

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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
In the Matter of the Application of The Cincinnati Gas & Electric Company for Approval of Certain Text and Language Changes Within Its Gas Tariff, and Setting the Effective Date for the Affected Schedules.)	Case No. 98-1167-GA-ATA
In the Matter of the Commission's Investigation and Further Consideration of the Language Set Forth in the Tariffs of Columbia Gas of Ohio, Inc., The East Ohio Gas Company, and The Cincinnati Gas & Electric Company Regarding the Enforcement of the Marketer Codes of Conduct for the Customer Choice Programs.)	Case No. 99-661-GA-COI

ENTRY ON REHEARING

The Commission finds:

- (1) These proceedings involve the Commission's investigation of the pilot "customer choice programs" (programs) previously implemented by Columbia Gas of Ohio, Inc. (Columbia), The East Ohio Gas Company (East Ohio), and The Cincinnati Gas & Electric Company (CG&E) (collectively as the utilities). On June 18, 1998, the Commission issued a Finding and Order approving the continuation and/or expansion of the programs previously implemented by Columbia, East Ohio, and CG&E (1998 Order). Columbia's program is provided to all 1.3 million of its customers throughout the state. CG&E's program is offered to all 360,000 of the gas customers in its service area, and East

Ohio's gas choice program is offered to approximately 160,000 of its customers in 10 counties in northeast and southeast Ohio.

- (2) The staff reviewed the performance of the programs of all three utilities and submitted a report of its findings and recommendations to the Commission on June 30, 1999. The Commission provided all interested persons the opportunity to file written comments regarding the staff's report. Comments were filed on August 2, 1999 and reply comments on August 9, 1999. The Commission issued its Finding and Order on December 2, 1999, directing that certain modifications to the programs be implemented in response to the staff's report and the comments submitted.
- (3) On December 30, 1999, CG&E filed an application for rehearing asserting that the Commission exceeded its authority by directing modifications to its tariffs without holding a hearing or pursuing a rulemaking. Specifically, CG&E takes issue with the Commission's directive that CG&E permit the marketers of commodity gas service to do "single billing" for both the commodity and regulated services. Further, CG&E also raises concerns with the Commission's decision that would require CG&E to purchase the marketers' accounts receivable on a prospective basis, albeit at a discount.
- (4) On January 3, 2000, United Gas Management, Inc. (UGM) filed an application for rehearing and/or motion for clarification and motion to lift stay regarding the issues of the marketer's accounts receivable and CG&E's billing and payment allocation practices and procedures. UGM argues that the purchasing of marketers' receivables should be effective with the Commission's June 18, 1998 order that initially directed CG&E to purchase the marketers' receivables. That directive was subsequently stayed by an entry issued on November 19, 1998 in order to give the Commission more time to reconsidered the matter. UGM requests that the stay be lifted and simply allow the 1998 Order to become effective with regard to the issue of purchasing marketers' receivables. Further, UGM believes that the Commission erred in directing purchases of marketers' receivables at a discount because it provides for double recovery of uncollectible expense.

- (5) On January 13, 2000 CG&E filed a memorandum contra to UGM's application for rehearing.
- (6) With regard to the issue of single billing, the Commission adopted a staff recommendation that single billing of end-use customers by marketers for both commodity and distribution should be implemented by CG&E and East Ohio, upon expansion of its program. The Commission made this determination based upon the staff's review of the pilot program initiated by Columbia Gas. In its application for rehearing, CG&E argues that it lacks the informational technology resources to implement systems necessary for Electric Choice by January 1, 2001, and implement the system necessary for single billing sometime during 2000. Further, CG&E points out that it is in a different position than Columbia inasmuch as it serves both gas and electric customers. CG&E argues that not only are there no cost savings to CG&E, but that it is likely to incur additional and unjustified costs. CG&E believes that if a single billing option is necessary, it should be implemented at a time when it can be accomplished for both gas and electric services. The Commission has reconsidered its earlier ruling on this issue and will not require CG&E to implement gas marketer single billing at this time. Inasmuch as most marketers have chosen CG&E to handle the billing and the fact the customers would still receive a bill for electric service from CG&E even if the gas marketer performed the total billing for gas service, the Commission will not require CG&E to institute a single billing program until marketers also have the ability to provide electric services as well.
- (7) Both CG&E and UGM have raised several issues regarding the Commission's policy on purchasing marketers' accounts receivable. In our December 2, 1999 order, the Commission directed CG&E, and East Ohio upon expansion of its program, to offer to purchase, on a prospective basis, the accounts receivable of gas marketers when the utility is performing the total billing function for itself and the marketer. However, we determined that the utilities could discount the purchase of those receivables at a rate negotiated by the parties. If a negotiated discount could not be agreed upon, the parties have the ability to come before the Commission to help resolve the matter. The Commission also agreed with the utilities that tariff provisions needed to be

adopted to permit the mandatory return of marketers' customers to the utility when they are delinquent in paying the marketer's portion of their bill.

CG&E still believes that the marketers should be responsible for their own accounts receivable and that, if it is required to purchase the accounts receivable, it should not start until after the utility has the system and tariffs in place to purchase receivables. CG&E requests that it be permitted to start purchasing gas marketers' receivables at a negotiated discount as of March 1, 2000, and true-up the amounts related to such purchase after the necessary software is tested on June 19, 2000. Further, CG&E requests that it be permitted to revise its tariffs to include (1) the automatic return of customers to CG&E once an account becomes 30 days in arrears, and (2) language that no delinquent accounts can remain on transportation service or move to transportation service until their arrearage is cured. CG&E also requests that if the utility is required to purchase the marketers' receivables, that it also be allow to recovery the cost of initiating the practice through a temporary rider subject to staff audit.

UGM, on the other hand, argues that the Commission needs to clarify when the starting date for the purchasing of receivables is effective. UGM asserts that CG&E should be required to purchase the marketers' receivables as of the date the Commission initially ruled on this issue back in June of 1998 in its 1998 Order, prior to granting the stay. Further, UGM believes that the Commission erred in permitting utilities to purchase the marketers' receivable at a discount inasmuch as the utilities are already adequately compensated for uncollectible expense through current tariffed rates. UGM asserts that this results in double recovery for CG&E. In addition, UGM asserts that CG&E's billing and payment allocation practices and procedures are anti-competitive and have caused an increase in marketers' accounts receivable. UGM objects to such practices as billing the amount owed the marketer on the customer's bill for only 60 days after the customer has been returned to the utility and having partial payments of bills applied first to amounts owed to CG&E.

After reviewing the arguments raised on this issue, the Commission will clarify its December 2, 1999 order regarding the effective date for the purchasing of marketers' receivables. We will clarify our order to reflect that CG&E is to offer to purchase the marketers' receivables for gas purchases billed on and after the date of this entry on rehearing, excluding amounts past due prior to the date of this entry. This is consistent with our decision to have receivables purchased on a going forward basis. Also, we find it reasonable to allow CG&E to true up the amounts related to such purchases after the necessary software is tested in June 2000. Additionally, we are not persuaded by UGM's arguments that the purchases of receivables should not be discounted. As we stated in our December order, we believe that there needs to be a certain amount of responsibility on the marketers so that they effectively manage and monitor their customers' accounts. Further, we believe that having the marketers' receivables purchased by the utility, albeit at a discount, will alleviate many of the marketers' concerns with CG&E billing practices and procedures. However, it will be up to the marketer to decide whether to have CG&E purchase its accounts receivable. With respect to the two provisions CG&E wishes to add to its tariffs to be consistent with Columbia's tariff regarding the purchases of accounts receivable, the Commission finds those provisions reasonable and, therefore, will authorize CG&E to amend its tariffs accordingly. We will also authorize CG&E to re-institute its Rider FTDC, Firm Transportation Development Cost Rider to recover reasonable costs necessary to implement the purchasing of marketer receivables. CG&E will be able to recover such costs upon the filing of appropriate tariff application and approval from the Commission. CG&E is directed to meet with our staff to discuss the appropriate tariff changes necessary to carry out our findings herein.

- (8) In the December 2, 1999 order, the Commission's staff was directed to develop a proposal to address customer complaints associated with door-to-door gas marketer solicitation. On December 30, 1999, staff filed its proposed minimum requirements for door-to-door solicitation by gas marketers participating in the gas choice programs. The Commission wishes to provide interested persons the opportunity to file comments to the staff's proposal in the above-captioned dockets. Initial comments shall be due no

later than February 4, 2000 and reply comments February 14, 2000.

ORDER:

It is, therefore,

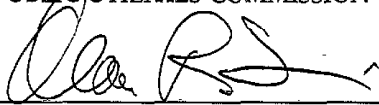
ORDERED, That the applications for rehearing and motions for clarification and to lift stay are granted and denied to the extent set forth in this Entry on Rehearing. It is, further,

ORDERED, That CG&E comply with all applicable directives outlined in this Entry on Rehearing. It is, further,

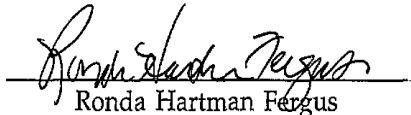
ORDERED, That interested persons wishing to file comments regarding the staff's proposal on minimum requirements for door-to-door solicitation by gas marketers shall file those comments in accordance with Finding (8). It is, further,

ORDERED, That a copy of this Entry on Rehearing be served upon all interested parties of record in the above-captioned cases.

THE PUBLIC UTILITIES COMMISSION OF OHIO



Alan R. Schriber, Chairman

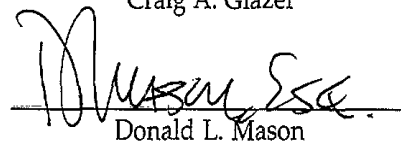


Ronda Hartman Fergus

Craig A. Glazer



Judith A. Jones



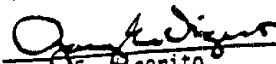
Donald L. Mason

RRG/jkg

Entered in the Journal

JAN 20 2000

A True Copy



Gary E. Algorito
Secretary