

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 R.C. 4929.08, the)
Exemption Granted to The East Ohio Gas) Case No. 11-6076-GA-EXM
Company d/b/a Dominion East Ohio in)
Case No. 07-1224-GA-EXM.)

In the Matter of the Application to Modify,)
in Accordance with R.C. 4929.08, the)
Exemption Granted to The East Ohio Gas) Case No. 12-1842-GA-EXM
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 R.C. 4905.02 and, as such, is subject to the jurisdiction of this Commission.
- (2) By Opinion and Order issued on June 18, 2008, in Case No. 07-1224-GA-EXM (2007 EXM Case), the Commission approved a Stipulation, which authorized Dominion to conduct two auctions to supply commodity service to its customers. The first auction was a standard service offer (SSO) auction to provide commodity service to customers who were not eligible to participate in energy choice programs or who were percentage of income payment plan 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 on February 14, 2012, in Case No. 11-6076-GA-EXM, the Commission approved a Stipulation, which authorized 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) Subsequently, by Opinion and Order issued on January 9, 2013, in Case No. 12-1842-GA-EXM (*2012 EXM Case*) the Commission, *inter alia*, granted a joint motion to modify the Order in the *2007 EXM Case* and approved a Stipulation entered into between Dominion, the Ohio Consumers' Counsel, and the Ohio Gas Marketers Group. The Stipulation provides, *inter alia*, that, beginning in April 2013, a choice-eligible nonresidential customer may no longer default into, or have an option to receive, SCO commodity service; rather, a nonresidential customer who has not selected a new supplier will be served by the next available supplier registered to provide default service using the supplier's monthly variable rate, subject to the limitations set forth in the commodity service portion of Dominion's tariff on a rotating basis or the customer may enter into an agreement with a supplier or governmental aggregator. In accordance with the Stipulation, at this time, residential customers, as well as certain nonresidential customers (*e.g.*, nonchoice-eligible), continue to receive commodity service pursuant to the SSO and SCO auctions. By Entry issued February 20, 2013, the Commission approved the auction results for the 12-month period commencing on April 1, 2013. The 2013 auction resulted in a retail price adjustment (RPA) of \$0.60 per thousand cubic feet (Mcf).
- (5) On February 18, 2014, a single auction was conducted to establish the rate for SSO and SCO customers for the 12-month period commencing April 1, 2014. The auction took place via the internet with seven bidders participating. Dominion contracted for the services of World Energy Solutions, Inc. as the manager of the auction.
- (6) The 2014 auction was a descending clock auction in which at least nine supply tranches were required to be bid, with each bidder limited to a maximum of three tranches. The auction participants bid an 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 12 rounds in which an undersupply of eight tranches were bid at an RPA of \$ 0.40 per Mcf. At this point the declining clock

option phase of the auction concluded, and the auction immediately proceeded to sealed bids. During the sealed bid process, bids were assembled from lowest to highest bid price. The clearing price was the price at which the ninth tranche would be served. Through sealed bids, a clearing price of \$0.43 per Mcf was achieved for the nine tranches.

- (7) On February 18, 2014, 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 \$ 0.43 per Mcf. The Staff Report recommended that the Commission approve the auction result and allow Dominion to continue to serve its SSO/SCO customers at the new RPA rate upon the expiration of the existing SSO/SCO period on March 31, 2014.
- (8) 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, 2014, based on the RPA of \$ 0.43 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 \$ 0.43 per Mcf. Accordingly, Dominion is authorized to file the final tariffs necessary to implement the terms of this Order.
- (9) Unless otherwise ordered by the Commission, the new SSO and SCO rates are approved for the period April 1, 2014, through March 31, 2015. 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.
- (10) The Staff Report filed on February 18, 2014, was filed without identifying the names of the participating or winning bidders. Coincident with the filing of the Staff Report, Staff filed a motion for protective order, pursuant to Ohio Adm.Code 4901-1-24, requesting that the names of the participating or winning bidders

be kept confidential for 15 days from the date of this Finding and Order. In support of its motion, Staff stated that this should be done in order to protect the bidders' positions in negotiations with pipelines for the incremental capacity necessary to meet their obligations as SCO/SSO suppliers. The Commission finds that Staff's motion for protective order is reasonable and should be granted.

It is, therefore,

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

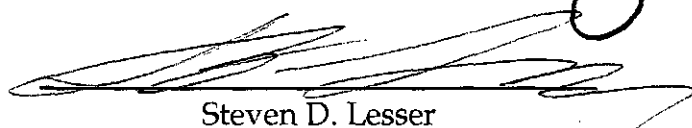
ORDERED, That the effective date of the new tariffs shall be a date not earlier than April 1, 2014. It is, further,

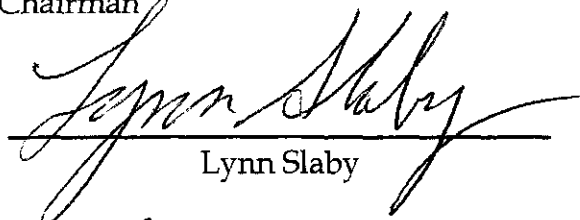
ORDERED, That, in accordance with Finding (10), Staff's motion for protective order be granted and the identities of the participating bidders be treated as confidential for a period of 15 days from the date of this Finding and Order. It is, further,

ORDERED, That a copy of this Finding and Order be served upon all parties and interested persons of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Switchler, Chairman


Steven D. Lesser


Lynn Slaby

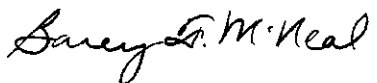

M. Beth Trombold


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Entered in the Journal

FEB 19 2014



Barcy F. McNeal
Secretary