BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application to	)	
Modify in Accordance with Section	)	Case No 12-2637-GA-EXM
4929.08, Revised Code, the Exemption	)	
Granted Columbia Gas of Ohio, Inc., in	)	
Case No. 08-1344-GA-EXM.	)	

APPLICATION FOR REHEARING OF THE OHIO GAS MARKETERS GROUP, RETAIL ENERGY SUPPLY ASSOCIATION, AND COLUMBIA GAS OF OHIO, INC.

Pursuant to Section 4903.10, Revised Code and Rule 4901-1-35 of the Ohio Administrative Code, the Ohio Gas Marketers Group[1] ("OGMG"), the Retail Energy Supply Association[2] ("RESA"), and Columbia Gas of Ohio, Inc. ("Columbia") respectfully submit this application for rehearing from the Commission's January 9, 2013 Opinion and Order.

The OGMG and RESA submit that the Commission erred in the third step required to implement the initial allocation plan designed to move non-residential customers to the Monthly Variable Rate ("MVR") program for default natural gas supplies. (January 9, 2013 Opinion and Order p. 36). OGMG, RESA, and Columbia[3] request that step three be simplified to merely

---

[1] For purposes of this proceeding, the Ohio Gas Marketers Group includes Constellation NewEnergy Gas Division, LLC; Direct Energy Services, LLC; Direct Energy Business, LLC; Interstate Gas Supply, Inc.; Integrys Energy, Inc.; Just Energy Group, Inc.; and SouthStar Energy LLC.

[2] RESA's members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy -- Gas Division, LLC; Direct Energy Services, LLC; Energetix, Inc.; Energy Plus Holdings LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; PPL EnergyPlus, LLC; Reliant Energy Northeast LLC; TransCanada Power Marketing Ltd. and TriEagle Energy, L.P. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

[3] Columbia originally submitted pre-filed testimony in this proceeding endorsing a post-exit allocation of non-residential Choice-eligible customers to MVR suppliers on a proportional basis, with each MVR supplier receiving a minimum assignment of 1%. After consultation with the OGMG and RESA, Columbia supports the positions expressed in this Application for Rehearing and urges the Commission to modify its Opinion and Order accordingly.

require rounding each assignment to the nearest whole customer account. The reasons supporting this amendment are set forth in the accompanying memorandum in support.

WHEREFORE, the Ohio Gas Marketers Group, the Retail Energy Supply Association, and Columbia Gas of Ohio, Inc. respectfully request that the Commission grant rehearing and modify the third step of its initial allocation to MVR supplier's plan as found on page 36 of its January 9, 2013 Opinion and Order.

Respectfully submitted,

MHPetricoff

M. Howard Petricoff
Stephen M. Howard
VORYS, SATER SEYMOUR AND PEASE LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008
614-464-5414
mhpetricoff@vorys.com
smhoward@vorys.com

Attorneys for the Ohio Gas Marketers Group and
the Retail Energy Supply Association

Eric B. Gallon /MHP by written authority

Stephen B. Seiple (Counsel of Record)
Assistant General Counsel
Brooke E. Leslie, Counsel
200 Civic Center Drive
P. O. Box 117
Columbus, Ohio 43216-0117
Telephone: (614) 460-4648
(614) 460-5558
Fax: (614) 460-6986
Email: sseiple@nisource.com
bleslie@nisource.com

Daniel R. Conway
Mark S. Stemm
Eric B. Gallon
PORTER WRIGHT MORRIS & ARTHUR LLP
Huntington Center
41 South High Street
Columbus, Ohio 43215
Telephone: (614) 227-2270
(614) 227-2092
(614) 227-2190
Fax: (614) 227-2100
Email: dconway@porterwright.com
mstemm@porterwright.com
egallon@porterwright.com

Attorneys for Columbia Gas of Ohio, Inc.

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application to Modify in Accordance with Section 4929.08, Revised Code, the Exemption Granted Columbia Gas of Ohio, Inc., in Case No. 08-1344-GA-EXM.	)))))	Case No 12-2637-GA-EXM

MEMORANDUM IN SUPPORT

At page 36 of its January 9, 2013 Opinion and Order, the Commission set forth a three-step allocation process in order to move non-residential Choice customers from the Standard Choice Offer to the MVR for default natural gas supplies once the level of shopping for non-residential Choice customers reaches seventy percent (70%) for three consecutive months. Specifically, the Opinion and Order listed the three steps as follows:

> (1) The initial allocation will be done on a proportional basis, as compared to the MVR supplier's Choice enrollment at the time of allocation, including a supplier's average historical SSO and SCO tranche ownership for non-residential customers.
>
> (2) A supplier's average historical SSO and SCO tranche ownership for non-residential customers shall be measured as of the date of this Order going forward.
>
> (3) For the initial allocation, a minimum of one percent shall be assigned to an MVR supplier with equal to, or less than one percent Choice enrollment.

OGMG, RESA, and Columbia believe it may be mathematically impossible to implement the third step. Further, even if it could be implemented, it could have unintended consequences that could be harmful to the public. Starting with the mathematical problem, if every single supplier were awarded a minimum of one percent (1%), and there were more than 100 suppliers, implementation of step three would be impossible. There are only 100 units of one percent possible. Other states currently have more than 100 suppliers participating in retail sales, so it is possible that there could be 100 or more suppliers in Columbia's territory when non-residential Choice customer shopping reaches the 70% threshold for three consecutive months.

Further, the 1% minimum allocation presents an additional mathematical and practical problem. Under the proposed 1% minimum allocation, a supplier could simply set up several different affiliated companies with gas supplier licenses for the purpose of gaming the system to receive more customers than it would otherwise be entitled to receive. While hypothetically the Commission could resolve this problem by denying those license applications, the instant rehearing request would preclude such a gaming possibility from the very beginning without further Commission intervention.

Even if step three could be implemented, there is another problem. Columbia's current tariff allows a competitive retail natural gas service ("CRNGS") provider to operate behind Columbia with as few as 100 customers. *See*, *e.g.*, Tariff, Section VII, Fifth Revised Sheet No. 2. The low number permits small start-up companies to enter the Columbia market and is generally favored by suppliers. Today, Columbia has over 100,000 non-residential Choice-eligible customers. Thus, when the seventy percent (70%) threshold is reached, it is possible that the number of customers to be allocated would be around 30,000, or 300 assigned customers for every one percent (1%).

If step three is left as written, a start-up CRNGS provider with as few as 100 customers could be assigned 300 customers – 3 times the number of customers it was serving at the time of the allocation. Rounding every MVR supplier's Choice enrollment up to one percent could have the unintended consequence of assigning some suppliers more customers than they have demonstrated they are capable of serving. The solution to both the mathematical problem and the potential for an MVR supplier to be assigned a higher number of customers than it has demonstrated it is capable of serving is to simply amend the third step to read:

> (3) For the initial allocation, each MVR supplier shall be assigned a number of customers based on the above steps rounded to the nearest whole customer account. The Company shall develop an algorithm designed to carry out the allocation and present it to the Staff for approval in advance of any assignment.

The above third step would better carry out the stated goals of the Commission's January 9, 2013 Opinion and Order and remove the mathematical challenges and other issues identified above. This solution furthers the Commission's desire to incent investment in the Choice market and the SCO market and also provides benefits to customers. RESA, OGMG, and Columbia request the Commission grant their limited rehearing request.

Respectfully submitted,

M. Howard Petricoff
Stephen M. Howard
VORYS, SATER SEYMOUR AND PEASE LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008
mhpetricoff@vorys.com
smhoward@vorys.com

Attorneys for the Ohio Gas Marketers Group and the Retail Energy Supply Association

Eric B. Gallon / MHP by written authority

Stephen B. Seiple (Counsel of Record),
Assistant General Counsel
Brooke E. Leslie, Counsel
200 Civic Center Drive
P. O. Box 117
Columbus, Ohio 43216-0117
Telephone: (614) 460-4648
(614) 460-5558
Fax: (614) 460-6986
Email: sseiple@nisource.com
bleslie@nisource.com

Daniel R. Conway
Mark S. Stemm
Eric B. Gallon
PORTER WRIGHT MORRIS & ARTHUR LLP
Huntington Center
41 South High Street
Columbus, Ohio 43215
Telephone: (614) 227-2270
(614) 227-2092
(614) 227-2190
Fax: (614) 227-2100
Email: dconway@porterwright.com
mstemm@porterwright.com
egallon@porterwright.com

Attorneys for Columbia Gas of Ohio, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served by electronic mail on the following persons this 8th day of February, 2013.

M. Howard Petricoff

Larry S. Sauer
Joseph P. Serio
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
sauer@occ.state.oh.us
serio@occ.state.oh.us

Stephen Reilly
Attorney General's Office
Public Utilities Commission Section
180 E. Broad Street, 9th Floor
Columbus, Ohio 43215-3793
stephen.reilly@puc.state.oh.us

Barth E. Royer
Bell & Royer Co. LPA
33 South Grant Avenue
Columbus, Ohio 43215-3927
barthroyer@aol.com

Dane Stinson
Bailey Cavalieri
10 West Broad Street
Columbus, Ohio 43215
Dane.Stinson@BaileyCavalieri.com

Matthew White
Interstate Gas Supply
6100 Emerald Parkway
Dublin, Ohio 43016
mswhite@igsenergy.com

Joseph Clark
Direct Energy Services
6641 North High Street
Worthington, Ohio 43085
joseph.clark@directenergy.com

John L. Einstein
Volunteer Energy Services
7900 Windmiller Drive
Pickerington, Ohio 43147
jeinstein@volunteerenergy.com

A. Brian McIntosh
McIntosh & McIntosh
1136 Saint Gregory Street
Cincinnati, Ohio 45202
brian@mcintoshlaw.com

M. Anthony Long
Honda of America Mfg.
24000 Honda Parkway
Marysville, Ohio 43040
Tony.long@homda.com

David C. Rinebolt
Ohio Partners for Affordable Energy
231 West Lima Street
Findlay, OH 45840
drinebolt@ohiopartners.org