

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
VECTREN ENERGY DELIVERY OF OHIO,
INC., FOR APPROVAL OF A GENERAL
EXEMPTION OF CERTAIN NATURAL GAS
COMMODITY SALES SERVICES OR
ANCILLARY SERVICES.

CASE NO. 07-1285-GA-EXM

FINDING AND ORDER

Entered in the Journal on January 18, 2017

I. SUMMARY

{¶ 1} The Commission authorizes Vectren Energy Delivery of Ohio, Inc. to file tariffs that incorporate the rate resulting from the auction to procure generation supply for standard choice offer customers.

II. DISCUSSION

{¶ 2} Vectren Energy Delivery of Ohio, Inc. (VEDO) is a natural gas company as defined in R.C. 4905.03 and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4929.04 authorizes the Commission, upon the application of a natural gas company, to exempt any commodity sales service or ancillary service from all provisions of R.C. Chapters 4905, 4909, and 4935, with certain exceptions; from specified sections of R.C. Chapter 4933; and from any rule or order issued under those chapters or sections, including the obligation under R.C. 4905.22 to provide the commodity sales service or ancillary service, and subject to certain requirements.

{¶ 4} On December 21, 2007, VEDO filed an application, pursuant to R.C. 4929.04, for approval of a general exemption of certain natural gas commodity sales from specified provisions contained in R.C. Chapters 4905, 4909, 4933, and 4935.

{¶ 5} On April 30, 2008, the Commission approved the terms of a stipulation and recommendation (stipulation) filed by various parties on February 4, 2008, in response to

VEDO's application. On July 23, 2008, and November 4, 2009, the Commission approved amendments to the stipulation, which, as amended, provides that VEDO will hold auctions to secure natural gas supplies for standard choice offer (SCO) customers.

{¶ 6} On January 17, 2017, Staff filed a post-auction report (Staff Report), detailing the results of VEDO's auction held on January 17, 2017, to establish the SCO rate for the period of April 1, 2017, through March 31, 2018. The Staff Report contains a round-by-round description of the auction. Based on its observations, Staff concludes that the auction was fair and devoid of any indications of collusion or other anomalies and was an accurate reflection of the natural gas market at the time of the auction, resulting in a retail price adjustment (RPA) of \$1.00 per thousand cubic feet (Mcf).¹ The Staff Report recommends that the Commission approve the auction result and authorize VEDO to revise its current SCO and default sales service (DSS)² rates to incorporate the RPA of \$1.00 per Mcf, beginning April 1, 2017.

{¶ 7} 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. VEDO is authorized to implement its SCO and DSS rates based on the RPA of \$1.00 per Mcf and to enter into the necessary arrangements with the winning bidders. VEDO is further authorized to file the final tariffs necessary to implement the terms of this Finding and Order, as well as the relevant terms of the Commission's April 30, 2008 Opinion and Order, as amended.

{¶ 8} Unless otherwise ordered by the Commission, the SCO and DSS rates are approved for the period of April 1, 2017, through March 31, 2018. During that time, the Commission reserves all authority to exercise its oversight and specifically reserves the right

¹ The SCO rate is determined by adding the RPA determined through the auction to the monthly New York Mercantile Exchange settlement price for natural gas futures.

² DSS customers include percentage of income payment plan customers and customers otherwise ineligible for the Choice program. The rate charged to DSS customers is identical to the SCO rate determined through the auction.

to terminate the SCO and DSS mechanisms and to implement an alternative pricing methodology at any time, if circumstances warrant.

{¶ 9} On January 18, 2017, 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 a period of 15 days from the date of the Finding and Order. In support of its motion, Staff states that this confidentiality should be maintained in order to protect the bidders' positions in negotiations with pipelines for the incremental capacity necessary to meet their obligations as SCO suppliers. The Commission finds that Staff's motion for protective order is reasonable and should be granted.

III. ORDER

{¶ 10} It is, therefore,

{¶ 11} ORDERED, That VEDO is authorized to revise its existing SCO and DSS rates, consistent with Paragraphs 7 and 8, for a 12-month period beginning April 1, 2017. It is, further,

{¶ 12} ORDERED, That VEDO is authorized to file tariffs, in final form, consistent with this Finding and Order. VEDO shall file one copy in this case docket and one copy in its TRF docket. It is, further,

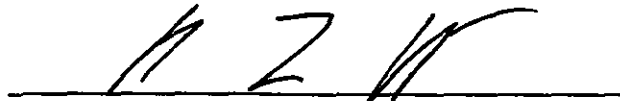
{¶ 13} ORDERED, That the effective date of the new tariffs shall be a date not earlier than April 1, 2017. It is, further,

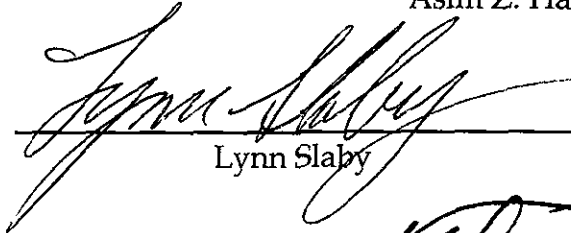
{¶ 14} ORDERED, That VEDO shall notify all affected customers via bill message or bill insert within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least ten days prior to its distribution to customers. It is, further,

{¶ 15} ORDERED, That in accordance with Paragraph 9, 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,

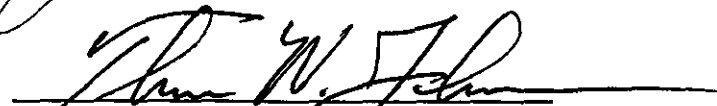
{¶ 16} ORDERED, That a copy of this Finding and Order be served upon all parties and interested persons of record in this proceeding.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Asim Z. Haque, Chairman


Lynn Slaby



M. Beth Trombold


Thomas W. Johnson

LDJ/vrm

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JAN 18 2017


Barcy F. McNeal
Secretary