

**In the Matter of the Application of)
Columbia Gas of Ohio, Inc. for Approval of) Case No. 17-2202-GA-ALT
an Alternative Form of Regulation.)**

**MEMORANDUM IN SUPPORT OF
THE MOTION TO INTERVENE OF
THE RETAIL ENERGY SUPPLY ASSOCIATION**

The Retail Energy Supply Association¹ (“RESA”) is a broad and diverse group of retail energy suppliers who share the common vision that competitive retail energy markets deliver a more efficient, customer-oriented outcome than a regulated utility structure. Many of RESA’s members are certified as competitive retail natural gas service (“CRNGS”) providers and are active in the Ohio retail markets providing service to residential, commercial, industrial and governmental customers. In addition, some of RESA’s members currently provide competitive retail natural gas service to retail customers in the service area of Columbia Gas of Ohio, Inc. (“Columbia”).

The standard for intervention at the Public Utilities Commission of Ohio (“Commission”) is governed by Rule 4901-1-11, Ohio Administrative Code, which was promulgated pursuant to Section 4903.221, Revised Code. Rule 4901-1-11, Ohio Administrative Code, states in part:

Upon timely motion, any person shall be permitted to intervene in a proceeding upon a showing that:

* * *

(2) The person has a real and substantial interest in the proceeding, and the person is so situated that the disposition of the proceeding may, as a practical matter, impair or impede his or her ability to protect that interest, unless the person’s interest is adequately represented by existing parties.

When deciding a motion to intervene, the factors that the Commission considers in implementing the above rule are the nature of the intervenor’s interest, the extent that interest is

¹ 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 the Association. Founded in 1990, RESA is a broad and diverse group of more than twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

represented by existing parties, the intervenor's potential contribution to a just and expeditious resolution of the issues involved, and whether intervention would result in an undue delay of the proceeding. *See also* Section 4903.221(B), Revised Code. A review of the intervention criteria in light of the following facts supports granting RESA's intervention.

Columbia seeks Commission authority to implement a rate increase via a new per-customer monthly charge based on 2011-2017 costs that Columbia was previously permitted to defer per Commission orders issued in August 2012 and October 2013 and the corresponding assets.² Columbia is also asking that the CEP continue and, for any CEP investments placed in service after 2017, the Commission to authorize it to defer those expenses for later recovery in a separate case.³ RESA members have existing and potential business interests that will be directly and immediately affected by the outcome of the proceeding for several reasons. RESA wishes to intervene to protect those interests. First, Columbia wants to start recovering these deferred distribution-related costs⁴ and corresponding assets because commodity rates have decreased and the customers' overall bill totals are low. Columbia describes this as an "optimal" time to recover the unrelated deferred costs.⁵ RESA disputes that litmus test for recovering these costs. However, if the commodity rate level is the litmus test for recovering costs, then it is a more optimal time for recovery of directly related costs than distribution-related expenditures identified by Columbia.

² *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval to Implement a Capital Expenditure Program*, Case Nos. 11-5351-GA-UNC et al., Finding and Order at 13 (August 29, 2012) and Entry on Rehearing at 5 (October 24, 2012); and *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval to Implement a Capital Expenditure Program*, Case Nos. 12-3221-GA-UNC et al., Finding and Order at ¶15 (October 9, 2013).

³ Amended Application at 6.

⁴ Columbia's deferrals and corresponding assets relate to replacement of distribution system facilities (lines, stations, meters, etc.); installation of new facilities for load growth; purchase of buildings and land, office furniture and other equipment; and communications infrastructure. (Thompson Amend Direct Testimony at 2-3.)

⁵ Thompson Amended Direct Testimony at 6.

Specifically and first, Columbia should be taking actions during the lower commodity rates period to promote and grow the competitive market in its territory as envisioned in numerous provisions of Ohio's natural gas policy in Ohio Revised Code Section 4929.02(A), including the following:

- (2) Promote the availability of unbundled and comparable natural gas services and goods that provide wholesale and retail consumers with the supplier, price, terms, conditions, and quality options they elect to meet their respective needs;
- (3) Promote diversity of natural gas supplies and suppliers, by giving consumers effective choices over the selection of those supplies and suppliers;
- (4) Encourage innovation and market access for cost-effective supply- and demand-side natural gas services and goods;
- (5) Encourage cost-effective and efficient access to information regarding the operation of the distribution systems of natural gas companies in order to promote effective customer choice of natural gas services and goods;
- (6) Recognize the continuing emergence of competitive natural gas markets through the development and implementation of flexible regulatory treatment;
- (7) Promote an expeditious transition to the provision of natural gas services and goods in a manner that achieves effective competition and transactions between willing buyers and willing sellers to reduce or eliminate the need for regulation of natural gas services and goods under Chapters 4905. and 4909. of the Revised Code;

* * *

- (11) Facilitate additional choices for the supply of natural gas for residential consumers, including aggregation;

Allowing Columbia to now recover, because of low commodity costs, its costs associated with land purchases, office furniture, various work equipment and the like (while it has not been taking action to promote and grow its competitive market) ignores and delays the Ohio Legislature's long-established directives.

Second, Columbia wants the authority to recover seven years of deferred costs (2011-2017) and to do so over a six-year period.⁶ Columbia further proposes that the CEP nonetheless continue and, for the next round of CEP investments, Columbia receive authorization to defer those expenses for later recovery in a separate case.⁷ This sidesteps the Commission's prior approval of the CEP. Based on Columbia's own proposal in 2012, the CEP deferrals were allowed to continue only until a deferral cap is reached, which was until the deferrals would cause a more than \$1.50 monthly increase on the Small General Service (SGS) customers.⁸ Based on different filings from Columbia, the actual deferred amounts have not reached the cap placed on the deferrals:⁹

Time Period	Increase in SGS Monthly Customer Charge	Source
Dec 2017	\$0.75	April 2, 2018 Amended Application, Exhibit J, page 13, Case No. 17-2202-GA-ALT
Jan 2017-Dec 2017	\$0.54 - \$0.79	April 30, 2018 Annual Information Filing, page 12, Case Nos. 12-3221-GA-UNC et al.
Jan 2018-Apr 2018	\$0.81-\$0.89	April 30, 2018 Annual Information Filing, page 13, Case Nos. 12-3221-GA-UNC et al.

⁶ Amended application at 6.

⁷ *Id.*

⁸ Case Nos. 11-5351-GA-UNC et al., Finding and Order at ¶32(g) (August 29, 2012); and Case Nos. 12-3221-GA-UNC et al., Finding and Order at ¶13 (October 9, 2013).

⁹ See Columbia's April 2018 filings in Case Nos. 12-3221-GA-UNC et al. and in its amended application in this proceeding.

Even the estimated deferrals for the remainder of 2018 and the following year do not exceed the cap:

Time Period	Increase in SGS Monthly Customer Charge	Source
May 2018-Dec 2018	\$0.92-\$1.11	April 30, 2018 Annual Information Filing, page 13, Case Nos. 12-3221-GA-UNC et al.
Jan 2019-Dec 2019	\$1.13-\$1.48	April 30, 2018 Annual Information Filing, page 14, Case Nos. 12-3221-GA-UNC et al.

Allowing Columbia to recover the deferral as proposed along with continuation of the CEP would give Columbia an opportunity to sidestep efforts to promote the competitive marketplace. Also, Columbia can continue accruing years of new distribution-related deferred costs (as the cost cap will be avoided), which perpetuates the likelihood of additional recoveries of capital expenditures. This additionally has the effect of giving preferential treatment to the CEP over other programs such as competitive market enhancements. It would also incentivize Columbia to pursue more and more CEP-related expenditures to the detriment of other aspects of its market.

In addition to RESA's stated interests in this proceeding, RESA is an association of knowledgeable, experienced competitive providers who can contribute to a just and expeditious resolution of the issues involved, especially since RESA has been actively involved in the development of the Ohio competitive markets. No other party to this proceeding represents RESA's interests. RESA's intervention request is timely and its intervention would not result in an undue delay of the proceeding. RESA's intervention request should be granted.

WHEREFORE, RESA respectfully requests that the Commission grant this motion to intervene and that RESA be made a full party of record. The undersigned will accept service by electronic mail.

Respectfully Submitted,

/s/ Gretchen L. Petrucci

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CERTIFICATE OF SERVICE

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/s/ Gretchen L. Petrucci
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Summary: Motion to Intervene electronically filed by Mrs. Gretchen L. Petrucci on behalf of Retail Energy Supply Association