

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Generation Pipeline LLC for Authority to) Case No. 15-1104-GA-ACE
Operate as an Ohio Natural Gas Company.)

FINDING AND ORDER

The Commission finds:

- (1) R.C. 4905.04, 4905.05, and 4905.06 vest the Commission with the power and jurisdiction to supervise and regulate natural gas companies as defined in R.C. 4905.03 and public utilities as defined in R.C. 4905.02. R.C. 4905.03(E) defines a natural gas company as a company that is engaged in the business of supplying natural gas for lighting, power, or heating purposes to consumers within this state.
- (2) On June 15, 2015, as supplemented on August 31, 2015, Generation Pipeline LLC (Generation Pipeline or Company) filed an application, pursuant to R.C. 4905.02, 4905.03, and 4905.63, for authority to operate as an intrastate natural gas company in the state of Ohio and for approval of a proposed tariff. Generation Pipeline also requests that the Commission consider the application on an expedited basis in order to enable the Company to support the development of the Oregon Clean Energy Center (OCEC), which is an approximately 800 megawatt combined cycle natural gas power plant currently under construction in Oregon, Ohio.
- (3) Pursuant to its statutory mandate under R.C. 4905.04, 4905.05, and 4905.06, the Commission reviews applications for certification to determine if the applicant has the managerial, technical, and financial capability to provide natural gas service and whether there are reasonable financial assurances sufficient to protect customers.
- (4) By Entry dated July 29, 2015, the attorney examiner established a procedural schedule, with comments and reply comments to be filed by August 28, 2015, and September 11, 2015, respectively. An intervention deadline of August 21, 2015, was also established.

- (5) On August 14, 2015, Generation Pipeline filed motions to amend the procedural schedule and to bifurcate the proceeding into two phases, along with requests for expedited rulings. In the motion to bifurcate the proceeding, Generation Pipeline proposed that, in phase one of the case, the Commission would expeditiously determine whether the Company should be certified as a natural gas company in Ohio, while, in phase two, the Commission would decide, at a later date, whether the Company's proposed tariff should be approved or modified.
- (6) On August 26, 2015, the attorney examiner granted Generation Pipeline's motion to amend the procedural schedule, such that reply comments were due on September 4, 2015. The attorney examiner also determined that Generation Pipeline's motion to bifurcate the proceeding should be considered by the Commission. In addition, the attorney examiner granted motions to intervene filed by The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) and Columbia Gas of Ohio, Inc. (Columbia).
- (7) Comments were filed by DEO and Columbia on August 21, 2015, and August 28, 2015, respectively. Reply comments were filed by Generation Pipeline on September 4, 2015. Generation Pipeline's application and motion to bifurcate the proceeding, as well as the comments and reply comments filed by the parties, are summarized below.

Summary of the Application

- (8) In the application, Generation Pipeline notes that it is an Ohio limited liability company that is registered to do business in Ohio and is a direct and wholly-owned subsidiary of North Coast Gas Transmission LLC (North Coast), which is an intrastate pipeline company subject to the Commission's jurisdiction. Generation Pipeline further notes that North Coast is currently developing the Oregon Lateral Pipeline in order to provide natural gas service to the OCEC, which is owned by Oregon Clean Energy LLC, with such service to be provided pursuant to a special contractual arrangement under R.C. 4905.31 that will be filed with the Commission. According to Generation Pipeline, the Company was recently formed by North Coast to operate and take ownership of the Oregon

Lateral Pipeline for the purpose of transporting and supplying natural gas to the OCEC.

- (9) Generation Pipeline states that it seeks authority to operate as an intrastate natural gas company, because it will be engaged in the business of supplying natural gas for power and heating purposes to consumers within this state by virtue of its direct service to the OCEC. Generation Pipeline further states that, although the Oregon Lateral Pipeline is being constructed primarily to serve the OCEC, the Company may also elect to serve additional direct connect mercantile customers along the pipeline's route over time. Generation Pipeline notes that it has provided, along with the application, proof of the Company's registration with the Ohio Secretary of State, a summary of the Company's technical and managerial background, and consolidated financial information pertaining to North Coast and its parent company, Somerset Gas Transmission Company, LLC.
- (10) Regarding its proposed tariff, Generation Pipeline explains that it has not included a gas cost recovery (GCR) section in the tariff, given that the Company intends to serve a relatively small number of customers and has no historical basis for determining the cost of gas. Accordingly, Generation Pipeline requests that the Commission exempt the Company from the GCR provisions of Ohio Adm.Code Chapter 4901:1-14. As an alternative to the GCR mechanism, Generation Pipeline proposes to negotiate the rates charged on an individual basis with each customer or prospective customer, with such rates to be included in a special contractual arrangement filed with the Commission for approval under R.C. 4905.31. Specifically, the proposed tariff reflects that the commodity portion of natural gas service would be supplied to Generation Pipeline's customers by competitive retail natural gas suppliers at a monthly variable commodity rate, with all other rates and charges negotiated as part of the special contractual arrangement.

Motion to Bifurcate

- (11) As noted above, Generation Pipeline filed a motion to bifurcate the proceeding on August 14, 2015, along with a request for an expedited ruling. Specifically, Generation Pipeline proposes

that, in phase one of the case, the Commission would expeditiously determine whether the Company should be certified as a natural gas company in Ohio. If the Commission approves Generation Pipeline's request to be certified as a natural gas company, the Company proposes that, in phase two of the case, which would occur at a later date, the Commission would decide whether the Company's proposed tariff should be approved or modified. In its memorandum in support of the motion, Generation Pipeline asserts that sufficient information has been provided to Staff and through the application to allow for a prompt decision regarding whether the Company should be certified to operate as an intrastate natural gas company. Generation Pipeline explains that a prompt decision on this issue will enable the Company to prepare and provide support for the development of the OCEC, including completion of the financing for the Oregon Lateral Pipeline that will supply the OCEC. Generation Pipeline notes, however, that the proposed tariff will require review by Staff and any intervenors only if the Company's request for certification is first approved. Generation Pipeline, thus, contends that it would be reasonable to address the certification question first, given that certification is an immediate need for the Company, and then to allow additional time for Staff and any intervenors to focus on the proposed tariff under a new procedural schedule. According to Generation Pipeline, tariff approval is not an issue of immediate concern for the Company, because service to the OCEC would not commence until after mid-2016. No memoranda contra Generation Pipeline's motion to bifurcate the proceeding were filed, and both DEO and Columbia state that they have no objections to the Company's motion.

- (12) In their respective comments, DEO and Columbia explain that, although they have concerns with Generation Pipeline's proposed tariff, they have no objections to its request for authority to operate as an intrastate natural gas company with respect to the OCEC. In its reply comments, Generation Pipeline states that, in light of the fact that DEO and Columbia do not object to the Company's request for certification as a natural gas company, the Commission may grant the motion to bifurcate and approve the request for certification, subject to any necessary compliance tariff filing or approval required in the second phase of this proceeding.

- (13) The Commission finds that Generation Pipeline's motion to bifurcate the proceeding is reasonable and should be granted, as it will afford additional time for our review and consideration of the Company's proposed tariff and the concerns raised by DEO and Columbia. Because DEO and Columbia have already filed their comments regarding the proposed tariff, we find no need to establish a new procedural schedule. Rather, the Commission will thoroughly consider the comments and reply comments that have already been filed by the parties and address the proposed tariff by subsequent order.

Commission Consideration of Certification Request

- (14) Upon review of Generation Pipeline's application, as well as the comments and reply comments, the Commission finds that the application is reasonable and should be approved, in part. Specifically, we find that Generation Pipeline's request for authority to operate as a natural gas company in the state of Ohio should be granted, although, consistent with our above ruling on the Company's motion to bifurcate the proceeding, we do not consider or approve the Company's proposed tariff at this time. With respect to Generation Pipeline's request for certification as a natural gas company, the Company has provided sufficient information in support of its application, including several exhibits intended to document that the Company and its affiliates have the necessary technical and managerial expertise and financial resources to operate as a natural gas company and to supply natural gas to the OCEC. Accordingly, we find that Generation Pipeline is a public utility and natural gas company, pursuant to R.C. 4905.02 and 4905.03, and, as such, is subject to the Commission's jurisdiction. We further find that, pursuant to R.C. 4905.63, Generation Pipeline is subject to R.C. Chapters 4901, 4903, 4905, 4909, and any other applicable chapter set forth therein. We also emphasize that Generation Pipeline is subject to the ongoing jurisdiction and supervision of the Commission with respect to the gas pipeline safety standards and requirements, as set forth in R.C. 4905.90 through 4905.96 and Ohio Adm.Code Chapter 4901:1-16, as well as the minimum gas service standards contained in Ohio Adm.Code Chapter 4901:1-13.

- (15) Finally, we note that our approval of Generation Pipeline's request for authority to operate as an intrastate natural gas company does not relieve the Company of the obligation to file a proper application with the Commission, at the appropriate time, for approval of a reasonable arrangement entered into with any customer under R.C. 4905.31, or to obtain the Commission's approval of a tariff. We emphasize that Generation Pipeline is not authorized, at this time, to supply natural gas to any consumer in this state, including the OCEC, until a tariff has been approved for the Company by the Commission in the second phase of this proceeding, and the Company's special contractual arrangement with the OCEC has been filed by the Company and approved by the Commission. Consistent with our above ruling on the motion to bifurcate, we will proceed with phase two of this proceeding and address Generation Pipeline's proposed tariff by subsequent order. Generation Pipeline is directed to work with Staff and provide any requested information in the course of the review of the proposed tariff.

It is, therefore,

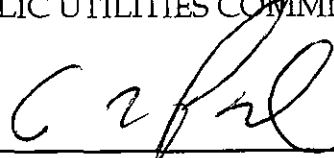
ORDERED, That Generation Pipeline's application be approved to the extent set forth in this Finding and Order. It is, further,

ORDERED, That Generation Pipeline LLC be added to the roll of public utilities regulated by this Commission, pending the Commission's review and approval of a tariff for the Company. It is, further,

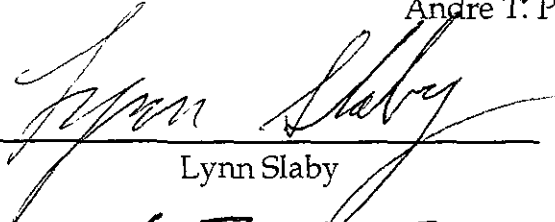
ORDERED, That Generation Pipeline's motion to bifurcate this proceeding be granted. It is, further,

ORDERED, That a copy of this Finding and Order be served upon all interested persons and parties of record.

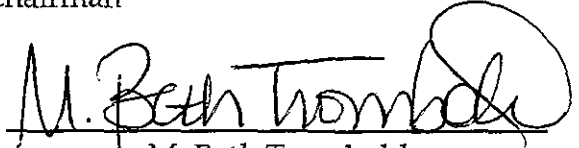
THE PUBLIC UTILITIES COMMISSION OF OHIO



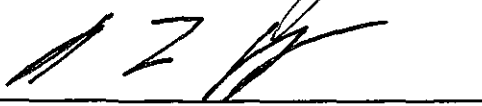
Andre T. Porter, Chairman



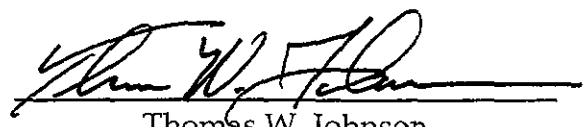
Lynn Slaby



M. Beth Trombold



Asim Z. Haque



Thomas W. Johnson

SJP/sc/dah

Entered in the Journal

SEP 23 2015



Barcy F. McNeal
Secretary