



The Public Utilities  
Commission of Ohio

A report by the Staff of the  
Public Utilities Commission of Ohio

Pike Natural Gas Company

Case No. 08-941-GA-ALT



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STAFF'S REPORT  
OF  
INVESTIGATION

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

Submitted  
to  
The Public Utilities Commission of Ohio



BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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

Alan R. Schriber, Chairman  
Paul A. Centolella, Commissioner  
Ronda Hartman Fergus, Commissioner  
Valerie A. Lemmie, Commissioner  
Cheryl L. Roberto, Commissioner

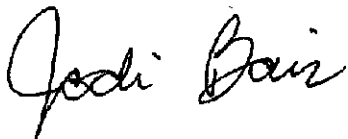
To The Honorable Commission:

In accordance with the provisions of the Ohio Revised Code Sections 4929.05 and 4929.051, the Commission's Staff has conducted its investigation in the above matter and hereby submits its findings in the within Staff Report.

Copies of the Staff Report have been filed with the Docketing Division of the Commission and served by certified mail upon the mayors of all affected municipalities and other public officials deemed representative of the service area affected by the application. A copy of said report has also been served upon the utility or its authorized representative. As set forth in the June 16, 2009 Commission entry, written objections to any portion of the Staff Report must be filed by July 24, 2009.

The Staff Report is intended to present for the Commission's consideration the results of the Staff's investigation. It does not purport to reflect the views of the Commission nor should any party to said proceeding consider the Commission as bound in any manner by the representations or recommendations set forth therein. The Staff Report, however, is legally cognizable evidence upon which the Commission may rely in reaching its decision in this matter. (See *Lindsey v. Pub. Util. Comm.*, 111 Ohio St. 6 (1924)).

Respectfully submitted,

A handwritten signature in black ink that reads "Jodi Bair". The signature is written in a cursive, flowing style.

Utilities Department

Jodi Bair  
Director

## **BACKGROUND**

On May 1, 2008, the Governor of Ohio signed into law Amended Substitute Senate Bill No. 221 (SB 221). Among its provisions is Section 4929.051, Revised Code, which provides the following:

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.

Section 4929.01(O) of the legislation further defines a revenue decoupling mechanism as follows:

"Revenue decoupling mechanism" means a rate design or other cost recovery mechanism that provides recovery of the fixed costs of service and a fair and reasonable rate of return irrespective of system throughput or volumetric sales.

Under these provisions, a local distribution company (LDC) may apply to decouple its rates without filing an Application for an Increase in Rates so long as the decoupled rates are based on the billing determinants in the most recent rate case proceeding and do not generate revenues in excess of the revenue requirement authorized in that proceeding. Such decoupling application must also include provisions to establish, continue or expand energy efficiency or energy conservation programs.

## **PIKE NATURAL GAS APPLICATION**

On August 1, 2008 Pike Natural Gas Company (Pike or Company), filed an application pursuant to 4929.05 and 4929.051, Revised Code for such a decoupling mechanism. Pike is proposing to decouple its rates by moving to a modified Straight Fixed Variable (SFV) rate design. Pike is proposing movement toward an SFV rate design for its General Service customer class which is comprised of both residential and commercial customers. Because of the disparity in their consumption levels, Pike is proposing different rates for the residential and commercial subclasses.

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 for the twelve months ending March 31, 2005. Test year sales for the General Service rate class were 933,127 Mcf. Since that time sales volumes have declined by 2% when compared with the 12 months ended February 2009. As a result, Pike is no longer earning its

authorized return of 10.25%. Pike is proposing to move toward the SFV rate design by increasing the fixed charge and reducing the commodity rate for General Service customers, and by decreasing the tail block of the Industrial Service and Transportation Service rate schedules. The restructured rates are designed to generate revenues that do not exceed the 12 month period ending February 2009. The application proposes to increase the residential fixed charge to \$15 from \$7.00 and reduce the volumetric charge from \$1.8876 to \$0.6319 per Mcf. Commercial customers would see an increase from \$7.00 to \$50.00 in the fixed charge and a reduction from \$1.8876 to \$0.5553 in the volumetric charge. Industrial Service and Transportation Service rate schedules are proposed to have the fixed charge increased from \$150.00 to \$200.00 and the last block of their volumetric rate decreased from \$0.4662 to \$0.4572 per Mcf. Pike states that there are currently no customers taking service on the Industrial or Transportation rate schedules.

Based upon the actual number of customers and volumes for the 12 months ending February 28, 2009, the proposed rates would produce a base revenue level of \$2,581,731 which is slightly less than Pike's actual level of base revenues of \$2,581,736 for that period. Those actual revenues produced an actual unadjusted rate of return of 7.04%. The rate of return generated by the proposed rates would be identical since the proposed rates have been calculated to be revenue neutral.

In compliance with SB 221, Pike's application proposed the establishment of a DSM rider which would generate approximately \$80,000 per year for conservation related projects. An additional \$10,000 of shareholder dollars would also be contributed to the DSM fund. These dollars would initially be targeted toward Pike's high usage PIPP customers. The DSM rider would be set as a fixed charge of \$0.93 per month per General Service customer.

## STAFF FINDINGS

### Decoupling

As is the case with other Ohio LDCs, Pike has been showing a steady decline in its general service class customers' natural gas usage since the 1990s both on a total throughput and per-customer basis. The following data illustrates this decline for Pike.

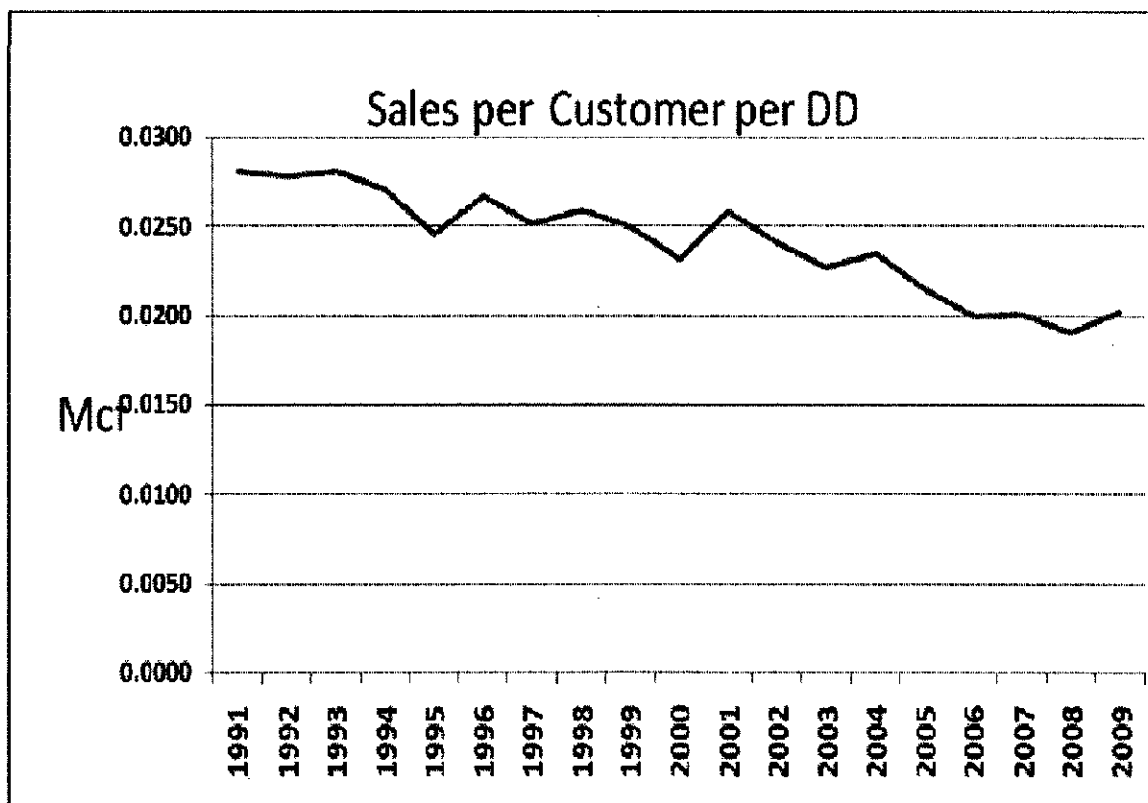
#### Pike Natural Gas Sales

Year	Average Customers	Degree Days (DD)	GS Class Sales	Sales Per DD	Sales Per Customer	Sales Per Customer Per DD	Weather Normal Sales
1991	5,773	5,079	822,910	162	143	0.0281	173
1992	5,879	5,638	920,107	163	157	0.0278	171
1993	5,986	5,852	984,395	168	164	0.0281	173
1994	6,078	5,836	961,819	165	158	0.0271	167
1995	6,208	6,011	917,221	153	148	0.0246	151
1996	6,338	6,224	1,051,235	169	166	0.0266	164
1997	6,473	5,947	967,459	163	149	0.0251	154
1998	6,650	4,793	824,749	172	124	0.0259	159
1999	6,785	5,249	888,366	169	131	0.0249	153
2000	6,947	5,694	914,835	161	132	0.0231	142
2001	7,037	5,280	960,333	182	136	0.0258	159
2002	7,075	5,480	934,096	170	132	0.0241	148
2003	7,132	6,167	998,654	162	140	0.0227	140
2004	7,144	5,762	966,400	168	135	0.0235	144
2005	7,187	5,998	928,218	155	129	0.0215	132
2006	7,194	5,551	798,571	144	111	0.0200	123
2007	7,203	5,695	825,563	145	115	0.0201	124
2008	7,180	6,200	848,753	137	118	0.0191	117
2009	7,171	6,289	914,403	145	128	0.0203	125
20 year average		5,659					

\* 12 months ended 2/09

% change from 1991 - 2008	-27.76%
% change from 2005 - 2008	-5.58%





The data shows weather normalized use per customer has been generally declining since 1990. The result is a declining throughput on a weather adjusted basis. There was a 27.76% decline in use per customer per degree day between 1991 and 2009 and a 5.58% decline since Pike's last rate case in 2005. Since Pike's current rates were designed to recover its revenue requirement primarily through a volumetric rate, this sales decline has resulted in significant revenue erosion. Staff has observed significant reductions in per customer usage in recent years as customers have reacted to rising natural gas prices by reducing their consumption. Although commodity prices have declined dramatically in recent months, Staff believes a decoupling mechanism is nonetheless appropriate on a going forward basis to inhibit further erosion of distribution revenues in the event recent conservation trends continue. Staff further agrees with the Company that the SFV rate design is the most efficient and accurate way to accomplish this.

SFV is a significant change to the way LDC rates have traditionally been designed. Staff has traditionally recommended a rate design consisting of a minimal fixed charge and a volumetric rate designed to recover the majority of revenues. That rate structure, while not truly cost-reflective, gave the utility an opportunity to recover its revenue requirement as long as gas consumption was at or above the level upon which rates were based. Due to the sales declines demonstrated above, Pike, as with other LDCs, has seen the recovery of its distribution costs deteriorate as the volume of gas used decreased. Staff has testified in several recent natural gas base rate proceedings, that the SFV rate design is the more accurate way of recovering a LDCs distribution charges since most distribution-related

costs are fixed and do not vary with the volume of gas delivered by the utility. The distribution facilities required to serve a small residence will not vary significantly from those required to serve a larger residence. The distribution costs to the utility vary only slightly, if at all, by the volume of gas used and thus are more appropriately recovered through a primarily fixed charge rate design.

In addition to a better reflection of cost causation, the primarily fixed charge-based rate structure accomplishes other rate objectives. It levelizes the distribution component of a customer's bill providing rate certainty. It reduces the revenue deterioration of a utility in a time of declining consumption, thus reducing the need for more frequent rate cases. From the company's perspective, it also eliminates its natural disincentive to promote energy conservation which, when rates are volume-based, causes revenue erosion.

#### Rate Analysis

Pike's proposed rates were designed to be revenue neutral for the residential customer consuming 76.45 Mcf per year which represents the average residential consumption. As the table below illustrates, customers consuming less than the average will see a bill increase and those consuming more than the average will see a bill decrease.

Residential Rate Change Impact

<u>Annual Usage (Mcf)</u>	<u>Current Bill</u>	<u>Proposed Bill</u>	<u>Percent Change</u>
10	\$188.61	\$286.35	52%
20	\$289.06	\$372.06	29%
30	\$389.51	\$457.78	18%
40	\$489.96	\$543.49	11%
50	\$590.41	\$629.20	7%
60	\$690.86	\$714.91	3%
70	\$791.31	\$800.63	1%
<b>76.45</b>	<b>\$856.10</b>	<b>\$855.91</b>	<b>0%</b>
80	\$891.76	\$886.34	-1%
90	\$992.21	\$972.05	-2%
95	\$1,042.44	\$1,014.91	-3%
100	\$1,092.66	\$1,057.76	-3%
110	\$1,193.11	\$1,143.48	-4%
120	\$1,293.56	\$1,229.19	-5%
130	\$1,394.01	\$1,314.90	-6%
140	\$1,494.46	\$1,400.61	-6%
150	\$1,594.91	\$1,486.33	-7%
160	\$1,695.36	\$1,572.04	-7%
170	\$1,795.81	\$1,657.75	-8%
180	\$1,896.26	\$1,734.46	-8%
190	\$1,996.71	\$1,829.18	-8%
200	\$2,097.16	\$1,914.89	-9%

	<u>Current Rates (Mcf)</u>	<u>Proposed Rates (Mcf)</u>
Fixed Charge	\$7.00	\$15.00
Distribution	\$1.8876	\$0.6319
PIPP	\$0.3456	\$0.1972
Uncollectibles	\$0.0808	\$0.0808
GCR	\$7.3217	\$7.3217
DSM charge	\$0	\$0.93
GRT%	4.9587%	4.9587%

As the current and proposed rates above show, revenue neutrality at the average consumption level is achieved through a decrease in the PIPP rider which offsets the rate increase due to the \$0.93 DSM charge. Since the Commission approved the reduction in the PIPP rider by Finding and Order dated June 3, 2009, Staff believes this reduction should not be reflected in the impacts of the rates proposed in this application. Eliminating the PIPP rider decrease from the calculation changes the impact at the average consumption level to an increase of 1.4% as shown in the table below.

Residential Rate Change Impact

<u>Annual Usage</u>	<u>Current Bill</u>	<u>Proposed Bill</u>	<u>Percent Change</u>
10	\$187.06	\$286.35	53.1%
20	\$285.95	\$372.06	30.1%
30	\$384.84	\$457.78	19.0%
40	\$483.73	\$543.49	12.4%
50	\$582.63	\$629.20	8.0%
60	\$681.52	\$714.91	4.9%
70	\$780.41	\$800.63	2.6%
<b>76.45</b>	<b>\$844.20</b>	<b>\$855.91</b>	<b>1.4%</b>
80	\$879.30	\$886.34	0.8%
90	\$978.19	\$972.05	-0.6%
100	\$1,077.09	\$1,057.76	-1.8%
110	\$1,175.98	\$1,143.48	-2.8%
120	\$1,274.87	\$1,229.19	-3.6%
130	\$1,373.76	\$1,314.90	-4.3%
140	\$1,472.65	\$1,400.61	-4.9%
150	\$1,571.55	\$1,486.33	-5.4%
160	\$1,670.44	\$1,572.04	-5.9%
170	\$1,769.33	\$1,657.75	-6.3%
180	\$1,868.22	\$1,743.46	-6.7%
190	\$1,967.11	\$1,829.18	-7.0%
200	\$2,066.01	\$1,914.89	-7.3%

	<u>Current Rates (Mcf)</u>	<u>Proposed Rates (Mcf)</u>
Fixed Charge	\$7.00	\$15.00
Distribution	\$1.8876	\$0.6319
PIPP	\$0.1972	\$0.1972
Uncollectibles	\$0.0808	\$0.0155
GCR	\$7.3217	\$7.3217
DSM Charge	\$0	\$0.93
GRT%	4.9587%	4.9587%

Rate Analysis - Commercial

The average consumption level for Pike's commercial customers is 387.29 Mcf per year. At that level of consumption, a customer would see a 1.2% reduction in the annual bill due to the SFV rate design.

Commercial Rate Change Impact

<u>Annual Usage</u>	<u>Current Bill</u>	<u>Proposed Bill</u>	<u>Percent Change</u>
100	\$1,092.66	\$1,490.58	36.4%
150	\$1,594.91	\$1,915.14	20.1%
200	\$2,097.16	\$2,339.70	1.6%
250	\$2,599.41	\$2,764.26	6.3%
300	\$3,101.66	\$3,188.81	2.8%
<b>387.29</b>	<b>\$3,978.48</b>	<b>\$3,930.01</b>	<b>-1.2%</b>
400	\$4,106.15	\$4,037.93	-1.7%
450	\$4,608.40	\$4,462.49	-3.2%
500	\$5,110.65	\$4,887.05	-4.4%
550	\$5,612.90	\$5,311.60	-5.4%
600	\$6,115.15	\$5,736.16	-6.2%
650	\$6,617.39	\$6,160.72	-6.9%
700	\$7,119.64	\$6,585.28	-7.5%
750	\$7,621.89	\$7,009.83	-8.0%
800	\$8,124.14	\$7,434.39	-8.5%
850	\$8,626.39	\$7,858.95	-8.9%
900	\$9,128.64	\$8,283.51	-9.3%
1000	\$10,133.13	\$9,132.62	-9.9%

	<u>Current Rates</u>	<u>Proposed Rates</u>
Rates:		
Fixed Charge	\$7.00	\$50.00
Commodity	\$ 1.88760	\$ 0.55560
PIPP Rider	\$ 0.34560	\$ 0.19720
Uncollectible Rider	\$ 0.01550	\$ 0.01550
Gross Receipts Rider	4.9587%	4.9587%
GCR - April 2009	\$ 7.32170	\$ 7.32170
DSM Charge	\$0.00	\$0.93

As with the residential analysis, the current and proposed rates above show that revenue decrease is achieved due to the decrease in the PIPP rider which offsets the rate increase due to the \$0.93 DSM charge. Eliminating the PIPP rider decrease from the calculation changes the average rate impact to an increase of 0.3% as the following table shows.

Commercial Rate Change Impact

<u>Annual Usage</u>	<u>Current Bill</u>	<u>Proposed Bill</u>	<u>Percent Change</u>
100	\$1,077.09	\$1,490.58	38.4%
150	\$1,571.55	\$1,915.14	21.9%
200	\$2,066.01	\$2,339.70	13.2%
250	\$2,560.47	\$2,764.26	8.0%
300	\$3,054.93	\$3,188.81	4.4%
<b>387.29</b>	<b>\$3918.16</b>	<b>\$3930.01</b>	<b>0.3%</b>
400	\$4,043.85	\$4,037.93	-0.1%
450	\$4,538.31	\$4,462.49	-1.7%
500	\$5,032.77	\$4,887.05	-2.9%
550	\$5,527.23	\$5,311.60	-3.9%
600	\$6,021.69	\$5,736.16	-4.7%
650	\$6,516.15	\$6,160.72	-5.5%
700	\$7,010.61	\$6,585.28	-6.1%
750	\$7,505.07	\$7,009.83	-6.6%
800	\$7,999.53	\$7,434.39	-7.1%
850	\$8,493.99	\$7,858.95	-7.5%
900	\$8,988.45	\$8,283.51	-7.8%
1000	\$9,977.37	\$9,132.62	-8.5%

	<u>Current Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$7.00	\$50.00
Commodity	\$1.8876	\$0.2841
PIPP Rider	\$0.1972	\$0.1972
Uncollectible Rider	\$0.0155	\$0.0155
Gross Receipts Tax Rider	4.9587%	4.9587%
GCR - April 2009	\$7.3217	\$7.3217
DSM Charge	\$0.00	\$0.93

#### Staff Recommendations - Residential

In order to better evaluate how many customers would be better off and worse off under various scenarios, Staff requested additional information on the distribution of customers around the average. Attachment 1 to this report, shows the annual bill impact of the proposed rates vs. current rates as well as the individual and cumulative percentages of residential customers at various annual consumption levels including the average consumption of 76.45 Mcf. The attachment shows that, excluding the impact of the PIPP reduction, between 52.9 and 64.5 percent of residential customers would see a rate increase under this set of proposed rates. However less than half of those, approximately 23%, would see an increase of 10% or greater. Staff is recommending the proposed SFV rates be approved.

Staff is also recommending the proposed \$0.93 per month DSM charge be approved. According to the application, this will generate approximately \$80,000 per year which Pike intends to be targeted to high usage PIPP customers. The DSM rider would be set as a fixed charge of \$0.93 per month per General Service customer. Staff recommends that the DSM charge along with the commitment of \$10,000 per year from Pike's shareholders should be accepted as compliance with the requirement of Revised Code Section 4929.051. Staff further recommends Pike make an annual filing showing the dollar amounts collected and an accounting for how those dollars were spent. Any amounts not expended in a given year should be carried over to the following year.

#### Staff Recommendations - Commercial

In order to better evaluate how many commercial customers would be better off and worse off under various scenarios, Staff requested additional information on the distribution of customers around the average. Attachment 2, Page 1 of 2, to this report, shows the annual bill impact of the proposed rates vs. current rates as well as the individual and cumulative percentages of residential customers at various annual consumption levels. Consistent with the recommendations made for the residential rate proposal, it includes an additional \$0.93 per month DSM charge. The Attachment shows that although the average consumption level would see only a 0.3% increase, approximately 80% of commercial customers, consume less than that amount and many

would see significant increases in their bills. Over half of commercial customers would see a bill increase of greater than 24.3%. Staff believes this increase is unduly burdensome to a large percentage of commercial customers. As a result, the Staff performed a sensitivity analysis on the bill increases associated with different levels of fixed charges. Attachments 3, 4 and 5 are the results of that analysis based on fixed charges of \$25, \$20 and \$15 respectively. Based on that analysis, Staff is recommending a \$15 fixed charge and a corresponding variable distribution charge of \$1.64006 per Mcf. Under this scenario, approximately 52% of customers would see an increase of at least 17.1% as opposed to 30.2% under the Company's proposed rates and approximately 23% would see an increase of at least 6.4% as opposed to 24.3% under the Company's proposed rates. Although still significant Staff believes that reflects a more realistic and less burdensome result for the commercial sector.

Staff Recommendations - Industrial and Transportation

Industrial Service and Transportation Service rate schedules are proposed to have the fixed charge increased from \$150.00 to \$200.00 and the last block of their volumetric rate decreased from \$1.00 to \$0.9083 per Mcf. However Pike states that there are currently no customers taking service on either of these two rate schedules and thus no rate impact analysis is available. As a result, Staff is recommending these two rate schedules remain unchanged.

**SUMMARY OF STAFF RECOMMENDATIONS**

- Approve the SFV rate design for residential customers with a \$15 per month fixed charge and \$0.6319 per Mcf variable distribution charge.
- Approve the SFV rate design for commercial customers with a \$15 per month fixed charge and \$1.64006 per Mcf variable distribution charge.
- No change to the industrial or transportation sector rate design
- Approve the DSM charge of \$0.93 per month per General Service customer and find that, along with the \$10,000 shareholder commitment, Pike's application meets the requirement of Revised Code Section 4929.051.
- Require an annual filing detailing DSM collections and expenditures.



**PIKE NATURAL GAS COMPANY  
RESIDENTIAL CUSTOMER USAGE ( APRIL 1, 2008 - MARCH 31, 2009)**

12 MONTH USAGE (MCFs)		Total Customer s	% OF TOTAL	CUMULA TIVE %	Current Rates	Proposed Rates	\$ Increase	% Increase
-	1	72	1.29%	1.29%	\$ 98.05	\$ 209.21	\$ 111.16	113.4%
1.1	2	21	0.37%	1.66%	\$ 107.94	\$ 217.78	\$ 109.84	101.8%
2.1	4	29	0.52%	2.18%	\$ 127.72	\$ 234.92	\$ 107.20	83.9%
4.1	6	18	0.32%	2.50%	\$ 147.50	\$ 252.07	\$ 104.57	70.9%
6.1	8	32	0.57%	3.07%	\$ 167.28	\$ 269.21	\$ 101.93	60.9%
8.1	10	26	0.46%	3.53%	\$ 187.06	\$ 286.35	\$ 99.29	53.1%
10.1	12	38	0.68%	4.21%	\$ 206.84	\$ 303.49	\$ 96.65	46.7%
12.1	14	36	0.64%	4.85%	\$ 226.61	\$ 320.64	\$ 94.03	41.5%
14.1	16	28	0.50%	5.35%	\$ 246.39	\$ 337.78	\$ 91.39	37.1%
16.1	18	34	0.61%	5.96%	\$ 266.17	\$ 354.92	\$ 88.75	33.3%
18.1	20	35	0.62%	6.59%	\$ 285.95	\$ 372.06	\$ 86.11	30.1%
20.1	22	31	0.55%	7.14%	\$ 305.73	\$ 389.21	\$ 83.48	27.3%
22.1	25	56	1.00%	8.14%	\$ 335.40	\$ 414.92	\$ 79.52	23.7%
25.1	30	156	2.78%	10.92%	\$ 384.84	\$ 457.78	\$ 72.94	19.0%
30.1	35	187	3.34%	14.26%	\$ 434.29	\$ 500.63	\$ 66.34	15.3%
35.1	40	230	4.10%	18.37%	\$ 483.73	\$ 543.49	\$ 59.76	12.4%
40.1	45	271	4.84%	23.20%	\$ 533.18	\$ 586.34	\$ 53.16	10.0%
45.1	50	316	5.64%	28.84%	\$ 582.63	\$ 629.20	\$ 46.57	8.0%
50.1	55	314	5.60%	34.45%	\$ 632.07	\$ 672.06	\$ 39.99	6.3%
55.1	60	346	6.18%	40.62%	\$ 681.52	\$ 714.91	\$ 33.39	4.9%
60.1	65	354	6.32%	46.94%	\$ 730.96	\$ 757.77	\$ 26.81	3.7%
65.1	70	333	5.94%	52.88%	\$ 780.41	\$ 800.63	\$ 20.22	2.6%
	76.45				\$ 844.20	\$ 856.91	\$ 11.71	1.4%
70.1	80	652	11.64%	64.52%	\$ 879.30	\$ 886.34	\$ 7.04	0.8%
80.1	90	488	8.71%	73.23%	\$ 978.19	\$ 972.05	\$ (6.14)	-0.6%
90.1	100	370	6.60%	79.83%	\$ 1,077.09	\$ 1,057.76	\$ (19.33)	-1.8%
100.1	110	293	5.23%	85.06%	\$ 1,175.98	\$ 1,143.48	\$ (32.50)	-2.8%
110.1	120	228	4.07%	89.13%	\$ 1,274.87	\$ 1,229.19	\$ (45.68)	-3.6%
120.1	130	156	2.78%	91.92%	\$ 1,373.76	\$ 1,314.90	\$ (58.86)	-4.3%
130.1	140	109	1.95%	93.86%	\$ 1,472.65	\$ 1,400.61	\$ (72.04)	-4.9%
140.1	150	95	1.70%	95.56%	\$ 1,571.55	\$ 1,486.33	\$ (85.22)	-5.4%
150.1	160	65	1.16%	96.72%	\$ 1,670.44	\$ 1,572.04	\$ (98.40)	-5.9%
160.1	170	44	0.79%	97.50%	\$ 1,769.33	\$ 1,657.75	\$ (111.58)	-6.3%
170.1	180	29	0.52%	98.02%	\$ 1,868.22	\$ 1,743.46	\$ (124.76)	-6.7%
180.1	190	27	0.48%	98.50%	\$ 1,967.11	\$ 1,829.18	\$ (137.93)	-7.0%
190.1	200	15	0.27%	98.77%	\$ 2,066.01	\$ 1,914.89	\$ (151.12)	-7.3%
200.1	210	21	0.37%	99.14%	\$ 2,164.90	\$ 2,000.80	\$ (164.30)	-7.6%
210.1	220	4	0.07%	99.21%	\$ 2,263.79	\$ 2,086.31	\$ (177.48)	-7.8%
220.1	230	14	0.25%	99.46%	\$ 2,362.68	\$ 2,172.02	\$ (190.66)	-8.1%
230.1	240	6	0.11%	99.57%	\$ 2,461.58	\$ 2,257.74	\$ (203.84)	-8.3%
240.1	250	6	0.11%	99.68%	\$ 2,560.47	\$ 2,343.45	\$ (217.02)	-8.5%
250.1	260	4	0.07%	99.75%	\$ 2,659.36	\$ 2,429.16	\$ (230.20)	-8.7%
260.1	270	3	0.05%	99.80%	\$ 2,758.25	\$ 2,514.87	\$ (243.38)	-8.8%
270.1	280	1	0.02%	99.82%	\$ 2,857.14	\$ 2,600.59	\$ (256.55)	-9.0%
280.1	290	1	0.02%	99.84%	\$ 2,956.04	\$ 2,686.30	\$ (269.74)	-9.1%
290.1	300	2	0.04%	99.88%	\$ 3,054.93	\$ 2,772.01	\$ (282.92)	-9.3%
Over 3000		7	0.12%	100.00%				
Grand Total		5,603						

NOTE: ONLY CUSTOMERS WITH AT LEAST 12 BILLS WERE INCLUDED

## PIKE NATURAL GAS COMPANY

	<u>Current Rates</u>	<u>Proposed Rates</u>
<b>Rates:</b>		
Customer Charge	\$ 7.00	\$ 15.00
Commodity	\$ 1.88760	\$ 0.63190
PIPP Rider	\$ 0.19720	\$ 0.19720
Uncollectible Rider	\$ 0.01550	\$ 0.01550
DSM Charge	\$ -	\$ 0.93
GCR - April 2009	\$ 7.32170	\$ 7.32170
Gross Receipts Rider	4.9587%	4.9587%

**PIKE NATURAL GAS COMPANY  
COMMERCIAL CUSTOMER USAGE (APRIL 1, 2008 - MARCH 31, 2009)**

12 Month Usage (Mcf)		Total Customers	% Of Total	Cumulative %	Current Rates	Proposed Rates	\$ Increase	% Increase
-	2	38	3.49%	3.49%	\$ 107.94	\$ 658.45	\$ 550.51	510.0%
2.1	10	22	2.02%	5.51%	\$ 187.06	\$ 726.38	\$ 539.32	288.3%
10.1	20	30	2.76%	8.27%	\$ 285.95	\$ 811.29	\$ 525.34	183.7%
20.1	30	41	3.77%	12.04%	\$ 384.84	\$ 896.20	\$ 511.36	132.9%
30.1	40	54	4.96%	17.00%	\$ 483.73	\$ 981.11	\$ 497.38	102.8%
40.1	50	69	6.34%	23.35%	\$ 582.63	\$ 1,066.02	\$ 483.39	83.0%
50.1	60	65	5.97%	29.32%	\$ 681.52	\$ 1,150.94	\$ 469.42	68.9%
60.1	70	50	4.60%	33.92%	\$ 780.41	\$ 1,235.85	\$ 455.44	58.4%
70.1	80	45	4.14%	38.05%	\$ 879.30	\$ 1,320.76	\$ 441.46	50.2%
80.1	90	46	4.23%	42.28%	\$ 978.19	\$ 1,405.67	\$ 427.48	43.7%
90.1	100	47	4.32%	46.60%	\$ 1,077.09	\$ 1,490.58	\$ 413.49	38.4%
100.1	120	60	5.51%	52.11%	\$ 1,274.87	\$ 1,660.40	\$ 385.53	30.2%
120.1	140	52	4.78%	56.89%	\$ 1,472.65	\$ 1,830.23	\$ 357.58	24.3%
140.1	160	44	4.04%	60.94%	\$ 1,670.44	\$ 2,000.05	\$ 329.61	19.7%
160.1	180	44	4.04%	64.98%	\$ 1,868.22	\$ 2,169.87	\$ 301.65	16.1%
180.1	200	37	3.40%	68.38%	\$ 2,066.01	\$ 2,339.70	\$ 273.69	13.2%
200.1	250	57	5.24%	73.62%	\$ 2,560.47	\$ 2,764.26	\$ 203.79	8.0%
250.1	300	40	3.68%	77.30%	\$ 3,054.93	\$ 3,188.81	\$ 133.88	4.4%
300.1	350	35	3.22%	80.51%	\$ 3,549.39	\$ 3,613.37	\$ 63.98	1.8%
		876						
	387				\$ 3,918.16	\$ 3,930.01	\$ 11.85	0.3%
350.1	400	22	2.02%	82.54%	\$ 4,043.85	\$ 4,037.93	\$ (5.92)	-0.1%
400.1	500	32	2.94%	85.48%	\$ 5,032.77	\$ 4,887.05	\$ (145.72)	-2.9%
500.1	600	27	2.48%	87.96%	\$ 6,021.69	\$ 5,736.16	\$ (285.53)	-4.7%
600.1	700	26	2.39%	90.35%	\$ 7,010.61	\$ 6,585.28	\$ (425.33)	-6.1%
700.1	800	11	1.01%	91.36%	\$ 7,999.53	\$ 7,434.39	\$ (565.14)	-7.1%
800.1	900	13	1.19%	92.56%	\$ 8,988.45	\$ 8,283.51	\$ (704.94)	-7.8%
900.1	1,000	9	0.83%	93.38%	\$ 9,977.37	\$ 9,132.62	\$ (844.75)	-8.5%
1,000.1	1,200	17	1.56%	94.94%	\$ 11,955.22	\$ 10,830.86	\$ (1,124.36)	-9.4%
1,200.1	1,500	8	0.74%	95.68%	\$ 14,921.98	\$ 13,378.20	\$ (1,543.78)	-10.3%
1,500.1	2,000	10	0.92%	96.60%	\$ 19,866.58	\$ 17,623.78	\$ (2,242.80)	-11.3%
2,000.1	3,000	8	0.74%	97.33%	\$ 29,755.79	\$ 26,114.94	\$ (3,640.85)	-12.2%
3,000.1	5,000	16	1.47%	98.81%	\$ 49,534.21	\$ 43,097.26	\$ (6,436.95)	-13.0%
5,000.1	10,000	10	0.92%	99.72%	\$ 98,980.25	\$ 85,553.05	\$ (13,427.20)	-13.6%
100000+		3	0.28%	100.00%				
		212						
Grand Total		1,088						

NOTE: ONLY CUSTOMERS WITH AT LEAST 12 BILLS WERE INCLUDED

**PIKE NATURAL GAS COMPANY**

	<b><u>Current</u></b> <b><u>Rates</u></b>	<b><u>Proposed</u></b> <b><u>Rates</u></b>
<b>Rates:</b>		
Customer Charge	\$ 7.00	\$ 50.00
Commodity	\$ 1.88760	\$ 0.55560
PIPP Rider	\$ 0.19720	\$ 0.19720
Uncollectible Rider	\$ 0.01550	\$ 0.01550
Gross Receipts Rider	4.9587%	4.9587%
GCR - April 2009	\$ 7.32170	\$ 7.32170
DSM Charge	\$0	\$0.93

**PIKE NATURAL GAS COMPANY  
COMMERCIAL CUSTOMER USAGE (APRIL 1, 2008 - MARCH 31, 2009)**

12 Month Usage (Mcf)	Total Customers	% Of Total	Cumulative %	Current Rates	Proposed Rates	\$ Increase	% Increase
-	2	38	3.49%	\$ 107.94	\$ 345.20	\$ 237.26	219.8%
2.1	10	22	2.02%	\$ 187.06	\$ 419.63	\$ 232.57	124.3%
10.1	20	30	2.76%	\$ 285.95	\$ 512.67	\$ 226.72	79.3%
20.1	30	41	3.77%	\$ 384.84	\$ 605.71	\$ 220.87	57.4%
30.1	40	54	4.96%	\$ 483.73	\$ 698.76	\$ 215.03	44.5%
40.1	50	69	6.34%	\$ 582.63	\$ 791.80	\$ 209.17	35.9%
50.1	60	65	5.97%	\$ 681.52	\$ 884.84	\$ 203.32	29.8%
60.1	70	50	4.60%	\$ 780.41	\$ 977.88	\$ 197.47	25.3%
70.1	80	45	4.14%	\$ 879.30	\$ 1,070.92	\$ 191.62	21.8%
80.1	90	46	4.23%	\$ 978.19	\$ 1,163.97	\$ 185.78	19.0%
90.1	100	47	4.32%	\$ 1,077.09	\$ 1,257.01	\$ 179.92	16.7%
100.1	120	60	5.51%	\$ 1,274.87	\$ 1,443.09	\$ 168.22	13.2%
120.1	140	52	4.78%	\$ 1,472.65	\$ 1,629.18	\$ 156.53	10.6%
140.1	160	44	4.04%	\$ 1,670.44	\$ 1,815.26	\$ 144.82	8.7%
160.1	180	44	4.04%	\$ 1,868.22	\$ 2,001.34	\$ 133.12	7.1%
180.1	200	37	3.40%	\$ 2,066.01	\$ 2,187.43	\$ 121.42	5.9%
200.1	250	57	5.24%	\$ 2,560.47	\$ 2,652.64	\$ 92.17	3.6%
250.1	300	40	3.68%	\$ 3,054.93	\$ 3,117.84	\$ 62.91	2.1%
300.1	350	35	3.22%	\$ 3,549.39	\$ 3,583.05	\$ 33.66	0.9%
		876					
	387			\$ 3,918.16	\$ 3,930.01	\$ 11.85	0.3%
350.1	400	22	2.02%	\$ 4,043.85	\$ 4,048.26	\$ 4.41	0.1%
400.1	500	32	2.94%	\$ 5,032.77	\$ 4,978.68	\$ (54.09)	-1.1%
500.1	600	27	2.48%	\$ 6,021.69	\$ 5,909.10	\$ (112.59)	-1.9%
600.1	700	26	2.39%	\$ 7,010.61	\$ 6,839.52	\$ (171.09)	-2.4%
700.1	800	11	1.01%	\$ 7,999.53	\$ 7,769.94	\$ (229.59)	-2.9%
800.1	900	13	1.19%	\$ 8,988.45	\$ 8,700.35	\$ (288.10)	-3.2%
900.1	1,000	9	0.83%	\$ 9,977.37	\$ 9,630.77	\$ (346.60)	-3.5%
1,000.1	1,200	17	1.56%	\$ 11,955.22	\$ 11,491.61	\$ (463.61)	-3.9%
1,200.1	1,500	8	0.74%	\$ 14,921.98	\$ 14,282.86	\$ (639.12)	-4.3%
1,500.1	2,000	10	0.92%	\$ 19,866.58	\$ 18,934.96	\$ (931.62)	-4.7%
2,000.1	3,000	8	0.74%	\$ 29,755.79	\$ 28,239.14	\$ (1,516.65)	-5.1%
3,000.1	5,000	16	1.47%	\$ 49,534.21	\$ 46,847.50	\$ (2,686.71)	-5.4%
5,000.1	10,000	10	0.92%	\$ 98,980.25	\$ 93,368.42	\$ (5,611.83)	-5.7%
100000+		3	0.28%	100.00%			
		212					
Grand Total	1,088						

NOTE: ONLY CUSTOMERS WITH AT LEAST 12 BILLS WERE INCLUDED

**PIKE NATURAL GAS COMPANY**

	<b><u>Current</u></b> <b><u>Rates</u></b>	<b><u>Proposed</u></b> <b><u>Rates</u></b>
<b>Rates:</b>		
Customer Charge	\$ 7.00	\$ 25.00
Commodity	\$ 1.88760	\$ 1.33021
PIPP Rider	\$ 0.19720	\$ 0.19720
Uncollectible Rider	\$ 0.01550	\$ 0.01550
Gross Receipts Rider	4.9587%	4.9587%
GCR - April 2009	\$ 7.32170	\$ 7.32170
DSM Charge	\$0	\$0.93

**PIKE NATURAL GAS COMPANY  
COMMERCIAL CUSTOMER USAGE (APRIL 1, 2008 - MARCH 31, 2009)**

12 Month Usage (Mcf)		Total Customers	% Of Total	Cumulative %	Current Rates	Proposed Rates	\$ Increase	% Increase
-	2	38	3.49%	3.49%	\$ 107.94	\$ 282.55	\$ 174.61	161.8%
2.1	10	22	2.02%	5.51%	\$ 187.06	\$ 358.28	\$ 171.22	91.5%
10.1	20	30	2.76%	8.27%	\$ 285.95	\$ 452.95	\$ 167.00	58.4%
20.1	30	41	3.77%	12.04%	\$ 384.84	\$ 547.62	\$ 162.78	42.3%
30.1	40	54	4.96%	17.00%	\$ 483.73	\$ 642.29	\$ 158.56	32.8%
40.1	50	69	6.34%	23.35%	\$ 582.63	\$ 736.95	\$ 154.32	26.5%
50.1	60	65	5.97%	29.32%	\$ 681.52	\$ 831.62	\$ 150.10	22.0%
60.1	70	50	4.60%	33.92%	\$ 780.41	\$ 926.29	\$ 145.88	18.7%
70.1	80	45	4.14%	38.05%	\$ 879.30	\$ 1,020.96	\$ 141.66	16.1%
80.1	90	46	4.23%	42.28%	\$ 978.19	\$ 1,115.63	\$ 137.44	14.1%
90.1	100	47	4.32%	46.60%	\$ 1,077.09	\$ 1,210.29	\$ 133.20	12.4%
100.1	120	60	5.51%	52.11%	\$ 1,274.87	\$ 1,399.63	\$ 124.76	9.8%
120.1	140	52	4.78%	56.89%	\$ 1,472.65	\$ 1,588.96	\$ 116.31	7.9%
140.1	160	44	4.04%	60.94%	\$ 1,670.44	\$ 1,778.30	\$ 107.86	6.5%
160.1	180	44	4.04%	64.98%	\$ 1,868.22	\$ 1,967.64	\$ 99.42	5.3%
180.1	200	37	3.40%	68.38%	\$ 2,066.01	\$ 2,156.97	\$ 90.96	4.4%
200.1	250	57	5.24%	73.62%	\$ 2,560.47	\$ 2,630.31	\$ 69.84	2.7%
250.1	300	40	3.68%	77.30%	\$ 3,054.93	\$ 3,103.65	\$ 48.72	1.6%
300.1	350	35	3.22%	80.51%	\$ 3,549.39	\$ 3,576.99	\$ 27.60	0.8%
		876						
	387				\$ 3,918.16	\$ 3,930.01	\$ 11.85	0.3%
350.1	400	22	2.02%	82.54%	\$ 4,043.85	\$ 4,050.33	\$ 6.48	0.2%
400.1	500	32	2.94%	85.48%	\$ 5,032.77	\$ 4,997.01	\$ (35.76)	-0.7%
500.1	600	27	2.48%	87.96%	\$ 6,021.69	\$ 5,943.69	\$ (78.00)	-1.3%
600.1	700	26	2.39%	90.35%	\$ 7,010.61	\$ 6,890.37	\$ (120.24)	-1.7%
700.1	800	11	1.01%	91.36%	\$ 7,999.53	\$ 7,837.04	\$ (162.49)	-2.0%
800.1	900	13	1.19%	92.56%	\$ 8,988.45	\$ 8,783.72	\$ (204.73)	-2.3%
900.1	1,000	9	0.83%	93.38%	\$ 9,977.37	\$ 9,730.40	\$ (246.97)	-2.5%
1,000.1	1,200	17	1.56%	94.94%	\$ 11,955.22	\$ 11,623.76	\$ (331.46)	-2.8%
1,200.1	1,500	8	0.74%	95.68%	\$ 14,921.98	\$ 14,463.80	\$ (458.18)	-3.1%
1,500.1	2,000	10	0.92%	96.60%	\$ 19,866.58	\$ 19,197.19	\$ (669.39)	-3.4%
2,000.1	3,000	8	0.74%	97.33%	\$ 29,755.79	\$ 28,663.98	\$ (1,091.81)	-3.7%
3,000.1	5,000	16	1.47%	98.81%	\$ 49,534.21	\$ 47,597.55	\$ (1,936.66)	-3.9%
5,000.1	10,000	10	0.92%	99.72%	\$ 98,980.25	\$ 94,931.49	\$ (4,048.76)	-4.1%
100000+		3	0.28%	100.00%				
		212						
Grand Total		1,088						

NOTE: ONLY CUSTOMERS WITH AT LEAST 12 BILLS WERE INCLUDED

**PIKE NATURAL GAS COMPANY**

	<b><u>Current</u></b> <b><u>Rates</u></b>	<b><u>Proposed</u></b> <b><u>Rates</u></b>
<b>Rates:</b>		
Customer Charge	\$ 7.00	\$ 20.00
Commodity	\$ 1.88760	\$ 1.48514
PIPP Rider	\$ 0.19720	\$ 0.19720
Uncollectible Rider	\$ 0.01550	\$ 0.01550
Gross Receipts Rider	4.9587%	4.9587%
GCR - April 2009	\$ 7.32170	\$ 7.32170
DSM Charge	\$0	\$0.93



**PIKE NATURAL GAS COMPANY  
COMMERCIAL CUSTOMER USAGE (APRIL 1, 2008 - MARCH 31, 2009)**

12 Month Usage (Mcf)		Total Customers	% Of Total	Cumulative %	Current Rates	Proposed Rates	\$ Increase	% Increase
-	2	38	3.49%	3.49%	\$ 107.94	\$ 219.90	\$ 111.96	103.7%
2.1	10	22	2.02%	5.51%	\$ 187.06	\$ 296.93	\$ 109.87	58.7%
10.1	20	30	2.76%	8.27%	\$ 285.95	\$ 393.23	\$ 107.28	37.5%
20.1	30	41	3.77%	12.04%	\$ 384.84	\$ 489.52	\$ 104.68	27.2%
30.1	40	54	4.96%	17.00%	\$ 483.73	\$ 585.81	\$ 102.08	21.1%
40.1	50	69	6.34%	23.35%	\$ 582.63	\$ 682.11	\$ 99.48	17.1%
50.1	60	65	5.97%	29.32%	\$ 681.52	\$ 778.40	\$ 96.88	14.2%
60.1	70	50	4.60%	33.92%	\$ 780.41	\$ 874.70	\$ 94.29	12.1%
70.1	80	45	4.14%	38.05%	\$ 879.30	\$ 970.99	\$ 91.69	10.4%
80.1	90	46	4.23%	42.28%	\$ 978.19	\$ 1,067.28	\$ 89.09	9.1%
90.1	100	47	4.32%	46.60%	\$ 1,077.09	\$ 1,163.58	\$ 86.49	8.0%
100.1	120	60	5.51%	52.11%	\$ 1,274.87	\$ 1,356.17	\$ 81.30	6.4%
120.1	140	52	4.78%	56.89%	\$ 1,472.65	\$ 1,548.75	\$ 76.10	5.2%
140.1	160	44	4.04%	60.94%	\$ 1,670.44	\$ 1,741.34	\$ 70.90	4.2%
160.1	180	44	4.04%	64.98%	\$ 1,868.22	\$ 1,933.93	\$ 65.71	3.5%
180.1	200	37	3.40%	68.38%	\$ 2,066.01	\$ 2,126.52	\$ 60.51	2.9%
200.1	250	57	5.24%	73.62%	\$ 2,560.47	\$ 2,607.99	\$ 47.52	1.9%
250.1	300	40	3.68%	77.30%	\$ 3,054.93	\$ 3,089.46	\$ 34.53	1.1%
300.1	350	35	3.22%	80.51%	\$ 3,549.39	\$ 3,570.93	\$ 21.54	0.6%
		876						
	387				\$ 3,918.16	\$ 3,930.01	\$ 11.85	0.3%
350.1	400	22	2.02%	82.54%	\$ 4,043.85	\$ 4,052.40	\$ 8.55	0.2%
400.1	500	32	2.94%	85.48%	\$ 5,032.77	\$ 5,015.34	\$ (17.43)	-0.3%
500.1	600	27	2.48%	87.96%	\$ 6,021.69	\$ 5,978.27	\$ (43.42)	-0.7%
600.1	700	26	2.39%	90.35%	\$ 7,010.61	\$ 6,941.21	\$ (69.40)	-1.0%
700.1	800	11	1.01%	91.36%	\$ 7,999.53	\$ 7,904.15	\$ (95.38)	-1.2%
800.1	900	13	1.19%	92.56%	\$ 8,988.45	\$ 8,867.09	\$ (121.36)	-1.4%
900.1	1,000	9	0.83%	93.38%	\$ 9,977.37	\$ 9,830.03	\$ (147.34)	-1.5%
1,000.1	1,200	17	1.56%	94.94%	\$ 11,955.22	\$ 11,755.91	\$ (199.31)	-1.7%
1,200.1	1,500	8	0.74%	95.68%	\$ 14,921.98	\$ 14,644.73	\$ (277.25)	-1.9%
1,500.1	2,000	10	0.92%	96.60%	\$ 19,866.58	\$ 19,459.42	\$ (407.16)	-2.0%
2,000.1	3,000	8	0.74%	97.33%	\$ 29,755.79	\$ 29,088.82	\$ (666.97)	-2.2%
3,000.1	5,000	16	1.47%	98.81%	\$ 49,534.21	\$ 48,347.60	\$ (1,186.61)	-2.4%
5,000.1	10,000	10	0.92%	99.72%	\$ 98,980.25	\$ 96,494.56	\$ (2,485.69)	-2.5%
100000+		3	0.28%	100.00%				
		212						
Grand Total		1,088						

NOTE: ONLY CUSTOMERS WITH AT LEAST 12 BILLS WERE INCLUDED

**PIKE NATURAL GAS COMPANY**

	<b><u>Current</u></b> <b><u>Rates</u></b>	<b><u>Proposed</u></b> <b><u>Rates</u></b>
<b>Rates:</b>		
Customer Charge	\$ 7.00	\$ 15.00
Commodity	\$ 1.88760	\$ 1.64006
PIPP Rider	\$ 0.19720	\$ 0.19720
Uncollectible Rider	\$ 0.01550	\$ 0.01550
Gross Receipts Rider	4.9587%	4.9587%
GCR - April 2009	\$ 7.32170	\$ 7.32170
DSM Charge	\$0	\$0.93

