

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
 Eastern Natural Gas Company for)
 Approval of an Alternative Rate Plan) Case No. 08-940-GA-ALT
 Proposing a Revenue Decoupling)
 Mechanism.)

In the Matter of the Application of)
 Pike Natural Gas Company for)
 Approval of an Alternative Rate Plan) Case No. 08-941-GA-ALT
 Proposing a Revenue Decoupling)
 Mechanism.)

ENTRY

The Commission finds:

- (1) Eastern Natural Gas Company (Eastern) and Pike Natural Gas Company (Pike) are natural gas companies as defined in Section 4905.03(A)(6), Revised Code, and public utilities as defined in Section 4905.02, Revised Code, and, as such, are subject to the jurisdiction of the Commission pursuant to Sections 4905.04, 4905.05, and 4905.06, Revised Code.
- (2) Section 4929.05, Revised Code, provides that, as part of an application filed pursuant to Section 4909.18, Revised Code, a natural gas company may request approval of an alternative rate plan. An application filed under Section 4909.18, Revised Code, can either be for an increase in rates or not for an increase in rates. Recently enacted Section 4929.051, Revised Code, states that an alternative rate plan filed under Section 4929.05, Revised Code, and proposing a revenue decoupling mechanism may be an application not for an increase in rates, if the proposed rates are based upon the revenue requirement from the company's most recent rate case proceeding and the plan provides for an energy efficiency or energy conservation program. Alternative rate plans filed pursuant to Section 4929.05, Revised Code, are considered under the procedures contained in Chapter 4901:1-19, Ohio Administrative Code (O.A.C.).

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- (3) On August 1, 2008, Eastern and Pike (jointly referred to as the applicants) filed applications for approval of alternative rate plans proposing revenue decoupling mechanisms, in Case Nos. 08-940-GA-ALT and 08-941-GA-ALT, respectively. The applicants state that their applications were filed pursuant to Sections 4929.05 and 4929.051, Revised Code. According to the applicants, the revenue decoupling mechanism proposed by the applicants will use the billing determinants and revenue requirements from the applicants' last rate cases, but the rate designs will be altered so that more of the revenue will be based on the fixed monthly customer charges and less on the volumetric charges. In addition, the applicants propose to assist conservation by increasing the tail block for large users. Furthermore, the applicants propose demand side management riders that would be applied toward the general sales service volumes in order to produce revenues for conservation projects in the applicants' service territories.
- (4) In accordance with Rule 4901:1-19-06(A), O.A.C., by letter dated August 29, 2008, the Commission's staff notified the applicants that the applications, as filed, were not in substantial compliance with the filing requirements for alternative regulation cases filed pursuant to Section 4929.05, Revised Code. In the letter, staff stated that the applicants were required to provide notice of their applications to interested parties in accordance with Rule 4901:1-19-05(A), O.A.C. Furthermore, staff noted that the applicants either had to provide the specific information required by paragraphs (B) and (C) of Rule 4901:1-19-05, O.A.C., or had to file requests for waivers from compliance with these requirements.
- (5) On September 15, 2008, the applicants filed a motion for reconsideration of the August 29, 2008, deficiency letter or, in the alternative, for waivers. Specifically, the applicants request that, given the enactment of Section 4929.051, Revised Code, the applications be found to be in substantial compliance with the Revised Code and the Ohio Administrative Code. However, if waivers are needed, the applicants request waivers of the requirements contained in Rule 4901:1-19-05, O.A.C., paragraphs: (A)(1) and (2); (C)(1); (C)(2)(b) through (f); (C)(2)(h) and (i); and (C)(3). On October 3, 2008, the applicants filed supplemental information in compliance with the

requirements of paragraphs (C)(2)(f) and (C)(3) of Rule 4901:1-19-05, O.A.C.

- (6) Upon consideration of the applicants' request for reconsideration of the August 29, 2008, letter, the Commission finds that, contrary to the applicants' assertions, the applications can not be determined to be in compliance with the statute and Chapter 4901:1-19, O.A.C., simply because of the enactment of Section 4929.051, Revised Code. The Commission notes that Section 4929.051, Revised Code, contemplates the filing of an alternative rate plan that proposes a revenue decoupling mechanism, under Section 4929.05, Revised Code. As we stated previously, Chapter 4901:1-19, O.A.C., governs the contents of an application for an alternative rate plan, as well as the processes to be followed for such applications filed under Section 4929.05, Revised Code. Therefore, the applicants must either comply with the filing requirements contained in Section 4901:1-19-05, O.A.C., or request waivers of those requirements.
- (7) In the alternative, the applicants request that the Commission grant waivers of certain requirements set forth in Section 4901:1-19-05, O.A.C. Specifically, the applicants request waivers of the following requirements contained in Section 4901:1-19-05, O.A.C.: (A)(1) and (2), prefiling notice of the applications; (C)(1), information required by Section 4909.18(A) through (E), Revised Code, and standard filing requirements for applications requesting an increase in rates; and (C)(2)(b) through (e), and (h) and (i), alternative regulation plan standard filing requirements. In support of their requests for waiver, the applicants argue that the proposals set forth in the applications comply with Section 4929.051, Revised Code, and that the applications do not constitute requests for an increase in rates.
- (8) The Commission believes that the applicants' requests for waivers are too broad. In particular, the Commission is concerned that the applicants are requesting waivers of the public notice requirements, especially in light of the impact these applications would have on individual ratepayers. Furthermore, we believe that it is essential that the applications contain sufficient information such that we will be able to consider the merits of the requests. Without the necessary

notice to customers and the requisite information, the Commission is unable to appropriately review these applications. Therefore, upon consideration of the applicants' requests for waivers of certain requirements contained in Section 4901-1-19-05, O.A.C., the Commission finds that the waivers should be denied.

ORDERED, That the applicants' motion for reconsideration of the August 29, 2008, deficiency letter or, in the alternative, for waivers be denied. It is, further,

ORDERED, That a copy of this entry be served upon each interested person of record.

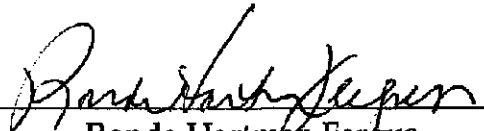
THE PUBLIC UTILITIES COMMISSION OF OHIO



Alan R. Schriber, Chairman



Paul A. Centolella



Ronda Hartman Fergus



Valerie A. Lemmie

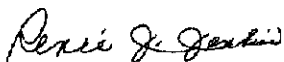


Cheryl L. Roberto

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Renee J. Jenkins
Secretary