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FILE

June 8, 2007

Renée J. Jenkins, Secretary
Docketing Division
Public Utilities Commission of Ohio
180 E. Broad Street, 13th Floor
Columbus, Ohio 43215

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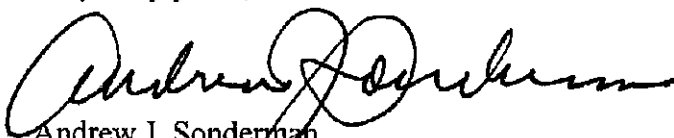
RECEIVED-DOCKETING DIV

Re: Case No. 07-696-GA-GCR: In the Matter of the Regulation of the Purchased Gas Adjustment Clauses Contained Within the Rate Schedules of Orwell Natural Gas Company and Related Matters; Case No. 07-163-GA-ATA: Application to File Schedules Fixing Rates and to Implement a Purchased Gas Adjustment Clause

Dear Ms. Jenkins:

Enclosed for filing please find a Motion on behalf of Orwell Natural Gas Company for approval to file monthly updates to the Expected Gas Cost component of its purchased gas adjustment, and for authority to file its monthly updates one day prior to the effective date of the GCR Rate, and for expedited approval.

Very truly yours,


Andrew J. Sonderman
Counsel for Orwell Natural Gas Company

Enclosure

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.
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**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Regulation of)
the Purchased Gas Adjustment)
Clauses Contained Within the)
Rate Schedules of Orwell Natural)
Gas Company and Related)
Matters.

Case No. 07- 696 -GA-GCR
Case No. 07-0163-GA-ATA

**MOTION OF ORWELL NATURAL GAS COMPANY FOR APPROVAL TO
FILE MONTHLY UPDATES TO THE EXPECTED GAS COST (EGC)
COMPONENT OF ITS PURCHASED GAS ADJUSTMENT AND FOR LIMITED
WAIVER OF THE REQUIREMENT IN OHIO ADMIN. CODE 4901:1-14-04 TO
FILE MONTHLY UPDATES TO THE EXPECTED GAS COST (EGC)
COMPONENT OF ITS PURCHASED GAS ADJUSTMENTS NO LATER THAN
FOURTEEN DAYS PRIOR TO THE EFFECTIVE DATE OF THE GAS COST
RECOVERY RATE AND REQUEST FOR EXPEDITED APPROVAL**

Orwell Natural Gas Company ("Orwell") respectfully moves that the Commission grant it authority to modify its quarterly schedule for filing updates to its purchased gas adjustment applicable to the rate schedules contained in its approved tariff.

Further, Orwell respectfully moves that the Commission grant a limited waiver of the requirement that monthly updates to the Expected Cost of Gas Component of its Gas Cost Recovery Mechanism must be filed not later than fourteen days prior to the effective date of its Gas Cost Recovery Rate. Orwell requests a determination by the Commission that, due to the continuing volatility in natural gas commodity markets, the interests of the consumers of natural gas service on its system will be well-served by permitting the monthly EGC component to be updated after the monthly settlement of the NYMEX for natural gas contracts, which occurs three business days from the end of the prior month. Specifically, in support of this Motion Orwell states the following:

1. Orwell is a natural gas company and a public utility as defined in Sections 4905.02 and 4905.03, Ohio Revised Code, and is subject to the jurisdiction of the Commission. It has submitted proposed tariff sheets in Case No. 07-0163-GA-ATA, which in Section 5 provides for the institution of a GCR upon Commission approval.
2. Such GCR will be calculated in accordance with all requirements of Section 4901:1-14-04, Ohio Admin. Code.
3. Reference to widely available publications and indices establishes that the natural gas commodity market continues to be extremely volatile as a consequence of historically high and fluctuating oil prices and high demand for natural gas.
4. Because of the unpredictability of the current natural gas commodity market, Orwell has no confidence that the EGC component of its GCR to be effective upon the approval of its tariff submitted in Case No. 07-0163-GA-ATA will be appropriate through the succeeding three months. Therefore, it is in the interest of Orwell and its customers to permit Orwell to file monthly updates to its EGC.
5. Because of the unpredictability of the current natural gas commodity market, Orwell believes that requiring that the requested monthly EGC updates be filed with the Commission on or before the fourteenth day prior to the effective date of the GCR will unnecessarily expose its customers to volatility in prices experienced during that fourteen-day period. Therefore, it is in the interest of Orwell and its customers to permit Orwell to file its requested monthly updates to the EGC component of the Gas Cost Recovery Mechanism on or after the NYMEX settlement for the prior month, which occurs on the third business day

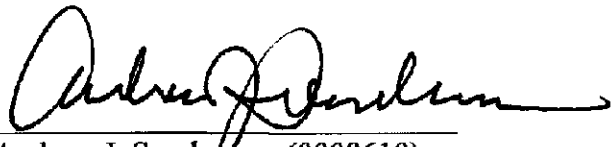
from the end of each month to be effective with the GCR mechanism the next day. This will ensure that the latest available commodity prices as affected by settlement of NYMEX contracts for the prior month can be included in the EGC, adjusting the commodity and storage components.

6. Pursuant to Ohio Admin. Code 4901:1-14-4, the Commission possesses authority to authorize Orwell to revise the EGC component of the gas cost recovery report on a monthly basis. Furthermore, that regulation permits the Commission to make a determination that market conditions warrant the filing of the EGC updates on a basis other than the fourteen-day minimum set forth therein, as shall be discussed more fully in the Supporting Memorandum.
7. It is further requested that approval be granted simultaneously with the approval of Orwell's proposed tariff in Case No. 07-0163-GA-ATA in order that Orwell may commence monthly EGC updates immediately after the NYMEX settlement for each month thereafter, which settlement occurs three business days from the end of the prior month. Orwell commits to submit its revised GCR rate and supporting documentation at least one business day before the effective date.

WHEREFORE, Orwell Natural Gas Company respectfully requests that the Commission grant it approval to commence the filing of monthly GCR reports embodying a monthly update to its EGC each month commencing with the month following the month of filing of its initial GCR for good cause shown; and respectfully requests that the Commission determine that market conditions justify the waiver as to Orwell Natural Gas Company of the fourteen day minimum filing requirement for monthly updates to the Expected Gas Cost component of its Gas Cost Recovery

Mechanism; and finally requests that the Commission authorize it to file the requested monthly EGC updates immediately after the NYMEX settlement which occurs three business days after the end of the prior month for the reasons set forth herein and in the Memorandum in Support. Orwell Natural Gas Company further commits to submit each month's revised GCR rate and supporting documentation taking into account the NYMEX settlement at least one day before the effective date of the revised GCR.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Andrew J. Sonderman", written over a horizontal line.

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Counsel for Orwell Natural Gas Company

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Regulation of the)	
Purchased Gas Adjustment Clauses)	
Contained Within the Rate Schedules)	Case No. 07-____-GA-GCR
of Orwell Natural Gas Company and)	Case No. 07-0163-GA-ATA
Related Matters.)	

MEMORANDUM IN SUPPORT

The foregoing Motion seeks authority for Orwell Natural Gas Company to avail itself of flexibility in the GCR mechanism explicitly anticipated by the Commission when it last revisited the reporting requirement at Ohio Admin. Code Chapter 4901:1-14 in 2003. Specifically, in its May 12 Entry on Rehearing in Case No. 03-1384-GA-ORD, *In the Matter of the Commission's Review of its Rules Regarding the Uniform Purchased Gas Adjustment at Chapter 4901:1-14, Ohio Administrative Code*, this Commission addressed the issue of changing from quarterly to monthly updates in Finding 23:

The Commission clarifies that it was not our intention to allow an LDC to randomly switch to and from a monthly GCR or a quarterly GCR process. Our intent, after case-specific review and approval, is to allow an LDC to enact a monthly EGC process on a long-term basis or to continue to follow the quarterly GCR process. . .

The concurrence of unrelenting demand for oil and natural gas, uncertainty as to the impact of weather on seasonal demand and the wild card presented by international events creating continuing volatility in natural gas and oil prices presents gas utilities with exceeding difficulty in forecasting gas prices to be experienced during this winter heating season and beyond. Orwell submits that the extreme volatility in gas markets

currently being experienced clearly demonstrates a compelling reason to authorize GCR updates so that the EGC can be adjusted each month. The Commission has anticipated this scenario, and has wisely provided the flexibility for natural gas companies utilizing the quarterly update mechanism to seek Commission approval to institute monthly EGC updates in the Entry on Rehearing discussed herein.

When the Commission entered its Entry on Rehearing, *In the Matter of the Commission's Review of its Rules Regarding the Uniform Purchased Gas Adjustment at Chapter 4901:1-14, Ohio Administrative Code*, (May 12, 2004), Case No. 03-1384-GA-ORD, current market conditions would have been considered extremely unlikely. Nonetheless, the Commission had the foresight to recognize that the revised 4901:1-14-04 should be flexible enough to deal with such unanticipated volatility. As amended, this regulation provides in pertinent part:

Each gas or natural gas company subject to the provisions of this chapter shall file with the commission's docketing division quarterly gas cost recovery reports. With commission approval, the gas or natural gas company may revise the expected gas cost component of the gas cost recovery report on a monthly basis. *Unless otherwise determined by the commission*, the expected gas cost component may be revised, as market conditions warrant, and filed with the commission's docketing division no later than fourteen days prior to the effective date of the gas cost recovery rate. The filing interval for each such report shall be established by the commission. Each gas cost recovery report shall contain:

- (A) An updated gas cost recovery rate, determined in accordance with rule 4901:1-14-05 of the Administrative Code and its appendix;
- (B) The data and calculations used to determine the updated gas cost recovery rate;
- (C) Where appropriate, notations indicating the use of weather-normalized or forecasted sales volumes in the gas cost recovery report and/or updates;

(D) The frequency of revisions to the expected gas cost component, the effective dates and the dates such revisions will be filed with the commission; and

(E) Such other information as the commission requires.

(Emphasis added).

The Commission should determine “otherwise” and find that market conditions justify waiving the fourteen-day minimum filing requirement and authorize Orwell to submit the requested monthly EGC updates immediately after the NYMEX settlement for the prior month. Orwell notes that on rehearing in Case No. 03-1384-GA-ORD, concerns had been expressed by Shell Energy Company, a gas marketer, and by the Office of Consumers Counsel, that it would be inappropriate for LDCs to update the EGC up until the date the GCR rate becomes effective. Shell contended that this would impede competitive retail natural gas suppliers in making competitive offers to end users. OCC’s objection was that although allowing changes to the EGC up to the effective date of the GCR “might have some benefit”, this benefit would only be realized if the consumer receives meaningful price signals (5/12/04 Entry, Finding 18).¹

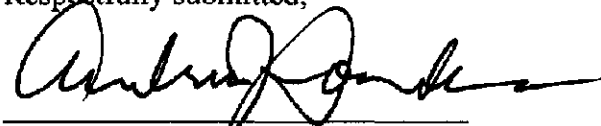
Orwell has no CRNG suppliers operating on its system, so that the concern expressed by Shell Energy Company is not germane to this Motion. Concerning OCC’s position, again “times have changed”, and the fact is that given the extreme volatility of the natural gas commodity market, requiring the minimum fourteen day filing requirement for changes to the EGC is more likely to obscure meaningful price signals

¹ This Commission previously made the determination that other natural gas companies could file their monthly EGC updates after the NYMEX settlement three business days from the end of the prior month, for a GCR rate to be effective the next day. See *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Authority to Make Monthly Adjustments to the Expected Gas Cost Component of its Gas Cost Recovery Rate*, Case No., 03-939-GA-UNC; (Entry, April 29, 2003; Entry, July 24, 2003); *In the Matter of the Regulation of the Purchased Gas Adjustment Clauses Contained Within the Rate Schedules of Northeast Ohio Natural Gas Corporation and Related Matters*, Case No 05-209-GA-GCR (Entry, November 22, 2005).

than to ensure that consumers receive them.

In current environment of continuing high commodity prices and near term swings that can be quite substantial, good cause clearly exists for the Commission to determine that, as to this small company with no CHOICE program affecting the interests of CRNG suppliers, the minimum fourteen day filing requirement of Ohio Admin. Code 4901:1-14-04 should be waived. Orwell should be authorized to file monthly EGC updates as soon as possible after the NYMEX settlement on the third business day after the end of the prior month with the revised GCR rate and supporting documentation to be filed at least one business day before the effective date.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Andrew J. Sonderman", written over a horizontal line.

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