

In the Matter of the Commission's)
Review of Chapter 4901:1-13 of the) Case No. 13-2225-GA-ORD
Ohio Administrative Code, Regarding)
Minimum Gas Service Standards.)

⁴ Finding and Order at 1 (July 30, 2014).

Companies (“LDCs”). Natural gas service is critically important to customers who rely on natural gas to heat their homes. Minimum Gas Service Standard (“MGSS”) rules are important in establishing the parameters that govern the interaction between customers and LDCs.

The Companies, the only parties to file for Rehearing, requested rehearing of numerous MGSS rules that would weaken the PUCO ordered protection for Ohioans. Rehearing should be denied as discussed in detail below.

II. ARGUMENT

A. The Companies Have Failed to Support and Document the Alleged Major Cost Increases that Might Arise From the New Service Deadlines in OAC 4901:1-13-05(A)(1) and (4), that Provide Benefits for Customers.

The PUCO modified Rule 4901:1-13-05(A)(1) and (4). The modifications adopted reduce the number of business days in which the Companies have to complete a request for new service (from five days to three days). OCC supported the modification because the shorter timeline benefits customers, enabling them to get critically needed service in a shorter period of time. The shorter timeframe will be especially helpful during the winter heating season.

The Companies oppose the modification claiming that the changes will cause “major increases in investment and labor.”⁵ Although the Companies did at least provide some estimate of these “major” cost increases, they failed to provide any supporting documentation for the estimates -- thus leaving the numbers to stand alone.

⁵ The Companies’ Application for Rehearing at 2.

The three LDCs at issue noted that they would experience “major increases” in costs. Dominion East Ohio alleged annual cost increases of \$300,000 in reprogramming and testing costs and \$1.5 million labor costs.⁶ Vectren alleged it would incur in excess of \$500,000 for IT, hiring and equipment.⁷ Columbia Gas alleged it would incur \$300,000 in reprogramming and testing costs and additional operating expenses of \$628,000 per year.⁸ Thus the three Companies that serve almost 3 million customers⁹ are classifying approximately \$3.3 million in alleged costs, some of which would be one-time costs (probably the reprogramming and testing costs), as being “major increases in investment and labor.” While the figure of \$3.3 million is not an insignificant number, when taken in the context of three major utilities that had combined annual operating revenues of \$1,732,003,333¹⁰ and combined annual expenses of \$1,459,650,428 in

⁶ The Companies’ Application for Rehearing at 2.

⁷ The Companies’ Application for Rehearing at 2-3.

⁸ The Companies’ Application for Rehearing at 3.

⁹ See Dominion Natural Gas Companies Annual Report to the Public Utilities Commission of Ohio for the year ending December 31, 2013 at 61, Vectren Natural Gas Companies Annual Report to the Public Utilities Commission of Ohio for the year ending December 31, 2013 at 61, and Columbia Gas Natural Gas Companies Annual Report to the Public Utilities Commission of Ohio for the year ending December 31, 2013 at 159.

¹⁰ See Dominion Natural Gas Companies Annual Report to the Public Utilities Commission of Ohio for the year ending December 31, 2013 at 15, Vectren Natural Gas Companies Annual Report to the Public Utilities Commission of Ohio for the year ending December 31, 2013 at 15, and Columbia Gas Natural Gas Companies Annual Report to the Public Utilities Commission of Ohio for the year ending December 31, 2013 at 15. Dominion Operating Revenues \$739,469,724 + Vectren Operating Revenues \$136,662,272 + Columbia Gas Operating Revenues \$855,871,337 = \$1,732,003,333.

2013,¹¹ the figure does not constitute “major increases.” The \$3.3 million would represent an increase in operating expenses of only .22%.¹²

In addition to the exaggeration of the alleged \$3.3 million in new costs, the Companies failed to provide any supporting documentation or explanation for how the alleged increases were calculated or estimated. Moreover, there is no documentation or support to explain if any of the reprogramming and testing costs could result in improvements in efficiency which could help offset any of the new alleged costs. The Companies also fail to acknowledge that they have an opportunity to collect such increased costs through a distribution base rate case filing, under R.C. 4909.18 and .19.

The Companies argue that these “multi-million dollar increases” are not necessary because there are no formal complaints regarding the timing of completion of new service orders.¹³ The absence of formal complaints does not diminish the need for faster new service deadlines. The new service deadlines are reasonable and just. They are consistent with the state policy (under R.C. 4929.02(A)) of promoting the availability to consumers of adequate, reliable, and reasonably priced natural gas services.

Additionally, this argument seems to lose sight of the fact that this docket is for the minimum service requirements rules and as such, the minimum service requirements should not require customers to file formal complaints before customers are afforded minimum levels of service. After all, customers are captive to the natural gas distribution

¹¹ See Dominion Natural Gas Companies Annual Report to the Public Utilities Commission of Ohio for the year ending December 31, 2013 at 15, Vectren Natural Gas Companies Annual Report to the Public Utilities Commission of Ohio for the year ending December 31, 2013 at 15, and Columbia Gas Natural Gas Companies Annual Report to the Public Utilities Commission of Ohio for the year ending December 31, 2013 at 15. Dominion Operating Expenses \$597,916,483 + Vectren Operating Expenses \$118,016,832 + Columbia Gas Operating Expenses \$743,717,113 = \$1,459,650,428.

¹² \$3,300,000 in estimated increased expenses / \$1,459,650,428 Total Operating Expenses = .0022%.

¹³ The Companies Application for Rehearing at 3.

service offered by the Companies, and do not have the option of getting natural gas distribution service from another entity, that might be more interested in providing more expedient service.

In addition, the three day new service rule is comparable to the electric service rules which require that customers receive new service within three business days.¹⁴

The Companies argue that because natural gas companies experience seasonal swings in new service requests they differ from electric companies and thus should be treated differently.¹⁵ They specifically pointed to the Winter Reconnect Order (“WRO”) as a major drain on their resources during the winter months.¹⁶ The increased demands for new service connections may cause a drain on Utility resources, but this argument ignores the fact that it is during the winter heating season that customers may have the greatest need for new service in a more timely manner so that they or their homes are not without heat.

The Companies arguments are not persuasive. The PUCO should reject the Request for Rehearing.

B. Ohio Admin. Code 4901:1-13-05(C)(5) Does Not “Favor” Customers that Cancel Appointments.

The PUCO modified Rule 4901:1-13-05(C)(4) and (C)(5) so that customers that need to cancel an appointment for service can reschedule their appointment. The customer could reschedule the appointment for the next business day with no expected arrival time. In the alternative, the customer could reschedule within the next two business days with a four hour arrival time window. This modification helps customers

¹⁴ Ohio Admin. Code 4901:1-10-09(A)(1).

¹⁵ The Companies Application for Rehearing at 3.

¹⁶ The Companies Application for Rehearing at 3-4.

that are forced to cancel service appointments often for reasons beyond their control -- such as unexpected illness or last minute work requirements -- to still receive timely service. The Companies argue that this essentially puts customers who cancel service calls ahead of customers that have service call cancelled by the Utility.¹⁷ The Companies allege that “all a customer needs to do is call the utility, schedule a regular appointment (likely four or five days out); and then call back immediately, cancel and reschedule.”¹⁸ This would then entitle the customer to next business day service.

However, what the Companies fail to mention is that in order to “line jump at will” or to game the system and “wreak havoc on the utility’s ability to maintain orderly schedules,” the customer also has to have an intimate and detailed understanding and awareness of the MGSS. There has been no showing or even allegations that such actions have occurred. Moreover, very few customers are likely to have this detailed understanding. The Companies’ cries of “wolf” should be disregarded. It is even more unlikely that and that this change in the rules will “wreak havoc on the utility’s ability to maintain orderly schedules.” The PUCO should reject the Companies Request for Rehearing.

C. The Extension of the Due Date for Out of State Bills Provides Customers with Reasonable Time to Pay Their Bills.

The PUCO modified the MGSS to extend the time that customers have to pay bills that come from out of the state from 14 to 21 days.¹⁹ The OCC supported the PUCO Staff recommendation in order to provide customers with a reasonable time period to pay their bills before any late payment fees might be imposed. In addition, the OCC

¹⁷ The Companies’ Application for Rehearing at 4-5.

¹⁸ The Companies’ Application for Rehearing at 6.

¹⁹ Rule 4901:1-13-111(C).

supported the modification to better match the corresponding electric service requirements.

The Companies oppose the modification, arguing that the change will cause “substantial and unnecessary problems.”²⁰ The Companies²¹ argue that their use of out of state printers is not a detriment to customers receiving a reasonable time period to pay their bills.²² Dominion notes that it currently provides customers 16 days.²³ Both Dominion and Vectren offered to provide customers with 17 days.²⁴

Dominion claimed that the impact from the PUCO’s 21 day requirement would be “enormous.”²⁵ The enormous impact was defined by Dominion as a one-time estimate of \$1.5 million for reprogramming and testing.²⁶ While \$1.5 million is not an insignificant amount, it can hardly be called “enormous” for a utility the size of Dominion

On the other hand, the benefit for customers of having a longer and more consistent time period to pay their bills is significant. It will enable more customers to pay their bills on a timely basis and thus avoid expensive late payment charges, additional deposits, and other miscellaneous charges. This can have a significant negative impact on some customers’ ability to afford natural gas service. Affordability of natural gas service is important. Indeed one of the policies of the state is to provide for

²⁰ The Companies’ Application for Rehearing at 7.

²¹ Only Dominion and Vectren rely on out of state printers for their bills. See The Companies’ Application for Rehearing at 7.

²² The Companies’ Application for Rehearing at 7-8.

²³ The Companies’ Application for Rehearing at 7-8.

²⁴ The Companies’ Application for Rehearing at 8 and 11.

²⁵ The Companies’ Request for Rehearing at 8.

²⁶ The Companies’ Request for Rehearing at 8.

adequate, reliable, and reasonably priced natural gas service.²⁷ In this case the reasonably priced service policy becomes more achievable if customers can pay their bills without incurring a late payment charge. The significance of this benefit is demonstrated by the fact that in 2013, there were 164,592 residential customers disconnected from natural gas service as a result of non-payment. In addition, there were another 47,723 PIPP Plus customers who were disconnected from natural gas service because of non-payment.²⁸ To the extent that customers have as much time as possible between the time they receive the bill and the due date, many of these unfortunate disconnections can hopefully be averted.

Finally, to the extent that the Companies actually experience “enormous” cost increases from this modification, they have the opportunity to collect such costs through a distribution base rate case filing, under R.C. 4909.18 and .19.²⁹ The PUCO should reject the Companies’ Request.

III. CONCLUSION

The MGSS Rules are intended to provide customers with the minimum service standards for gas service. Those rules are intended to protect customers and carry out state policy that promotes the availability of adequate, reliable, and reasonably priced natural gas service to Ohioans.

The PUCO changes to the rules are reasonable and just. They will further enhance the ability of customers to receive adequate and reasonably priced natural gas service. This is important because millions of customers in Ohio depend on natural gas to heat their homes.

²⁷ R.C. 4929.02(A).

²⁸ See 2012 PIPP Plus Metrics Reports filed by Local Distribution Companies with the PUCO.

²⁹ R.C. 4909.18 and .19.

The Companies would have the PUCO weaken these customer protections. That is wrong. The PUCO should uphold its Order and deny the Companies' Applications for Rehearing.

Respectfully submitted,

BRUCE J. WESTON
OHIO CONSUMERS' COUNSEL

/s/ Joseph P. Serio
Joseph P. Serio
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215
(614) 466-9585 (Serio)
joseph.serio@occ.ohio.gov

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Memorandum Contra Applications for Rehearing was served on the persons stated below via electronic transmission, this 8th day of September, 2014.

/s/ Joseph P. Serio

Joseph P. Serio
Assistant Consumers' Counsel

SERVICE LIST

William Wright
Chief, Public Utilities Section
Public Utilities Commission of Ohio
180 East Broad Street, 6th Floor
Columbus, Ohio 43215
William.wright@puc.state.oh.us

Brooke Leslie, Sr. Counsel
Stephen B. Seiple
Assistant General Counsel
200 Civic Center Drive, P.O. Box 117
Columbus, Ohio 43216-0117
bleslie@nisource.com

Joseph M. Clark
Direct Energy
Fifth Third Building
21 East State Street, 19th Floor
Columbus, Ohio 43215
Joseph.clark@directenergy.com

Mark A. Whitt
Andrew J. Campbell
Gregory L. Williams
Whitt Sturtevant LLP
The KeyBank Building
88 East Broad Street, Suite 1590
Columbus, Ohio 43215
whitt@whitt-sturtevant.com
campbell@whitt-sturtevant.com
williams@whitt-sturtevant.com

Amy B. Spiller
Deputy General Counsel
Jeanne W. Kingery
Associate General Counsel
Duke Energy Business Services LLC
139 East Fourth Street, 1303-Main
Cincinnati, Ohio 45202
Amy.spiller@duke-energy.com
Jeanne.kingery@duke-energy.com

Joseph E. Olikier
Matthew White
Interstate Gas Supply, Inc.
6100 Emerald Parkway
Dublin, Ohio 43016
joliker@igsenergy.com
mswhite@igsenergy.com

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Summary: Memorandum Memorandum Contra Application for Rehearing by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Serio, Joseph P. Mr.