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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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| In the Matter of the Commission's Investigation of the Customer Choice Program of Columbia Gas of Ohio, Inc. |))) | Case No. 98-593-GA-COI |
| In the Matter of the Commission's Investigation of the Energy Choice Program of the East Ohio Gas Company. |)))) | Case No. 98-594-GA-COI |
| In the Matter of the Commission's Investigation of the Customer Choice Program of The Cincinnati Gas & Electric Company. |)))) | Case No. 98-595-GA-COI |

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**COMMENTS OF HONDA OF AMERICA MFG., INC., ON THE
STAFF'S JUNE 30, 1999 REPORT**

Pursuant to this Commission's July 15, 1999 Entry, Honda of America Mfg., Inc., hereby submits its comments on the Staff's June 30, 1999 Report reviewing the performance of the programs identified above.

I. Background.

On July 18, 1998, the Public Utilities Commission of Ohio ("Commission") issued an omnibus order addressing the continuation and expansion of natural gas choice programs in Ohio. These "customer choice" programs permit residential and small commercial customers to purchase their gas supply in the open market, an opportunity that has previously been available to the larger industrial customers. The goal, which has been largely successful for the Columbia Gas of Ohio program, is to promote competition in the supply of natural gas to all classes of customers in Ohio.

Honda of America Mfg., Inc., now offers the following comments on the success of those programs.

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II. Customer Choice, In Large Part, Has Been A Success.

Customer choice, in large part, has been a success in Ohio. The Columbia Gas of Ohio Choice Program has created a workable, competitive market for the supply of natural gas to its customers. As indicated by the Staff's Report, Columbia Gas has seen customer participation grow substantially, with 32 percent of its residential and 42 percent of its commercial customers taking part in the program. Moreover, it appears that Columbia Gas' Choice Program has a healthy and diverse marketer participation as well, with the top four marketers serving less than 80 percent of the residential and commercial markets. Over time, in fact, it appears that both the residential and commercial markets have become less concentrated. Accordingly, Honda of America Mfg., Inc., believes that the Columbia Gas Choice Program has been truly successful over the last two years in achieving the purposes to be served by customer choice programs in Ohio and Columbia has developed a competitive program.

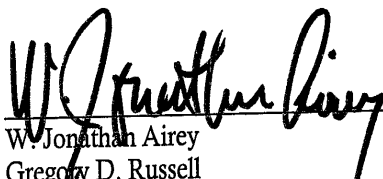
On the other hand, Honda of America also believes that both the East Ohio Gas and Cincinnati Gas & Electric Companies have achieved only a limited success in their customer choice programs. For example, the Staff's Report indicates that only 21 percent (approximately) of East Ohio's eligible residential and commercial customers have elected to participate in its customer choice program,¹ and that there has been little new enrollment since the Staff's 1998 evaluation of East Ohio's program. The end result is that only 3 percent of East Ohio's customers are receiving their gas supplies from an entity other than East Ohio. Also, it appears that the top marketer in East Ohio's program, a company marketing affiliate delivers 83 percent of all volumes to those participants, with the top four

marketers delivering 93 percent of the volumes. This is not a workable, competitive market for the supply of natural gas. And, it appears that similar difficulties may be found with Cincinnati Gas & Electric's customer choice program.² Accordingly, Honda of America encourages the Commission to continue promoting greater competition for these ineffective customer choice programs.

III. Conclusion.

It appears that Columbia Gas of Ohio, Inc., has been largely successful in creating a workable, competitive market for the supply of natural gas to its customers. It also appears that both the East Ohio Gas and Cincinnati Gas & Electric Companies have been largely unsuccessful in the same endeavor. Accordingly, Honda of America Mfg., Inc., applauds Columbia Gas' efforts and suggests to the Commission that there are aspects of Columbia's Customer Choice Program that may assist East Ohio and CG&E in their efforts to successfully create a competitive natural gas supply market for the benefit of their residential and commercial customers.

Respectfully submitted,



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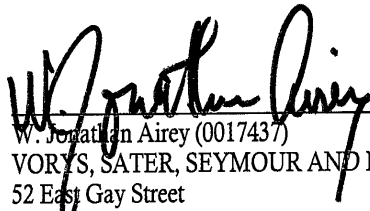
¹ Significantly, only 15 percent of East Ohio's customers are even eligible to take part in the program.

² For example, it appears that only 10 percent (approximately) of CG&E's eligible residential and commercial customers participate in its customer choice program.

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CERTIFICATE OF SERVICE

This certifies that a copy of the above Comments of Honda of America Mfg., Inc., on the Staff's June 30, 1999 Report was served by regular U.S. mail on all the parties listed on the attached service list this 2d day of August, 1999.



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