

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)
Gas Company for an Increase in Gas) Case No. 17-1139-GA-AIR
Distribution Rates)

In the Matter of the Application of Ohio) Case No. 17-1140-GA-ATA
Gas Company for Tariff Approval)

In the Matter of the Application of Ohio)
Gas Company for Approval of Certain) Case No. 17-1141-GA-AAM
Accounting Authority)

APPLICATION OF OHIO GAS COMPANY

Business Address:
200 West High Street
Bryan, Ohio 43506

Rate Case Contact:
Chuck Turnwald
Email:
Chuck_turnwald@ohiogas.com

Mailing Address:
P.O. Box 528
200 West High Street
Bryan, Ohio 43506-0528

Counsel for Applicant:
Frank P. Darr
Matthew R. Pritchard
McNees Wallace & Nurick
21 East State Street, 17th floor
Columbus, Ohio 43215
614.469.8000
fdarr@mcneeslaw.com
mpritchard@mcneeslaw.com

Approved Test Year: January 1, 2017 to December 31, 2017
Approved Date Certain: December 31, 2016

MAY 31, 2017

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)	
Gas Company for an Increase in Gas)	Case No. 17-1139-GA-AIR
Distribution Rates)	

In the Matter of the Application of Ohio)	Case No. 17-1140-GA-ATA
Gas Company for Tariff Approval)	

In the Matter of the Application of Ohio)	
Gas Company for Approval of Certain)	Case No. 17-1141-GA-AAM
Accounting Authority)	

APPLICATION OF OHIO GAS COMPANY

For its Application, Ohio Gas Company states:

1. Ohio Gas Company ("Ohio Gas") is an Ohio corporation engaged in the business of distributing natural gas to nearly 50,000 customers in northwest Ohio. It is a public utility as defined by R.C. 4905.02 and 4905.03.
2. This Application is made pursuant to R.C. 4909.18, 4905.06, and 4905.13 and related sections of the Ohio Revised Code.
3. The Application seeks authorization of an increase in rates, accounting authority, authorization of changes to certain existing charges, authorization of certain new charges, and a revision and approval of tariffs applicable to the provision of service within the territory in which Ohio Gas operates.
4. Ohio Gas requests that the rates established in this proceeding be effective for the first billing cycle after a Commission order authorizing an increase in rates and the revision of the tariffs.

5. The Company's last general rate case was Case No. 84-1500-EL-AIR. Due to several factors including increases in costs, substantial investment in plant, and revenue erosion due to increased BTU content of delivered gas, current rates produce a return on jurisdictional rate base of 1.57%. As a result, the current rate schedules do not yield a just and reasonable return on the value of property used to furnish distribution service.
6. In compliance with R.C. 4909.43 and Commission rules, Ohio Gas on April 28, 2017, served a Notice of Intent to file upon the Commission and notified the mayors and legislative authorities of each municipality affected by this Application in writing of the intent to file and the proposed rates.
7. Ohio Gas submits its proposed public notice as Schedule S-3.
8. Ohio Gas proposes a test year consisting of a twelve-month period ending December 31, 2017, and a date certain for property valuation of December 31, 2016. The Commission has authorized the test year and date certain as proposed.
9. Ohio Gas submits that the overall return on rate base of 9% is a fair and reasonable return.
10. Current rates produce an operating income deficiency of \$2,035,158. As permitted by R.C. 4909.15, Ohio Gas requests an increase in revenue of \$3,237,346. See Schedule A-1.
11. Ohio Gas proposes to bill and collect the increase in revenue through an increase in the monthly customer charge. The monthly customer charge would increase from the current charge of \$5.45 to \$10.91. See Schedules E-1 and E-3.1.
12. Ohio Gas also proposes a new rider that would identify the amounts collected for the expense associated with the Ohio gross receipts tax. Because a portion of the

tax expense is included in the volumetric rates of the general and transportation service rates, volumetric rates should be lowered. See Schedules E-1 and E-3.

13. In support of this Application and in compliance with Commission rules, Ohio Gas has included the following information:
- a. Schedule A-1 through A-3;
 - b. Schedule B-1 through B-9;
 - c. Schedule C-1 through C-12;
 - d. Schedule D-1 through D-5;
 - e. Schedule E-1 through E-5; and
 - f. Schedule S-1 through S-4.2.
14. In addition to the requested increase in rates, Ohio Gas is seeking to update its general service tariff sheets. Ohio Gas seeks authorization of a set of general service tariff provisions that addresses more completely the common customer and utility interactions based on the existing Company's operating procedures and Commission rules. Because the changes were substantial, however, Ohio Gas is recommending that the Commission authorize the filing of a new tariff, PUCO No. 2. See Schedule E-1 and Schedules E-3 to E-3.4.
15. As part of the revision of the general service tariff provisions, Ohio Gas seeks authorization for either new miscellaneous charges or increases in the amount of the rate of existing miscellaneous charges. The charges that Ohio Gas seeks to address in this application are:

Charge	New or Existing	Current Rate	Proposed Rate
Reconnection	Existing	Varies	Varies
Field Collection	Existing	\$3	\$15

Bad Check	Existing	\$10	\$20
Tie-in	New	N/A	Actual cost
Investigation	New	N/A	Actual cost
Meter Test	New	N/A	\$40
Meter Location	New	N/A	Actual cost
Excess Flow Valve	New	N/A	Actual cost

Based on the information set out in Schedules E-3.2, E-3.3, and E-3.4, the adoption or amendment of these charges is just and reasonable.

16. Ohio Gas also seeks authorization to adjust its plant account balances. Certain plant accounts are over-depreciated and currently have negative net plant balances. Other plant balances are under-depreciated. Ohio Gas seeks authority to adjust depreciation reserves of those accounts with net negative balances such that the adjustments will result in net plant balances of zero. Adjustments to move net plant balances that are currently negative will be offset with adjustments in the accumulated depreciation reserves that are under-accrued. The proposed revision will have no net effect on the total net plant that is used and useful.

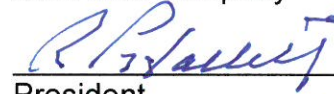
WHEREFORE, Ohio Gas requests that the Commission:

1. Accept this Application for filing;
2. Find that the Application and Schedules comply with Ohio law and Commission rules;
3. Approve the notice attached as Schedule S-3;

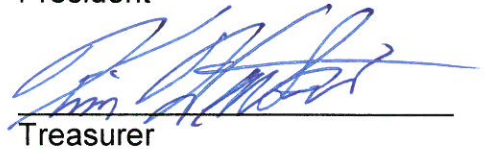
4. Find that the current rates and charges for natural gas distribution service are unjust, unreasonable, and insufficient to yield reasonable compensation to Ohio Gas for the service rendered;
5. Find that the rates, charges, and other provisions of the proposed schedules included in Schedule E-1 are just and reasonable and approve them;
6. Fix a date on which the rates, charges, and other provisions of this Application apply to service provided by Ohio Gas; and
7. Grant any other necessary relief.

Respectfully submitted,

Ohio Gas Company



President




Treasurer

Verification

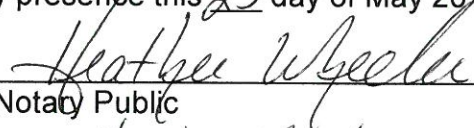
State of Ohio
Williams County

Richard Hallett personally appeared before me, and being duly sworn, said that he is President of Ohio Gas Company and that the statements in the foregoing application are true and accurate to the best of his knowledge.



Richard Hallett
President

Sworn to before me and subscribed in my presence this 25 day of May 2017.




Notary Public
Heather Wheeler
State of Ohio
Commission Expires 4-12-2021

Verification

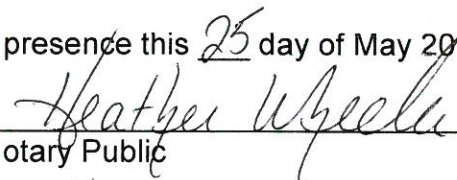
State of Ohio
Williams County

Kim Watkins personally appeared before me, and being duly sworn, said that he is Treasurer of Ohio Gas Company and that the statements in the foregoing application are true and accurate to the best of his knowledge.



Kim Watkins
Treasurer

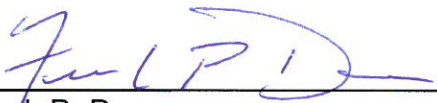
Sworn to before me and subscribed in my presence this 25 day of May 2017.



Notary Public
Heather Wheeler
State of Ohio
Commission Expires 4-12-2021

CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. In addition, I hereby certify that a service copy of the foregoing *Application of Ohio Gas Company and Testimony*, was sent by, or on behalf of, the undersigned counsel for IEU-Ohio to the following parties of record this 31st day of May 2017, *via* electronic transmission.


Frank P. Darr

Steven Beeler
Robert Eubanks
Office of the Ohio Attorney General
30 East Broad Street
Columbus, Ohio 43215
Steven.beeler@ohioattorneygeneral.gov
Robert.eubanks@ohioattorneygeneral.gov

Kevin F. Moore
Counsel of Record
Ajay Kumar
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, 18th Floor
Columbus, Ohio 43215-3485

Test Year: January 1, 2017 to December 31, 2017

Date Certain: December 31, 2016

Section A

- A-1 Overall Financial Summary
- A-2 Revenue Conversion Factor
- A-3 Calculation of Mirrored CWIP

OHIO GAS COMPANY
CASE NO. 17-1139-GA-AIR
OVERALL FINANCIAL SUMMARY
12 MONTHS ENDED DECEMBER 31 2017

Schedule A-1
Page 1 of 1

Data: x Actual Estimated

Type of Filing: x Original Updated Revised

Work Paper Reference No(s): No Applicable Work Paper

Witness Responsible: Kim A. Watkins

LINE NO.	DESCRIPTION (A)	SUPPORTING SCHEDULE REFERENCE (B)	COMPANY PROPOSED AMOUNT (C)
1	RATE BASE AS OF DATE CERTAIN	B-1	27,375,528
2	CURRENT OPERATING INCOME	C-2	428,640
3	EARNED RATE OF RETURN (2) / (1)		1.57%
4	REQUESTED RATE OF RETURN	D-1	9.00%
5	REQUIRED OPERATING INCOME (1) x (4)		2,463,798
6	OPERATING INCOME DEFICIENCY (5) - (2)		2,035,158
7	GROSS REVENUE CONVERSION FACTOR	A-2	1.590710
8	REVENUE INCREASE REQUESTED (6) x (7)		3,237,346

OHIO GAS COMPANY
CASE NO. 17-1139-GA-AIR
COMPUTATION OF GROSS REVENUE CONVERSION FACTOR
12 MONTHS ENDED DECEMBER 31 2017

Schedule A-2
Page 1 of 1

Data: x Actual Estimated

Type of Filing: x Original Updated Revised

Work Paper Reference No(s): No Applicable Work Paper

Witness Responsible: Kim A. Watkins

LINE NO.	DESCRIPTION (A)	% OF INCREMENTAL GROSS REVENUES (C)
1	GROSS REVENUE	100.0000%
2	UNCOLLECTIBLES	<u>0.0000%</u>
3	NET REVENUE (1) - (2)	100.0000%
4	OHIO GROSS RECEIPTS TAX	<u>4.7500%</u>
5	INCOME BEFORE FEDERAL INCOME TAXES (3) - (4)	95.2500%
6	FEDERAL INCOME TAXES (5) x 34%	<u>32.3850%</u>
7	OPERATING INCOME PERCENTAGE (5) - (6)	62.8650%
8	GROSS REVENUE CONVERSION FACTOR (1) / (7)	1.590710

NOTE: CIAC are already netted against gross plant.

OHIO GAS COMPANY
CASE NO. 17-1139-GA-AIR
CALCULATION OF MIRRORED CWIP REVENUE SUR-CREDIT RIDER
12 MONTHS ENDED DECEMBER 31 2017

Schedule A-3
Page 1 of 1

Data: ☒ Actual ☐ Estimated

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Work Paper Reference No(s): No Applicable Work Paper

Witness Responsible: Kim A. Watkins

LINE NO.	DESCRIPTION (A)	Schedule Reference	Test Year Jurisdiction
1	Mirrored CWIP Allowance	B-9	\$ -
2	Requested Rate of Return	D-1	9.00%
3	Income Deficiency (1x2)		\$ -
4	Gross Revenue Conversion Factor	A-2	1.5907
5	Mirrored CWIP Revenue Requirements (3x4)		\$ -
6	Proforma Base Revenues	E-4	\$ 16,441,376
7	Mirrored CWIP Sur-Credit Rate (5/6)		0.0000%

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

5/31/2017 11:25:44 AM

in

Case No(s). 17-1139-GA-AIR, 17-1140-GA-ATA, 17-1141-GA-AAM

Summary: Application Part I (Application and Section A) - Ohio Gas Company's Application for an Increase in Rates, Tariff Approval and Approval of Accounting Authority electronically filed by Ms. Vicki L. Leach-Payne on behalf of Darr, Frank P. Mr.