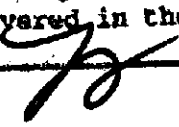


Released From Confidential Status

Case Number: 01-1991-GA-AEC

Date: 8/7/2007

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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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PUCO

In the Matter of the Application of
Waterville Gas Company for Approval of
Contract Pursuant to Section 4905.31,
Revised Code, and The Commission's Gas
Transportation Program Guidelines.

Case No. 01-1991-GA-AEC

APPLICATION

COMES NOW Waterville Gas Company (hereinafter referred to as "applicant"), pursuant to Section 4905.31, Revised Code, and the Commission's Gas Transportation Program Guidelines, respectfully files this application for approval of a gas transportation agreement modification between applicant and Johns Manville International, Inc. (hereinafter referred to as "JM"), a copy of which is attached hereto as Exhibit A and incorporated herein by this reference.

In support of its application, applicant respectfully states the following:

1. Applicant is a natural gas company and a public utility within the meaning of Sections 4905.02 and 4905.03, Revised Code, and subject to the jurisdiction of this Commission.
2. On July 24, 2001, applicant entered into a gas transportation agreement modification with JM as set forth in Exhibit A.

3. As required by Paragraph (5) of the Commission's Gas Transportation Program Guidelines, issued as of November 2, 1995, applicant submits the following information and makes the following representatives with respect to said agreement:

- (a) Applicant's restrictions relating to the curtailment of existing service or the extension of new service would not be altered or modified if the agreement were approved by this Commission.
- (b) The agreement conforms with the Commission's guidelines.
- (c) JM's address and telephone number are 717 Seventeenth Street (80202), P. O. Box 5108, Denver, Colorado, 80217-5108 and (303) 978-4965.
- (d) Neither party to the agreement holds any interest in the other party to the agreement nor in any public utility subject to the jurisdiction of the Commission.
- (e) The intended points of consumption are located at Waterville, Ohio.
- (f) The agreement modifies a previous transportation agreement filed with the Commission in Case No. 99-1160-GA-AEC and approved by entry dated May 18, 2000.

- (g) The types of services are set forth in Exhibit A. The rates to be charged are being withheld pursuant to Paragraph (7) (a) of the Gas Transportation Program Guidelines and applicant hereby requests confidential treatment thereof since disclosure of the negotiated rates will jeopardize applicant's ability to optimize revenue in future rate negotiations. Applicant is supplying the Commission Staff with written justification of its request for confidential treatment simultaneous with the filing of this application.
- (h) The agreement provides that no alteration, modification, assignment, or termination shall be made without specific approval of the Commission. (See Exhibit A, Paragraph 9).
- (i) The agreement provides that JM will tender to applicant for delivery to its Waterville facilities those volumes of gas delivered to Waterville Gas Company's city gate station, and applicant will, subject to the provisions of the agreement, deliver said volumes of gas on a firm basis.
- (j) Applicant will promptly pay JM's actual cost of gas, including any transportation costs incurred in delivering the gas to Waterville, in the event of an appropriation of gas pursuant to applicant's curtailment plan and/or contractual arrangement. (Exhibit A, Paragraph 3).

- (k) In the event JM's consumption at its Waterville facilities is not reduced within twelve (12) hours of notification of any curtailment situation described in the agreement and JM exceeds the reduced volumes, JM may be liable to applicant for liquidated damages not to exceed applicant's actual additional costs associated with such overrun. (Exhibit A, Paragraph 3).

WHEREFORE, applicant respectfully requests approval of its application forthwith.

Respectfully Submitted,

WATERVILLE GAS COMPANY

By Robert S. Black
Robert S. Black
President
Waterville Gas Company
P. O. Box 259
Waterville, Ohio 43566
(419) 878-4972

TRANSPORTATION AGREEMENT MODIFICATION

THIS TRANSPORTATION AGREEMENT MODIFICATION is made and entered into this 24th day of July, 2001, by and between WATERVILLE GAS COMPANY ("WGC"), an Ohio corporation, and JOHNS MANVILLE INTERNATIONAL, INC., f/k/a Schuller International, Inc. ("Johns Manville"), a Delaware corporation.

WITNESSETH:

WHEREAS, Johns Manville operates manufacturing facilities located in and around Waterville, Ohio that are served by WGC pursuant to contracts submitted to and approved by the Public Utilities Commission of Ohio ("PUCO") at Docket No. 99-1160-GA-AEC, including a Transportation Agreement dated August 24, 1999 ("Agreement"); and

WHEREAS, Johns Manville and WGC desire to modify said Agreement in the manner set forth herein.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements herein set forth, WGC and Johns Manville mutually agree as follows:

Replace Section 11 Term in its entirety with the following language: "The term of the Agreement shall extend for a period of five (5) years commencing on the date the PUCO approves this Transportation Agreement Modification. Thereafter, the term of the Agreement shall automatically renew on a year to year basis unless terminated by written notice provided by either party not less than four (4) months prior to the expiration date of the five (5) year term provided for herein or any renewal term."

Replace the Rate Schedule referenced in Section 2 Delivery Charges in its entirety with a new Rate Schedule, effective on the date the PUCO approves this Transportation Agreement Modification.

IN WITNESS WHEREOF, the parties hereto have executed this Transportation Agreement Modification as of the date hereinabove first mentioned.

ATTEST:

WATERVILLE GAS COMPANY

B. Sean Bartley

By: Robert L. Bartley

Title: President

Date: 08/01/01

ATTEST:

JOHNS MANVILLE INTERNATIONAL, INC.

Adelle Pitt

By: Leo M. Modhambi

Title: MGR ENERGY SUPPLY

Date: 7/29/01

WATERVILLE GAS COMPANY/JOHNS MANVILLE INTERNATIONAL, INC.
TRANSPORTATION AGREEMENT DATED AUGUST 24, 1999 AS AMENDED BY A
TRANSPORTATION AGREEMENT MODIFICATION DATED JULY 24, 2001

RATE SCHEDULE

Pursuant to Section 2 of the above-described Agreement, Johns Manville will pay to WGC a delivery charge of /Dth. The delivery charge may be adjusted downward to reflect identifiable costs charged by Columbia Gas Transmission as the result of the implementation of FERC Order 637. The actual costs will be established annually by contract year. The actual costs will not exceed per Dth times annual delivery quantities.

ATTEST:

WATERVILLE GAS COMPANY

B. Jean Bartley

By: Robert J. Blal

Title: President

Date: 08/01/01

ATTEST:

JOHNS MANVILLE INTERNATIONAL, INC.

Deane Pitt

By: Jim M. Madhouski

Title: MGR. ENERGY SUPPLY

Date: 7/24/01

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PUCO

Memorandum to PUCO Staff Submitted
Pursuant to Paragraph (7) (a) of PUCO
Gas Transportation Program Guidelines

Pursuant to Paragraph (7) (a) of the Commission's Gas Transportation Program Guidelines (the "Guidelines"), Waterville Gas Company ("Waterville") hereby submits this memorandum in support of its request in Case No. 01- -GA-AEC for confidential treatment of the rates to be charged Johns Manville International, Inc. ("JM") for transportation service to be provided to JM'S Waterville facilities.

Background

Waterville is a natural gas company formed for the purpose of serving JM's Waterville, Ohio, Dutch Road plant and JM is Waterville's only customer. The Dutch Road plant is one of two plants operated by JM at Waterville, Ohio. The other plant is located on River Road, approximately a mile from the Dutch Road plant and within "eyesight" of the latter. The River Road plant is served by Columbia Gas of Ohio, Inc. ("COH") and has been served by Waterville as well during winter emergencies. The River Road plant facilities were installed by Waterville several years ago at JM's request to accommodate JM's desire for "back-up" service and a proposed interconnection with an interstate pipeline other than COH's affiliate, Columbia Gas Transmission Corporation ("TCO"). This interconnection was not intended to by-pass COH's service.

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In recent years, JM has exerted increasing pressure on Waterville to reduce rates and initiate service to both of JM's Waterville, Ohio plants. As a small gas company, Waterville has resisted taking any action likely to induce a vigorous competitive response from COH whose market leverage and resources dwarf Waterville's and its ability to compete. In this regard, it is highly probable that one of COH's competitive responses will be to attempt to by-pass Waterville's service at JM's Dutch Road plant. During current contract negotiations, however, JM has insisted on the activation of transportation service by Waterville to its River Road plant.

Grounds for Granting Request

Paragraph (7) (a) of the Guidelines provides, in pertinent part:

"Information regarding the transportation rates will be treated confidentially by the Commission Staff in any application for approval of a transportation arrangement, pursuant to Section 4905.31, Revised Code, when it can be demonstrated by the utility that disclosure of the negotiated rate will jeopardize the utility's ability to optimize revenue in future rate negotiations."

Given the competitive situation involving JM's Waterville plants, it is obvious that knowledge of the Waterville/JM rate schedule would greatly enhance COH's competitive position and jeopardize Waterville's ability to optimize revenue in future rate negotiations. In fact, to ameliorate this impact on Waterville, Waterville and JM have agreed on the inclusion in the transportation agreement of the confidentiality provision in question (See Exhibit A, Paragraph 2). Waterville submits that it was just such circumstances which the Commission had in mind when it promulgated Paragraph (7) (a) in the first place.

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While the loss of revenue in future rate negotiations would not immediately affect other customers, given Waterville's unique situation, it will affect natural gas customers at Waterville in the long-run since certain rate subsidies inherent in the JM contract would be lost. Waterville is commonly-controlled and managed with The Waterville Gas & Oil Company and certain expenses are shared and allocated between the companies. On the other hand, since JM is Waterville's sole customer, the granting of this request will have no adverse affect on any other customer or on any member of the public.

WHEREFORE, Waterville respectfully requests the relief afforded by Paragraph (7) (a).

Respectfully Submitted,

WATERVILLE GAS COMPANY

By Robert S. Black
Robert S. Black
President
Waterville Gas Company
P. O. Box 259
Waterville, Ohio 43566
(419) 878-4972