

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 Exemption) Case No. 07-1224-GA-EXM
of Certain Natural Gas Commodity Sales)
Services or Ancillary Services.)

In the Matter of the Application to Modify,)
in Accordance with Section 4929.08,)
Revised Code, the Exemption Granted to) Case No. 11-6076-GA-EXM
The East Ohio Gas Company d/b/a)
Dominion East Ohio in Case No. 07-1224-)
GA-EXM.)

FINDING AND ORDER

The Commission finds:

- (1) The East Ohio Gas Company d/b/a Dominion East Ohio (Dominion) 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, in Case No. 07-1224-GA-EXM, issued June 18, 2008, the Commission approved a stipulation between most of the parties in the case¹ and authorized Dominion to conduct two auctions to supply commodity service to its customers. The first auction conducted annually was a Standard Service Offer (SSO) auction to provide commodity service to customers that were not eligible to participate in energy choice programs or who were Percentage of Income Payment Plan (PIPP) customers. The second auction was a Standard Choice Offer (SCO) auction for the remaining sales customers who were choice-eligible, but had not chosen a choice-supplier.
- (3) By Opinion and Order issued February 14, 2012, in Case No. 11-6076-GA-EXM, the Commission approved a stipulation entered into between Dominion, Staff, and the Ohio Gas Marketers

¹ The stipulation was executed by Dominion, Staff, and all of the intervenors in this case, with the exception of Industrial Energy Users-Ohio and Ohio Partners for Affordable Energy.

Group; thus, authorizing Dominion to combine the SSO and SCO auctions into a single auction effective with the auction to be conducted in the first quarter of 2012, and thereafter.

- (4) On February 28, 2012, a single auction was conducted to establish the rate for both SSO and SCO customers. The auction took place via the internet with 16 bidders participating. Dominion contracted for the services of World Energy Solutions, Inc. (World Energy) as the manager of the auction. Dominion, Staff, and the Office of Consumers' Counsel jointly monitored the auction.
- (5) The auction was a descending clock auction in which nine supply tranches were bid, with each bidder limited to a maximum of three tranches. The auction participants bid a Retail Price Adjustment (RPA) in the form of an adder to the monthly New York Mercantile Exchange (NYMEX) settlement price for natural gas futures. The RPA is a fixed dollar amount over the 12-month term and reflects the bidders' estimate of their incremental cost to deliver the required amount of gas from the Henry Hub (which is priced at NYMEX) to Dominion's city gate. The auction ended after sealed bids were submitted in which nine tranches were bid at an RPA of \$ 0.60 per thousand cubic feet (Mcf).
- (6) On February 28, 2012, Staff filed a post-auction report (Staff Report) detailing the results of the auction. That report contained descriptions of the auction and a conclusion by Staff that, based on its observation, the auction was fair and devoid of any indications of collusion or other anomalies. The result of the auction was an RPA of \$0.60 per Mcf. The Staff Report recommended that the Commission approve the auction result and allow Dominion to continue to serve its customers at the new RPA rate upon the expiration of the existing SSO/SCO period on March 31, 2012.
- (7) The Commission has reviewed the Staff Report and the auction results and agrees with Staff's conclusion that the auction results are reasonable and should be approved. Therefore, the Commission finds that Dominion should be authorized to replace its current SSO and SCO rates upon expiration of the

existing rates on March 31, 2012, based on the RPA of \$0.60 per Mcf and to enter into the necessary agreements with the winning bidders. The monthly SSO/SCO price should be calculated as the sum of the NYMEX settlement price for the prompt month plus the RPA of \$0.60 per Mcf. Accordingly, Dominion is authorized to file the final tariffs necessary to implement the terms of this order.

- (8) Unless otherwise ordered by the Commission, the new SSO and SCO rates are approved for the period April 1, 2012 through March 31, 2013. During that time, the Commission reserves all authority to exercise its oversight and specifically reserves the right to terminate the SCO and SSO mechanisms and to implement an alternative pricing methodology at any time, if circumstances warrant.
- (9) The Staff Report filed on February 28, 2012, was filed without identifying the names of the participating or winning bidders. The Staff Report stated that this was done in order to protect the bidders' positions in negotiations with pipelines for the incremental capacity necessary to meet their obligations as SSO/SCO suppliers. The Staff Report requests that the Commission continue to treat the bidders' names as confidential for a period of 15 days from this order. The Commission believes this request is reasonable and should be granted.

It is, therefore,

ORDERED, That Dominion be authorized to replace its current SSO and SCO rates consistent with findings (7) and (8) above. It is, further,

ORDERED, That Dominion be authorized to file four complete copies of tariffs, in final form, consistent with this order. Dominion shall file one copy in this case docket and one copy in its TRF docket (or may make such filing electronically, as directed in Case No. 06-900-AU-WVR). The remaining two copies shall be designated for distribution to the Rates and Tariffs, Energy and Water Division of the Commission's Utilities Department. It is, further,

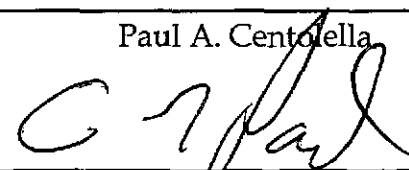
ORDERED, That the effective date of the new tariffs shall be a date not earlier than April 1, 2012. It is, further,

ORDERED, That the identities of the participating SSO/SCO bidders be treated as confidential for a period of 15 days. It is, further,


ORDERED, That a copy of this Finding and Order be served upon all parties in this proceeding.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman

Paul A. Centolella


Andre T. Porter

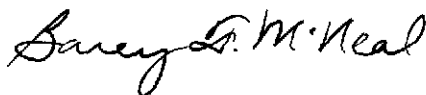
Steven D. Lesser


Cheryl L. Roberto

RS:js

Entered in the Journal

FEB 29 2012



Barcy F. McNeal
Secretary