

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Regulation of the)
Purchased Gas Adjustment Clause)
Contained Within the Rate Schedules of)
Ohio Gas Company and Related Matters.)

Case No. 06-212-GA-GCR

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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 Gas Company ("the Company" or "Ohio Gas") and the Staff (collectively, the "Signatory Parties") and to resolve all issues involved in this proceeding.

II. STIPULATION AND RECOMMENDATION

- 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 Audit Report performed by the Staff regarding Ohio Gas' gas cost recovery mechanism ("GCR") filed in this proceeding on October 20, 2006. 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 this case. Accordingly, the Signatory Parties 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 all the issues in the 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, and shall not be used for any purpose in this or

any other 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 been 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.

III. FINANCIAL MATTERS

The Signatory Parties agree and recommend that:

The Commission find that Ohio Gas accurately determined and billed the GCR rates for the effective three-month period ended September 30, 2004 and monthly updated Expected Gas Cost Components and GCRs for October through December 2004; January through December 2005; and January through June 2006, in accordance with Chapter 4901:1-14 and related appendices of the O.A.C. (Certificate of Accountability at page i and page 9).

IV. AUDIT RECOMMENDATIONS

The Staff recommends and Ohio Gas agrees that, in the next financial audit, the allocation of the credit amount in the Actual Adjustment ("AA") for January 2006 be examined to determine if it is properly allocated between

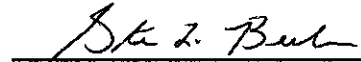
Community Energy Partnership Program/GCR customers and Ohio Gas' industrial pool customers. Audit Report at 5.

V. PROCEDURAL MATTERS

- A. The Signatory Parties agree that the proof of publication filed in this proceeding 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 22, 2006, and should be admitted into evidence.
- B. The Signatory Parties agree that the Audit Report filed on October 20, 2006 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 this or any other proceeding, is not an admission of fact by any of the parties, and shall not be admissible evidence in this or any other proceeding. This Stipulation and Recommendation is submitted for purposes of this case only, and may not be relied upon or used in any other

proceeding except as necessary to enforce the terms of this Stipulation and Recommendation.

Agreed to and signed this 19th day of December, 2006.



**On Behalf of the Staff of the
Public Utilities Commission of Ohio**

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On Behalf of Ohio Gas Company

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