

4

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

RECEIVED
CODEC-8
DEC 11 4:20
UCO

FILE

In the Matter of the Long Term Forecast :
Report of the West Millgrove Gas : Case No. 00-1860-GA-COI
Company and Related Matters. :
: :
: :

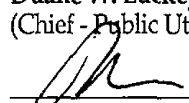
**MOTION TO REQUIRE DOUG GEARHART TO APPEAR AND
PROVIDE A PLAN FOR ASSURING THE FINANCIAL HEALTH
AND A CONTINUED NATURAL GAS SUPPLY FOR WEST
MILLGROVE GAS COMPANY**

Comes now the Staff of the Public Utilities Commission of Ohio and respectfully requests this Commission to require Doug Gearhart, an officer of West Millgrove Gas Company to: (1) appear before this Commission; (2) provide a written plan for restoring the financial stability of West Millgrove Gas Company; and (3) provide a written plan for assuring a supply of natural gas for the customers of West Millgrove Gas Company, all for the reasons set forth in the attached memorandum in support.

Respectfully submitted,

Betty Montgomery
Attorney General of Ohio

Duane W. Luckey
(Chief - Public Utilities Section)


Thomas W. McNamee
Assistant Attorney General
Public Utilities Section
180 East Broad Street
Columbus, OH 43215-3793
(614) 466-4396
FAX: (614) 644-8764

This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered in the regular course of business.
Technician Anna M. Hays Date Processed Dec 11, 2000

MEMORANDUM IN SUPPORT

The record in this case shows that West Millgrove Gas Company has not had a natural gas supply since 1996. Tr. at 54. West Millgrove Gas Company has improperly used an imbalance service as its source of gas since that time. Tr. at 25-26. The company has incurred large debts that are not currently being paid. These debts include \$300,000 to Columbia Gas Transmission, \$12000 to a former gas supplier and uncertain amounts to various contractors and other creditors. Tr. at 22-24, 49, 54, Staff Exs. 1, 2, 3, 4,. The largest known creditor has indicated that it will terminate gas supplies. Staff Exs. 1, 2, 3, 4,. The previous supplier has obtained a judgement against West Millgrove for \$12000. Tr. at 55. No sufficient alternative source of gas supply exists. Tr. at 9, 15, 16. Termination of this supply would eliminate service to the customers of West Millgrove Gas Company as there is only one tap and the wells are insufficient to supply the needs of the customers. The company's operations are being maintained by a consultant who is not being paid. Tr. at 9, 33. West Millgrove Gas Company is selling natural gas at a cost less than the cost to obtain the gas. Tr. at 48, 56.¹ Doug Gearhart, president and owner of West Millgrove Gas Company, did not attend the hearing in this matter and has taken no steps to address the financial problems at this company. Tr. at 28-29, 46. Doug Gearhart appears to have abandoned this company in its time of distress. Tr. at 56. In sum, West Millgrove Gas Company is in immediate danger of losing its entire gas supply, it has large debts which it has not been paying, goes farther into debt with each passing day and has no management in place.

Staff believes that the above facts adduced at the hearing under R.C. 4905.26 show that the management practices of the West Millgrove Gas Company are

¹ The problems of this company are financial in that the system appears to be operating safely at this time. Tr. at 11, 21. The gas pipeline safety staff continues to monitor the situation very closely to assure that a safety problem does not arise. *Id.*

unreasonable and the service provided is inadequate, inefficient, improper and insufficient. R.C. 4905.37 permits the Commission to make such orders as necessary to remedy the situation. R. C. 4903.03 permits the Commission to direct officers of utilities and other persons to appear and testify. Attendance can be compelled. R.C. 4903.04. Failure of an officer of a utility to comply with orders of the Commission carries a potential penalty of \$1000 per day against the officer personally for each day of continued failure. R.C. 4905.56.

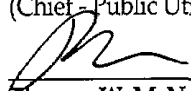
Staff therefore makes the following recommendations:

- (1) the Commission should direct Doug Gearhart to appear personally before this Commission on a date in the near future convenient for the examiner in this case;
- (2) the Commission should direct Doug Gearhart to provide a written plan for restoring the financial stability of West Millgrove Gas Company no later than the date of his required appearance;
- (3) the Commission should direct Doug Gearhart to provide a written plan for assuring a natural gas supply for West Millgrove Gas Company no later than the date of his required appearance; and
- (4) if Doug Gearhart fails to comply with these requirements, the Commission should impose the maximum penalty of \$1000 per day against him personally.

Respectfully submitted,

Betty Montgomery
Attorney General of Ohio


Duane W. Luckey
(Chief - Public Utilities Section)



Thomas W. McNamee
Assistant Attorney General
Public Utilities Section
180 East Broad Street
Columbus, OH 43215-3793
(614) 466-4396
FAX: (614) 644-8764

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing **Motion** was served by regular U.S. mail, postage prepaid, or hand-delivered, upon Doug Gearhart, President, West Millgrove Gas Company, Inc. 6302 Main Street, P.O. Box 99, West Millgrove, Ohio 43467 on this December 8, 2000 by regular United States mail.



Thomas W. McNamee
Assistant Attorney General