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PUCO EXHIBIT FILING

Date of Hearing: May 10, 2016

Case No. Case No. 16-211-GA-GCR

PUCO Case Caption: In the Matter of the Regulation of the Purchased Gas Adjustment Clause Contained Within the Rate Schedules of Ohio Cumberland Gas Company and Related Matters.

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List of exhibits being filed:

Joint Exhibit	Identified	Admitted
1 Stipulation and Recommendation	5	9
Staff Exhibit	**Identified**	**Admitted**
1 Financial Audit dated 3/11/16	7	9

Reporter's Signature:

Date Submitted:

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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Regulation of the Purchased Gas Adjustment Clause Contained Within the Rate Schedules of Ohio Cumberland Gas Company and Related Matters.	: Case No. 16-211-GA-GCR

\- - -

PROCEEDINGS

before Mr. L. Douglas Jennings, Hearing Examiner, at the Public Utilities Commission of Ohio, 180 East Broad Street, Room 11-D, Columbus, Ohio, called at 10:00 a.m. on Tuesday, May 10, 2016.

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Staff Ex. 1

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

Ohio Cumberland Gas Company
16-211-GA-GCR

Financial Audit of the Gas Cost Recovery
Mechanisms for the costs incurred for the period of
August 2013 through July 2015

March 11, 2016

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Ohio | Public Utilities Commission

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Certificate of Accountability

As ordered by the Public Utilities Commission of Ohio (PUCO or Commission), the Staff has completed the required audit of Ohio Cumberland Gas Company's (OCG or Company) Gas Cost Recovery (GCR) rates for the incurred cost for the period of August 2013 through July 2015. The Staff audited for conformity in all material respects with the procedural aspects of the uniform purchase gas adjustment as set forth in Chapter 4901:1-14 and related appendices, Administrative Code, and the Commission Entry in Case No. 16-211-GA-GCR.

Our audits have revealed certain findings, as discussed in this audit report, which should be addressed in this proceeding. The Staff notes that the Company has accurately calculated its Gas Cost Recovery rates for those periods under investigation in accordance with the uniform purchase gas adjustment as set forth in Chapter 4901:1-14, Administrative Code, and related appendices, except for those instances noted in the Executive Summary of this audit report. The Staff has performed investigations into these specific areas and respectfully submits its findings and recommendations.

Tamara S. Turkenton
Chief, Regulatory Services Division
Public Utilities Commission of Ohio

David Lipthratt
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Section I

Executive Summary

Audit Work Program

The audit investigation consisted of several components. Staff initially reviewed and evaluated relevant documents from within the Commission in preparation for the audit and submitted data requests for specific information. Staff then conducted an on-site investigation of relevant Company documents necessary to evaluate the validity and accuracy of its GCR filings and interviewed appropriate Company personnel at its headquarters in Amity, Ohio.

Recommendations

Unless otherwise stated in this report, Staff's review has shown that OCG accurately calculated its Gas Cost Recovery rates for the periods that are discussed in this report. Following is a summary of the Staff's recommendations, which are based on the findings and conclusions presented in this report:

- Staff recommends that the Commission order a reconciliation adjustment of $3,890 in the Company's favor to correct for the differences identified in the Actual Adjustment Section of this audit.

- Staff recommends that the Commission order a reconciliation adjustment of $1,327 in the Company's favor to correct for the differences identified in the Balance Adjustment Section of this audit.

Section II

Introduction

Background

Ohio Cumberland, formerly the Upham Gas Company, was founded in 1906. The Company changed ownership in 1944, and then was subsequently purchased in 1980 by Ramser Industries, Inc., a closely-held Ohio corporation.

Ohio Cumberland currently serves portions of Ashland, Coshocton, Holmes, Knox, Licking, Morrow, and Richland counties.

The Company's headquarters are maintained in Amity in Knox County, Ohio. OCG currently provides natural gas utility service to approximately 1,737 residential customers, 245 commercial customers, and 12 transportation customers. These 12 transportation customers account for 79% of OCG's total system throughput, while the remaining 21% represents sales customers.

Local Production

Ohio Cumberland relies upon the availability of local production to serve a portion of its customers' requirements. This gas supply consists of purchases from approximately 50 local producers and Gatherco. These local gas supplies are delivered to the system through gathering lines.

Interstate Pipeline Capacity

OCG receives the balance of its system requirements through its primary interstate pipeline, Columbia Gas Transmission Corporation (TCO). As a customer of TCO, OCG utilizes transportation, storage, and balancing services under a General Transportation Service (GTS) Agreement. OCG also receives firm transportation capacity through its agreement with Atmos Energy Marketing.

Section III

Expected Gas Cost

Staff reviewed OCG's calculations of their Expected Gas Cost (EGC) for the audit period. The EGC mechanism attempts to match future gas revenues for the upcoming quarter with the anticipated cost to procure gas supplies. It is calculated by extending twelve-month historical purchase volumes from each supplier by the rate that is expected to be in effect during the upcoming GCR quarter. The cost for each supplier is summed and the total is divided by twelve-month historical sales to develop an EGC rate to be applied to customer bills.

In reviewing the Company's calculations of the EGC, the Staff makes the following observations concerning purchase volumes and sales volumes.

Sales and Purchase Volumes

Ohio Cumberland sells gas to residential and small commercial customers pursuant to tariffs approved by the Commission and transports gas to 12 transportation customers. The Company also transports a small amount of gas, as an intermediate transporter, to Columbia Gas of Ohio. Staff reviewed Ohio Cumberland's sales records and found no errors.
Ohio Cumberland's purchase volumes equal sales volumes, with no differences noted.

Recommendations

Staff has no recommendations in this area.

Section IV

Actual Adjustment

The Actual Adjustment (AA) reconciles the monthly cost of purchased gas with the EGC billing rate. The AA is calculated by dividing the total cost of gas purchases for each month of the three-month reporting quarter by total sales for those respective months. The result is the unit book cost of gas, which is the cost incurred by the company for procuring each MCF it sold that month. That unit book cost for each month is compared with the EGC rate which was billed for that quarter. The difference between each monthly unit cost and the EGC, whether positive or negative, is multiplied by the respective monthly jurisdictional sales to identify the total under- or over- recoveries of gas costs. The monthly under- or over- recoveries are summed and divided by the twelve-month historic jurisdictional sales to develop an AA rate, to be included in the GCR for four quarters.

Errors in the AA calculation can result from incorrectly reported purchased gas costs, errors in the stated sales volumes and from the use of the wrong EGC rate. Staff noted an error in the purchased gas costs for the month of October 2014 resulting in an increase in purchased gas cost of $6,100. The differences between Staff's calculated AA and the Company's filed AA are shown on Table I.

Recommendations

The errors detailed above are not self-correcting through the GCR mechanism. The Staff, therefore, recommends that the Commission order a reconciliation adjustment of $3,890 in the Company's favor to correct for the differences identified above.

Table I
Actual Adjustment

	Per Staff	Aug-13	Sep-13	Oct-13	AA	Difference
Quarter	Supply Cost $	$13,773	$14,916	$54,065		
End:	Jur. Sales MCF	4,591	4,867	16,848		
Oct-13	Total Sales MCF	4,591	4,867	16,848		
	Book Cost $/ MCF	$3.0002	$3.0651	$3.2090		
	EGC$/MCF	$4.1677	$4.1677	$4.0011		
	Diff. $/MCF	($1.1675)	($1.1026)	($0.7921)		
	Cost Diff. $	($5,360)	($5,366)	($13,345)	($24,071)	
	Per Company					
	Supply Cost $	$13,773	$14,916	$52,203		
	Jur. Sales MCF	4,591	4,867	16,848		
	Total Sales MCF	4,591	4,867	16,848		
	Book Cost $/ MCF	$3.0002	$3.0651	$3.0985		
	EGC$/MCF	$4.1780	$4.0011	$4.0011		
	Diff. $/MCF	($1.1778)	($0.9360)	($0.9026)		
	Cost Diff. $	($5,407)	($4,555)	($15,207)	($25,169)	$1,098

	Per Staff	Nov-13	Dec-13	Jan-14	AA	Difference
Quarter	Supply Cost $	$96,065	$130,305	$242,969		
End:	Jur. Sales MCF	27,276	33,175	51,095		
Jan-14	Total Sales MCF	27,276	33,175	51,095		
	Book Cost $/ MCF	$3.5219	$3.9278	$4.7552		
	EGC$/MCF	$4.0011	$4.0011	$3.9914		
	Diff. $/MCF	($0.4792)	($0.0733)	$0.7638		
	Cost Diff. $	($13,071)	($2,432)	$39,026	$23,524	
	Per Company					
	Supply Cost $	$96,065	$130,305	$242,969		
	Jur. Sales MCF	27,276	33,175	51,095		
	Total Sales MCF	27,276	33,175	51,095		
	Book Cost $/ MCF	$3.5219	$3.9278	$4.7553		
	EGC$/MCF	$4.0011	$4.0011	$3.9914		
	Diff. $/MCF	($0.4792)	($0.0733)	$0.7639		
	Cost Diff. $	($13,071)	($2,432)	$39,031	$23,529	($5)

Table I
Actual Adjustment

	Per Staff	Feb-14	Mar-14	Apr-14	AA	Difference
Quarter	Supply Cost $	$254,544	$180,416	$87,538		
End:	Jur. Sales MCF	41,977	34,712	20,879		
Apr-14	Total Sales MCF	41,977	34,712	20,879		
	Book Cost $/ MCF	$6.0638	$5.1974	$4.1927		
	EGC$/MCF	$3.9914	$3.9914	$4.7791		
	Diff. $/MCF	$2.0724	$1.2060	($0.5864)		
	Cost Diff. $	$86,994	$41,863	($12,243)	$116,614	
	Per Company					
	Supply Cost $	$254,544	$180,416	$87,538		
	Jur. Sales MCF	41,977	34,712	20,879		
	Total Sales MCF	41,977	34,712	20,879		
	Book Cost $/ MCF	$6.0638	$5.1974	$4.1927		
	EGC$/MCF	$3.9914	$3.9914	$4.7791		
	Diff. $/MCF	$2.0724	$1.2060	($0.5864)		
	Cost Diff. $	$86,994	$41,863	($12,243)	$116,614	($0)

	Per Staff	May-14	Jun-14	Jul-14	AA	Difference
Quarter	Supply Cost $	$36,202	$21,575	$20,868		
End:	Jur. Sales MCF	8,601	5,284	5,400		
Jul-14	Total Sales MCF	8,601	5,284	5,400		
	Book Cost $/ MCF	$4.2089	$4.0831	$3.8647		
	EGC$/MCF	$4.7791	$4.7791	$4.6581		
	Diff. $/MCF	($0.5702)	($0.6960)	($0.7934)		
	Cost Diff. $	($4,904)	($3,678)	($4,284)	($12,866)	
	Per Company					
	Supply Cost $	$36,202	$21,575	$20,868		
	Jur. Sales MCF	8,601	5,284	5,400		
	Total Sales MCF	8,601	5,284	5,400		
	Book Cost $/ MCF	$4.2089	$4.0831	$3.8648		
	EGC$/MCF	$4.7791	$4.7791	$4.6581		
	Diff. $/MCF	($0.5702)	($0.6960)	($0.7933)		
	Cost Diff. $	($4,904)	($3,678)	($4,283)	($12,866)	($1)

Table I
Actual Adjustment

	Per Staff	Aug-14	Sep-14	Oct-14	AA	Difference
Quarter	Supply Cost $	$16,464	$21,429	$67,221		
End:	Jur. Sales MCF	4,729	6,144	17,978		
Oct-14	Total Sales MCF	4,729	6,144	17,978		
	Book Cost $/ MCF	$3.4812	$3.4880	$3.7390		
	EGC$/MCF	$4.6581	$4.6581	$4.2307		
	Diff. $/MCF	($1.1769)	($1.1701)	($0.4917)		
	Cost Diff. $	($5,566)	($7,189)	($8,840)	($21,595)	
	Per Company					
	Supply Cost $	$16,464	$21,429	$61,121		
	Jur. Sales MCF	4,729	6,144	17,978		
	Total Sales MCF	4,729	6,144	17,978		
	Book Cost $/ MCF	$3.4812	$3.4880	$3.5077		
	EGC$/MCF	$4.6581	$4.6581	$4.2307		
	Diff. $/MCF	($1.1769)	($1.1701)	($0.6954)		
	Cost Diff. $	($5,566)	($7,189)	($12,502)	($25,257)	$3,662

	Per Staff	Nov-14	Dec-14	Jan-15	AA	Difference
Quarter	Supply Cost $	$143,598	$179,752	$167,398		
End:	Jur. Sales MCF	33,814	36,545	43,740		
Jan-15	Total Sales MCF	33,814	36,545	43,740		
	Book Cost $/ MCF	$4.2467	$4.9186	$3.8271		
	EGC$/MCF	$4.2307	$4.2307	$4.0114		
	Diff. $/MCF	$0.0160	$0.6879	($0.1843)		
	Cost Diff. $	$541	$25,139	($8,061)	$17,619	
	Per Company					
	Supply Cost $	$143,598	$179,752	$167,398		
	Jur. Sales MCF	33,814	36,545	43,740		
	Total Sales MCF	33,814	36,545	43,740		
	Book Cost $/ MCF	$4.2467	$4.9186	$3.8271		
	EGC$/MCF	$4.2307	$4.2307	$4.0114		
	Diff. $/MCF	$0.0160	$0.6879	($0.1843)		
	Cost Diff. $	$541	$25,139	($8,061)	$17,619	$0

Table I
Actual Adjustment

	Per Staff	Feb-15	Mar-15	Apr-15	AA	Difference
Quarter	Supply Cost $	$167,313	$129,794	$48,404		
End:	Jur. Sales MCF	47,780	36,982	17,809		
Apr-15	Total Sales MCF	47,780	36,982	17,809		
	Book Cost $/ MCF	$3.5017	$3.5096	$2.7179		
	EGC$/MCF	$4.0114	$4.0114	$3.4886		
	Diff. $/MCF	($0.5097)	($0.5018)	($0.7707)		
	Cost Diff. $	($24,353)	($18,558)	($13,726)	($56,637)	
	Per Company					
	Supply Cost $	$167,313	$129,794	$49,347		
	Jur. Sales MCF	47,780	36,982	17,809		
	Total Sales MCF	47,780	36,982	17,809		
	Book Cost $/ MCF	$3.5017	$3.5096	$2.7708		
	EGC$/MCF	$4.0114	$4.0114	$3.4886		
	Diff. $/MCF	($0.5097)	($0.5018)	($0.7178)		
	Cost Diff. $	($24,353)	($18,558)	($12,784)	($55,695)	($942)

	Per Staff	May-15	Jun-15	Jul-15	AA	Difference
Quarter	Supply Cost $	$22,800	$14,628	$14,563		
End:	Jur. Sales MCF	8,714	5,546	5,492		
Jul-15	Total Sales MCF	8,714	5,546	5,492		
	Book Cost $/ MCF	$2.6165	$2.6377	$2.6517		
	EGC$/MCF	$3.4886	$3.4886	$3.5396		
	Diff. $/MCF	($0.8721)	($0.8509)	($0.8879)		
	Cost Diff. $	($7,600)	($4,719)	($4,876)	($17,195)	
	Per Company					
	Supply Cost $	$22,772	$14,628	$14,515		
	Jur. Sales MCF	8,714	5,546	5,492		
	Total Sales MCF	8,714	5,546	5,492		
	Book Cost $/ MCF	$2.6132	$2.6377	$2.6429		
	EGC$/MCF	$3.4886	$3.4886	$3.5396		
	Diff. $/MCF	($0.8754)	($0.8509)	($0.8967)		
	Cost Diff. $	($7,628)	($4,719)	($4,925)	($17,272)	$77
					TOTAL:	**$3,890**

Section V

Refund and Reconciliation Adjustment

The Refund and Reconciliation Adjustment (RA) is used to pass through the jurisdictional portion of refunds received from gas suppliers and adjustments ordered by the Commission. Annual interest of ten percent is applied to the net jurisdictional amount of the RA, which is then divided by twelve months of historic sales volumes to develop a volumetric rate to be included in the GCR calculation for four quarters.

The Staff reviewed the RA calculations contained in each GCR filing within the audit periods. *Staff finds that the Company did complete the reconciliation adjustment of* ($9,236) ordered by the Commission in Case No. 14-211-GA-GCR. Staff finds that the Company's inclusion of the reconciliation adjustment contained the appropriate amount of interest and was included in rates for 12 consecutive months.

Recommendations

Staff has no recommendations in this area.

Section VI

Balance Adjustment

The Balance Adjustment (BA) mechanism corrects for under- or over- recoveries of previously calculated AA's and RA's. The BA is calculated by subtracting the product of each respective AA and RA and the sales to which those rates were applied from the dollar amounts of the respective AA or RA previously included in the GCR and used to generate those adjustment rates. Since those adjustment rates, themselves, were derived by dividing the dollar amounts by historic sales, the BA calculation depicts the differences in revenues generated for each of these adjustment mechanisms using actual versus historical sales. The sum of the differences for the AA and RA calculations is the total BA which is placed into the AA calculation.

Errors detected in the Balance Adjustment are generally the result of incorrectly reported sales volumes, but also may be due to selecting an incorrect AA or RA rate for the purpose of calculating a given quarter's Balance Adjustment. Staff noted that OCG omitted the RA amounts for Case Nos. 12-211-GA-GCR and 14-211-GA-GCR in its BA calculations. Staff included the RA for both cases in the first and the last quarter of its BA calculation. Staff also noted small differences in sales volumes that occurred in the prior audit. The differences between the Staff's calculated BA and the Company's filed BA are shown on Table II.

Recommendations

The differences detailed above are not self-correcting through the GCR mechanism. Staff, therefore, recommends that the Commission order a reconciliation adjustment of $1,327 in the Company's favor to correct for the differences identified in Table II.

Table II
Balance Adjustment

	Per Staff	AA	RA	BA	Total BA	Difference
Year End:	Adjustment $	($12,603)	($1,896)	$0		
	Rate $/MCF	($0.0684)	($0.0103)	$0.0000		
Oct-13	Sales MCF	220,262	220,262	220,262		
	Recovery $	($15,066)	($2,269)	$0		
	Balance $	$2,463	$373	$0	$2,836	
	Per Company					
	Adjustment $	($12,603)	$0	$0		
	Rate $/MCF	($0.0684)	$0.0000	$0.0000		
	Sales MCF	220,392	0	0		
	Recovery $	($15,075)	$0	$0		
	Balance $	$2,472	$0	$0	$2,472	$364

	Per Staff	AA	RA	BA	Total BA	Difference
Year End:	Adjustment $	($14,411)	$0	$0		
	Rate $/MCF	($0.0771)	$0.0000	$0.0000		
Jan-14	Sales MCF	230,375	230,375	230,375		
	Recovery $	($17,762)	$0	$0		
	Balance $	$3,351	$0	$0	$3,351	
	Per Company					
	Adjustment $	($14,411)	$0	$0		
	Rate $/MCF	($0.0771)	$0.0000	$0.0000		
	Sales MCF	230,505	0	0		
	Recovery $	($17,772)	$0	$0		
	Balance $	$3,361	$0	$0	$3,361	($10)

Table II
Balance Adjustment

	Per Staff	AA	RA	BA	Total BA	Difference
Year End:	Adjustment $	$54,237	$0	$0		
	Rate $/MCF	$0.2783	$0.0000	$0.0000		
Apr-14	Sales MCF	251,144	251,144	251,144		
	Recovery $	$69,893	$0	$0		
	Balance $	($15,656)	$0	$0	($15,656)	
	Per Company					
	Adjustment $	$54,237	$0	$0		
	Rate $/MCF	$0.2783	$0.0000	$0.0000		
	Sales MCF	251,144	251,144	0		
	Recovery $	$69,893	$0	$0		
	Balance $	($15,656)	$0	$0	($15,656)	($0)

	Per Staff	AA	RA	BA	Total BA	Difference
Year End:	Adjustment $	$25,861	$0	$0		
	Rate $/MCF	$0.1176	$0.0000	$0.0000		
Jul-14	Sales MCF	254,355	254,355	254,355		
	Recovery $	$29,912	$0	$0		
	Balance $	($4,051)	$0	$0	($4,051)	
	Per Company					
	Adjustment $	$25,861	$0	$0		
	Rate $/MCF	$0.1176	$0.0000	$0.0000		
	Sales MCF	254,355	0	0		
	Recovery $	$29,912	$0	$0		
	Balance $	($4,051)	$0	$0	($4,051)	($0)

Table II
Balance Adjustment

	Per Staff	AA	RA	BA	Total BA	Difference
Year End:	Adjustment $	($147)	($9,236)	$0		
	Rate $/MCF	($0.0007)	$0.0000	$0.0000		
Oct-14	Sales MCF	256,120	256,120	256,120		
	Recovery $	($179)	$0	$0		
	Balance $	$33	($9,236)	$0	($9,203)	
	Per Company					
	Adjustment $	($147)	($9,236)	$0		
	Rate $/MCF	($0.0007)	$0.0000	$0.0000		
	Sales MCF	256,120	0	0		
	Recovery $	($179)	$256,120	$0		
	Balance $	$33	($9,236)	$0	($9,203)	$0

	Per Staff	AA	RA	BA	Total BA	Difference
Year End:	Adjustment $	($22,697)	$0	$0		
	Rate $/MCF	($0.1027)	$0.0000	$0.0000		
Jan-15	Sales MCF	267,158	267,158	267,158		
	Recovery $	($27,437)	$0	$0		
	Balance $	$4,740	$0	$0	$4,740	
	Per Company					
	Adjustment $	($22,697)	$0	$0		
	Rate $/MCF	($0.1027)	$0.0000	$0.0000		
	Sales MCF	267,158	267,158	0		
	Recovery $	($27,437)	$0	$0		
	Balance $	$4,740	$0	$0	$4,740	($0)

Table II
Balance Adjustment

	Per Staff	AA	RA	BA	Total BA	Difference
Year End:	Adjustment $	$26,890	$0	$0		
	Rate $/MCF	$0.1106	$0.0000	$0.0000		
Apr-15	Sales MCF	267,876	267,876	267,876		
	Recovery $	$29,627	$0	$0		
	Balance $	($2,737)	$0	$0	($2,737)	
	Per Company					
	Adjustment $	$26,890	$0	$0		
	Rate $/MCF	$0.1106	$0.0000	$0.0000		
	Sales MCF	267,876	267,876	0		
	Recovery $	$29,627	$0	$0		
	Balance $	($2,737)	$0	$0	($2,737)	($0)

	Per Staff	AA	RA	BA	Total BA	Difference
Year End:	Adjustment $	$100,957	($9,236)	$0		
	Rate $/MCF	$0.3986	($0.0385)	$0.0000		
Jul-15	Sales MCF	265,181	265,181	265,181		
	Recovery $	$105,701	($10,209)	$0		
	Balance $	($4,744)	$973	$0	($3,770)	
	Per Company					
	Adjustment $	$100,957	$0	$0		
	Rate $/MCF	$0.3986	$0.0000	$0.0000		
	Sales MCF	265,181	265,181	0		
	Recovery $	$105,701	$0	$0		
	Balance $	($4,744)	$0	$0	($4,744)	$973
					TOTAL:	**$1,327**

Section VIII

Customer Billing

An important component of the GCR process is to ensure that the correct GCR rate is applied to customer bills. The Staff randomly selected customer bills to review both the GCR and customer service base rate charges in order to confirm that each monthly billing period was accurate.

Staff found that the Company accurately billed its customers per the GCR rates filed monthly with the Commission.

Recommendation

Staff has no recommendations.

Section IX

Management & Operations

Management

Ohio Cumberland, a closely-held Ohio corporation, presently has 4,000 shares outstanding. Currently, the principal shareholders of the Company are the Company's president, Mr. Mark. R. Ramser, and a corporation known as Ramser FLP, Ltd. Ramser FLP, Ltd owns 3,000 shares of the Company, and Mr. Ramser owns 1,000 shares of the Company. The Board of Directors consists of 2 officers, Mr. Ramser and Ms. Mary E. Ramser. Mr. Ramser serves as Chairman of the Board, President, Vice-President, Secretary and Comptroller. Ms. Denise M. Ramser serves as Treasurer. The Company has 16 full-time employees.

Supply Planning and Procurement

Ohio Cumberland's supply planning is relatively straightforward. The Company examines historical usage by month to determine GCR customer requirements; then, it adjusts that figure to account for new customer hook-ups and weather effects. This figure is then reduced by the amount of local production expected to move through the OCG system. The remainder is the amount of volumes needed to be procured and delivered on the interstate system. This figure is provided to OCG's marketer/broker to plan for and nominate, for delivery, the appropriate volumes for the coming month. Winter supplies are met by firm transportation and non-recallable released FT (firm transportation) and storage capacity.

Ohio Cumberland currently receives natural gas from a combination of interstate supplies and local production. The interstate supplies delivered via Ohio Cumberland's interconnections with Columbia Gas Transmission currently are priced at a monthly index. Local production is acquired from approximately 50 producers and Gatherco. Of OCG's total system requirements, approximately 61% is met by local production, 4% is met through Gatherco and the remaining 35% is met by interstate pipeline.

Recommendation

Staff has no recommendations in this area.

Joint Ex. 1

BEFORE
THE PUBLIC UTILIITES COMMISSION OF OHIO

In the Matter of the Regulation of the Purchased Gas Adjustment Clause Contained Within the Rate Schedules of Ohio Cumberland Gas Company and Related Matters.	: : : : : : :	Case No. 16-211-GA-GCR

STIPULATION AND RECOMMENDATION

I. BACKGROUND

Rule 4901:1-30, Ohio Administrative Code (O.A.C.), provides that any two or more parties to a proceeding may enter into a written or oral stipulation concerning the issues presented in such proceeding. Pursuant to Rule 4901:1-10(C), O.A.C., the Staff of the Public Utilities Commission of Ohio (Staff) is considered a party for the purpose of entering into a stipulation under 4901:1-30, O.A.C.

The purpose of this document is to set forth the understanding of the Ohio Cumberland Gas Company (Company) and the Staff (collectively, the Signatory Parties) and to resolve all issues related to the Company's Gas Cost Recovery (GCR) mechanism involved in this proceeding.

A. It is understood by the Signatory Parties that this Stipulation and Recommendation is not binding upon the Public Utilities Commission of

Ohio (Commission). However, the agreement contained herein is supported by information provided in the "Financial Audit of the Gas Cost Recovery Mechanisms for the costs incurred for the period of August 2013 through July 2015" (Audit), conducted by the Staff and filed in this proceeding on March 11, 2016. This Stipulation and Recommendation is based upon the Signatory Parties' desire to arrive at a reasoned and reasonable result considering the law, facts, and circumstances in these cases. Accordingly, the Company and Staff believe this Stipulation and Recommendation should be given careful consideration by the Commission and should be adopted.

B. This Stipulation and Recommendation is submitted for purposes of this case and should not be understood to reflect the positions which either the Staff or the Company would have taken if the issues in this proceeding were litigated. As with most Stipulations and Recommendations reviewed by the Commission, the willingness of the Staff and the Company to jointly sponsor this document is predicated on the reasonableness of the Stipulation and Recommendation taken as a whole.

C. This Stipulation and Recommendation is submitted subject to the condition that the Commission not make any material modifications and adopt the Stipulation as set forth below. In the event the Commission should materially modify this Stipulation or reject this Stipulation and Recommendation, the parties shall have fifteen (15) days after the order or decision effecting such material modification or rejection within which to file with the Commission a letter requesting that the Stipulation and Recommendation be deemed withdrawn. In such event, the Stipulation and Recommendation shall not be regarded in any way as part of the record in this proceeding. If this Stipulation and Recommendation is not adopted by the Commission in accordance with these conditions, it is understood that the parties shall be entitled to fully litigate, including all rights of appeal, all issues which each has attempted to resolve herein, just as though this Stipulation and Recommendation had never submitted.

D. In order to resolve all the issues raised in this proceeding, the agreement set forth below is offered for the Commission's consideration.

II. STIPULATION AND RECOMMENDATION

The Signatory Parties agree and recommend that the Commission find:

A. That the Company is a natural gas company within the meaning of Section 4905.03(A)(5), Revised Code, and, as such, is a public utility subject to the jurisdiction and supervision of the Commission.

B. Pursuant to O.A.C. 4901:1-14-07, the Staff conducted an audit of the Company and compiled its findings in a document entitled "Financial Audit of the Gas Cost Recovery Mechanisms for the costs incurred for the period of August 2013 through July 2015". The Audit was filed with the Docketing Division of the Commission on March 11, 2016. The Audit should be identified and admitted into evidence as Commission-Ordered Exhibit 1.

C. This Joint Stipulation and Recommendation should be adopted and admitted into evidence as Joint Exhibit 1.

D. The Commission should adopt the findings, as modified, contained in the aforementioned exhibits.

E. The Company has accurately calculated its Gas Cost Recovery rates during the audit period, subject to the following recommendations:

1. Staff recommends that the Commission order a reconciliation adjustment of $3,890 in the Company's favor to be included in the next GCR filing following the Commission's Opinion and Order in this case, to correct for the differences identified in the Actual Adjustment Section of the Audit.

2. Staff recommends that the Commission order a reconciliation adjustment of $1,327 in the Company's favor, to be applied in the first GCR filing following the Opinion and Order in this case, to correct for the differences identified in the Balance Adjustment Section of the Audit.

III. PROCEDURAL MATTERS

A. The Signatory Parties agree that the proof of publication, to be submitted as a late-filed exhibit (Company Exhibit 1), demonstrates that proper notice of this proceeding has been published in compliance with the Commission's rules and the Commission's Entry herein dated February 24, 2016, and should be admitted into evidence.

B. The Signatory Parties agree that the GCR Audit Report filed on March 11, 2016, should be deemed to be part of the record in this case and further agree to waive their right to conduct cross-examination of the sponsor of this document, provided this Stipulation and Recommendation is adopted by the Commission.

C. The Signatory Parties agree and intend to support the reasonableness of this Stipulation and Recommendation before the Commission and in any appeal from the Commission's adoption or enforcement of this Stipulation and Recommendation. If not finally adopted by the Commission or if rejected by any appellate court, this Stipulation and Recommendation shall not prejudice any of the positions taken by any party on any issue before the Commission in these or any other proceeding, is not an admission of fact by any of the parties, and shall not be admissible evidence in these or any other proceedings. This Stipulation and Recommendation is submitted for purposes of these cases only, and may not be relied upon or used in any other proceedings except as necessary to enforce the terms of this Stipulation and Recommendation.

Agreed to and signed this ___ day of April, 2016.

/s/Thomas G. Lindgren
On Behalf of the Staff of the Public Utilities Commission of Ohio

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Case No(s). 16-0211-GA-GCR

Summary: Stipulation and Recommendation Submitted on Behalf of The Public Utilities Commission of Ohio. electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO