

THE PUBLIC UTILITIES COMMISSION OF OHIO

**IN THE MATTER OF THE REGULATION OF
THE PURCHASED GAS ADJUSTMENT
CLAUSE CONTAINED WITHIN THE RATE
SCHEDULES OF GLENWOOD ENERGY OF
OXFORD, INC. AND RELATED MATTERS.**

CASE No. 17-210-GA-GCR

**IN THE MATTER OF THE UNCOLLECTIBLE
EXPENSE RIDER OF GLENWOOD ENERGY OF
OXFORD, INC. AND RELATED MATTERS.**

CASE No. 17-310-GA-UEX

**IN THE MATTER OF THE PERCENTAGE OF
INCOME PAYMENT PLAN RIDER OF
GLENWOOD ENERGY OF OXFORD, INC.
AND RELATED MATTERS.**

CASE No. 17-410-GA-PIP

OPINION AND ORDER

Entered in the Journal on November 21, 2017

I. SUMMARY

{¶ 1} The Commission adopts the Stipulation and Recommendation filed by the parties on August 24, 2017, that resolves all issues relating to Glenwood Energy of Oxford, Inc.'s gas cost recovery and uncollectible expense audits, as well as its percentage of income payment plan rider audit.

II. PROCEDURAL BACKGROUND

{¶ 2} Glenwood Energy of Oxford, Inc. (Glenwood or the Company) is a natural gas company and a public utility as defined in R.C. 4905.03 and 4905.02, respectively. Therefore, it is subject to the jurisdiction of this Commission.

{¶ 3} As a natural gas company under the Commission's jurisdiction, Glenwood implements a purchased gas adjustment mechanism pursuant to R.C. 4905.302(C). As set forth in R.C. 4905.302(A)(1), the purchased gas adjustment mechanism allows a natural gas company to adjust the rates that it charges to its customers in accordance with any

fluctuation in the company's cost of obtaining the gas that it sells to those customers. To assist in the implementation and audit of the purchased gas adjustment mechanism, the rules contained in Ohio Adm.Code Chapter 4901:1-14 direct that the jurisdictional cost of gas be separated from all other costs incurred by a natural gas company. Those rules also provide for each company's recovery of the gas costs.

{¶ 4} R.C. 4905.302 further directs the Commission to establish investigative procedures, such as periodic reports, audits, and hearings, to examine the arithmetic and accounting accuracy of the gas costs reflected in the company's gas cost recovery (GCR) rates. The Commission must also review each company's purchasing and procurement policies vis-à-vis those rates. Pursuant to this authority, Ohio Adm.Code 4901:1-14-07 requires that the gas costs for each gas or natural gas company be audited annually, unless otherwise ordered by the Commission. Additionally, Ohio Adm.Code 4901:1-14-08(A) requires the Commission to hold a public hearing at least 60 days after the filing of an audit report; Ohio Adm.Code 4901:1-14-08(C) requires that the affected company issue notice of that hearing at least 15 days and not more than 30 days prior to the scheduled hearing.

{¶ 5} These combined proceedings also address Glenwood's uncollectible expense (UEX) and percentage of income payment plan (PIPP) riders, which were established when the Commission approved an agreement between Glenwood (which was then Oxford Natural Gas Company), the city of Oxford, and Staff in 2007. *In re Oxford Natural Gas Co.*, Case No. 06-350-GA-CMR, et al., Opinion and Order (Sept. 19, 2007).

{¶ 6} Glenwood's UEX rider rate was initially set at \$0.08 per thousand cubic feet (Mcf). *In re Glenwood Energy of Oxford, Inc.*, Case No. 09-439-GA-UEX, Entry (Sept. 30, 2009). Currently, the approved applicable rate is \$0.0304 per Mcf. *In re Glenwood Energy of Oxford, Inc.*, Case No. 15-310-GA-UEX, Finding and Order (Oct. 28, 2015). With regard to the Company's PIPP rider, on January 7, 2014, Glenwood instituted a rider rate of \$0.0293 per Mcf to recover the outstanding arrears balance in its initial application and

the rate continued to be effective through the end of the PIPP audit period, July 31, 2016. *In re Glenwood Energy of Oxford, Inc.*, Case No. 13-2254-GA-PIP.

{¶ 7} By Entry issued February 1, 2017, the Commission initiated Case Nos. 17-210-GA-GCR (*GCR Case*), 17-310-GA-UEX (*UEX Case*), and 17-410-GA-PIP (*PIP Case*). With regard to the *GCR Case*, the February 1, 2017 Entry established Glenwood's financial audit review period, January 1, 2015, through December 31, 2016; the date of the hearing; and due dates for various filings. The Commission also directed the Company to publish notice of the hearing. On June 30, 2017, Staff filed its GCR audit report for the designated review period.

{¶ 8} The February 1, 2017 Entry also established an audit period for the *UEX Case* and the *PIP Case*. The UEX audit examines the UEX rider components for the period January 1, 2015, through December 31, 2016. The audit period for Glenwood's PIPP rider was set for January 1, 2015, through December 31, 2016.

{¶ 9} In addition to the GCR audit report, Staff also filed its UEX audit report and PIPP audit report on June 30, 2017. As part of its GCR, UEX, and PIPP audit reports, Staff submitted a certificate of accountability attesting to the accuracy of the data pertaining to the respective audit periods.

{¶ 10} On August 24, 2017, Glenwood filed a motion in the *GCR Case* seeking a partial waiver from Ohio Adm.Code 4901:1-14-08(C), which requires that each natural gas company publish notice of its GCR hearing not later than 15 days or earlier than 30 days before the scheduled hearing. As Glenwood's hearing was scheduled for and held on August 29, 2017, strict adherence to Ohio Adm.Code 4901:1-14-08(C) required Glenwood to publish notice of its hearing between July 30, 2017, and August 14, 2017. Glenwood, however, published its notice on July 9, 2017. Noting the absence of any public testimony offered in prior GCR hearings and the added cost of republishing the notice, Glenwood requests that the Commission grant the motion for partial waiver. The

Commission finds Glenwood's publication of the hearing notice to be in substantial compliance with the notice requirements in Ohio Adm.Code 4901:1-14-08(C). Accordingly, the motion for partial waiver is reasonable and should be granted.

{¶ 11} As noted, the public hearing was conducted on August 29, 2017. No members of the public appeared to offer testimony (Tr. at 5). Admitted into the record of evidence was the GCR audit report (Commission-Ordered Ex. 1), the UEX audit report (Commission-Ordered Ex. 2), the PIPP audit report (Commission-Ordered Ex. 3), and Glenwood's proof of publication of notice of public hearing (Glenwood Ex. 1). The Stipulation and Recommendation (Stipulation) filed on August 24, 2017, and signed by Glenwood and Staff was marked as Joint Ex. 1.

{¶ 12} Glenwood requested that the Stipulation be admitted with one modification regarding the notice of the hearing, noting a disparity in the method of notice referenced in the Stipulation (bill insert) as compared to the method used to effectuate notice (newspaper of general circulation) (Tr. at 7). The Stipulation, as modified by the parties, was admitted into the record of evidence. The Stipulation purports to resolve all of the issues in these proceedings.

III. DISCUSSION

A. *Summary of GCR Audit Report*

{¶ 13} Glenwood provides natural gas utility service to customers in the city of Oxford (City) and adjacent areas of Butler County. During the GCR audit period, January 1, 2015, through December 31, 2016, Glenwood served approximately 4,482 customers. Glenwood provides service to its customers under an ordinance with the City that commenced with March 2015 billings, to be effective for three years. (Commission-Ordered Ex. 1 at 3.)

1. EXPECTED GAS COST

{¶ 14} Staff reviewed Glenwood's calculations of its 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. In its review of the Company's EGC calculations, Staff considered supply sources, purchased volumes, and sales volumes. (Commission-Ordered Ex. 1 at 4-5.)

{¶ 15} Glenwood initially entered into a three-year contract for the sale and purchase of natural gas with Atmos Energy Marketing (Atmos) in August 2007. Under the contract, Atmos procured gas on behalf of Glenwood and nominated its delivery on Texas Eastern Transmission (Texas Eastern) to an interconnection point with Columbia Gas Transmission, which then delivered the gas into Duke Energy Ohio (Duke), which then delivered to Glenwood's city gate. Additionally, Glenwood assigned its pipeline capacity entitlements to Atmos to manage and effectuate the delivery of gas to Duke. Since its inception, the contract with Atmos has been extended and amended, resulting in reduced fees and the replacement of fixed monthly demand charges from Texas Eastern with volumetric charges. (Commission-Ordered Ex. 1 at 4.)

{¶ 16} Staff notes that Glenwood relied upon monthly reports from Atmos that contained Glenwood's volumes and transportation customers to perform its calculation of purchased volumes. Staff, on the other hand, calculated the purchased volumes by first taking Duke's monthly meter reads grossed up for shrinkage, converting from dekatherms to Mcf, and then subtracting out the nominated volumes from transportation customers into Glenwood's system. Dollar and volume adjustments noted in the Company's Atmos bills during the first six months of the audit period, which reflected prior period adjustments by Atmos, were incorporated into Staff's calculations. (Commission-Ordered Ex. 1 at 4.)

{¶ 17} To verify sales volumes, Staff reviewed Glenwood's billing register summaries and customer billing journals for the audit period. Staff also reviewed billing

adjustments from Glenwood's two gas light customers during the same period. Staff notes no errors in reported sales volumes. (Commission-Ordered Ex. 1 at 5.)

{¶ 18} Additionally, Staff notes that Glenwood provided transportation service to three customers under the provision of special contracts. Under the agreements, Glenwood delivered the nominated volumes from its city gate to the customers' facilities with any difference in volumes being recognized as an imbalance. The transportation customers paid volumetric charges with a portion of the fees being credited to Glenwood's GCR in recognition of the transporters' use of Glenwood's transportation agreement with Duke. Using its average monthly commodity rate paid to Atmos, Glenwood cashed out the imbalances of two transportation customers during the audit period. These cash-outs were included in Glenwood's GCR. (Commission-Ordered Ex. 1 at 5.)

{¶ 19} In all, Staff has no recommendations as to Glenwood's EGC (Commission-Ordered Ex. 1 at 5).

2. ACTUAL ADJUSTMENT

{¶ 20} 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 by total sales for respective months. The calculations are performed quarterly and result in the unit book cost of gas, i.e., the cost incurred by the Company for procuring each Mcf it sold that month. Staff explains that errors in the AA calculation can be a result of several factors, including incorrectly reported purchased gas costs, errors in the stated sales volumes, use of the wrong EGC rate, and errors in the credits and cash-outs from transportation customers. (Commission-Ordered Ex. 1 at 6.)

{¶ 21} Staff reviewed Glenwood's purchase invoices, sales volumes, and worksheets used in the calculation of the Company's AA. Due to the aforementioned prior period billing adjustments by Atmos, there was a difference between Staff's

calculated AA and the Company's filed AA. This difference results in an AA adjustment of \$3,143, which is not self-correcting through the GCR mechanism. Accordingly, Staff recommends a reconciliation adjustment of \$3,143 for the under-collection. (Commission-Ordered Ex. 1 at 6.)

3. REFUND AND RECONCILIATION ADJUSTMENT

{¶ 22} The refund and reconciliation adjustment (RA) is used to return the jurisdictional portion of refunds received from gas suppliers and adjustments ordered by the Commission. In the Company's prior GCR case, the Commission ordered Glenwood to return to customers \$28,337 to account for an over-collection. *In re Glenwood Energy of Oxford, Inc.*, Case No. 15-210-GA-GCR, et al., Opinion and Order (Feb. 10, 2016) at 4.¹ Staff notes that Glenwood should have included the RA in the next GCR filing following that Commission Order; but, Staff found no evidence of the refund to customers. (Commission-Ordered Ex. 1 at 11.)

{¶ 23} Thus, Staff recommends that Glenwood include the reconciliation adjustment of \$28,337 from Case No. 15-210-GA-GCR, et al., plus interest of 1.0550 percent, for a total of \$29,896 in its first monthly GCR filing after the Commission's ruling in this case. (Commission-Ordered Ex. 1 at 11.)

4. BALANCE ADJUSTMENT

{¶ 24} The balance adjustment (BA) mechanism corrects for under- or over-recoveries of previously calculated AAs or RAs. In performing its audit, Staff's calculated and Glenwood's reported BA did not coincide. Staff reports that errors detected in the BA are generally the result of incorrectly reported sales volumes or the inconsistent application of rates over 12 consecutive months, as was the case for Glenwood. Staff

¹ The \$28,337 amount is the product of a \$30,913 RA in the customers' favor and a \$2,576 RA in the Company's favor.

additionally noted that an RA was not included in Glenwood's BA calculation. (Commission-Ordered Ex. 1 at 12.)

{¶ 25} Because the differences between Staff's and the Company's BA calculations are not self-correcting through the GCR mechanism, Staff recommends a reconciliation adjustment of \$6,683 for the over-collection (Commission-Ordered Ex. 1 at 12).

5. UNACCOUNTED-FOR GAS

{¶ 26} Unaccounted-for gas (UFG) is the difference between purchased volumes and sales volumes. It is calculated on a 12-month basis, ending in one of the low-usage summer months to minimize the effects of unbilled volumes on the calculation. Pursuant to R.C. 4905.302 and Ohio Adm.Code 4901:1-14-08, the Commission is vested with the authority to adjust any gas company's future GCR rates for UFG above a reasonable level, which is presumed to be no more than five percent during the audit period. (Commission-Ordered Ex. 1 at 17.)

{¶ 27} Staff performed an analysis of Glenwood's UFG for the period January 2015 through December 2016, using the total volumes delivered by Duke to Glenwood's city gate less metered transportation volumes and imbalances to arrive at purchased volumes. From its calculated purchased volumes, Staff subtracted the sales volumes to arrive at the UFG amount for the audit period. Staff determined that Glenwood's UFG level is slightly positive at 0.13 percent. Staff has no recommendations as to the UFG. (Commission-Ordered Ex. 1 at 17.)

6. CUSTOMER BILLS

{¶ 28} Finally, Staff evaluated whether Glenwood property applied GCR and base rates to customer bills. Staff conducted a random sampling from the Company's monthly billing registers and recalculated those bills. Staff then compared the recalculated bills to the customer billing register to ascertain any differences. Ultimately, Staff concluded that

the Company accurately billed its customers per the GCR rates filed with the Commission and, therefore, has no recommendations for this area. (Commission-Ordered Ex. 1 at 18.)

B. Summary of UEX Audit Report

{¶ 29} The UEX audit period for this proceeding was January 1, 2015, through December 31, 2016. Staff reviewed Glenwood's collections practices and procedures, its general ledger report, history report, and transaction posting register to verify that collections were properly credited to customer accounts. More specifically, at the initiation of the audit, Glenwood submitted its 2015 and 2016 Annual Budget Reconciliation (ABR) for Staff's review. The ABR shows the monetary amounts written-off as bad debt or uncollectible, the amounts recovered through the UEX rider, and collection activity. The ABR also includes carrying charges, payments to an outside collection agency, and gas sales volumes applicable to the UEX rider. Staff verified the Company's December 2016 ending balance of (\$1,706.54) in the ABR, as well as Glenwood's reported bad debt write-off and recovery amounts.² (Commission-Ordered Ex. 2 at 2-3.)

{¶ 30} As indicated above, Glenwood's current UEX rider rate of \$0.0304 per Mcf became effective on November 1, 2015, during the UEX audit period. *In re Glenwood Energy of Oxford, Inc.*, Case No. 15-310-GA-UEX, Finding and Order (Oct. 28, 2015). Staff randomly reviewed 40 customer accounts to evaluate the accuracy of amounts written-off and applied to the bad debt rider account and found no exceptions. Staff also verified that the Company followed prior Commission Orders to write-off accounts for non-payment at a minimum of 60 days. *In re Glenwood Energy of Oxford, Inc.*, Case No. 13-310-GA-UEX, et al., Opinion and Order (Sept. 18, 2013) at 7-8. (Commission-Ordered Ex. 2 at 3.)

² Amounts shown in parentheses indicate negative numbers.

{¶ 31} Given this review, Staff found that there were two customers who Glenwood counted in both its UEX and PIPP calculations, which led to an over-collection of \$1,585.26. Adjusting for this amount results in an ending balance of (\$1,706.54) for the audit period. Accordingly, Staff recommends Glenwood take appropriate steps to ensure none of its PIPP customers are included in UEX calculations and that the Commission direct Glenwood to set its beginning UEX balance for 2017 to (\$1,706.54). (Commission-Ordered Ex. 2 at 3.)

C. Summary of PIPP Audit Report

{¶ 32} By way of an on-site audit, review of various documents, including the bills of customers enrolled in the PIPP Plus program and payment histories tracked through an Excel spreadsheet, data requests, and interviews with Company personnel, Staff conducted the audit of Glenwood's PIPP rider for the period January 1, 2015, through December 31, 2016. As part of the audit, Staff evaluated Glenwood's PIPP customer account balances, write-offs, and rider recoveries, reviewed the Company's arrearage forgiveness program, and verified PIPP account balances were not also included in the UEX rider. At the time of the PIPP audit, Glenwood had 16 PIPP customers, five more than the prior audit period. (Commission-Ordered Ex. 3 at 2-3.)

1. PIPP BALANCE OF ARREARS

{¶ 33} As noted above in the UEX audit section, Staff determined that Glenwood included the account balances of two PIPP customers in the Company's UEX account balance. Staff deducted the account balances from the UEX. (Commission-Ordered Ex. 3 at 3, Atts. A and B.)

{¶ 34} Staff further determined that Glenwood made refunds to two PIPP customers who terminated service with a credit balance. The two refunds totaled \$621.76. In such circumstances, Glenwood should have reflected the refunds as reductions to

revenue collected from PIPP customers. Accordingly, Staff reduced PIPP customers' payments by \$621.76. (Commission-Ordered Ex. 3 at 3, Atts. A and B.)

{¶ 35} Additionally, Staff determined that the account balance of a customer whose service was transferred to a new address was improperly reflected on both the customer's account at the new address and in the calculation of write-offs. Staff deducted the account balance from the write-offs in the PIPP Excel spreadsheet. (Commission-Ordered Ex. 3 at 3, Atts. A and B.)

{¶ 36} Finally, Staff found three instances where Home Energy Assistance Program (HEAP) payments were not reflected on the Company's PIPP spreadsheet. Staff included the HEAP payments in its calculations. (Commission-Ordered Ex. 3 at 3, Atts. A and B.)

2. PIPP ARREARAGE FORGIVENESS

{¶ 37} On October 15, 2010, the Commission granted Glenwood a waiver of the PIPP requirement to implement the prescribed PIPP arrearage crediting plan and graduate PIPP program; we also granted the Company's request to institute an alternative PIPP forgiveness program. Pursuant to the approved alternative arrearage forgiveness program, active PIPP customers may receive a one-time annual PIPP arrearage credit of 75 percent or more for making at least nine on-time payments of at least 75 percent of the annual PIPP installment payment obligation due during the 12-month period of August 1 to July 31, with credits to be applied each September. *In re Glenwood Energy of Oxford, Inc.*, Case No. 10-1443-GA-WVR, Finding and Order (Oct. 15, 2010). (Commission-Ordered Ex. 3 at 4.)

{¶ 38} Staff examined individual PIPP customer bills and payment histories to determine a customer's eligibility for the arrearage credit and whether the arrearage credits were properly applied to a customer's account. Staff determined that Glenwood properly calculated PIPP customer arrearage credits for the audit period; however,

credits were not applied in September 2015, in accordance with the Company's alternative arrearage forgiveness program, but in January 2016. The arrearage credits for 2016 were properly applied to PIPP customer accounts in September 2016. (Commission-Ordered Ex. 3 at 4.)

{¶ 39} Staff recommends that the Company continue to improve its tracking and documentation of PIPP customers through a single central document, like the PIPP Excel spreadsheet, to update the status of active and inactive PIPP customers consistent with the billings, payments, and arrearage credits reflected in the Company's calculations. Staff advocates for the use of the spreadsheet's full capabilities, such as linking cells through formulas and functions, to reduce the Company's need to manually input data, minimize the chance of error, and aid the Company and Staff in future filings and audits. (Commission-Ordered Ex. 3 at 4.)

{¶ 40} Staff concluded that Glenwood properly accounted for write-offs and recoveries for the 24-month period ending December 31, 2016, except as specifically noted above. The Company reported a December 31, 2016 ending PIPP arrears balance of \$15,111.24. In total, Staff calculated Glenwood's reported monthly ending PIPP arrears balances, including carrying costs, to be overstated by \$2,580.17. Accordingly, Staff recommends that the Commission direct Glenwood to reduce its PIPP arrearage balance as of December 31, 2016, to \$12,531.07. (Commission-Ordered Ex. 3 at 4, Atts. A and B.)

IV. STIPULATION OF THE PARTIES

{¶ 41} As previously noted, Glenwood and Staff filed a Stipulation that, if adopted, would resolve all of the issues in these proceedings. The Stipulation may be summarized as follows:³

³ This is a summary of the Stipulation and does not supersede or replace the Stipulation.

- (a) With the exceptions noted below, Glenwood's GCR rates were accurately calculated during the audit period in accordance with the provisions of Ohio Adm.Code Chapter 4901:1-14.
- (b) Glenwood and Staff agree that all findings and recommendations contained in the GCR audit report are reasonable and should be adopted. More specifically, the following Staff recommendations should be implemented:
 - i. The differences between Staff's and the Company's AA calculations are not self-correcting through the GCR mechanism; thus, a reconciliation adjustment of \$3,143 should be made in the Company's favor.
 - ii. Glenwood failed to include an RA ordered by the Commission in its prior audit, Case No. 15-210-GA-GCR. Therefore, Staff recommends that Glenwood include, in its first monthly GCR filing subsequent to the Commission's Order in these proceedings, the RA of \$28,337, plus interest of 1.0550 percent, for a total of \$29,896, in the customers' favor.
 - iii. The differences between Staff's and the Company's BA are not self-correcting through the GCR mechanism; thus, Staff recommends a reconciliation adjustment of \$6,683 in the customer's favor.
- (c) Glenwood and Staff agree that all findings and recommendations contained in the UEX audit report are reasonable and should be adopted. More specifically, the following Staff recommendations should be implemented:

- i. Glenwood should take appropriate steps to ensure that none of the Company's PIPP customers are included in its UEX calculations.
 - ii. Glenwood should set its beginning UEX balance for 2017 to (\$1,706.54).
- (d) Glenwood and Staff agree that all findings and recommendations contained in the PIPP audit report are reasonable and should be adopted. More specifically, the following Staff recommendations should be implemented:
 - i. Glenwood's balance of PIPP arrears as of December 31, 2016, should be reduced to \$12,531.07 to account for over- or under-stated payments and billings.
 - ii. Glenwood should continue to improve its tracking of PIPP customer accounts by having one central document, such as a PIPP spreadsheet, such that billings, payments, and arrearage credits reflected in its calculations properly reflect the customers' PIPP status as active or inactive.
- (e) In satisfaction of the requirements of R.C. 4905.302(C) and Ohio Adm.Code Chapter 4901:1-14, Glenwood caused notice of the hearing in these cases to be published in Glenwood's service territory.

(Joint Ex. 1 at 3-7; Glenwood Ex. 1; Tr. at 6-7.)

V. CONCLUSION

{¶ 42} Ohio Adm.Code 4901-1-30 authorizes parties to Commission proceedings to enter into a stipulation. Although not binding upon the Commission, the terms of such an agreement are accorded substantial weight. *Consumers' Counsel v. Pub. Util. Comm.*, 64 Ohio St.3d 123, 125, 592 N.E.2d 1370 (1992), citing *Akron v. Pub. Util. Comm.*, 55 Ohio St.2d 155, 157, 378 N.E.2d 480 (1978). This is especially true where the stipulation is unopposed by any party and resolves all issues presented in the proceeding in which it is offered.

{¶ 43} The standard of review for considering the reasonableness of a stipulation has been discussed in a number of prior Commission proceedings. *See, e.g., In re Dominion Retail, Inc. v. The Dayton Power and Light Co.*, Case No. 03-2405-EL-CSS, et al., Opinion and Order (Feb. 2, 2005); *In re Cincinnati Gas & Elec. Co.*, Case No. 91-410-EL-AIR, Order on Remand (Apr. 14, 1994); *In re Ohio Edison Co.*, Case No. 91-698-EL-FOR, et al., Opinion and Order (Dec. 30, 1993); *In re Cleveland Elec. Illum. Co.*, Case No. 88-170-EL-AIR, Opinion and Order (Jan. 31, 1989). The ultimate issue for our consideration is whether the agreement, which embodies considerable time and effort by the signatory parties, is reasonable and should be adopted. In considering the reasonableness of a stipulation, the Commission has used the following criteria:

- (a) Is the settlement a product of serious bargaining among capable, knowledgeable parties?
- (b) Does the settlement, as a package, benefit ratepayers and the public interest?
- (c) Does the settlement package violate any important regulatory principle or practice?

{¶ 44} The Supreme Court of Ohio has endorsed the Commission's analysis using these criteria to resolve cases in a manner economical to ratepayers and public utilities.

Indus. Energy Consumers of Ohio Power Co. v. Pub. Util. Comm., 68 Ohio St.3d 559, 561, 629 N.E.2d 423 (1994), citing *Consumers' Counsel v. Pub. Util. Comm.*, 64 Ohio St.3d 123, 126, 592 N.E.2d 1370 (1992). Additionally, although not binding upon it, the Commission may place substantial weight on the terms of a stipulation. *Consumers' Counsel* at 126.

{¶ 45} Based on our review, we find the Stipulation meets the first criterion: the process involved serious bargaining by knowledgeable, capable parties. Staff witness Roger Sarver testified he was responsible for all three audits at issue in these cases. Mr. Sarver further testified that Staff has worked with the involved Glenwood personnel for the last ten years. (Tr. at 10.)

{¶ 46} The Stipulation also benefits ratepayers and the public interest; therefore, the second criterion is satisfied. The purpose of the audit is to ensure the accuracy of Glenwood's GCR, UEX, and PIPP riders and to ensure that the rates reflect the costs of the utility services provided. As Glenwood agreed to implement all recommendations resulting from Staff's examination, the Stipulation advances the public interest by resolving these matters, without the need to engage in extensive litigation. (Tr. at 10-11.) Moreover, the Stipulation meets the third criterion because it does not violate any important regulatory principle or practice (Tr. at 11).

{¶ 47} Upon review of the Stipulation filed in these proceedings, the Commission concludes that the terms and conditions contained therein represent a reasonable resolution of the issues in these cases and, as a package, the Stipulation benefits ratepayers and advances the public interest. Further, the Commission finds that there is no evidence that the Stipulation violates any important regulatory principle or practice. (Tr. at 7-11.) Accordingly, as modified to reflect the appropriate method of service for public notice of the hearing, the Stipulation should be adopted in its entirety.

{¶ 48} The Commission observes that, as indicated by the Stipulation, Glenwood failed to make an RA in the customers' favor as ordered by the Commission following

the Company's 2015 GCR audit. *In re Glenwood Energy of Oxford*, Case No. 15-210-GA-GCR, et al., Opinion and Order (Feb. 10, 2016) at 4, 6. Although interest accrues to customers on the over-collection, it is unfair that the Company retained its customers' refund for such an extended period of time. Glenwood has again agreed to include the RA, plus interest, in its first monthly GCR filing following the issuance of this Order. To avoid any further delay and ensure that Glenwood accurately reflects the RA due customers in its next GCR filing, the Commission directs Glenwood to file a letter indicating that the Company has complied with this aspect of our Order in the *GCR Case* addressed to the Commission's Chief of the Rates and Analysis Department-Policy and Research Division. Staff will review Glenwood's GCR filing and verify whether Glenwood has properly reflected the refund. Staff shall then file a letter in the *GCR Case* stating its satisfaction or recommending appropriate corrective action.

VI. FINDINGS OF FACT AND CONCLUSIONS OF LAW

{¶ 49} Glenwood is a natural gas company and a public utility as defined in R.C. 4905.03 and R.C. 4905.02, respectively. As such, Glenwood is subject to the jurisdiction of this Commission.

{¶ 50} Pursuant to R.C. 4905.302 and Ohio Adm.Code 4901:1-14-08, the 2017 GCR Case was initiated by the Commission's Entry issued on February 1, 2017, to review Glenwood's GCR rates.

{¶ 51} Staff conducted an audit of Glenwood's GCR for the period January 1, 2015, through December 31, 2016, in compliance with R.C. 4905.302 and Ohio Adm.Code 4901:1-14-07. Staff filed the GCR audit report on June 30, 2017.

{¶ 52} Staff completed an audit of Glenwood's UEX rider for the period January 1, 2015, through December 31, 2016, and filed the UEX audit report on June 30, 2017.

{¶ 53} Staff also completed an audit of Glenwood's PIPP rider for the period January 1, 2015, through December 31, 2016, and filed the PIPP audit report on June 30, 2017.

{¶ 54} Pursuant to R.C. 4905.302(C) and Ohio Adm.Code 4901:1-14-08(A), a public hearing was held on August 29, 2017. No public witnesses appeared to testify at the hearing.

{¶ 55} The Company published notice of the hearing in substantial compliance with Ohio Adm.Code 4901:1-14-08(C).

{¶ 56} The Stipulation filed in these proceedings resolves all outstanding issues in these matters.

{¶ 57} The Stipulation meets the criteria used by the Commission to evaluate stipulations, represents a just and reasonable resolution of the issues in these proceedings, and should be adopted.

{¶ 58} With the exceptions noted in the GCR audit report, Glenwood's GCR rates for the audit period were determined to be in compliance with the financial and procedural aspects of Ohio Adm.Code Chapter 4901:1-14, and such rates were properly applied to customer bills. Accordingly, and subject to the same noted exceptions, the gas costs passed through the Company's GCR clause for the audit period were fair, just, and reasonable.

{¶ 59} Glenwood accurately calculated the UEX rider rates and properly applied the UEX rider rates to customer bills during the UEX audit period, except as noted in the UEX audit report.

{¶ 60} Glenwood properly accounted for PIPP charge-offs and recoveries for the period January 1, 2015, through December 31, 2016, except as otherwise noted in the PIPP audit report.

VII. ORDER

{¶ 61} It is, therefore,

{¶ 62} ORDERED, That Glenwood's motion for partial waiver of the publication of the hearing notice requirements be granted. It is, further,

{¶ 63} ORDERED, That the Stipulation filed by the parties be adopted and approved. It is, further,

{¶ 64} ORDERED, That Glenwood comply with the Commission's directives as set forth in Paragraph 48. It is, further,


{¶ 65} ORDERED, That a copy of this Opinion and Order be served upon all persons of record.

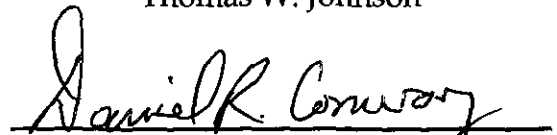
THE PUBLIC UTILITIES COMMISSION OF OHIO

Asim Z. Haque, Chairman


M. Beth Trombold



Thomas W. Johnson


Lawrence K. Friedeman


Daniel R. Conway

PAS/GNS/sc

Entered in the Journal

NOV 21 2017

Barcy F. McNeal
Secretary