as if fully rewritten herein.

38. IGS admits it included a disclaimer in its marketing material stating that "Columbia Retail Energy is not an affiliate of NiSource or Columbia Gas of Ohio." IGS denies all other allegations set forth in Paragraph 38.

Fourth Claim

39. Respondent restates and incorporates by reference its responses set forth in Paragraphs 1 through 38 of its Answer as if fully rewritten herein.

40. IGS denies the allegations set forth in Paragraph 40.

Fifth Claim

41. Respondent restates and incorporates by reference its responses set forth in Paragraphs 1 through 40 of its Answer as if fully rewritten herein.

42. IGS admits that the solicitation letter attached to the Complaint as Attachment 3 states that Columbia Retail Energy is "based in Ohio and is certified by the Public

Utilities Commission of Ohio (PUCO)." IGS denies all other allegations set forth in Paragraph 42.

Sixth Claim

43. Respondent restates and incorporates by reference its responses set forth in Paragraphs 1 through 42 of its Answer as if fully rewritten herein.

44. IGS admits that the solicitation letter attached to the Complaint as Attachment 3 states that "had the SSO pricing structure been in place over the last five years, the average price would have been \$0.88 which is 17% higher than this Columbia Retail Energy fixed rate plan." IGS denies all other allegations set forth in Paragraph 44.

Seventh Claim

45. Respondent restates and incorporates by reference its responses set forth in Paragraphs 1 through 44 of its Answer as if fully rewritten herein.

46. IGS admits that the solicitation letter attached to the Complaint as Attachment 3 states that "had the SSO pricing structure been in place over the last five years, the average price would have been \$0.88 which is 17% higher than this Columbia Retail Energy fixed rate plan." IGS also admits that the Weekly Natural Gas Market update attached as exhibit 15 to the Complaint states:

The clear cut take away from the graph is that January 2011 is approaching \$4 and has now dropped 50% in under two years. Slightly less obvious, but still very important, is the movement lower in the 2012 and 2013 months. While all three contracts began 2009 around \$8 per MMBtu, January 2012 is now trading below \$5.50 and January 2013 is just north of \$5.50. The fact that these two months have dropped despite not being the prompt winter, the winter nearest to now, shows just how weak natural gas prices have been over the past two years.

IGS denies all other allegations set forth in Paragraph 46.

Eighth Claim

47. Respondent restates and incorporates by reference its responses set forth in Paragraphs 1 through 46 of its Answer as if fully rewritten herein.

48. IGS admits that the Columbia Retail Energy website contains the phrases "take control of your energy costs" and "Columbia Retail Energy is continuously seeking ways to deliver energy more efficiently and make life easier for our customers." IGS denies all other allegations set forth in Paragraph 48.

Ninth Claim

49. Respondent restates and incorporates by reference its responses set forth in Paragraphs 1 through 48 of its Answer as if fully rewritten herein.

50. IGS denies the allegations set forth in Paragraph 50.

Tenth Claim

51. Respondent restates and incorporates by reference its responses set forth in Paragraphs 1 through 50 of its Answer as if fully rewritten herein.

52. IGS denies the allegations set forth in Paragraph 52.

Eleventh Claim

53. Respondent restates and incorporates by reference its responses set forth in Paragraphs 1 through 52 of its Answer as if fully rewritten herein.

54. IGS denies the allegations set forth in Paragraph 54.

Twelfth Claim

55. Respondent restates and incorporates by reference its responses set forth in Paragraphs 1 through 54 of its Answer as if fully rewritten herein.

56. IGS denies the allegations set forth in Paragraph 56.

Second Defense

57. Claims 1, 9, 10, 11 and 12 should be dismissed as they fail to state a claim upon which relief can be granted.

Third Defense

58. Complainants have failed to state reasonable grounds for complaint against IGS required by Ohio Revised Code §4905.26.

First Affirmative Defense

59. IGS has complied with all applicable Ohio law, including the Ohio Administrative Code, particularly with its marketing practices and its use of the Columbia Retail Energy service mark. As noted by the Commission in its November 10, 2010 Entry in Case No. 02-1683-GA-CRS, IGS has worked with Commission Staff to develop appropriate disclosures, has committed to using said disclosures and will continue to work with the Staff to assure proper disclosures. Having complied with all statutory and regulatory requirements and relied upon input from the Commission Staff to develop appropriate disclosures, it would be unreasonable and discriminatory to find IGS liable for the claims alleged in the Complaint.

Second Affirmative Defense

60. If the allegations set forth in Claim 1 are found to be true and constitute the violations as alleged, then IGS should be excused as a number of other CRNGS providers have operated under trade names that are not on their respective marketing certificates without question for some period of time, and it would be unreasonable and discriminatory to hold only IGS to such a standard.

Third Affirmative Defense

61. If the allegations in Claims 6 and 7 are found to be true and constitute the violations as alleged, then IGS should be excused as numerous entities including other CRNGS providers and one or more complainants utilize such comparisons in various communications, public statements and marketing materials.

Fourth Affirmative Defense

62. If the allegations in Claims 6 and 7 are found to be true and constitute the violations as alleged, then IGS should be excused for the reasons set forth in the Second Affirmative Defense. Further, upon information and belief, as one or more other CRNGS providers used similar notations on mail and other communications with consumers.

Fifth Affirmative Defense

63. If the allegations in Claims 9 and 10 are found to be true and constitute the violations as alleged, then IGS should be excused, because then unaffiliated CRNGS providers such as IGS would be discriminated against *vis a vis* affiliated CRNGS providers.

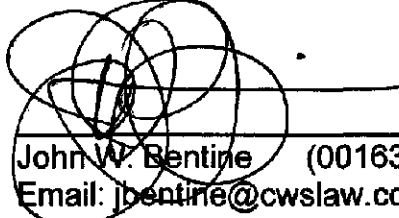
WHEREFORE, Respondent Interstate Gas Supply, Inc. respectfully requests:

That the Commission find that the Complaint states no reasonable grounds for complaint;

That the Commission find Complainants are not entitled to the relief requested;
and

That the Complaint be dismissed and IGS be afforded all other relief to which it is entitled under law.

Respectfully submitted,

A handwritten signature in black ink, appearing to be "John W. Bentine", is written over a horizontal line. The signature is somewhat stylized with loops and a trailing flourish.

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CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the foregoing *Answer and Affirmative Defenses* was served upon the following persons listed below by electronic mail and regular U.S. Mail, postage prepaid, this 12th day of November, 2010.

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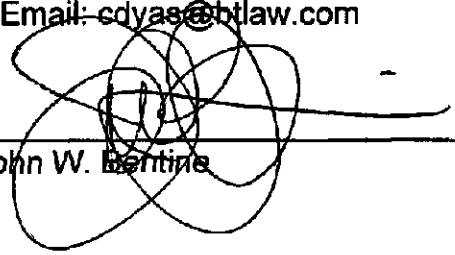
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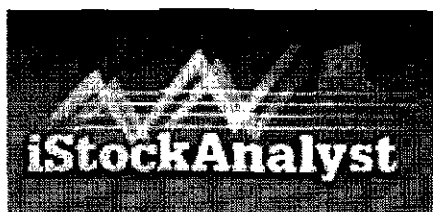
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John W. Bertine

ATTACHMENT 1



A warm thought: Natural-gas cost likely to stay low in 2011

Sunday, October 03, 2010 11:52 AM

A year ago, the price was

49 cents, which at the time was the lowest since 2000. This led to disbelief from customers.

"I just kept thinking, 'This bill's too low. It must be wrong,'" said Marsha Beane of Grove City.

She was conditioned to expect high bills after several years of budget-busting prices. During the winters of 2006 and 2008, customers faced prices that exceeded

\$1 per 100 cubic feet of gas, which translated into monthly bills of more than \$500 for people heating big houses or those that lacked adequate insulation.

The sudden drop in gas prices didn't immediately kick in for the more than 40percent of Columbia customers who buy their gas from an independent supplier. Many of those customers had fixed-price gas contracts.

Bruce Hayes, regulatory analyst for the Office of the Ohio Consumers' Counsel, says fixed-rate contracts are often a bad idea when prices are high because they lock in the high costs.

But what about now, when prices have been low for more than a year?

"When prices are down, low fixed-rate contracts look better," he said.

Unregulated gas suppliers, also called gas marketers, are coming up with new products to respond to the steady prices.

For example, Integrys Energy now is offering price-matching for customers on one-year fixed-rate contracts. During the contract, Integrys customers can have their price reduced if another provider's fixed-rate offer is lower. The price change can be invoked once each year.

For now, customers should enjoy the low prices. Judging from natural-gas futures traded on the New York Mercantile Exchange, investors expect the trend to continue for at least another year.

The pace of the economic recovery will help determine when prices rise. For the past two years, factories have operated at diminished capacity and used much less gas. As manufacturers return to normal production, gas demand will rise sharply.

When that happens, higher gas prices probably will be one bad thing that arises from a good thing.

dgearino@dispatch.com

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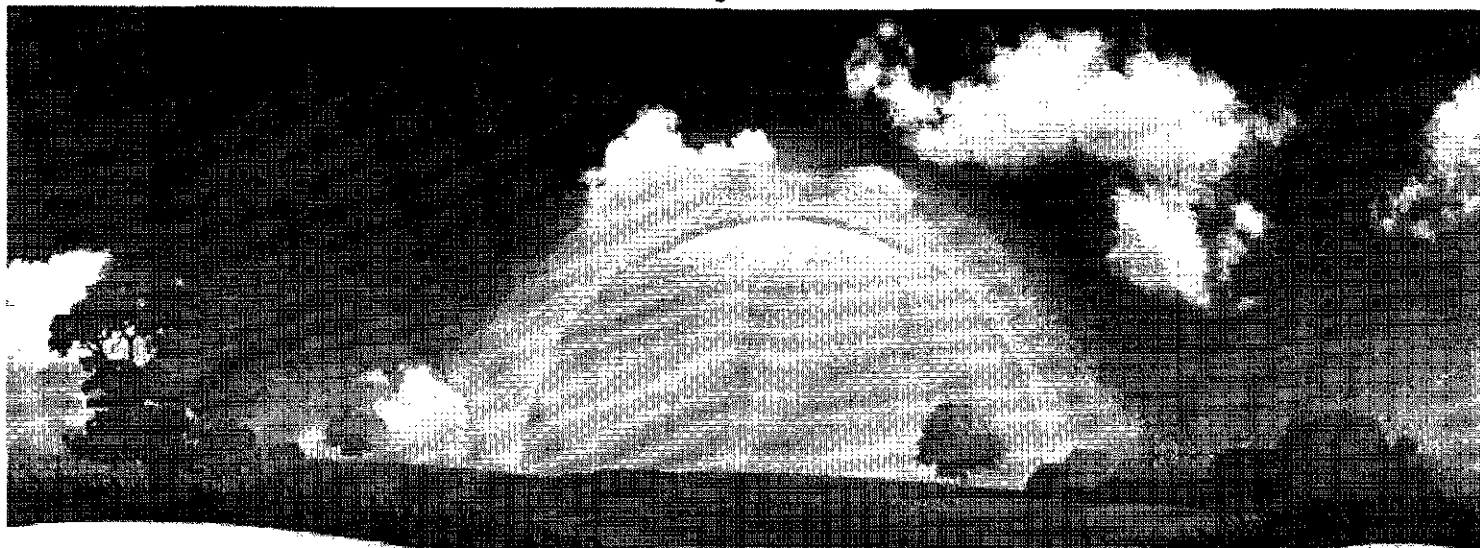
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ATTACHMENT 2



NOPEC

Northeast Ohio Public Energy Council

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[NOPEC Annual Report 2008 \(PDF\)](#)

February 17, 2010

[NOPEC to Provide Nearly \\$16 Million in Energy Grants to Qualified N.E. Ohio Communities](#)

December 2, 2009

[FirstEnergy Solutions and NOPEC Enter into Nine-Year Agreement](#)

June 10, 2009

[Electric Rate Savings on the Way for Nopec Customers in Northeast Ohio](#)

April 6, 2009

Natural Gas

NOPEC Gas Rates Locked in Through November 2010

We are very pleased to announce that NOPEC has locked in gas rates through the end of November 2010. These rates continue to be lower than those we have seen in the past several years

The prices are as follows:

Dominion East Ohio Gas Area

- July - December 2010 - \$6.78 per MCF
- January 2011 through March 2011 - \$6.66 per MCF
- April 2011 - \$6.15 per MCF
- May 2011 - June 2011 - \$5.98 per MCF

Columbia Gas Area

- January - March 2010 - \$7.98 per MCF or \$0.798 per CCF
- April - June 2010 - \$7.86 per MCF or \$0.786 per CCF
- July-September 2010 - \$7.70 per MCF or \$0.770 per CCF
- October - December 2010 - \$7.45 per MCF or \$0.745 per CCF
- February 2011 - April 2011 - \$6.40 per MCF or \$0.640 per CCF
- May 2011 - July 2011 - \$6.15 per MCF or \$0.615 per CCF

Residents should also be aware that NOPEC offers a variable rate that can be secured by calling the NOPEC gas call center at 888.848.7914. However, our experience shows that most people prefer to be on a fixed rate so they will know what their price is going to be each

11/11/2010

[NOPEC Formalizes Green Deal
That Could Save Northeast Ohio
Tens of Millions In Electric Costs](#)

February 27, 2009

[Northeast Ohio Could Realize
Savings in June](#)

February 23, 2009

[NOPEC Locks in Lower Natural
Gas Prices for Northeast Ohio](#)

Natural Gas through the Northeast Ohi...

month.

Leaving NOPEC

NOPEC is a public entity that makes no profit and attempts to get you the very best price with no cost to you or your community. Any NOPEC customer, however, may leave NOPEC's gas program at any time at no cost to the customer. We caution NOPEC customers that should they go to another supplier, and subsequently wish to return to NOPEC, the enrollment process can take several months after cancelling with the previous supplier.

Returning to NOPEC

Should you wish to return to NOPEC's program, please contact our customer service line at 888.848.7914.

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