

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Regulation of the :
Purchased Gas Adjustment Clause : Case No. 07-206-GA-GCR
Contained within the Rate Schedules of :
Brainard Gas Corporation :

AMENDED JOINT STIPULATION AND RECOMMENDATION

This case is before the Commission pursuant to Rules 4901:1-14-07 and 4901:1-14-08, Ohio Administrative Code ("OAC"), for review of the Financial Audit of the Gas Cost Recovery Mechanism of Brainard Gas Corporation for the Effective GCR Period from April 1, 2005 through March 31, 2007 ("Audit Report") which was prepared by the Staff of the Public Utilities Commission of Ohio ("Staff") and filed with docketing on June 15, 2007. Brainard Gas Corporation ("Brainard") agrees with all the findings and endorses all the recommendations made by Staff in the Audit Report.

Rule 4901-1-30, OAC, provides that any two or more parties may enter into a written stipulation concerning the issues presented in any Commission proceeding. Pursuant to Rule 4901-1-10(C), OAC, the Staff is considered a party for the purposes of entering into a stipulation under Rule 4901-1-30, OAC. There are no matters in dispute between Brainard and the Staff (collectively, "the Parties"). The Parties stipulate and agree to resolve all issues in the instant proceeding.

While the Parties recognize that this Amended Joint Stipulation and Recommendation ("Stipulation") is not binding on the Commission, the Parties state that the Stipulation is an agreement among all Parties to this proceeding; that the Stipulation is supported by adequate data and information; that it represents a just and reasonable resolution of all issues in this proceeding; that it violates no regulatory principle or

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practice; and that, accordingly, the Stipulation is entitled to careful consideration and should be adopted in its entirety by the Commission

This Stipulation shall not be cited as precedent for or against any signatory Party, if the Commission approves it. This Stipulation is a compromise involving a balancing of competing positions, and it does not necessarily reflect the position that any Party would have taken if these issues had been fully litigated.

The Parties believe that this Stipulation represents a reasonable compromise of varying interests. If the Commission's Order adopting this Stipulation in this proceeding materially modifies the Stipulation, Brainard may withdraw its consent for joining this Stipulation by filing an application for rehearing aimed at preserving the stipulation as filed. Unless the Commission adopts this Stipulation on rehearing without material modification, in which case Brainard would again be bound, this Stipulation shall after rehearing become null and void and shall not constitute any part of the record in this proceeding, nor shall it be used for any purpose in this proceeding or any other proceeding.

Prior to any party seeking rehearing pursuant to the above provision, the Parties agree to convene immediately to work in good faith to achieve an outcome that substantially satisfies the intent of the Commission or proposes a reasonable equivalent to be submitted to the Commission for its consideration.

Subject to the terms and conditions set forth in this Stipulation, the Parties agree, stipulate and recommend that the Commission find as follows:

- A. That Brainard is a natural gas company within the meaning of Section 4905.03(A)(6), Ohio Revised Code, and as such, is a public utility subject to the jurisdiction and supervision of the Commission.
- B. Staff completed an audit of Brainard's Gas Cost Recovery rates for the three-month periods ended June 30, September 30 and December 31, 2005; and March 31, June 30 and September 30, 2006. Staff reviewed monthly filings from October 1, 2006 through March 31, 2007 for conformity with Chapter 4901:1-14, OAC, and related appendices. The Audit Report shall be identified as Staff Exhibit 1 and admitted into evidence in this proceeding.
- C. Submitted with this Amended Joint Stipulation and Recommendation and marked Stipulation Exhibit 1 is a substituted calculation of the Actual Adjustment (Exhibit 1, Table III). This substituted calculation of the Actual Adjustment in Stipulation Exhibit 1 corrects inaccurate purchase and sales volumes in the original calculation and results in an Actual Adjustment of (\$451.95) rather than the Actual Adjustment set forth in Table III of Exhibit 1 of \$8,658.34.
- D. Submitted with this Amended Joint Stipulation and Recommendation and marked Stipulation Exhibit 2 is a substituted calculation of Unaccounted –For Gas for the twelve months ended July, 2005 and July, 2006 to replace that appearing in Table V of Exhibit 1. The difference appears in the UFG percentage of 0.30% for twelve months ended July, 2006 instead of the UFG percentage of 4.96% appearing in Table V of Exhibit 1, again based on correction of purchase and sales volumes.

- E. Except as noted below, Brainard's GCR rates were accurately calculated by Brainard during the audit period, in accordance with the provisions of Chapter 4901:1-14, OAC.
- F. The Parties agree that all the findings and recommendations contained in the Audit Report are reasonable and should be adopted except as otherwise noted. More specifically, the findings and recommendations to be implemented are as follows:
1. Brainard shall make an adjustment of \$1,707.73, decreasing the GCR rate in the first GCR filing following the Opinion and Order in this case. This is the cumulative effect of a reconciliation adjustment to the AA of (\$491.95), and a reconciliation adjustment of (\$1,215.78) to the BA to correct differences in those components of the GCR that are not self-correcting.
 2. Brainard accepts the following Staff recommendations: (a) that Brainard check customer billing calculations to ensure that the proper GCR rate is billed to its customers prior to mailing; (b) that Brainard should monitor and if necessary document its operational experience with existing suppliers; (c) that Brainard will consider procuring and utilizing temperature-compensating meters for any new customer services it installs in the future; and (d) that Brainard provide a UFG calculation for the year ending July 2007 to Staff by September 30, 2007.
- G. In satisfaction of the requirements of Ohio Revised Code section 4905.302(C) and 4901:1014, OAC, Brainard provided individual notice by bill insert within the period from 15 to 30 days prior to the date set for hearing in this matter,

September 27, 2007. The affidavit confirming this notice shall be identified as Brainard Exhibit 1 and admitted into evidence in this proceeding.

H. This Amended Joint Stipulation and Recommendation shall be identified as Joint Exhibit 1 and admitted into evidence in this proceeding.

The undersigned are authorized representatives of the Parties to this Stipulation, who stipulate and agree to enter into this Stipulation on behalf of their respective parties this 26h day of November, 2007, and respectfully request that the Public Utilities Commission of Ohio adopt the foregoing Stipulation.

BRAINARD GAS CORPORATION

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Brainard Gas Corp.
Case No. 07-206-GA-GCR
Actual Adjustment
Stipulation Exhibit 1

Quarter	Per Staff	Oct-04	Nov-04	Dec-04	<u>BA</u> <u>AA</u>	<u>Diff.</u>
<u>End</u>	Supply Cost \$	\$2,790.96	\$8,737.88	\$20,107.47		
Jun-05	Jur. Sales MCF	376.3	1,309.6	2,304.3		
	Total Sales MCF	376.3	1,309.6	2,304.3		
	Book Cost \$/ MCF	\$7.4169	\$6.6722	\$8.7261		
	EGCS/MCF	\$6.6500	\$8.3600	\$8.3600		
	Diff. \$/MCF	\$0.7669	(\$1.6878)	\$0.3661	\$28.10	
	Cost Diff. \$	\$288.55	(\$2,210.34)	\$843.60	(\$1,050.09)	
<u>Per Company</u>						
	Supply Cost \$	\$2,790.96	\$10,795.50	\$16,327.59		
	Jur. Sales MCF	376.3	1,309.6	2,304.3		
	Total Sales MCF	376.3	1,309.6	2,304.3		
	Book Cost \$/ MCF	\$7.417	\$8.243	\$7.086		
	EGCS/MCF	\$6.650	\$8.360	\$8.360		
	Diff. \$/MCF	\$0.7670	(\$0.1170)		\$28.10	
	Cost Diff. \$	\$288.62	(\$153.22)	(\$2,935.67)	(\$2,772.17)	\$1,722.08
Quarter	Per Staff	Jan-05	Feb-05	Mar-05	<u>BA</u> <u>AA</u>	<u>Diff.</u>
<u>End</u>	Supply Cost \$	\$22,102.89	\$17,640.34	\$17,924.36		
Sept-05	Jur. Sales MCF	2,668.2	2,231.3	2,219.4		
	Total Sales MCF	2,668.2	2,231.3	2,219.4		
	Book Cost \$/ MCF	\$8.2838	\$7.9059	\$8.0762		
	EGCS/MCF	\$7.8950	\$7.8950	\$7.8950		
	Diff. \$/MCF	\$0.3888	\$0.0109	\$0.1812	\$719.53	
	Cost Diff. \$	\$1,037.40	\$24.32	\$402.16	\$2,183.41	
<u>Per Company</u>						
	Supply Cost \$	\$22,102.98	\$17,640.34	\$18,270.14		
	Jur. Sales MCF	2,668.1	2,214.2	2,212.4		
	Total Sales MCF	2,668.1	2,214.2	2,212.4		
	Book Cost \$/ MCF	\$8.2840	\$7.9670	\$8.2580		
	EGCS/MCF	\$7.8950	\$7.8950	\$7.8950		
	Diff. \$/MCF	\$0.3840	\$0.0720	\$0.3630	\$719.53	
	Cost Diff. \$	\$1,037.89	\$159.42	\$803.10	\$2,719.94	(\$536.53)

Brainard Gas Corp.
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<u>Quarter</u>	<u>Per Staff</u>	<u>Apr-05</u>	<u>May-05</u>	<u>Jun-05</u>	<u>BA</u> <u>AA</u>	<u>Diff.</u>
<u>End</u>	Supply Cost \$	\$7,503.85	\$4,301.36	\$1,850.27		
Dec-05	Jur. Sales MCF	957.6	548.7	232.5		
	Total Sales MCF	957.6	548.7	232.5		
	Book Cost \$/ MCF	\$7.8361	\$7.8392	\$7.9582		
	EGCS/MCF	\$9.1410	\$9.1410	\$9.1410		
	Diff. \$/MCF	(\$1.3049)	(\$1.3018)	(\$1.1828)	(\$235.09)	
	Cost Diff. \$	(\$1,249.57)	(\$714.30)	(\$275.00)	(\$2,473.96)	
<u>Per Company</u>						
	Supply Cost \$	\$7,503.85	\$4,301.27	\$1,850.27		
	Jur. Sales MCF	949.7	549.1	231.8		
	Total Sales MCF	949.7	549.1	231.8		
	Book Cost \$/ MCF	\$7.9010	\$7.8330	\$7.9820		
	EGCS/MCF	\$9.1410	\$9.1410	\$9.1410		
	Diff. \$/MCF	(\$1.2400)	(\$1.3080)	(\$1.1590)	(\$235.09)	
	Cost Diff. \$	(\$1,177.62)	(\$718.22)	(\$268.65)	(\$2,399.58)	(\$74.38)
<u>Quarter</u>	<u>Per Staff</u>	<u>Jul-05</u>	<u>Aug-05</u>	<u>Sep-05</u>	<u>BA</u> <u>AA</u>	<u>Diff.</u>
<u>End</u>	Supply Cost \$	\$2,994.12	\$1,409.96	\$3,562.76		
Mar-06	Jur. Sales MCF	225.4	242.2	247.0		
	Total Sales MCF	225.4	242.2	247.0		
	Book Cost \$/ MCF	\$13.2836	\$5.8215	\$14.4241		
	EGCS/MCF	\$9.0600	\$9.0600	\$9.0600		
	Diff. \$/MCF	\$4.2236	(\$3.2385)	\$5.3641	\$161.84	
	Cost Diff. \$	\$952.00	(\$784.36)	\$1,324.93	\$1,654.41	
<u>Per Company</u>						
	Supply Cost \$	\$2,994.12	\$3,974.48	\$1,005.10		
	Jur. Sales MCF	246.7	246.3	246.9		
	Total Sales MCF	246.7	246.3	246.9		
	Book Cost \$/ MCF	\$12.1560	\$16.1360	\$4.0700		
	EGCS/MCF	\$9.0600	\$9.0600	\$9.0600		
	Diff. \$/MCF	\$3.0760	\$7.0760	(\$4.9840)	\$161.84	
	Cost Diff. \$	\$757.31	\$1,742.81	(\$1,231.78)	\$1,430.18	\$224.23

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Quarter	<u>Per Staff</u>	<u>Oct-05</u>	<u>Nov-05</u>	<u>Dec-05</u>	<u>BA</u> <u>AA</u>	<u>Diff.</u>
<u>End</u>	Supply Cost \$	\$5,911.68	\$16,519.59	\$34,730.68		
Jun-06	Jur. Sales MCF	558.6	1,120.0	2,403.3		
	Total Sales MCF	558.6	1,120.0	2,403.3		
	Book Cost \$/ MCF	\$10.5830	\$14.7496	\$14.4512		
	EGCS/MCF	\$13.1000	\$13.1000	\$13.1000		
	Diff. \$/MCF	(\$2.5170)	\$1.6496	\$1.3512	\$36.59	
	Cost Diff. \$	(\$1,406.00)	\$1,847.55	\$3,247.34	\$3,725.48	
<u>Per Company</u>						
	Supply Cost \$	\$5,911.68	\$16,529.55	\$34,730.67		
	Jur. Sales MCF	662.6	1,096.4	2,405.8		
	Total Sales MCF	662.6	1,096.4	2,405.8		
	Book Cost \$/ MCF	\$10.5080	\$15.0760	\$14.4360		
	EGCS/MCF	\$13.1000	\$13.1000	\$13.1000		
	Diff. \$/MCF	(\$2.5920)	\$1.9760	\$1.3360	\$36.59	
	Cost Diff. \$	(\$1,458.26)	\$2,166.49	\$3,214.15	\$3,958.97	(\$233.49)
Quarter	<u>Per Staff</u>	<u>Jan-06</u>	<u>Feb-06</u>	<u>Mar-06</u>	<u>BA</u> <u>AA</u>	<u>Diff.</u>
<u>End</u>	Supply Cost \$	\$31,003.91	\$31,166.84	\$23,535.70		
Sept-06	Jur. Sales MCF	1,988.0	2,088.0	1,777.1		
	Total Sales MCF	1,988.0	2,088.0	1,777.1		
	Book Cost \$/ MCF	\$15.5955	\$14.9266	\$13.2439		
	EGCS/MCF	\$15.0600	\$15.0600	\$15.0600		
	Diff. \$/MCF	\$0.5355	\$(0.1334)	\$(1.8161)		
	Cost Diff. \$	\$1,064.57	\$(278.54)	\$(3,227.39)	\$(2,441.36)	
<u>Per Company</u>						
	Supply Cost \$	\$30,658.00	\$31,167.00	\$23,545.00		
	Jur. Sales MCF	1,988.0	2,088.0	1,769.0		
	Total Sales MCF	1,988.0	2,088.0	1,769.0		
	Book Cost \$/ MCF	\$15.4231	\$14.9245	\$13.3100		
	EGCS/MCF	\$14.9800	\$14.9800	\$14.9800		
	Diff. \$/MCF	\$0.4431	\$(0.0555)	\$(1.6700)	\$0.00	
	Cost Diff. \$	\$881.00	\$(116.00)	\$(2,954.00)	\$(2,189.00)	\$(252.36)

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					<u>BA</u>	
<u>Quarter</u>	<u>Per Staff</u>	<u>Apr-06</u>	<u>May-06</u>	<u>Jun-06</u>	<u>AA</u>	<u>Diff.</u>
<u>End</u>	Supply Cost \$	\$9,795.21	\$942.50	\$601.92		
Dec-06	Jur. Sales MCF	616.1	522.1	275.0		
	Total Sales MCF	616.1	522.1	275.0		
	Book Cost \$/ MCF	\$15.8987	\$1.8052	\$2.1888		
	EGCS/MCF	\$10.1780	\$10.1780	\$10.1780		
	Diff. \$/MCF	\$5.7207	(\$8.3728)	(\$7.9892)	(\$140.00)	
	Cost Diff. \$	\$3,524.52	(\$4,371.44)	(\$2,197.03)	\$(3,183.95)	
<u>Per Company</u>						
	Supply Cost \$	\$6,338.00	\$3,726.00	\$2,166.00		
	Jur. Sales MCF	616.0	523.0	275.0		
	Total Sales MCF	616.0	523.0	275.0		
	Book Cost \$/ MCF	\$10.2870	\$7.1291	\$7.8738		
	EGCS/MCF	\$10.1780	\$10.1780	\$10.1780		
	Diff. \$/MCF	\$0.1090	(\$3.0489)	(\$2.3042)	(\$140.00)	
	Cost Diff. \$	\$67.00	(\$1,594.00)	(\$634.00)	\$(2,301.00)	\$(882.95)
<u>Quarter</u>	<u>Per Staff</u>	<u>Jul-06</u>	<u>Aug-06</u>	<u>Sep-06</u>	<u>BA</u>	
<u>End</u>	Supply Cost \$	\$334.05	\$2,023.88	\$1,657.15	<u>AA</u>	<u>Diff.</u>
Mar-07	Jur. Sales MCF	354.6	220.9	208.9		
	Total Sales MCF	354.6	220.9	208.9		
	Book Cost \$/ MCF	\$9.420	\$9.1620	\$7.9327		
	EGCS/MCF	\$9.3557	\$9.3557	\$9.3557		
	Diff. \$/MCF	(\$8,4137)	(\$0.1937)	(\$1.4230)	(\$286.00)	
	Cost Diff. \$	(\$2,983.50)	(\$42.79)	(\$297.26)	(\$3,609.55)	
<u>Per Company</u>						
	Supply Cost \$	\$4,907.00	\$4,252.00	\$4,252.00		
	Jur. Sales MCF	779.0	484.0	481.0		
	Total Sales MCF	779.0	484.0	481.0		
	Book Cost \$/ MCF	\$6.2991	\$8.7851	\$8.8399		
	EGCS/MCF	\$9.3557	\$9.3557	\$9.3557		
	Diff. \$/MCF	(\$3.0566)	(\$0.5706)	(\$0.5158)	(\$286.00)	
	Cost Diff. \$	(\$2,381.00)	(\$276.00)	(\$248.00)	(\$3,191.00)	\$(418.55)
Total						\$(451.95)

Stipulation Exhibit 2
System Average UFG Rates

Twelve Months <u>Ended</u>	Purchases <u>(MCF)</u>	Sales <u>(MCF)</u>	UFG <u>(MCF)</u>	<u>UFG</u>
July 2005	12,866	12,848	18	0.14%
July 2006	12,175	12,139	36	0.30%