

NOTICE OF APPLICATION FOR AUTHORITY TO INCREASE RATES FOR ITS GAS DISTRIBUTION SERVICE AND FOR APPROVAL OF AN ALTERNATIVE RATE PLAN
NORTHEAST OHIO NATURAL GAS CORP., PUCO CASE NOS. 18-1720-GA-AIR, 18-1721-GA-ATA & 18-1722-GA-ALT

In accordance with Section 4909.19, Revised Code, Northeast Ohio Natural Gas Corp., Brainard Gas Corp., Orwell Natural Gas Company, and Spelman Pipeline Holdings, LLC (collectively “NEO”) hereby gives notice that on December 28, 2018, it filed an Application with the Public Utilities Commission of Ohio (“Commission”) requesting authority to increase the rates and charges for natural gas distribution services to its customers. NEO has also applied, under Section 4929.05, Revised Code, for approval of an alternative rate plan including two elements.

This notice describes the substance of the Application. Any interested party desiring complete, detailed information with respect to any affected rates, charges, regulations, and practices may inspect a copy of the Application and supporting schedules at the offices of the Commission at 180 East Broad Street, Columbus, Ohio 43215, or at the business office of NEO at 5640 Lancaster-Newark Rd NE, Pleasantville, OH 43148, during normal business hours. The Application and supporting documents may also be viewed by visiting the Commission’s website at <http://www.puco.ohio.gov>, selecting DIS, inputting 18-1720 in the case lookup box, and selecting the date the Application was filed.

A notice of intent to file this Application to increase rates and a copy of the proposed rates were filed with the Commission and also mailed to the mayors and legislative authorities of the communities located within the areas served by NEO on November 27, 2018. The Application, which contains proposed revisions to NEO’s Tariff for Gas Service, affects the rates and charges for, and various terms and conditions applicable to, natural gas service to all customers of NEO. The Application states that the current rates and charges do not provide a just and reasonable rate of return on NEO’s used and useful property as of September 30, 2018, the date certain in this case. The Application states that NEO requires the proposed revenue increase to provide an opportunity to earn a fair return on its assets and to recover its costs of operation. Any person, firm, corporation, or association may file, pursuant to Section 4909.19 of the Revised Code, an objection to such proposed increased rates by alleging that such proposals are unjust and discriminatory or unreasonable. Recommendations that differ from the Application may be made by the Staff of the Commission or by intervening parties and may be adopted by the Commission.

NEO is also proposing various revisions to non-rate terms and conditions contained in its Tariff for Gas Service, including modifications to the terms and conditions applicable to all customers.

The increase in the operating revenue (inclusive of gas costs) requested by NEO for its various rate schedules is as follows:

	NEO	Orwell	Brainard
Small General Service	15.75%	9.46%	0.52%
General Service	10.25%	(5.93%)	0%

Large General Service	2.59%	1.77%	0%
General Transportation Service	(7.87%)	(2.47%)	(0.08%)
Large General Transportation Service Charges	5.05%	0%	0%
Total Revenue Increase	12.54%	6.37%	0.46%

NEO is also seeking approval of an Alternative Rate Plan that includes the following two elements:

Infrastructure Replacement Plan Rider. NEO proposes a program targeted at the replacement of certain infrastructure, including among other things certain bare steel equipment and low pressure systems which are more likely to fail than more current equipment. Under NEO's proposal, NEO will make all necessary repairs and upgrades and then ask the Commission for recovery of a portion of those total costs in the following calendar year. NEO shall not be entitled to recover for any more than \$2 million in investment in any calendar year. Any investment amounts in excess of \$2 million/year shall be deferred for later recovery.

TCJA Rider- In 2018 the federal government changed the corporate tax rate. NEO proposes a TCJA Rider in order to pass through this refund to customers.

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Summary: Application Schedule S-3 electronically filed by Mr. Trevor Alexander on behalf of Northeast Ohio Natural Gas Corp. and Orwell Natural Gas Company and Brainard Gas Corp. and Spelman Pipeline Holdings, LLC