

January 5, 2015

Public Utilities Commission of Ohio
ATTN: Docketing Division
180 East Broad Street
Columbus, Ohio 43215

Re: Case No. 89-8003-GA-TRF
Case No. 89-500-AU-TRF

FILING OF REVISED SECURITY REQUIREMENT

Docketing Division:

Columbia Gas of Ohio, Inc. ("Columbia") hereby files its revised Security Requirements for its CHOICE Program and for its SCO Auction. This filing is made pursuant to Columbia's Tariff Sheet Section VII, Sheet 14, page 2 of 3. The changes to the Security Requirements are all necessitated by changes in pipeline rates and by changes in the tranche size associated with Columbia's SCO auction.

Respectfully submitted

/s/ Brooke E. Leslie

Brooke E. Leslie (0081179)
Senior Counsel
290 W. Nationwide Blvd
Columbus, Ohio 43215

COLUMBIA GAS OF OHIO, INC.
SUPPLIER SECURITY REQUIREMENT CALCULATION
Effective for business on and after January 1, 2015

The following sets forth the Supplier Security Requirements for the CHOICE and SCO Programs. The Security Requirement is the Supplier's exposure less the maximum unsecured credit level.

Initial CHOICE Supplier Security Requirement (security required prior to entering the program)

$$SR = UCL - [(2 \times TPR \times CR) + (3 \times PK \times CAE)] \text{ where}$$

- CAE = the average monthly cost of capacity assigned to CHOICE and SCO Suppliers**
- CR = the Inside FERC Columbia Gas Transmission, LLC Appalachia index rate plus the current Columbia Gas Transmission FTS shrinkage and commodity charges
- PK = projected peak day demand (for purposes herein this shall be the peak day demand of all CHOICE and SCO Customers / annual demand of all CHOICE and SCO Customers x the minimum required CHOICE annual demand x 150%)
- SR = Security Requirement (in \$).
- TPR = 1/12 of the minimum required CHOICE annual demand multiplied by 150%
- UCL = Unsecured Credit Level (if applicable).

Example

$$SR = UCL - [(2 \times 1,250 \times \$3.50) + (3 \times 173 \times \$5.8134)] = UCL - \$11,767$$

Where $PK = 1,890,100 / 164,150,348 \times 10,000 \times 150\% = 173$

Initial SCO Supplier Security Requirement per tranche (security required prior to the auction)

This Security Requirement assumes Columbia has first secured interest in the Account Receivables. Should the Supplier become a winning bidder and does not provide Columbia with the first secured interest in the Account Receivables, additional Security will be required based on the number of tranches awarded to the SCO Supplier.

$SR = UCL - [((2 \times TPR \times CR) + (3 \times PK \times CAE)) \times 150\%]$ where

CAE = the average monthly cost of capacity assigned per tranche**
CR = Cost differential for replacement supplies
PK = the projected peak day demand per tranche
SR = Security Requirement (in \$)
TPR = 1/12 of the projected annual consumption of the SCO Customers per tranche
UCL = Unsecured Credit Level (if applicable).

Example

$SR = UCL - [((2 \times 469,847 \times \$0.50) + (3 \times 65,970 \times \$5.8134)) \times 150\%] = UCL - [(\$469,847 + \$1,150,530) \times 150\%] = UCL - \$2,430,565$

Ongoing CHOICE Supplier Security Requirement

$SR = UCL - [(2 \times TPR \times CR) + (3 \times PK \times CAE) - (2 \times ARC^*)]$ where

ARC = TPR multiplied by the Supplier's average sales rate. Applicable only if Columbia has first secured interest in Account Receivables.
CAE = the average monthly cost of capacity assigned to CHOICE and SCO Suppliers**
CR = the Inside FERC Columbia Gas Transmission, LLC Appalachia index rate plus the current Columbia Gas transmission FTS shrinkage and commodity charges
PK = projected peak day demand of the Supplier's CHOICE Customers
SR = Security Requirement (in \$)
TPR = 1/12 of the projected annual consumption of the Supplier's CHOICE Customers
UCL = Unsecured Credit Level (if applicable).

Example

$SR = UCL - [(2 \times 36,915 \times \$3.50) + (3 \times 5,000 \times \$5.8134) - (2 \times 36,915 \times \$4.50)] = UCL - [\$258,405 + \$87,201 - \$332,235] = UCL - \$13,371$

Ongoing SCO Supplier Security Requirement

$SR = UCL - [\{(2 \times TPR \times CR) + (3 \times PK \times CAE)\} \times 150\% - (2 \times ARC^*)]$ where

ARC = TPR less the DSS with the product then multiplied by the current SCO Price. Applicable only if Columbia has first secured interest in Account Receivables.

CAE = the average monthly cost of capacity assigned to CHOICE and SCO Suppliers**

CR = the Inside FERC Columbia Gas Transmission, LLC Appalachia index rate plus the current Columbia Gas transmission FTS shrinkage and commodity charges

DSS = 1/12 of the projected annual consumption of the Supplier's DSS Customers

PK = projected peak day demand of the Supplier's SCO Customers

SR = Security Requirement (in \$)

TPR = 1/12 of the projected annual consumption of the Supplier's SCO Customers

UCL = Unsecured Credit Level (if applicable).

Example

$SR = UCL - [\{(2 \times 469,847 \times \$3.50) + (3 \times 65,970 \times \$5.8134)\} \times 150\% - (2 \times 378,618 \times \$5.1080)] = UCL - [\$6,659,188 - \$3,867,961] = UCL - \$2,791,227$

Acceptable forms of Financial Security are, as stated within the Tariff, Section VII, part 14.3, a guarantee of payment, an irrevocable Letter of Credit, a cash deposit; or other mutually agreeable security or arrangement. These may include but are not limited to a first secured interest in the Accounts arising from Columbia's billing of commodity service on behalf of Supplier (Account Receivables).

An Accounts Receivable Credit is applied only when Columbia has been provided first secured interest. The Supplier shall provide Columbia with any additional documents and take any additional steps that Columbia may request to perfect Columbia's interest.

Upon a material default of this or any other agreement, Columbia Gas of Ohio, Inc. shall have the right without limitation to (1) take possession or otherwise dispose of such Security without delay to satisfy any and all Supplier Obligations then owing to Columbia Gas of Ohio, Inc. and (2) pursue any remedy available at law, including but not limited to those available as set forth in the Uniform Commercial Code of Ohio, to collect, enforce or satisfy such Obligations.

*All Suppliers participating in Columbia Gas of Ohio, Inc.'s CHOICE and/or SCO program authorize Columbia Gas of Ohio, Inc. to file a financial statement ('Financing Statement') describing the Security in any jurisdiction as determined by Columbia Gas of Ohio, Inc. and represents that its exact legal name, state of formation, and principal place of business are set forth in the Agreement.

**For purposes herein, Columbia shall use \$5.8134 for the average monthly cost of capacity subject to change should there be a significant increase in contracted capacity cost. This is inclusive of the proposed Columbia Gas Transmission transportation rates to be effective February 1, 2015.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

1/5/2015 10:06:11 AM

in

Case No(s). 89-8003-GA-TRF, 89-0500-AU-TRF

Summary: Correspondence Filing Revised Security Requirement electronically filed by Cheryl A MacDonald on behalf of Columbia Gas of Ohio, Inc.