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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Amend Filed Tariffs to Increase the Rates and Charges for Gas Service	)	Case No. 94-0987-GA-AIR
In the Matter of the Application of Columbia Gas of Ohio, Inc. to Establish the Columbia Customer Choice Program	)	Case No. 96-1113-GA-ATA
In the Matter of the Regulation of the Purchased Gas Adjustment Clause Contained Within the Rate Schedules of Columbia Gas of Ohio, Inc. and Related Matters.	)	Case No. 98-0222-GA-GCR
In the Matter of the Application of Columbia Gas of Ohio, Inc. to Revise Its Tariffs to Establish a New Gas Transfer Service	)	Case No. 03-1459-GA-ATA

COMMENTS IN SUPPORT OF STIPULATION TO ASSURE MARKETPLACE CERTAINTY AND OPERATIONAL STABILITY OF INTERSTATE GAS SUPPLY, INC. AND WPS ENERGY SERVICES, INC. dba FSG ENERGY SERVICES

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THE PUBLIC UTILITIES COMMISSION OF OHIO

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COMMENTS IN SUPPORT OF STIPULATION TO ASSURE MARKETPLACE CERTAINTY AND OPERATIONAL STABILITY OF INTERSTATE GAS SUPPLY, INC. AND WPS ENERGY SERVICES, INC. dba FSG ENERGY SERVICES

I. A Policy of Marketplace Certainty Promotes Competition

It is vital that this Commission act expeditiously to ensure the continuation of market competition, opportunity for customer savings, supplier choice, and operational reliability and stability on the Columbia Gas of Ohio, Inc. ("Columbia") system by approving the Stipulation[1]

[1] Fourth amendment to joint stipulation and recommendation in Case No. 94-987-GA-AIR and second amendment to joint stipulation and recommendation in Case No. 96-1113-GA-ATA and stipulation and recommendation in Case No. 03-1459-GA-ATA, filed on behalf of Columbia Gas of Ohio by J. Partridge, Jr.; The Ohio Farm Bureau Federation by B. Chorpenning; Interstate Gas Supply, Inc., FSG Energy Services, a division of WPS Energy Services, by J. Bentine; Honda of America Mfg. by W. Airey; Vectren Retail, Amerada Hess, and MidAmerican Energy by M. Petricoff; The Bay Area Council of Governments, the Ohio Schools Council and the Lake Erie Regional Council of Governments by G. Krassen; and Energy America by W. Cronin (October 9, 2003).

that is the subject of these comments. Unless the Commission so acts, the Columbia small volume transportation program ("Choice program") that brings the benefits of competition to residential and small commercial consumers could cease to exist, as we know it, on November 1, 2004. The benefits of a competitive marketplace are significant, and include commodity savings, choice of fixed to variable pricing products, choice of suppliers, and improved services. Importantly, these marketplace benefits accrue to consumers within a framework of reliable system operations, including a provider of last resort ("POLR").

Indeed, as indicated in the attached Affidavits, the unknown future of Columbia's Choice program, is already impacting supplier business decisions, as indicated by the reduced marketing activity observed on Columbia's Choice program, especially as compared to the Dominion East Ohio market where ongoing competition is certain and the marketplace stable.[2] Suppliers need certainty and stability to make the best possible offers to consumers, and then to structure their supply portfolios to serve those loads, such as by contracting for capacity and commodity and making necessary risk-management hedges.[3] However, more importantly for this Commission, the affected small business and residential consumers need certainly as to their natural gas supply costs and arrangements. Without certainty as to the terms and conditions of the Choice program following November 2004, marketers simply cannot make the needed determinations to offer a range of competitive products into the Columbia marketplace.[4] Thus, the Commission must act

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[2] *See* Affidavit in Support of Stipulation of Scott White, President, Interstate Gas Supply, Inc. at 12 (Exhibit A hereto); *See* Affidavit in Support of Stipulation of Darrell Bragg, Vice President, WPS Energy Services, Inc. dba FSG Energy Services at 12 (Exhibit B hereto) (collectively "Affidavits"). Affidavits attached hereto as exhibits are facsimile copies. The original executed Affidavits will be filed as late filed exhibits to these comments.

[3] *See* Affidavits at 10.

[4] *See id.* at 11.

expeditiously to ensure the continuation of market competition and operational stability on the Columbia system.

II. Factual and Procedural Background

Interstate Gas Supply, Inc. ("IGS") and WPS Energy Services, Inc. dba FSG Energy Services ("WPS-FSG") are marketers on Columbia's system, where they serve substantial end-user loads on the Choice and larger volume transportation programs.[5] IGS and WPS-FSG have a reputation of reliable, quality service, and have captured millions of dollars of savings for their end-users.[6] IGS and WPS-FSG have invested significant capital and efforts to develop their respective market share, which, in turn, has developed the competitive retail marketplace by increasing consumer participation.[7] IGS and WPS-FSG have vested business interests in these programs, and accordingly, are active, contributing participants in the Columbia Collaborative process, where they expend time and resources to assure open and non-discriminatory competition on Columbia's system, and to protect the interests of the consumers they serve.[8]

On October 9, 2003, Columbia filed the Stipulation that contains proposed arrangements to follow the currently effective arrangements in the above-captioned rate, Choice program, and gas cost recovery dockets. The Stipulation also addresses Columbia's transportation program and contains policies affecting operational and marketplace issues in general.

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[5] *See id.* at 4.

[6] *See id.* at 6.

[7] *See id.* at 5, 6.

[8] *See id.* at 7, 8.

IGS and WPS-FSG now file these comments in support of the expeditious approval of the Stipulation pursuant to the November 13, 2003, Commission Entry inviting interested parties to file comments concerning the Stipulation.

Additionally, in a related matter, in Case Nos. 02-0121-GA-FOR and 02-0221-GA-GCR, pursuant to the Commission's order that a management and performance audit be conducted of Columbia's gas purchasing practices and policies, Exeter Associates, Inc. ("Exeter") filed with the Commission its report titled the Management and Performance Audit of Gas Purchasing Practices and Policies of Columbia Gas of Ohio, Inc. ("MP Audit"). Exeter's MP Audit contains numerous recommendations that affect Columbia's operations and Choice and transportation marketplace, including: a collateral attack on the flow order settlement in Case No. 01-2607-GA-CSS ("CCC Case," the settlement, "Flow Order Settlement").[9]

Some of the issues raised in the MP Audit were coincidentally being discussed at the Collaborative as part of the Stipulation. Therefore, the Attorney Examiner in the MP Audit proceeding directed Columbia to file the Stipulation in that docket, and for parties to file responses to the Stipulation indicating whether and to what extent the Stipulation resolves issues raised in the MP Audit. IGS and WPS-FSG filed their response to the Stipulation in the MP Audit docket, as did other parties who likely will also file comments in this proceeding.[10]

[9] Other MP Audit issues include: the amount of capacity recontracting levels, stranded cost management, Columbia's off-system sales practices, and overall capacity portfolio restructuring.

[10] IGS and WPS-FSG requested and were granted intervention in the MP Audit docket, by an Attorney Examiner Entry dated August 21, 2003, because, among other reasons, the MP Audit affects IGS and WPS-FSG's Choice and transportation program interests, as well as because each was a Complainant in the CCC Case and signatory to the Commission-approved Flow Order Settlement.

III. Expeditious Approval of the Stipulation is Necessary to Preserve the Marketplace

The Choice program will expire, in its present form, on November 1, 2004. Marketers are already faced with supply and price decisions extending beyond this deadline.[11] Since its inception, as of December 4, 2003, Columbia's Choice program has achieved a 45% overall customer participation level, consisting of 45% residential participation, 45% commercial participation, and 12% industrial participation levels.[12] Stated another way, 606,939 customers out of a total of 1,346,499 eligible customers have enrolled in the Choice program.[13] These enrollment levels are made possible by the participation of eighteen (18) active marketers and seven (7) governmental aggregation programs (enrolling 105,453 customers), resulting in an impressive overall savings to customers of approximately $160 million, through October 2003.[14] Approval of the Stipulation is necessary to protect this marketplace, the interests of its participants, and the continued savings opportunities and other benefits that accrue to end-users. Failure to expeditiously approve the Stipulation will also result in further diminution of offers into the marketplace due to the uncertainty surrounding the post-November 1, 2004 period.[15]

IV. The Stipulation Enhances the Columbia Competitive Marketplace

The competitive programs and system operations as proposed in the Stipulation are an improvement over the present programs and operations. Accordingly, IGS and WPS-FSG, who

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[11] *See* Affidavits at 10-12.

[12] *See* Customer Choice Customer Enrollment & Savings Information, Exhibit C hereto (source Columbia).

[13] *See id.*

[14] *Id.*

[15] *See* Affidavits at 12.

participated in the Collaborative negotiations, are signatories to the Stipulation. IGS's and WPS-FSG's Collaborative participation focuses on their marketing and operational experience, and influenced those aspects of the Stipulation. From that experience, IGS and WPS-FSG submit that the Stipulation's provisions provide for an open and non-discriminatory marketplace, with balanced stranded cost management and incentives for Columbia that will assure robust supplier competition and increased Choice participation levels, as further noted below:

(A) <u>The Stipulation Promotes Expansion of the Choice Program</u>

The Stipulation provides for the continued availability of an enhanced Choice program throughout Columbia's service territory through October 31, 2010.[16] Further, the Stipulation provides for the expansion of the Choice program's availability to customers with arrearages, affording these consumers benefits that include savings opportunities and product choices, such as fixed and variable rates.[17] Importantly, the Stipulation creates incentives for Columbia to increase Choice participation levels, by reducing barriers to participation through the following novel mechanisms: First, for example, when revenues from Off-System Sales and Capacity Releases ("OSS," defined in the Stipulation) exceed $35 million in each calendar year, the exceeding revenues will be shared between all core market customers and Columbia based on a formula that incrementally increases Columbia's share of the exceeding revenues as Choice participation levels increase from under 60% to over 80%.[18] Secondly, inasmuch the Stipulation places the risk of the Choice program's capacity costs on Columbia, it allows Columbia to retain

[16] *See, e.g.*, Stipulation, ¶ 5, 6.

[17] *See, e.g.*, *id.* at ¶ 7.

[18] *See, e.g.*, *id.* at ¶ 17.

revenues from the Migration Cost Rider, which increases in value as Choice participation levels increase, as an incentive to Columbia to promote Choice participation.[19] Lastly, the Stipulation expressly provides for an ongoing Columbia duty to improve the Choice program.[20] Thus, approval of the Stipulation will enable the Choice program to continue and expand.

(B) The Stipulation Ensures System Integrity and Capacity Availability

With reasonable cautionary regard for the uncertain and volatile conditions in the energy industry, to ensure operational integrity and reliable service to consumers as part of Columbia's POLR function risk, the Stipulation provides for Columbia to contract for firm capacity to meet virtually all of the design day requirements of the core market and firm standby sales requirements.[21] Using least cost principles, from November 1, 2005, through October 31, 2010, Columbia will re-contract for 95% of these requirements, reduced from the 100% re-contracting levels for November 1, 2004, through October 31, 2005.[22] Such contracting levels also enable the provision of reliable and flexible Choice balancing and peaking services, depending on the extent of storage assignment taken by the marketer.[23] Further, as discussed in the next section below, to promote the efficient management of the contracted-for capacity, Columbia will be at risk for all Choice program capacity costs subject to the Stipulation's revenues allocation

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19 *See, e.g., id.* at ¶ 20.

20 *See, e.g., id.* at ¶ 34(A).

21 *See, e.g., id.* at ¶ 4.

22 *Id.*

23 *See, e.g., id.* at ¶ 23.

mechanisms.[24] Thus, the Stipulation's capacity re-contracting level ensures the availability and use of firm capacity and balancing services for Choice program deliveries, thereby ensuring the system's operational integrity.

After consideration of historic capacity assignment taken from Columbia, marketers, such as IGS and WPS-FSG, participating in Collaborative negotiations, proposed that Choice program marketers shall be responsible for no less than 75% of the design peak day capacity demand costs for each marketer's Choice program aggregation pool.[25] This 75% cost obligation, is not a demand charge, but rather will be satisfied by each participating Choice marketer taking assignment of a combination of Choice related capacity and balancing services. Marketers will have sufficient flexibility to designate how much capacity and storage demand each marketer may choose to take in each market area, so long as the aggregate equals to at least 75% of that marketer's Choice program demand costs.[26] Thus, a marketer may choose to take assignment of 100% of required capacity and storage in a constrained market area and some lesser percentage in a non-constrained area, or choose to take 75% or more in all its market areas.

By taking this capacity, Choice program marketers share in the burdens of making Choice available and also mitigate stranded costs. This arrangement also ensures the ready availability of firm capacity to marketers participating in the program, while ensuring the availability of firm capacity to Columbia when a marketer exits the market for any reason, including catastrophic marketer defaults during peak winter delivery conditions. As a policy matter, such access to firm capacity generally allows for a level playing field among all

[24] *See, e.g., id.* at ¶ 10, 15, 16.

[25] *See, e.g., id.* at ¶ 11.

[26] *Id.*

suppliers, including Columbia, with respect to capacity costs, while allowing for competition on commodity and for 25% of the remaining comparable capacity requirement. Indeed, such capacity availability should encourage more marketers to enter the market. Hence, this arrangement ensures operational integrity and ready capacity availability for all suppliers participating in the marketplace.

(C) The Stipulation Assures Orderly Reorganization of Merchant/POLR Functions

The Stipulation provides for a period of stable operations until 2010, while requiring Columbia to maintain Collaborative discussions related to merchant function and POLR roles and capacity re-contracting.[27] In responses to the Stipulation in the MP Audit and in interventions in this docket, some parties have commented that the Stipulation is not in the public interest because it does not require Columbia to exit the merchant function and relinquish its POLR role, as well as because it does not further lower Columbia's capacity re-contracting levels.[28] Noting that the Stipulation does reduce the capacity re-contracting level to 95% of the core and standby demand,[29] IGS and WPS-FSG share these goals; however, disagree with such parties' desire that these goals be effectuated immediately starting November 1, 2004.[30] The events in the energy industry, such as the collapse of Enron and ensuing turmoil in the trading markets, have caused the industry to become highly volatile and uncertain, and the recent

[27] *See, e.g., id.* at ¶ 34(E).

[28] *See* Comments of Dominion Retail, Inc. Regarding the Stipulation at 3; *See also* Response of Ohio Consumers' Counsel to a filed Stipulation and Recommendation and Issue Identification at 2; *See also* Motion to Intervene on Behalf of Shell Energy Services Company, LLC at 4.

[29] *See, e.g., id.* at ¶ 4.

[30] *See* Affidavits at 13.

geopolitical events have adversely affected the national and Ohio economies. Under such tumultuous conditions, IGS and WPS-FSG submit, in the context of the overall settlement, that it is not imprudent to have Columbia continue its historic operational role until detailed system redesign studies are conducted and considered.[31] Additionally, the Stipulation should increase participation levels, and at its termination, capacity re-contracting decisions can be made in light of more mature Choice participation levels. Thus, the Stipulation requires Columbia to maintain Collaborative discussions concerning merchant/POLR roles, capacity re-contracting, least cost planning, and supply diversity issues, to be implement at the end of this Stipulation.

(D) The Stipulation Efficiently Manages Choice Program Costs

To separate costs attributable to the Choice program from costs attributable to gas cost recovery ("GCR") customers, and to no longer recover Choice program capacity costs from the GCR, the Stipulation removes from Columbia's GCR the costs of capacity purchases for Choice program customers' peak day requirements, and expenses those costs to the Choice program.[32] Further, inasmuch as revenues from Choice marketers capacity elections and payments of balancing fees are directed to mitigate Choice program stranded costs, Choice program suppliers fairly share in mitigating Choice program stranded costs.[33] To ensure the economical utilization of capacity resources, and to mitigate stranded costs, the Stipulation allows Columbia to engage in OSS transactions, with certain limits contemplated to protect the

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[31] *See id.*

[32] *See, e.g.,* Stipulation, ¶ 8, 9.

[33] *See, e.g., id.* at ¶ 11,15.

retail marketplace from the adverse effects of Columbia's market power.[34] Dovetailed with the incentives to increase Choice participation levels, discussed above, the Stipulation makes Columbia responsible and at risk for all Choice program capacity costs removed from the GCR, after marketer capacity and balancing cost revenues, shared OSS revenues, and Migration Cost Rider revenues.[35] This risk provides a significant incentive for Columbia to efficiently manage its system operations in relation to the capacity recontracting levels, as discussed above, and promotes market-based allocation of capacity resources. Therefore, the Stipulation manages stranded costs in a framework that protects GCR consumers and creates incentives for efficient system operations and increased Choice participation levels.

(E) The Stipulation Ensures Mitigation of Columbia's Market Power

In the CCC Case, the Complainants alleged, among other things, that Columbia's then-applicable tariffs did not authorize Columbia to issue the extensive operational flow orders and operational matching orders ("Flow Orders") that it indiscriminately applied during the winter of 2000-2001. The unauthorized issuances of Flow Orders, which as an integral part include restricting rightful owners' access to banked commodities, was in IGS and WPS-FSG's opinion, an abuse of market power and misuse of ratepayer resources. After over two years of discussions and litigation, the CCC Case culminated in the Commission-approved Flow Order Settlement, which provides for suitable and verifiable issuances of Flow Orders and other positive mechanisms to maintain system integrity. The Flow Order Settlement's formulistic mechanism includes the operation of and access to the Volume Banking and Balancing Service

[34] *See, e.g., id.* at ¶ 16, 17.

[35] *See, e.g., id.* at ¶ 10, 21.

("VBBS"). Indeed, after having Exeter review and approve the Flow Order Settlement, the Commission Staff became a signatory to the same, as did the Ohio Consumers' Counsel. The Stipulation prevents Columbia from breaking free from the discipline of the Flow Order Settlement, by providing that the Flow Order Settlement and the current VBBS shall remain in effect through the term of the Stipulation.[36] Thus, the Stipulation ensures the mitigation of Columbia's market power.

The Stipulation further mitigates Columbia's market power by providing that Columbia shall neither use its capacity assets for the purpose of making Off-System Sales (as defined in the Stipulation), whether retail or wholesale, to Columbia customers nor for the development of non-cash out, non-GCR agency services as part of its provider of last resort requirements.[37] The Stipulation also prevents Columbia from assigning its capacity assets to a local distribution company affiliate for such above-stated purposes.[38] IGS and WPS-FSG submit that such protections, together with mechanism of the Flow Order Settlement, provide protection against Columbia's market power and assure an open and non-discriminatory retail marketplace. Thus, by approving the Stipulation, the Commission will enable the continuation and expansion of retail competition on Columbia's system, while mitigating market power.

V. Ohio Policy and Law Supports Approval of the Stipulation

Ohio's legislative policy directs the Commission to promote retail competition. Am. Sub. H. B. No. 476 promulgated by the 121st General Assembly promoted natural gas

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[36] *See, e.g., id.* at ¶ 31, 32.

[37] *See, e.g., id.* at ¶ 16.

[38] *Id.*

competition by deregulating retail commodity sales. In addition, among other policies, Am. Sub. H. B. No. 9 ("HB 9") further promoted natural gas competition and expansion of its benefits to consumers by, for example, allowing for governmental aggregation and certification of retail natural gas suppliers. This Commission advanced the policies of HB 9 in what are commonly know as the HB 9 Rules, adopted in Case No. 01-1371-GA-ORD. In sum, such policies direct the Commission to promote retail competition, and because the Stipulation provides for the continuation and enhancement of the Columbia Choice program, support the Commission's approval of the Stipulation.

Ohio Administrative Code § 4901-1-30 authorizes parties to Commission proceedings to enter into stipulations. Stipulations are not binding on the Commission; however, the Commission should accord substantial weight to the terms of a stipulation.[39] Further, in reviewing settlement agreements, the Commission's determination that the stipulation is reasonable and in the public interest is considered using the following criteria: (a) whether the settlement is a product of serious bargaining among capable, knowledgeable parties; (b) whether the settlement, as a package, benefits ratepayers and the public interest; and, (c) whether the settlement package violates any important regulatory principle or practice.[40]

The proposals embodied the Stipulation meet the Commission's criteria for approval of stipulated settlements. First, the Stipulation is the product of months of discussions and negotiations among Collaborative participants. The participants included the Commission Staff, Ohio Consumers' Counsel, marketers, end-users, cities, schools and the Ohio Farm Bureau Federation. Inherently, the Collaborative process relies upon serious bargaining among capable,

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[39] *See Consumers' Counsel v. Pub. Util. Comm.* (1992), 64 Ohio St. 3d 123 at 125, *citing Akron v. Pub. Util. Comm.* (1978), 55 Ohio St. 2d 155.

[40] *See Indus. Energy Consumers of Ohio Power Co. v. Pub. Util. Comm.* (1994), 68 Ohio St. 3d 547.

knowledgeable parties, as demonstrated by the diverse interests represented by the participating parties, and by the high levels of expertise the parties possess in matters considered by the Commission. In fact, although some Collaborative participants chose not to join in the Stipulation as proposed, the Stipulation embodies many of their recommendations. These parties chose not to join for certain policy or other reasons; nevertheless, on balance, the Stipulation is a product of serious bargaining among capable, knowledgeable parties.

Next, the Stipulation benefits ratepayers and the public interest, because it continues the Choice program and all of its attendant benefits, as well as enhances it in all of the ways discussed herein. Lastly, the Stipulation does not violate any important regulatory principles or policies. To the contrary, the Stipulation enhances regulatory policy because it: (a) promotes retail competition by enhancing the Choice program and extending its term until 2010; and, (b) establishes a process to address important regulatory policies associated with merchant function, obligation to serve, and provider of last resort roles and responsibilities.

Inasmuch as the proposals embodied the Stipulation meet the Commission's criteria for approval of stipulated settlements, and because the Stipulation furthers Ohio's policy favoring retail competition, the Commission should approve the Stipulation.

VI. Conclusion

For the above-discussed reasons, IGS and WPS-FSG respectfully submit that when considered pragmatically in the balanced context of the totality of the localized circumstances and industry environment surrounding the development of the proposals contained in the Stipulation, the Stipulation is reasonable and in the best public interest. Therefore, the

Commission should expeditiously approve the Stipulation so that consumers may continue to enjoy the retail competitive benefits of the Columbia Choice Program.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments in Support of Stipulation to Assure Marketplace Certainty And Operational Stability of Interstate Gas Supply, Inc. and WPS Energy Services, Inc. dba FSG Energy Services was served upon the following parties of record or as a courtesy, via ordinary U.S. Mail postage prepaid, express mail, hand delivery, or electronic transmission, on December 8, 2003.

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EXHIBIT

A

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

AFFIDAVIT OF SCOTT WHITE, PRESIDENT, INTERSTATE GAS SUPPLY INC.
IN SUPPORT OF THE STIPULATION

Scott White, President of Interstate Gas Supply, Inc., ("IGS") being duly sworn, upon oath, deposes and states:

1. IGS has its principal offices at 5020 Bradenton Avenue, Dublin, Ohio 43017.

2. The Public Utilities Commission of Ohio ("Commission") has certified IGS as a competitive retail natural gas marketer pursuant to Certificate No. 02-002(1), issued on July 24, 2002, in Case No. 02-1683-GA-CRS.

3. IGS offers energy supplies and related services to retail participants in unregulated retail energy marketplaces in a number of States, including Ohio.

4. IGS serves substantial Choice and transportation end user loads in a number of Ohio retail markets, including Columbia Gas of Ohio, Inc. ("Columbia") and Dominion East Ohio dba East Ohio Gas Company ("Dominion").

5. IGS has invested significant capital and efforts to develop its market share and name recognition in the Columbia competitive retail marketplace.

6. IGS's efforts have increased consumer participation in the Columbia Choice and transportation programs, and IGS has captured millions of dollars of savings for its consumers.

7. IGS has a vested business interest in Columbia's competitive Choice and transportation program marketplace, as well as the reliability of Columbia's system operations.

8. IGS is a member of the Columbia Collaborative, with competitive marketing and operational experience, and participated in discussions that resulted in the Stipulation.

9. IGS is a signatory to the Stipulation, because, among other reasons, it will enhance the present Choice program by improving the competitiveness of the marketplace and increasing consumer participation levels, while maintaining operational stability.

10. The Commission's expeditious approval of the Stipulation is necessary to maintain certainty and stability in the Columbia retail marketplace. Until the Commission approves the Stipulation, IGS cannot make the business, operational, purchase, and risk management decisions that are required to fully participate as a Choice program marketer.

11. Without certainty as to the terms and conditions of the Columbia Choice program, IGS cannot make rational decisions regarding offers to eligible consumers and procuring the commodity, capacity, and other services that are necessary to serve and capture savings for end-users.

12. Uncertainty as to future of the Choice program is already resulting in the diminution of offers to consumers into the Columbia marketplace. In fact, IGS is already observing reduced marketing activity in Columbia's Choice marketplace, especially as compared to the Dominion system, where there is marketplace and operational certainty.

13. Recent events have caused the energy markets to become highly volatile, and with due regard to these conditions, the Stipulation provides for a period of stable system operations until 2010. Additionally, the Stipulation requires Columbia to maintain Collaborative discussions concerning, among others, Columbia's merchant function role, provider of last resort

functions, and capacity re-contracting issues. It is IGS's desire that these roles be restructured, but that the restructuring be implemented in a more stable energy marketplace.

14. Therefore, IGS urges the Commission to expeditiously approve the Stipulation for all the reasons set forth herein and in the attached comments.

I hereby certify that the foregoing statements are true and correct.

Scott White, President

Scott White, President

State of Ohio)
County of FRANKLIN) ss:
City of DUBLIN)

Subscribed and sworn to before me this 8TH day of DECEMBER, 2002 4

Darla A Hosler

Notary Public

My Commission Expires: DARLA A. HOSLER Notary Public, State of Ohio My Commission Expires January 14, 2007

EXHIBIT

B

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In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Amend Filed Tariffs to Increase the Rates and Charges for Gas Service	))))	Case No. 94-0987-GA-AIR
In the Matter of the Application of Columbia Gas of Ohio, Inc. to Establish the Columbia Customer Choice Program	)))	Case No. 96-1113-GA-ATA
In the Matter of the Regulation of the Purchased Gas Adjustment Clause Contained Within the Rate Schedules of Columbia Gas of Ohio, Inc. and Related Matters.	))))	Case No. 98-0222-GA-GCR
In the Matter of the Application of Columbia Gas of Ohio, Inc. to Revise Its Tariffs to Establish a New Gas Transfer Service	)))	Case No. 03-1459-GA-ATA

AFFIDAVIT IN SUPPORT OF THE STIPULATION OF DARRELL BRAGG, VICE PRESIDENT, WPS ENERGY SERVICES, INC. dba FSG ENERGY SERVICES

Darrell Bragg, Vice President, WPS Energy Services, Inc. dba FSG Energy Services ("WPS-FSG") being duly sworn, upon oath, deposes and states:

1. WPS-FSG has its principal offices in Ohio at 6797 North High Street, Suite 314, Worthington, Ohio 43085.

2. The Public Utilities Commission of Ohio ("Commission") has certified WPS-FSG as a competitive retail natural gas marketer pursuant to Certificate No. 02-003(1) issued on August 6, 2003, as corrected on September 29, 2003, in Case No. 02-1506-GA-CRS.

3. WPS-FSG offers energy supplies and related services to retail participants in unregulated retail energy marketplaces in a number of States, including Ohio.

4. WPS-FSG serves substantial Choice and transportation end user loads in a number of Ohio retail markets, including Columbia Gas of Ohio, Inc. ("Columbia") and Dominion East Ohio dba East Ohio Gas Company ("Dominion").

5. WPS-FSG has invested significant capital and efforts to develop its market share and name recognition in the Columbia competitive retail marketplace.

6. WPS-FSG's efforts have increased consumer participation in the Columbia Choice and transportation programs, and WPS-FSG's customers have enjoyed millions of dollars of savings.

7. WPS-FSG has a vested business interest in Columbia's competitive Choice and transportation program marketplace, as well as the reliability of Columbia's system operations.

8. WPS-FSG is a member of the Columbia Collaborative, with competitive marketing and operational experience, and participated in discussions that resulted in the Stipulation.

9. WPS-FSG is a signatory to the Stipulation, because, among other reasons, it will enhance the present Choice program by improving the competitiveness of the marketplace and increasing consumer participation levels, while maintaining operational stability.

10. The Commission's expeditious approval of the Stipulation is necessary to maintain certainty and stability in the Columbia retail marketplace. Until the Commission approves the Stipulation, WPS-FSG cannot make the business, operational, purchase, and risk management decisions that are required to fully participate as a Choice program marketer.

11. Without certainty as to the terms and conditions of the Columbia Choice program, WPS-FSG cannot make rational decisions regarding offers to eligible consumers and procuring the commodity, capacity, and other services that are necessary to serve and provide savings to end-users.

12. Uncertainty as to future of the Choice program is already resulting in the diminution of offers to consumers into the Columbia marketplace. In fact, WPS-FSG is already observing reduced marketing activity in Columbia's Choice marketplace, especially as compared to the Dominion system, where there is marketplace and operational certainty.

13. Recent events have caused the energy markets to become highly volatile, and with due regard to these conditions, the Stipulation provides for a period of stable system operations until 2010. Additionally, the Stipulation requires Columbia to maintain Collaborative discussions concerning, among others matters, Columbia's merchant function role, provider of last resort functions, and capacity re-contracting issues. It is WPS-FSG's desire that these roles be restructured, but that the restructuring be implemented in a more stable energy marketplace.

14. Therefore, WPS-FSG urges the Commission to expeditiously approve the Stipulation, for all the reasons set forth herein and in the attached comments.

I hereby certify that the foregoing statements are true and correct.

Darrell Bragg

Darrell Bragg, Vice President

State of Ohio)
County of Franklin) ss;
City of Worthington)

Subscribed and sworn to before me this 8th day of December, 2003

Notary Public

My Commission Expires: 1/29/2008

NOTARIAL SEAL STATE OF OHIO

JOHN JAHOLNYCKY
NOTARY PUBLIC, STATE OF OHIO
My Commission Expires
Jan. 29, 2008

EXHIBIT

C

Customer Choice℠

Customer Enrollment & Savings Information
November 2003

Enrollment:

	Enrolled	Eligible	% of Eligible
Residential	558,072	1,238,105	45%
Commercial	48,735	107,323	45%
Industrial	132	1,071	12%
Total	606,939	1,346,499	45%

Includes PIPP Customer Enrollment/Eligible: 41,492

Marketers:

Active Marketers: 18

Savings:

Through October 2003 $160.M*

*Includes PIPP customer savings of $20.3M

Active Governmental Aggregations:

Governmental Aggregator	Effective Month
Village of Brewster	Nov 2002
City of Findlay	Nov 2002
NOAC	Mar 2003
NOPEC	Apr 2003
City of Marion	Jun 2003
City of Parma	Aug 2003
City of Westlake	Aug 2003

TOTAL ENROLLED: 105,453

Columbia Gas of Ohio
A NiSource Company

Updated 12/4/2003