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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Ohio Gas Company for) Case No. 07-536GA-UEx
Approval of an Adjustment to its)
Uncollectible Expense Rider Rate.)

APPLICATION

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Public Utilities Commission of Ohio

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May 2, 2007

Attorney for Ohio Gas Company

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APPLICATION

Ohio Gas Company ("Ohio Gas") hereby submits its annual Uncollectible Expense Rider Report and respectfully requests approval to revise its Uncollectible Expense Rider ("Rider") rate. In support of its Application, Ohio Gas states as follows:

1. On January 25, 2006, the Commission issued an Entry ("Entry"), in Case No. 05-1439-GA-UEX, in which it approved Ohio Gas' application for authority to establish an uncollectible expense rider.
2. In the same Entry, the Commission approved Ohio Gas' initial Rider rate. Ohio Gas filed its final tariff consistent with the Entry on January 26, 2006, effective as of that date.
3. In the Entry, the Commission directed Ohio Gas to file a yearly report that identifies amounts recovered, deferred, and amortized

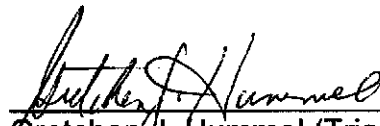
pursuant to the Rider. Ohio Gas' 2007 report is Attachment 1 to this Application.

4. Ohio Gas proposes a revised Rider rate of \$0.0384 per Mcf. The rate is comprised of: (1) the balance of deferred uncollectible accounts expense net of recoveries as of March 31, 2007, and (2) an estimate of net uncollectible accounts expense for the 12 months ending March 31, 2008. The calculation of the revised rate is shown on Attachment 2 hereto.
6. Ohio Gas' Rider states that "The Company shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed for prior period over or under collections." The portion of the proposed Rider increase that is attributable to the prior period under-collection exceeds 10% of the current Rider rate.
8. The portion of the proposed Rider rate attributable to estimated uncollectible expense is derived by subtracting from the estimated charge-off amount the estimated dollars attributable to agency assistance and customer payments.

9. The resulting rate of \$0.0384 per Mcf is just and reasonable and should be approved. Copies of the proposed and scored current tariff sheets are Attachment 3 to this Application.

WHEREFORE, Ohio Gas respectfully requests that the Commission approve the new Uncollectible Expense Rider rate proposed in this Application.

Respectfully submitted,



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ATTACHMENT 1

OHIO GAS COMPANY

Bad Debt Rider

Annual Balance Reconciliation - 1st Quarter 2007

Attachment 1
Page 1 of 2

	2007		
	January	February	March
(1) Balance - Beginning of Month	149,742	84,110	38,941
(2) Bad Debts Written Off	17,099	58,869	15,666
(3) Recovery - Base Rates	-	-	-
(4) Recovery - Bad Debt Rider (a)	58,157	87,098	63,125
(5) Recovery - Other (b)	24,574	16,940	18,492
(6) Incremental Bad Debt (2)-[(3)+(4)+(5)]	(65,632)	(45,169)	(65,951)
(7) Balance Subtotal (1)+(6)	84,110	38,941	(27,010)
(8) Carrying Charges {[(1)+(7)]/2}x(c)	-	-	-
(9) Balance - End of Month (7)+(8)	84,110	38,941	(27,010)

(a) Calculated: actual consumption times authorized rider rate

(b) Consists of customer payments, agency assistance, supplier discounts

(c) Enter net monthly carrying charge rate 0.00000% 0.00000% 0.00000%

OHIO GAS COMPANY
Bad Debt Rider
Annual Balance Reconciliation - 2006

Attachment 1
Page 2 of 2

	2006											
	January	February	March	April	May	June	July	August	September	October	November	December
(1) Balance - Beginning of Month	94,071	48,675	4,544	73,456	95,638	122,093	144,314	199,709	226,182	233,698	216,469	198,470
(2) Bad Debts Written Off	-	-	108,110	51,227	40,217	34,352	69,742	44,342	27,282	27,807	41,805	18,787
(3) Recovery - Base Rates	27,885	-	-	-	-	-	-	-	-	-	-	-
(4) Recovery - Bad Debt Rider (a)	-	25,196	24,134	15,385	6,808	4,582	7,081	6,401	7,841	16,304	35,482	48,772
(5) Recovery - Other (b)	17,778	19,027	15,210	13,884	7,290	7,845	7,266	11,468	11,925	28,732	24,312	18,743
(6) Incremental Bad Debt (2)-[(3)+(4)+(5)]	(45,863)	(44,223)	68,766	21,958	26,119	22,125	55,395	26,473	7,516	(17,229)	(17,999)	(48,728)
(7) Balance Subtotal (1)+(6)	48,408	4,452	73,310	95,414	121,757	144,218	199,709	226,182	233,698	216,469	198,470	149,742
(8) Carrying Charges [(1)+(7)/2]x(c)	267	92	146	224	336	98	-	-	-	-	-	-
(9) Balance - End of Month (7)+(8)	48,675	4,544	73,456	95,638	122,093	144,314	199,709	226,182	233,698	216,469	198,470	149,742

(a) Calculated: actual consumption times authorized rider rate
(b) Consists of customer payments, agency assistance, supplier discounts
(c) Net monthly carrying charge rate

ATTACHMENT 2

OHIO GAS COMPANY

Bad Debt Rider

Uncollectible Expense Rider Calculation 2007

Attachment 2

Balance of Deferred Uncollectible Accounts Expense @ 3/31/2007 \$ (27,010)

Estimated Uncollectible Accounts Expense for
Twelve Months Ending 3/31/2008

Charge-off Amount	\$ 447,195
Recoveries	<u>191,271</u>
Net Amount	255,924

Total to be Collected \$ 228,914

Applicable Volumes 5,968,794.7 MCF

Proposed Rate \$ 0.0384

Current Rate 0.0658

Proposed Uncollectible Expense Rider Adjustment \$ (0.0274)

ATTACHMENT 3

OHIO GAS COMPANY

Third Revised Sheet No. 3
(Cancels Second Revised Sheet No. 3)

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P.U.C.O. No. 1

GAS SERVICE

GROSS RECEIPTS EXCISE TAX RIDER

The Gross Receipts Excise Tax Rider is applicable to all gas cost recovery charges billed by the Company under all of its current rate schedules.

All bills shall be adjusted for the Ohio gross receipts excise tax on gas cost recovery revenues at a rate of 4.970%.

UNCOLLECTIBLE EXPENSE RIDER

Applicability. Applicable to all volumes served under the General Service and Transportation Rates. An additional charge shall be applied to all volumes for service rendered to recover costs associated with uncollectible accounts arising from those customers responsible for paying the Uncollectible Expense Rider. The Company shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over- or under-collections. The current Uncollectible Expense Rider rate is \$0.0384 per Mcf.

Deleted: 658

Deleted: June 7, 2006

Deleted: July 1, 2006

Deleted: 06-706

Issued: 2007

Effective: 2007

Filed Under Authority of Case No. 07- GA-UEX

Issued by Richard P. Hallett, President
Bryan, Ohio

OHIO GAS COMPANY

Third Revised Sheet No. 3
(Cancels Second Revised Sheet No. 3)

P.U.C.O. No. 1

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Issued by Richard P. Hallett, President
Bryan, Ohio