FILE

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COMMENT DESCRIPTION:

RE: Case Number 12-2637. I would like to comment in regard to the proposal to eliminate regulated pricing for natural gas (Case Number 12-2637). When I read about this plan in the Columbus Dispatch, these thoughts immediately came to mind: • Evaluating suppliers on an "apples to apples" basis is time-consuming, and definitely not as simple as comparing the price of a gallon of milk at the grocery store, or even buying a car. The tools offered on the PUCO site are a start, but it is still difficult for the average residential customer to use it or understand it, or maybe even to have access to it. Just a small example of confusion when I tried it out, the PUCO interactive calculator has an entry for the "supplier base rate", but the supplier's fact sheet shows only a "current total rate" and also a "gas cost recovery rate". In addition, there are complex decisions to be made when comparing the time frame and terms of natural gas purchase contracts offered from various suppliers. Do you evaluate it over 1 year? 3 years? Plus, anyone in business to make a profit will be looking for chances to throw in unrelated perks to gain an edge, and perhaps to cause confusion. Even if they were not lost in the details, will a residential consumer ever have the resources to be able to evaluate commodities futures prices? I doubt it. All of the edge is with the marketers when it comes to a consumer having enough information to make a good decision. • The consumer may not actually want to spend time and effort on purchase of such an everyday necessity. Not only that, but the fact that more of the public is not participating in this case might be a message in itself, a warning sign that maybe they are not even informed enough to get involved. And it is also a reminder that people are busy with work and family and are bombarded with enough decisions in life already. • Will lower gas prices even be the primary impact of eliminating regulated natural gas pricing? I have not seen much yet to give me the confidence to expect it. The low price of natural gas right now is not because of competition, but mostly forces beyond anyone's control, such as: the economic downturn, relatively mild weather, the abundance of natural gas due to fracking, plus the current inability to export U.S. natural gas into other markets. What market forces will be at work in another 5 or 10 years? For instance, plans are in place right now to build liquefied natural gas (LNG) export facilities. Add to that the fact that most new generating plants being built are not coal or nuclear, but are natural gas. Another factor to consider is we do not know what new environmental concerns might impact fracking in the future. A future carbon tax could make natural gas even more desirable vs. coal. These are just a few examples, and all would tend to make the price of natural gas more volatile, and higher. • The risk of natural gas prices fluctuating will be borne by the consumer who is locked into a natural gas contract. Lower prices due to competition may well be in our future, but one thing is for certain: if there is no other option than to buy gas from a marketer, all of the risk of price volatility is thrown back onto the consumer. • With a competitive market, of course the providers want to "cherry pick" those customers who are most profitable (as we see with health insurance). Will gas marketers compete to offer the little old lady who lives way out in the country far from the main pipeline a good deal? Suppliers could opt to preferentially supply large users, or perhaps even export their natural gas, and why bother with a small residential customer? The roots of regulated energy are because of the need to serve all people, not just those who are profitable. • De-regulation of energy is still new enough that we do not even know the positive or negative impacts yet. For instance, there is more and more evidence that commodities speculators play a role in driving up the price of oil. We already know from the lessons of Enron that gas markets are vulnerable to such speculation. More recently FERC is examining whether JP Morgan Power Trading has manipulated the electricity markets. We are still reeling from the effects of the financial crisis and the lack of oversight into financial transactions. A free and competitive market can be a good thing, but it is not benign. Sadly, there will always be greed and excess. Some positive steps are being taken to make things more transparent, but even 2017 may be too soon to open up the residential consumer solely to the uncertainties of the commodities market, if ever.

The market forces have a role in keeping costs down. But this consumer is asking the PUCO to keep open our option for a regulated gas supplier. I think we need to have both a market rate AND a cost-based rate . In this way we can maintain stability for the average residential consumer but also have price competition at the margins for major users of natural gas who have the resources and the motivation to seek a competitive price. I may be wrong, but what the consumer wants is to keep it simple, and the assurance that they are getting their natural gas at a reasonable price with no surprises.