

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In The Matter Of The Application Of :
Columbia Gas Of Ohio, Inc. : **CASE NO. 02-1620-GA-UNC**
For An Adjustment to :
Its Gas Cost Recovery Rate :

In The Matter of The Application :
And Filing of The East : **CASE NO. 02-1622-GA-UNC**
Ohio Gas Company d/b/a :
Dominion East Ohio of the :
Gas Cost Recovery Rate Effective :
July 31, 2002 To October 28, 2002 :

**MOTION FOR INTERVENTION
AND COMMENTS IN OPPOSITION OF THE
NATIONAL ENERGY MARKETERS ASSOCIATION**

Now comes the National Energy Marketers Association (NEM) and moves for intervention as a full party of record pursuant to Section 4903.221, Revised Code and Rule 4901-01-11.

NEM requests that the Motion be granted for the reasons set forth below:

I.

Communications and correspondence concerning this Motion should be directed to the following:

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II.

The National Energy Marketers Association (NEM) is a national, non-profit trade association representing wholesale and retail marketers of energy, telecom and financial-related products, services, information and related technologies throughout the United States, Canada and the U.K. NEM's Membership includes wholesale and retail suppliers of electricity and natural gas, independent power producers, suppliers of distributed generation, energy brokers, power traders, and electronic trading exchanges, advanced metering and load management firms, billing and information technology providers, credit, risk management and financial services firms, software developers, clean coal technology firms as well as energy-related telecom, broadband and internet companies.

This regionally diverse, broad-based coalition of energy, financial services and technology firms has come together under NEM's auspices to forge consensus and to help resolve as many issues as possible that would delay competition. NEM members urge lawmakers and regulators to implement:

- Laws and regulations that open markets for natural gas, electricity and related products, services, information and technology in a competitively neutral fashion;
- Rates, tariffs, taxes and operating procedures that unbundle competitive services from monopoly services and encourage true competition on the basis of price, quality of service and provision of value-added services;
- Competitively neutral standards of conduct that protect all market participants;
- Accounting and disclosure standards to promote the proper valuation of energy assets, equity securities and forward energy contracts, including derivatives; and
- Policies that encourage investments in new technologies, including the integration of energy, telecommunications and Internet services to lower the cost of energy and related services.

III.

As part of its Gas Cost Recovery Report for July 31, 2002, to October 28, 2002, Dominion East Ohio (DEO) filed an application requesting that it be permitted to defer recovery of certain gas costs through the Balance Adjustment mechanism. DEO requests, "to extend the period for recovery of the BA component from three months to five months and to subsequently recover interest expense on the delayed recovery using the interest rate established by the Commission for development of the RRA component." (DEO Petition at 2.) This new methodology would result in a \$1.867 reduction in the GCR than under the standard calculation using a three-month collection period.

Similarly, in its Gas Cost Recovery Report, Columbia Gas of Ohio (Columbia) proposed an alternate method for calculating the Balance Adjustment whereby the AA imbalance would be recovered through the Refund and Reconciliation Adjustment component of the GCR. As noted by Columbia this revised method would result in a GCR that is \$2.6246 less than it would be under the current methodology. NEM and its members are concerned that implementation of the GCR calculation modifications will create significant barriers to competition in the DEO and Columbia territory. NEM also supports the July 11, 2002, filing of Shell Energy Services Company in these proceedings.

As a general matter, NEM maintains that consumers must be provided with accurate and consistent pricing signals. NEM submits that the proposed adjustments to the GCR will not send proper price signals to consumers. The proposed modifications to the GCR that prolong the collection period from the currently utilized three-month period will set the GCR at an artificially low rate. This manipulation to the GCR calculation may provide consumers with

a short-term and artificial perceived benefit, but the utilities have failed to demonstrate any real benefit that can be expected for consumers. The modifications will also deter competitive suppliers from participating in the DEO and Columbia Gas service territories because of the lack of consistently applied pricing rules and signals.

Furthermore, the utilities should not be permitted to unilaterally modify the GCR calculation mechanism that competitive suppliers rely on in formulating their business plans to serve the Ohio market. It would be inherently anti-competitive to arbitrarily change the GCR calculation method that competitive suppliers and their customers have relied on in negotiating agreements. Authorization of such unexpected changes will impose a high degree of financial and business risk on competitive suppliers that could have a chilling effect on competitive entry in the state.

IV.

NEM, as a representative of a regionally diverse group of providers of energy and energy-related services, has an interest to advocate the implementation of rates, tariffs, operating procedures, standards of conduct, rules, and policies that will ensure the development and maintenance of an efficient, reliable and price competitive natural gas market on the systems of the Dominion East Ohio and Columbia Gas and in Ohio generally. As natural gas marketers and providers of energy-related services and technologies, various NEM members are serving and intend to serve customers in the Ohio natural gas market, including the residential, commercial, and industrial customer segments in all of the utilities' service territories. The ability of NEM's members to fairly compete in the restructured natural gas

industry and thus bring the benefits of additional competition to Ohio natural gas consumers will be affected by the outcome of this proceeding.

The National Energy Marketers Association, as a national trade organization, will be able to bring a wide range of experiences, as well as a broad perspective, to the deliberative process, and its participation in this proceeding will aid the Commission by enhancing the quality of the record to be developed here. NEM can lend a unique perspective to this proceeding because its membership represents a diverse cross-section of market participants.

Even if other trade associations or individual marketers seek to intervene in this matter, NEM's interests and position are significant and unique given its industry diversity, its interest in serving Ohio's commercial, industrial, and residential customers, its current and past participation in restructuring in multiple jurisdictions on similar issues, and the substantial business interests of its members in the development of a viable natural gas market in Ohio. NEM's participation in these proceedings will not cause undue delay, will not unjustly prejudice any existing party, and will contribute to the just and quick resolution of the issues and concerns raised in these proceedings.

As such, the interests of NEM and its members in this proceeding cannot be adequately represented or protected by any other party hereto. Under all these circumstances, then, NEM submits that good cause exists to grant it leave to intervene in this proceeding.

V.

WHEREFORE, for the reasons explained above, NEM respectfully requests that the Commission permit it to intervene in the above-captioned proceedings and be made a party for all purposes.

Respectfully Submitted,

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Counsel for
The National Energy Marketers Association

Dated: July 15, 2002

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Motion for Intervention and Comments in Opposition and Motion Pro Hac Vice via first class mail, postage prepaid, upon each person listed below.

Dated July 15, 2002.

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