

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

**AMENDED APPLICATION OF
PIKE NATURAL GAS COMPANY
FOR APPROVAL OF AN ALTERNATIVE RATE PLAN
PROPOSING A REVENUE DECOUPLING MECHANISM/
MOVEMENT OF GENERAL SERVICE TARIFF RATES
TOWARD A STRAIGHT FIXED VARIABLE RATE DESIGN**

Now comes Pike Natural Gas Company (hereinafter "Pike" or the "Applicant") and files this Amended Application, pursuant to the provisions of Sections 4929.05 and 4929.051, Revised Code, the Commission's November 5, 2008 Entry, and after further consultation with the Staff. In support thereof, Pike hereby represents and says that:

1. Pike is a public utility and natural gas company as those terms are defined by Sections 4905.02 and 4905.03(A)(6), Revised Code, and therefore is subject to the jurisdiction of this Commission.

2. Pike files this Amended Application pursuant to Sections 4929.05 and 4929.051, Revised Code, which permits a natural gas company to file an alternative rate plan with a revenue decoupling mechanism/movement toward a Straight Fixed Variable (SFV) rate design without having to file a rate increase application.

3. The Applicant provides natural gas service to approximately 7,200 customers in two noncontiguous districts in Southern Ohio including the villages of Beaver, Highland, Hillsboro, Jackson, Leesburg, New Vienna, Piketon and Waverly the unincorporated

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areas of Clinton, Fayette, Highland, Jackson, Pike, Ross and Scioto Counties. Only General Service customers would be affected by this Amended Application.

4. Pike's current base rates were established by the Commission's Opinion and Order of June 28, 2006 in Case No. 05-824-GA-AIR. Those rates were based on a test year of the twelve months ending March 31, 2005 and a date certain of March 31, 2005.

5. The test year sales volumes upon which the base rates in Case No. 05-824-GA-AIR were established consisted of 933,127 thousand cubic feet ("MCF") for General Service customers. In its June 28, 2006 Opinion and Order in Case No. 05-824-GA-AIR, the Commission authorized a rate of return of 10.25% and revenue requirements of \$10,827,863. See Amended Exhibit A.

6. Though the test year figures were based on actual historic through put, Pike has achieved one of the highest levels of conservation by its General Service customers. As noted in Amended Exhibit B, which is hereby incorporated as part of this Amended Application, consumption per degree day has dropped from 0.0231 MCF per customer degree day during the test year ending March 31, 2005 to 0.0191 MCF per customer degree day for the twelve months ending December, 2008. That is a drop in consumption per customer degree day of 17.3%. Further, the general trend over the 5 year period shows a decrease in consumption per customer degree day.

7. In the aggregate, General Service sales volumes for Pike have been reduced from the test year level of 933,127 MCF to 886,147 MCF. That is a reduction of some 46,980 MCF or 5.03% between the test year and the twelve months ending December 31, 2008.

8. Amended Exhibit C attached to the Amended Application is a graph which depicts the reduction in MCF sales volumes compared to the test year since the Commission's

Opinion and Order in the last rate case. The reductions in General Service through put depicted in Amended Exhibit C is due chiefly to conservation as the number of General Service customers has remained fairly constant ranging from 7,144 in the test year to 7,183 today.

9. Currently, Pike has a General Service schedule, an Industrial Service schedule, and a Transportation Service schedule. There are no customers receiving service under the Industrial Service or Transportation Service schedules. No Industrial Service customers currently exist. Transportation Service customers receive service under contract. While General Service, Industrial Service and Transportation Service tariffs are proposed to be changed, only General Service tariff customers will be affected by this amended application. The General Service schedule includes both Residential and Commercial customers.

10. Since the rate design utilized by Pike in the last rate case was primarily based on volumetric charges, the decline in through put has caused a significant decline in revenue for Pike. The current rate design for General Service customers has only two components: a volumetric rate which is applied to each ccf of gas the customer consumes and a fixed monthly customer charge. The monthly customer charge is designed only to capture the cost of metering and billing. Thus, the conservation trend observed in the General Service schedule has created a severe underfunding of Pike's ability to meet maintenance costs, working capital and investment capital necessary to insure high quality, safe natural gas service.

11. Based upon the calculations set forth in Amended Exhibit D in which Pike has used actual unadjusted financial results for the twelve months ending December 31, 2008 and plant balances as of December 31, 2008, Pike earned a rate of return of 5.89%.

12. Pike believes that its current General Service, Industrial Services and Transportation Service schedules are unjust and unreasonable because they do not recognize the

effects of continued conservation practices by customers, and the decline in industrial natural gas usage and transportation volumes in the Pike service area. The current General Service, Industrial Service and Transportation Service tariff pages are attached as Amended Exhibit E.

13. Pike believes that by moving its monthly tariffed customer charges toward a Straight Fixed Variable ("SFV") rate design, by reducing the commodity rate for General Service tariff customers and by increasing the tail block of the Industrial Service and the Transportation Service volumetric rate, it can both recoup its legitimate costs and still sponsor conservation.

14. The Ohio General Assembly has recognized the need to decouple local distribution company revenue from volumetric sales. Senate Bill 221, signed by the Governor on May 1, 2008, effective July 31, 2008 establishes Section 4929.051, Revised Code. Section 4929.51, Revised Code is a broad statute which contemplates not only decoupling mechanisms, but also a movement toward an SFV rate design.

15. The new Section 4929.051 Revised Code provides:

Sec. 4929.051. An alternative rate plan filed by a natural gas company under section 4929.05 of the Revised Code and proposing a revenue decoupling mechanism may be an application not for an increase in rates if the rates, joint rates, tolls, classifications, charges, or rentals are based upon the billing determinants and revenue requirement authorized by the public utilities commission in the company's most recent rate case proceeding and the plan also establishes, continues, or expands an energy efficiency or energy conservation program.

16. Under the above quoted provision, local distribution companies like Pike may apply to decouple their rates or move their rates toward an SFV rate design without filing an Application for an Increase in Rates so long as the local distribution company 1) uses the billing determinants from the most recent rate case proceeding; 2) does not exceed the revenue

requirement authorized by the Commission in the most recent rate case; and 3) establishes, continues or expands an energy efficiency or energy conservation program.

17. Because the revenue effects of the current conservation on Pike are acute, Pike proposes through this Amended Application a revenue decoupling mechanism/movement toward SFV rate design as envisioned by the General Assembly and the Commission through an alternative rate filing, but to implement it as soon as possible. Thus, Pike proposes to use the billing determinants and revenue requirement from its last rate case, but alter the rate design for the General Service, Industrial Service and Transportation Service classes so that more of the revenue is based on the fixed monthly customer charge and less comes from the volumetric charges. The movement toward an SFV rate design would produce revenues less than the revenue requirement authorized in the last rate case, but achieved with much lower consumption of natural gas.

18. Under Section 4909.18, Revised Code Pike could apply to increase rates in order to address both the need to meet prudently incurred operation and maintenance expenses, earn an equitable return and revise the rate design. Such a course of action however may not be the optimal option for Pike's General Service customers. First, the customers would ultimately bear the expense of a rate case which given Pike's small size is significant on a per capita basis. Second, a new test year would result in a dramatic shift of costs from the Transportation customers to the General Service customers because of the dramatic decline in industrial gas consumption since the last test year.

19. To achieve part of the advantages of a revenue decoupling mechanism under an alternative rate plan, Pike proposes the Commission adopt the proposed movement toward a SFV rate design that would apply to all of Pike's General Service customers and to the

Industrial Service and Transportation Service schedules, and to decrease the volumetric rate for Residential and Commercial customers and to increase the tail block of the Transportation Service volumetric rates. See the determination of proposed tariff rate adjustments based on sales and customers for the twelve months ending December, 2008 contained in Amended Exhibit G, page 2.

20. The proposed movement toward a SFV rate design would reduce the linkage between the volumes sold and cost recovery for General Service customers. For Residential customers, Pike proposes a 114.3% increase in its monthly customer fee from \$7.00 a month to \$15.00 a month. For Commercial customers, Pike proposes a 614.3% increase in its monthly customer fee of \$7.00 to \$50.00. The Industrial Service and Transportation Service tariff schedules are proposed to increase the monthly customer charge from \$150 per month to \$200 per month, an increase of 33.3%.

Volumetric base rates for both Residential and Commercial customers would be reduced. For Residential customers, the volumetric rate would be reduced by 56.3% from \$0.18876 per Ccf to \$0.08247 per Ccf. For Commercial customers, the volumetric rate would be reduced by 74.9% from \$0.18876 per Ccf to \$0.04747 per Ccf. Industrial Service and Transportation Service rate schedules are proposed to have the last block of their commodity rate increased from \$0.04662 per Ccf to \$0.06035 per Ccf, an increase of 29.5%.

21. Because Pike is proposing a movement toward an SFV rate for its General Service customers, and because the customer charge for Residential customers will be different than the monthly customer fee for Commercial customers, Pike is proposing to divide the General Service schedule into two subclasses: Residential and Commercial. However, for

purposes of calculating revenue requirements, Pike has used the test year billing determinants from the most recent rate increase case.

22. Based upon the actual number of customers and volumes for the twelve months ending December 31, 2008, the proposed movement toward SVF rate design for the General Service class would produce a revenue level of \$2,648,641 which is less than Pike's originally authorized level of revenues of \$2,652,451 in its most recent rate case. The calculated rate of return for Pike under these proposed rates would be 10.06%, less than the 10.25% rate of return authorized in Case No. 05-824-GA-AIR. Compare Amended Exhibit G, page 1 and Amended Exhibit A.

23. Section 4929.051, Revised Code, calls for the establishment, continuation or expansion of an energy efficiency or energy conservation program. Pike does not currently have such a program. As part of this Amended Application, Pike proposes that a demand side management ("DSM") program be established and approved. Pike proposes that \$.93 be added to the monthly Residential and Commercial customer charges in order to produce approximately \$80,000 on an annual basis for conservation-related projects. Adding the \$.93 to both the Residential and Commercial monthly customer charges would produce monthly customer charges of \$15.93 and \$50.93 per month, respectively. Applying these rates and the adjusted volumetric rates to calendar year 2008 consumption levels would produce adjusted base rate revenue of \$2,730,896.

24. The DSM program, which would also contain an additional \$10,000 of shareholder funding, would be initially targeted on the Company's high usage PIP customers. It would spend about \$12.53 per Residential customer, which is substantially greater on a per customer basis than other natural gas DSM programs in Ohio. The specifics of the DSM

program will be determined with the input of the Staff and other parties to this case. The calculation of the DSM amounts is attached as Amended Exhibit H to this Amended Application.

25. The typical Pike Residential customer uses 72.3 MCF of gas a year. Under the existing rates approved in Case No. 05-824-GA-AIR and applying the average residential consumption curve the total bill for natural gas (using the new GCR), the average Residential customer would pay distribution service rates of \$940.04 per year. Under the proposed movement toward an SFV rate design and the approval of the DSM program, the annual cost for an average Residential customer would be \$971.86, a 3.4% increase. For a Residential customer consuming only 36.2 MCF a year (half of the average), the increase would be \$72.13 a year, or a 14.0% increase. See Amended Exhibit I, pp 1-2.

The average use Pike Commercial customer would consume 352.2 MCF per year and under current rates would pay distribution service rates of \$4,238.01. Under the proposed movement toward an SFV rate design and the approval of a DSM program, the annual cost to an average Commercial customer would be \$4,269.01. This would be an increase of \$31.00 or an increase of 0.7% per year. See Amended Exhibit I, p. 3.

26. There are no Transportation Service customers receiving service under tariff. But if the average Transportation customer were to take service under the tariff, it would pay \$56,040.84 for Transportation Service a year under the current tariff, but would pay \$69,960.41 under the proposal which is an increase of \$13,919.57 or a 24.8% increase. See Amended Exhibit I, p. 4 of 4.

27. Although Pike will not be filing a Notice of Intent nor a “PFN” because it does not propose to file a rate increase application, the Applicant does propose to publish notice of this Amended Application and provide for an opportunity for a hearing if the Commission

deems one necessary. Pike proposes that the Commission authorize it to publish the notice listed in Amended Exhibit J to this Amended Application.

28. The primary statutory mechanism by which a public utility, subject to the jurisdiction of this Commission, may seek authority to amend, modify or change any of its existing regulations or practices for the services it renders is to file a written application for an increase in rates with the Commission pursuant to Section 4909.18, Revised Code. However, through Section 4929.051, Revised Code, the General Assembly has permitted the modification of rates through an alternative rate plan that provides for a revenue decoupling mechanism/movement toward a SFV rate design if such rates are based upon the billing determinants and revenue requirements authorized by the Commission in the most recent rate increase case proceeding and the plan also establishes, continues, or expands an energy efficiency conservation program. The alternative of a Section 4909.18, Revised Code rate increase case would be much more expensive and time consuming to Pike, and ultimately could result in even higher base rates for its customers.

29. Pursuant to Section 4929.05(A)(1), Revised Code, Pike is in compliance with Section 4905.35, Revised Code and is in substantial compliance with the policy of this state specified in Section 4929.02, Revised Code. Pike will not make or give any undue or unreasonable preference or advantage to any person, firm, corporation, or locality or subject any person, firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage. Pike offers its regulated services to all similarly situated consumers. Pike is a public utility but does not intend to offer consumers a bundled service that includes both regulated and unregulated services or goods. Pike does not condition or limit the availability of any regulated services or goods or condition the availability of a discounted rate or improved quality, price,

term, or condition for any regulated services or goods, on the basis of the identity of the supplier of any other services or goods or on the purchase of any unregulated services or goods from Pike.

30. Pursuant to Section 4929.05(A)(2), Revised Code, Pike is expected to continue to be in substantial compliance with the policy of this state specified in Section 4929.02, Revised Code, after implementation of the alternative rate plan. Pike currently promotes the availability to consumers of adequate, reliable and reasonably priced natural gas services and will continue to do so after implementation of this alternative rate plan.

31. The approval of the movement toward a SFV rate design for the General Service, Industrial Service and Transportation Service schedules in Amended Exhibit K and the approval of the DSM program are just and reasonable, as they will allow Pike to continue its promotion of conservation but at the same time allow it to recover the revenues necessary to earn a reasonable rate of return, and is consistent with Section 4929.051, Revised Code.

32. Pike submits this Amended Application pursuant to Sections 4929.05 and 4929.051, Revised Code. Amended Exhibits A through K are attached to this Application and are incorporated herein. If necessary, Brian Jonard and Ken Rosselet will sponsor the Amended Exhibits as witnesses at hearing should the Commission deem a hearing necessary.

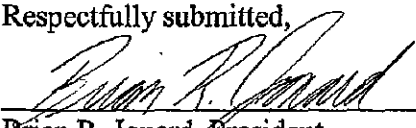
WHEREFORE, Pike Natural Gas Company respectfully asks that the Commission consider the facts and proposals set forth in this Amended Application, approve the requested rate changes, approve the Applicant's Amended Application, and to:

(a) Accept the Amended Application for an alternative rate plan pursuant to Section 4929.051, Revised Code;

(b) Decide the case on the basis of the information contained in the Amended Application and the Amended Exhibits submitted by Pike;

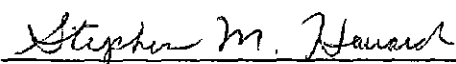
- (c) Authorize Pike to publish notice of this Amended Application and if deemed necessary by the Commission, hold a hearing; and
- (d) Approve the proposed tariff pages (Amended Exhibit K) including the proposed movement toward a SFV rate design and the DSM program and allow such tariffs to take effect as soon as possible.

Respectfully submitted,



Brian R. Jonard, President

Dawn M. Seifried, Treasurer




M. Howard Petricoff
Stephen M. Howard
VORYS, SATER, SEYMOUR AND PEASE LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008
(614) 464-5414
Attorneys for Pike Natural Gas Company

- (c) Authorize Pike to publish notice of this Amended Application and if deemed necessary by the Commission, hold a hearing; and
- (d) Approve the proposed tariff pages (Amended Exhibit K) including the proposed movement toward a SFV rate design and the DSM program and allow such tariffs to take effect as soon as possible.

Respectfully submitted,

Brian R. Jonard, President

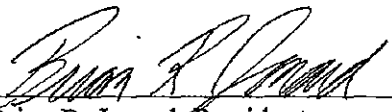

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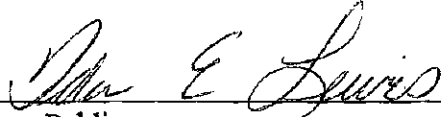
VERIFICATION

STATE OF _____)
) SS:
COUNTY OF _____)

I, Brian R. Jonard, President of Pike Natural Gas Company, verify that the information contained in this Amended Application is true and correct to the best of my knowledge.


Brian R. Jonard, President

Sworn and subscribed before me in my presence this 4th day of FEBRUARY, 2009.


Notary Public
My Term Expires:
(SEAL)

IDA E. LEWIS
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES 08-16-11

VERIFICATION

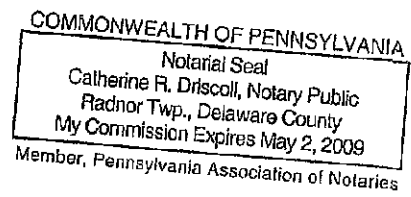
STATE OF Pennsylvania)
) SS:
COUNTY OF Delaware)

I, Dawn M. Seifried, Treasurer of Pike Natural Gas Company, verify that the information contained in this Amended Application is true and correct to the best of my knowledge.

Dawn Seifried
Dawn M. Seifried, Treasurer

Sworn and subscribed before me in my presence this 4th day of February 2009.

Catherine R. Driscoll
Notary Public
My Term Expires: May 2, 2009
(SEAL)

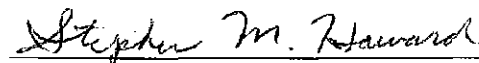


CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Amended Application and Amended Exhibits was served upon the following persons by hand delivery and by electronic mail this 6th day of February, 2009:

Joseph P. Serio
Office of Ohio Consumers' Counsel
10 W. Broad Street, Suite 1800
Columbus, Ohio 43215-3485

Stephen A. Reilly/Anne L. Hammerstein
Assistant Attorneys General
180 E. Broad Street, 9th Floor
Columbus, Ohio 43215-3796



Stephen M. Howard

PIKE NATURAL GAS COMPANY
Case No. 08-0941-GA-ALT
STIPULATION SCHEDULE A-1
Case No. 05-0824-GA-AIR
Revenue Requirements

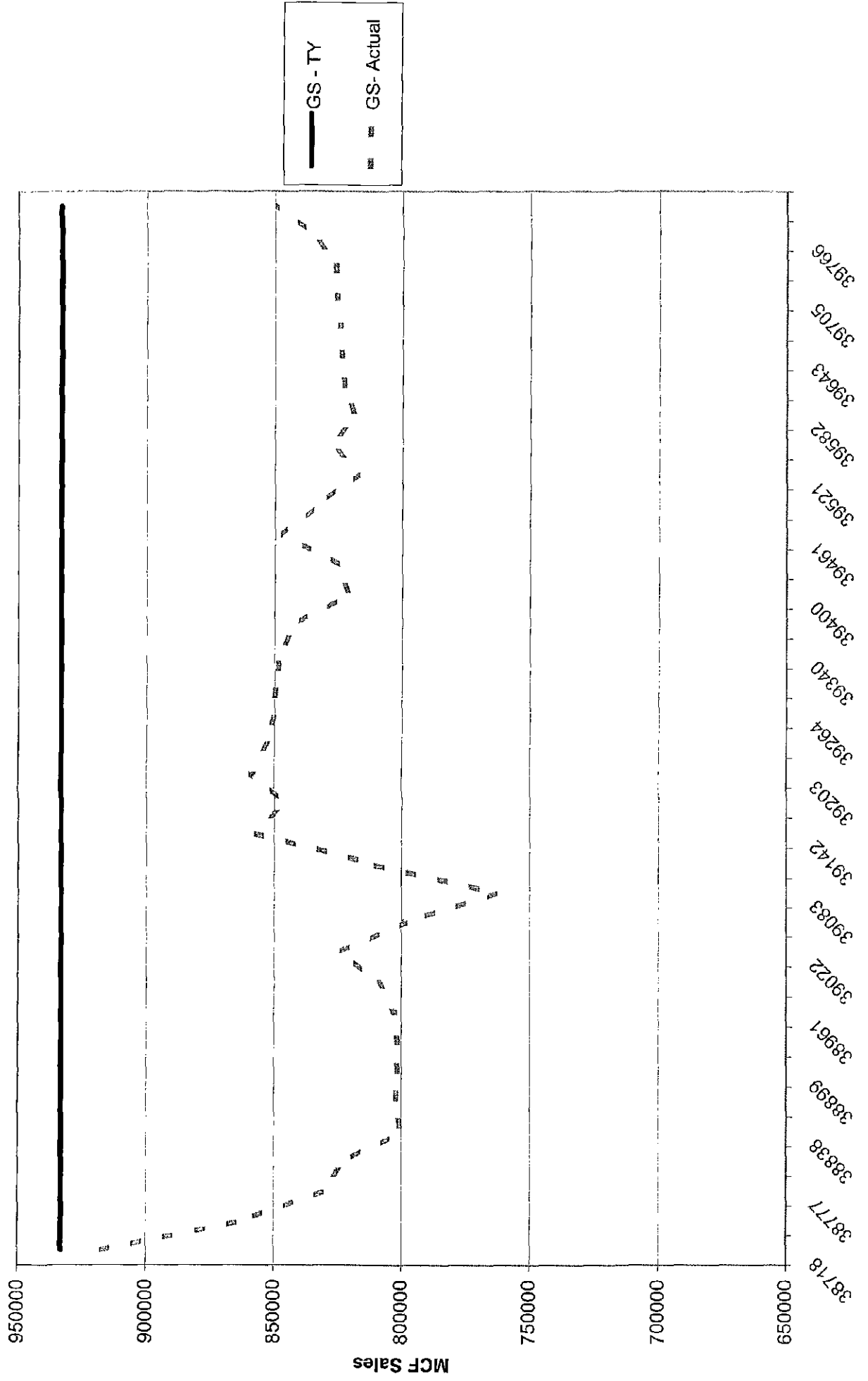
		<u>Stipulation</u>
(1)	Rate Base (a)	\$ 2,776,977
(2)	Adjusted Operating Income (b)	(131,393)
(3)	Rate of Return Earned (2) / (1)	-4.73%
(4)	Rate of Return Recommended (c)	10.25%
(5)	Required Operating Income (1) x (4)	284,640
(6)	Income Deficiency (5) - (2)	416,033
(7)	Gross Revenue Conversion Factor (d)	1.515152
(8)	Revenue Increase Required (6) x (7)	630,354
(9)	Revenue Increase Recommended	630,354
(10)	Adjusted Operating Revenue (b)	10,197,509
(11)	Revenue Requirements (9) + (10)	\$ 10,827,863
(12)	Increase Over Current Revenue (9) / (10)	6.18%

- (a) Staff's Settlement Schedule B-1
- (b) Staff's Settlement Schedule C-2
- (c) Refer to Rate of Return Section
- (d) Staff's Settlement Schedule A-1.1

PIKE NATURAL GAS COMPANY
Case No. 08-0941-GA-ALT
Degree Day - Usage Data

YEAR	Degree Days	GS Sales	Average Sales Per Degree Day	Average Number of Customers	Average Sales Per Customer	Sales per Customer per Degree Day
1991	5,079	822,910	162			
1992	5,638	920,107	163			
1993	5,852	984,395	168			
1994	5,836	961,819	165			
1995	6,011	917,221	153			
1996	6,224	1,051,235	169			
1997	5,947	967,459	163			
1998	4,793	824,749	172			
1999	5,249	888,366	169			
2000	5,694	914,835	161			
2001	5,280	960,333	182			
2002	5,480	934,096	170			
2003	6,167	998,654	162			
2004	5,762	966,400	168	7,144	135	0.0235
2005	5,998	928,218	155	7,187	129	0.0215
2006	5,551	798,571	144	7,194	111	0.0200
2007	5,695	825,563	145	7,203	115	0.0201
2008	6,200	848,753	137	7,180	118	0.0191
LAST RATE CASE						
TEST YEAR FY 2005	5,654	933,127	165	7,144	131	0.0231
5 YR AV	5,841					
10 YR AV	5,708					
20 YR AV	5,659					
30 YR AV	5,524					

AMENDED EXHIBIT C
PIKE NATURAL GAS COMPANY
Case No. 08-0941-GA-ALT
General Service Sales For The Twelve Month Sales by Month Endings



PIKE NATURAL GAS COMPANY
Case No. 08-0941-GA-ALT
Actual Earnings for the Twelve Months Ended 12/31/08

		Actual For 2008 (a)	
1	Revenue		
2	Variable Delivery Revenue	\$	1,586,222
3	Period Delivery Revenue		614,461
4	Cost of Gas		8,346,587
5	Interco Transportation		66,999
6	Other Tariff Charges		24,995
7	Total Operating Revenues		<u>10,639,264</u>
8			
9	Operation and Maintenance Expenses		
10	Salaries and Wages		594,182
11	Fringe Benefits		<u>175,975</u>
12	Total Compensation		770,157
13			
14	Cost of Gas		8,346,587
15	Operating Material & Supplies		54,853
16	Maintenance Material & Supplies		26,087
17	Vehicle and Equipment Expense		50,674
18	Outside Services		60,111
19	Customer Service		268,096
20	Bad Debts		3,162
21	Other Operations and Maintenance		(43,894)
22	Rent		20,250
23	Office Supplies and Expenses		57,577
24	Insurance and Damages		44,220
25	Administrative and General Expenses		
26	Personnel Costs		223,845
27	Professional Services		98,285
28	Other A& G Expenses		<u>75,229</u>
29	Total Operation and Maintenance Costs		<u>10,055,239</u>
30			
31	Depreciation Expense		178,883
32			
33	Taxes Other Than Income		
34	Taxes and Licenses		92,131
35	Gross Receipts Tax		(14,425)
36	Payroll Taxes		<u>45,694</u>
37	Total Taxes		<u>123,400</u>
38			
39	Federal Income Taxes (f)		101,885
40			
41	Total Operating Expenses		<u>10,459,407</u>
42			
43	Net Operating Income		<u>179,857</u>
44			

PIKE NATURAL GAS COMPANY
Case No. 08-0941-GA-ALT
Actual Earnings for the Twelve Months Ended 12/31/08

		Actual For 2008 (a)
45	Non Operating Income	
46	Miscellaneous Income	8,183
47	Other Non Operating Expense	82,456
48	Interest	19,234
49	Net Non-Operating Income	(93,507)
50		
51	Net Income	\$ 86,350
52		
53		
54	Rate Base as of 12/31/08	\$ 3,051,583
55		
56	Rate of Return Earned (Line 43/ Line 54)	5.89%

(a) - Monthly Financial Statements

(d) - Effect of Proposed Changes in GS Rates (Includes \$80,000 for DSM)

(e) - Proposed DSM Expenditures

(f) FIT Recalculated

AMENDED EXHIBIT E

2. General Service Rate – GS

Availability. Available and applicable to all residential and commercial customers who have properly completed an application for service within the service area covered by this tariff, who will be serviced from existing Company facilities, for total gas requirements, for a single location, of a single customer, regardless of use.

Monthly Charges

The monthly customer charge shall be seven dollars (\$7.00) for each customer location.

Plus \$0.18876 per Ccf for all Ccf of gas;

Plus, all delivered gas shall be subject to an adjustment per one hundred cubic feet (CCF) as set forth on:

Sheet No. 30, Rider PIPP, Percentage of Income Payment Plan.

Sheet No. 31, Uncollectible Expense Rider

Sheet No. 32, Rider GCR, Gas Cost Recovery Rate.

Gross Receipts Tax Rider

All bills rendered pursuant to this tariff will be adjusted to provide for the recovery of the Company's gross receipts tax liability of said bills through the application of the gross receipts tax rider specified on Sheet No. 29 of this tariff. This gross receipts tax rider shall not be applicable to customers that are statutorily exempt from the payment of the gross receipts tax.

Late Payment Charge

If applicable, an additional late payment charge of 1.5% (one and one-half percent) of the overdue unpaid balance shall be assessed as provided in Section IV, Paragraph 1(d), of the Company's Rules and Regulations Governing the Distribution and Sale of Gas.

Service Reestablishment Charge

Subject to the provisions of Section II, Paragraphs 6 and 7 herein, if service under this rate schedule is discontinued at the request of the customer, the Company shall not be under any obligation to resume service to the same customer on the same premises until the customer has made payment of an amount equal to the Reconnection Charge specified in Section IV(1)(a) above.

3. Industrial Service Rate - IS

Availability

Available and applicable to all industrial customers provided that:

- (a) Customer has properly completed an application for service within the service area covered by this tariff.
- (b) Will be serviced from existing Company facilities, for total gas requirements, for a single location, of a single customer, regardless of use.
- (c) Service can be rendered within the limits of the Company's operating conditions and facilities;
- (d) Customer's consumption during one of the two most recent Annual Periods (November through October billing cycles) was at least 18,000 Mcf, or Customer presents evidence demonstrating to Company's satisfaction that it will consume at least 18,000 Mcf per year during future Annual Periods. In addition, at least 50% of Customer's annual consumption must be consumed in the seven billing months of April through October, or Customer has previously executed a Commercial or Industrial Gas Service Agreement with Company, which was in effect immediately prior to the initiation of service hereunder.
- (e) Company may, at its option, waive the requirement that 50% of the annual consumption occur during the seven months of April through October where such waiver is necessary in order to serve a load which would not otherwise be served by Company, provided that at least 40% of Customer's annual consumption occurs during the months of April through October.

Monthly Charges

The monthly customer charge shall be one hundred fifty dollars (\$150.00) for each customer location.

Plus \$0.16000 per Ccf for the first 5000 Ccf per account per month;

Plus \$0.04662 per Ccf for all gas over 5000 Ccf per account per month.

Plus, all delivered gas shall be subject to an adjustment per one hundred cubic feet (Ccf) as set forth on:

Sheet No. 30, Rider PIPP, Percentage of Income Payment Plan.

Sheet No. 32, Rider GCR, Gas Cost Recovery Rate.

Issued: November 22, 2006

Effective: November 22, 2006

Filed Under Authority of Case No. 06-1250-GA-ATA
Issued by the Public Utilities Commission of Ohio

Issued by Brian R. Jonard, President

4. Transportation Service Rate - TS

Availability.

Available and applicable to all industrial customers provided that:

- (a) Customer has properly completed an application for service within the service area covered by this tariff;
- (b) Customer has obtained delivery of natural gas from a source other than the Company's distribution system or in addition to Company;
- (c) Service can be rendered within the limits of the Company's operating conditions and facilities;
- (d) Customer's consumption during one of the two most recent Annual Periods (November through October billing cycles) was at least 18,000 Mcf, or Customer presents evidence demonstrating to Company's satisfaction that it will consume at least 18,000 Mcf per year during future Annual Periods. In addition, at least 50% of Customer's annual consumption must be consumed in the seven billing months of April through October, or Customer has previously executed an Industrial Gas Service Agreement with Company, which was in effect immediately prior to the initiation of service hereunder.
- (e) Company may, at its option, waive the requirement that 50% of the annual consumption occur during the seven months of April through October where such waiver is necessary in order to serve a load which would not otherwise be served by Company, provided that at least 40% of Customer's annual consumption occurs during the months of April through October.

Monthly Charges

The monthly customer charge shall be one hundred fifty dollars (\$150.00) for each customer location.

Plus \$0.16000 per Ccf for the first 5,000 Ccf per account per month;

Plus \$0.04662 per Ccf for all gas over 5,000 Ccf per account per month.

The Company, at its sole discretion, may offer transportation services at rates that are downwardly flexible from the maximum rates above. The rate may be flexed between the upper bound of the basic transportation rate and a lower bound that recovers all variable costs of service and provides a contribution to the Company's fixed costs of providing service. Such reduced rates may be determined based on competitive services available to the customer, the quality (firm or interruptible) of service and the

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Issued by the Public Utilities Commission of Ohio

Issued by Brian R. Jonard, President

PIKE NATURAL GAS COMPANY

Case No. 08-0941-GA-ALT

Determination of Proposed Tariff Rates

Based on Sales and Customers for Twelve Months Ending December 2008

	Test Year		Approved Tariff Rates	Base Revenue Granted	Actual as of Dec 08		Adjusted Rates	Adjusted Revenue	Adjustment	
	No. Customers	MCF			No. Customers	MCF			Rate	Percent
	(a)	(a)	(b)	(c)	(d)	(d)	(e)	(f)	(g)	(h)
General Service										
Residential										
Customer Charge	6,084		\$ 7.00	\$ 511,056	6,002		\$ 15.00	\$ 1,080,360	\$ 8.00	114.3%
1st 500		491,159	1.8876	927,112		433,844	0.8247	357,791	(1.0629)	-56.3%
Total Residential				1,438,168				1,438,151		
Commercial										
Customer Charge	1,060		\$ 7.00	\$ 89,040	1,181		\$ 50.00	\$ 708,600	\$ 43.00	614.3%
1st 500		441,968	1.8876	834,259		452,303	0.4747	214,708	(1.4129)	-74.9%
Total Commercial				923,299				923,308		
Total General Service	7,144	933,127		2,361,467	7,183	886,147		2,361,459		
Transportation										
Customer Charge	4		150.00	7,200	3		200.00	7,200	50.00	33.3%
1st 500		22,595	1.6000	36,152		16,124	1.6000	25,798	-	0.0%
Over 500		344,385	0.4662	160,552		276,664	0.6035	166,967	0.1373	29.5%
Total Transportation		366,980		203,904		292,788		199,965		
Late Payment Charges										
Miscellaneous Charges				66,716 (i)				66,853 (i)	137	0.2%
				20,364				20,364		
Total	7,148	1,300,107		\$ 2,652,451	7,186	1,178,935		\$ 2,648,641		

- (a) - Staff Report Case No. 05-0824-GA-AIR, Schedule C-1.1a
(b) - Approved Tariffs Case No. 05-0824-GA-AIR
(c) - Approved Rates x Test Year Volumes (Ties to Base Rate Revenue Approved in Case No. 05-0824-GA-AIR)
(d) - Total Sales and Customers as of 12/31/08
(e) - Transportation Rates Unchanged. GS Customer Charge by class calculated as Follows:
[(Revenue Approved in Case No. 05-0824-GA-AIR / 12/31/08 Average Number of Customers / 12]
(f) - Adjusted Rates x 12 Months Ended December 2008 Volumes
(g) - Adjusted Rates Less Approved Rates Case No. 05-0824-GA-AIR
(h) - Rate Change / Approved Rates Case No. 05-0824-GA-AIR
(i) - (General Service Revenues + Transportation Revenue) x 2.61% Forfeited Discount Rate per Staff Report Case No. 05-0824-GA-AIR

PIKE NATURAL GAS COMPANY
Proforma Operating Income Statement
Settlement Schedule C-1
Case No. 05-0824-GA-AIR
For The Twelve Months Ending March 31, 2005
Adjusted for Rates Proposed in Case No. 08-0941-GA-ALT

	Adjusted Revenues & Expenses (a)	Proforma Adjustments (b)	Proforma Revenues & Expenses (c)
<u>Operating Revenues:</u>			
Base Revenue	\$ 1,951,091	\$ 690,495	\$ 2,641,586
Gas Costs Revenue	8,175,126		8,175,126
Other Revenue	71,287	18,022	89,309
Total Operating Revenues	10,197,504	708,518	10,906,022
<u>Operating Expenses:</u>			
Operation and Maintenance	10,072,202	90,000	10,162,202
Depreciation	172,606		172,606
Taxes Other Than Income	149,394		149,394
Federal Income Taxes	(65,302)	207,722	142,420
Total Operating Expenses	10,328,900	297,722	10,626,622
Net Operating Income	\$ (131,396)	\$ 410,796	\$ 279,400
Rate Base (e)	\$ 2,776,977		\$ 2,776,977
Rate of Return (f)	-4.73%		10.06%

- (a) Settlement Schedule C-2 (Case No. 05-0824-GA-AIR)
(b) Page 2 of 2 Exhibit G
(c) Columns (a) + (b)
(d) Settlement Schedule B-1
(e) Net Operating Income / Rate Base

PIKE NATURAL GAS COMPANY
Case No. 08-0941-GA-ALT
Proforma Revenue Adjustment

Based on Sales and Customers for Twelve Months Ending December 2008

	Test Year		Approved Tariff Rates	Base Revenue Granted	Actual as of Dec 08		Adjusted Rates	Adjusted Revenue	Adjustment	
	No. Customers	MCF			No. Customers	MCF			Rate	Percent
	(a)	(a)	(b)	(c)	(d)	(d)	(e)	(f)	(g)	(h)
General Service										
Residential										
Customer Charge	6,084		\$ 7.00	\$ 511,056	6,002		\$ 15.93	\$ 1,147,342	\$ 8.93	127.6%
1st 500		491,159	1.8876	927,112		433,844	0.8247	357,791	(1.0629)	-56.3%
Total Residential				1,438,168				1,505,133		
Commercial										
Customer Charge	1,060		\$ 7.00	\$ 89,040	1,181		\$ 50.93	\$ 721,780	\$ 43.93	627.6%
1st 500		441,968	1.8876	834,259		452,303	0.4747	214,708	(1.4129)	-74.9%
Total Commercial				923,299				936,488		
Total General Service	7,144	933,127		2,361,467	7,183	886,147		2,441,621		
Transportation										
Customer Charge	4		150.00	7,200	3		200.00	7,200	50.00	33.3%
1st 500		22,595	1.6000	36,152		16,124	1.6000	25,798	-	0.0%
Over 500		344,385	0.4662	160,552		276,684	0.6035	166,967	0.1373	29.5%
Total Transportation		366,980		203,904		292,788		199,965		
Late Payment Charges										
Miscellaneous Charges				66,716	(i)			68,945	2,230	3.3%
				20,364				20,364		
Total	7,148	1,300,107		\$2,652,451	7,186	1,178,935		\$2,730,896		

- (a) - Staff Report Case No. 05-0824-GA-AIR, Schedule C-1.1a
(b) - Approved Tariffs Case No. 05-0824-GA-AIR
(c) - Approved Rates x Test Year Volumes (Ties to Base Rate Revenue Approved in Case No. 05-0824-GA-AIR)
(d) - Total Sales and Customers as of 12/31/08
(e) - Column (d) x (Rates Calculated on Exh. F + Conservation Rate on Exh. H)
(f) - Adjusted Rates x 12 Months Ended December 2008 Volumes (Note: Includes New Conservation Cost Recovery Rate)
(g) - Adjusted Rates Less Approved Rates Case No. 05-0824-GA-AIR
(h) - Rate Change / Approved Rates Case No. 05-0824-GA-AIR
(i) - (General Service Revenues + Transportation Revenue) x 2.61% Forfeited Discount Rate per Staff Report Case No. 05-0824-GA-AIR

**PIKE NATURAL GAS COMPANY
Case No. 08-0941-GA-ALT
Determination of Proposed Tariff Rates
Conservation Cost Recovery**

This will Only Apply to GS Sales Service

Annual Conservation Expenditure	\$ 80,000.00
Average Number of GS Customers - Twelve Months Ended 12/31/08	7,183
Conservation Component Added to Customer Charge	<u>\$ 0.93</u>

Company Supplied Funds	\$ 10,000.00
Total Funds	\$ 90,000.00

Average Number Residential Customers	7,183
Expenditure Per Residential Customer	<u>\$ 12.53</u>

Adjusted Customer Charges:

Residential

Calculated Rate (Page 1)	\$ 15.00
Conservation Recovery Added	0.93
Residential Customer Charge	<u>\$ 15.93</u>

Commercial

Calculated Rate (Page 1)	\$ 50.00
Conservation Recovery Added	0.93
Commercial Customer Charge	<u>\$ 50.93</u>

PIKE NATURAL GAS COMPANY
Case No. 08-0941-GA-ALT
Average Use Customer
Residential
Annual Bill Comparison

Month	Average Annual Usage	Monthly Bill	
		Current	Proposed
Jan-08	110.4	\$ 137.39	\$ 134.45
Feb-08	140.8	\$ 173.25	\$ 166.91
Mar-08	133.4	\$ 164.58	\$ 159.07
Apr-08	75.9	\$ 96.81	\$ 97.71
May-08	30.9	\$ 43.76	\$ 49.68
Jun-08	20.5	\$ 31.46	\$ 38.55
Jul-08	13.1	\$ 22.80	\$ 30.71
Aug-08	13.1	\$ 22.75	\$ 30.67
Sep-08	14.0	\$ 23.84	\$ 31.65
Oct-08	16.8	\$ 27.08	\$ 34.59
Nov-08	49.8	\$ 66.07	\$ 69.88
Dec-08	104.3	\$ 130.25	\$ 127.99
Total	723.0	\$ 940.04	\$ 971.86

Increase

\$ 31.82

% Increase

3.4%

	Current Rates	Proposed Rates
Rates:		
Customer Charge	\$ 7.00	\$ 15.93
Commodity	0.18876	0.08247
PIPP *	0.03456	0.03456
Uncollectible	0.00155	0.00155
Gross Receipts	4.9587%	4.9587%
GCR - January 2009 (Avg. Hillsboro & Waverly)	0.89773	0.89773

Average Pike Residential Consumption:
Twelve Months Ended 12/31/08

MCF Sales	433,844
Number of Customers	6,002
Average Annual Usage	72.3

PIKE NATURAL GAS COMPANY
Case No. 08-0941-GA-ALT
Average Use Customer
Residential-Low Use
Annual Bill Comparison

Month	Average Annual Usage	Monthly Bill	
		Current	Proposed
Jan-08	55.2	\$ 72.37	\$ 75.58
Feb-08	70.4	\$ 90.30	\$ 91.82
Mar-08	66.7	\$ 85.97	\$ 87.89
Apr-08	38.0	\$ 52.08	\$ 57.22
May-08	15.5	\$ 25.55	\$ 33.20
Jun-08	10.2	\$ 19.40	\$ 27.63
Jul-08	6.6	\$ 15.07	\$ 23.72
Aug-08	6.5	\$ 15.05	\$ 23.69
Sep-08	7.0	\$ 15.59	\$ 24.19
Oct-08	8.4	\$ 17.22	\$ 25.65
Nov-08	24.9	\$ 36.71	\$ 43.30
Dec-08	52.2	\$ 68.80	\$ 72.35
Total	361.5	\$ 514.11	\$ 586.24

Increase	\$ 72.13
% Increase	14.0%

	Current Rates	Proposed Rates
Rates:		
Customer Charge	\$ 7.00	\$ 15.93
Commodity	0.18876	0.08247
PIPP *	0.03456	0.03456
Uncollectible	0.00155	0.00155
Gross Receipts	4.9587%	4.9587%
GCR - January 2009 (Avg. Hillsboro & Waverly)	0.89773	0.89773

Average Pike Residential - Low Use Consumption:
Twelve Months Ended 12/31/08

MCF Sales	433,844
Number of Customers	6,002
Average Annual Usage	72.3
Low Use (50%)	36.2

PIKE NATURAL GAS COMPANY
Case No. 08-0941-GA-ALT
Average Use Customer
Commercial
Annual Bill Comparison

Month	Average Annual Usage	Monthly Bill	
		Current	Proposed
Jan-08	537.6	\$ 640.83	\$ 607.21
Feb-08	685.9	\$ 815.52	\$ 759.91
Mar-08	650.1	\$ 773.30	\$ 723.01
Apr-08	369.9	\$ 443.16	\$ 434.42
May-08	150.5	\$ 184.72	\$ 208.51
Jun-08	99.7	\$ 124.81	\$ 156.13
Jul-08	63.9	\$ 82.63	\$ 119.26
Aug-08	63.7	\$ 82.39	\$ 119.05
Sep-08	68.2	\$ 87.70	\$ 123.69
Oct-08	81.6	\$ 103.49	\$ 137.50
Nov-08	242.8	\$ 293.40	\$ 303.51
Dec-08	508.1	\$ 606.06	\$ 576.81
Total	3,522.0	\$ 4,238.01	\$ 4,269.01

Increase

\$ 31.00

% Increase

0.7%

	Current Rates	Proposed Rates
Rates:		
Customer Charge	\$ 7.00	\$ 50.93
Commodity	0.18876	0.04747
PIPP *	0.03456	0.03456
Uncollectible	0.00155	0.00155
Gross Receipts	4.9587%	4.9587%
GCR - January 2009 (Avg. Hillsboro & Waverly)	0.89773	0.89773

Average Pike Commercial Consumption *:**Twelve Months Ended 12/31/08**

MCF Sales	414,908
Number of Customers	1,178
Average Annual Usage	352.2

* - Excludes Transportation Sales Billed Under GS Tariff

**PIKE NATURAL GAS COMPANY
AVERAGE USE CUSTOMER
TRANSPORTATION
ANNUAL BILL COMPARISON**

Month	Average Annual Usage			Monthly Bill	
	1st Block	2nd Block	Total	Current	Proposed
Jan-08	5,000.0	167,203.0	172,203.0	\$ 9,178.64	\$ 11,640.66
Feb-08	5,000.0	137,142.0	142,142.0	\$ 7,707.71	\$ 9,736.51
Mar-08	5,000.0	119,402.0	124,402.0	\$ 6,839.66	\$ 8,612.82
Apr-08	5,000.0	73,074.0	78,074.0	\$ 4,572.75	\$ 5,678.28
May-08	5,000.0	62,345.0	67,345.0	\$ 4,047.76	\$ 4,998.68
Jun-08	3,348.0	32,711.0	36,059.0	\$ 2,320.29	\$ 2,844.16
Jul-08	3,734.0	32,817.0	36,551.0	\$ 2,390.30	\$ 2,915.70
Aug-08	3,333.0	30,720.0	34,053.0	\$ 2,220.35	\$ 2,715.53
Sep-08	3,333.0	32,061.0	35,394.0	\$ 2,285.96	\$ 2,800.47
Oct-08	5,000.0	49,892.0	54,892.0	\$ 3,438.41	\$ 4,209.87
Nov-08	5,000.0	72,594.0	77,594.0	\$ 4,549.26	\$ 5,647.88
Dec-08	5,000.0	112,251.0	117,251.0	\$ 6,489.75	\$ 8,159.85
Total	53,748.0	922,212.0	975,960.0	\$ 56,040.84	\$ 69,960.41

Increase
% Increase

\$	13,919.57
	24.8%

Current Rates	Proposed Rates
---------------	----------------

Rates:

Customer Charge	\$	150.00	\$	200.00
Commodity				
1st 500		0.16000		0.16000
Over 500		0.04662		0.06035
Gross Receipts		4.9587%		4.9587%

AMENDED EXHIBIT J

Proposed Newspaper Notice

LEGAL NOTICE

Notice is given that Pike Natural Gas Company (Pike) has filed an amended application with the Public Utilities Commission of Ohio (Case No. 08-941-GA-ALT) proposing that it be allowed to charge to all General Service Residential and Commercial Service customers a monthly customer charge that would move toward a Straight Fixed Variable Methodology. Although there are no Industrial Service or Transportation Service customers receiving service under the tariff, the proposed rate schedules for these classes would be affected. This proposal would first subdivide the General Service rate schedule into a residential class and a commercial class. The proposal would increase the Residential customer charge from \$7.00 per month to \$15.93 per month and the Commercial customer charge from \$7.00 per month to \$50.93 per month. The monthly Industrial Service and Transportation Service tariffed Customer Charges is proposed to be increased from \$150 per month to \$200 per month.

Volumetric rates for both Residential and Commercial customers would be reduced. The tail block of the volumetric rate for Industrial Service and Transportation Service schedules would be increased to \$.0635 per Ccf. Under this proposal, the average Residential customer using 72.3 MCF per year would see an increase in its monthly gas bill of 3.4%; the average low use Residential customer using 36.2 MCF per year would see an increase in the monthly bill of 14%; and the average Commercial customer using 352.2 MCF per year would see an increase in the monthly gas bill of 0.7%.

This proposal will enable Pike to recover the difference between the current level of actual base rate revenues and the base rate revenues which were used in the test year (the 12 months ending March 31, 2005) in developing current rates. This proposal will change Pike's rate design from a structure where the Company's opportunity to earn its allowed return is dependent upon sales volumes to a structure independent of sales volumes. This proposal would adjust Pike's rates based on the difference between actual revenues and the revenues approved in Pike's most recent general gas rate case.

A Demand Side Management program is proposed that will enable Pike to produce approximately \$90,000 annually in order to promote energy conservation for high usage Percentage of Income Payment Plan (PIPP) Residential customers.

Any interested person, firm, corporation or entity desiring an oral hearing in this matter should file a request with the Commission stating that the reasons for the request, along with a Motion to Intervene in the aforementioned case, on or before _____, 2009. Unless the Commission receives such a request for an oral hearing and an accompanying Motion to Intervene, the case will be decided on the basis of the information contained in the pleadings and the attached Exhibits. Further information about this proposal (Case No. 08-941-GA-ALT) may be obtained by contacting the Public Utilities Commission of Ohio, 180 East Broad Street, Columbus, Ohio 43215-3793, by viewing the Commission's web page at <http://www.puc.state.oh.us>, or by contacting the Commission's hotline at 1-800-686-7826. The hearing impaired can reach the Commission via TTY-TDD at 1-800-686-1570 or in Columbus at 466-8180.

AMENDED EXHIBIT K

2. General Service Residential Rate – GSR

Availability. Available and applicable to all residential customers who consume gas for household purposes and who have properly completed an application for service within the service area covered by this tariff, who will be serviced from existing Company facilities, for total gas requirements, for a single location, of a single customer, regardless of use.

Monthly Charges

The monthly customer charge shall be \$15.93 for each customer location.

Plus \$0.08247 per Ccf for all Ccf of gas;

Plus, all delivered gas shall be subject to an adjustment per one hundred cubic feet (CCF) as set forth on:

Sheet No. 30, Rider PIPP, Percentage of Income Payment Plan.

Sheet No. 31, Uncollectible Expense Rider

Sheet No. 32, Rider GCR, Gas Cost Recovery Rate.

Gross Receipts Tax Rider

All bills rendered pursuant to this tariff will be adjusted to provide for the recovery of the Company's gross receipts tax liability of said bills through the application of the gross receipts tax rider specified on Sheet No. 29 of this tariff. This gross receipts tax rider shall not be applicable to customers that are statutorily exempt from the payment of the gross receipts tax.

Late Payment Charge

If applicable, an additional late payment charge of 1.5% (one and one-half percent) of the overdue unpaid balance shall be assessed as provided in Section IV, Paragraph 1(d), of the Company's Rules and Regulations Governing the Distribution and Sale of Gas.

Service Reestablishment Charge

Subject to the provisions of Section II, Paragraphs 6 and 7 herein, if service under this rate schedule is discontinued at the request of the customer, the Company shall not be under any obligation to resume service to the same customer on the same premises until the customer has made payment of an amount equal to the Reconnection Charge specified in Section IV(1)(a) above.

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Filed Under Authority of Case No. 08-941-GA-ALT
Issued by the Public Utilities Commission of Ohio

Issued by Brian R. Jonard, President

2A. General Service Commercial Rate – GSC

Availability. Available and applicable to all non-residential and commercial customers who consume gas for non-household purposes, who do not qualify for the Industrial Service Rate (IS), and who have properly completed an application for service within the service area covered by this tariff, who will be serviced from existing Company facilities, for total gas requirements, for a single location, of a single customer, regardless of use.

Monthly Charges

The monthly customer charge shall be \$50.93 for each customer location.

Plus \$0.04747 per Ccf for all Ccf of gas;

Plus, all delivered gas shall be subject to an adjustment per one hundred cubic feet (CCF) as set forth on:

Sheet No. 30, Rider PIPP, Percentage of Income Payment Plan.

Sheet No. 31, Uncollectible Expense Rider

Sheet No. 32, Rider GCR, Gas Cost Recovery Rate.

Gross Receipts Tax Rider

All bills rendered pursuant to this tariff will be adjusted to provide for the recovery of the Company's gross receipts tax liability of said bills through the application of the gross receipts tax rider specified on Sheet No. 29 of this tariff. This gross receipts tax rider shall not be applicable to customers that are statutorily exempt from the payment of the gross receipts tax.

Late Payment Charge

If applicable, an additional late payment charge of 1.5% (one and one-half percent) of the overdue unpaid balance shall be assessed as provided in Section IV, Paragraph 1(d), of the Company's Rules and Regulations Governing the Distribution and Sale of Gas.

Service Reestablishment Charge

Subject to the provisions of Section II, Paragraphs 6 and 7 herein, if service under this rate schedule is discontinued at the request of the customer, the Company shall not be under any obligation to resume service to the same customer on the same premises until the customer has made payment of an amount equal to the Reconnection Charge specified in Section IV(1)(a) above.

Issued: February 6, 2009

Effective: _____, 2009

Filed Under Authority of Case No. 08-941-GA-ALT
Issued by the Public Utilities Commission of Ohio

Issued by Brian R. Jonard, President

3. Industrial Service Rate - IS

Availability.

Available and applicable to all industrial customers provided that:

- (a) Customer has properly completed an application for service within the service area covered by this tariff;
- (b) Will be serviced from existing Company facilities, for total gas requirements, for a single location, of a single customer, regardless of use;
- (c) Service can be rendered within the limits of the Company's operating conditions and facilities;
- (d) Customer's consumption during one of the two most recent Annual Periods (November through October billing cycles) was at least 18,000 Mcf, or Customer presents evidence demonstrating to Company's satisfaction that it will consume at least 18,000 Mcf per year during future Annual Periods. In addition, at least 50% of Customer's annual consumption must be consumed in the seven billing months of April through October, or Customer has previously executed an Industrial Gas Service Agreement with Company, which was in effect immediately prior to the initiation of service hereunder;
- (e) Company may, at its option, waive the requirement that 50% of the annual consumption occur during the seven months of April through October where such waiver is necessary in order to serve a load which would not otherwise be served by Company, provided that at least 40% of Customer's annual consumption occurs during the months of April through October.

Monthly Charges

The monthly customer charge shall be two hundred dollars (\$200.00) for each customer location.

Plus \$0.16000 per Ccf for the first 5000 Ccf per account per month;
Plus \$0.06035 per Ccf for all gas over 5000 Ccf per account per month.

Plus, all delivered gas shall be subject to an adjustment per one hundred cubic feet (CCF) as set forth on:

Sheet No. 30, Rider PIPP, Percentage of Income Payment Plan.
Sheet No. 32, Rider GCR, Gas Cost Recovery Rate.

4. Transportation Service Rate - TS

Availability.

Available and applicable to all industrial customers provided that:

- (a) Customer has properly completed an application for service within the service area covered by this tariff;
- (b) Customer has obtained delivery of natural gas from a source other than the Company's distribution system or in addition to Company;
- (c) Service can be rendered within the limits of the Company's operating conditions and facilities;
- (d) Customer's consumption during one of the two most recent Annual Periods (November through October billing cycles) was at least 18,000 Mcf, or Customer presents evidence demonstrating to Company's satisfaction that it will consume at least 18,000 Mcf per year during future Annual Periods. In addition, at least 50% of Customer's annual consumption must be consumed in the seven billing months of April through October, or Customer has previously executed an Industrial Gas Service Agreement with Company, which was in effect immediately prior to the initiation of service hereunder.
- (e) Company may, at its option, waive the requirement that 50% of the annual consumption occur during the seven months of April through October where such waiver is necessary in order to serve a load which would not otherwise be served by Company, provided that at least 40% of Customer's annual consumption occurs during the months of April through October.

Monthly Charges

The monthly customer charge shall be two hundred dollars (\$200.00) for each customer location.

Plus \$0.16000 per Ccf for the first 5,000 Ccf per account per month;

Plus \$0.06035 per Ccf for all gas over 5,000 Ccf per account per month.

The Company, at its sole discretion, may offer transportation services at rates that are downwardly flexible from the maximum rates above. The rate may be flexed between the upper bound of the basic transportation rate and a lower bound that recovers all variable costs of service and provides a contribution to the Company's fixed costs of providing service. Such reduced rates may be determined based on competitive services available to the customer, the quality (firm or interruptible) of service and the

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