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**FILE**

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application :  
of Pike Natural Gas Company : Case No. 08-941-GA-ALT  
For Approval of an Alternative Rate Plan :  
Proposing a Revenue Decoupling Mechanism :

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**APPLICATION OF  
PIKE NATURAL GAS COMPANY  
FOR APPROVAL OF AN ALTERNATIVE RATE  
PLAN PROPOSING A REVENUE DECOUPLING MECHANISM**

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Now comes Pike Natural Gas Company (hereinafter "Pike" or "Applicant") and files this Application, pursuant to the provisions of Sections 4929.05 and 4929.051, Revised Code. In support thereof, Pike hereby represents and says that:

1. Pike is a public utility and natural gas company as those terms are defined by Sections 4905.02 and 4905.03(A)(6), Revised Code, and therefore is subject to the jurisdiction of this Commission.
2. Pike brings this Application pursuant to Sections 4929.05 and 4929.051, Revised Code, which permits a natural gas company to file an alternative rate plan which includes a proposed revenue decoupling mechanism without having to file a rate increase case.
3. The Applicant provides natural gas service to approximately 7,200 customers in two noncontiguous districts in southern Ohio including the villages of Beaver, Highland, Hillsboro, Jackson, Leesburg, New Vienna, Piketon and Waverly and in unincorporated areas of Clinton, Fayette, Highland, Jackson, Pike, Ross and Scioto Counties. All customers would be affected by this Application.

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4. Pike's current base rates were established by the Commission's Opinion and Order of June 28, 2006 in Case No. 05-824-GA-AIR. Those rates were based on a test year of the twelve months ending March 31, 2005 and a date certain of March 31, 2005.

5. The test year sales volumes upon which the base rates in Case No. 05-824-GA-AIR were established consisted of 933,127 thousand cubic feet ("MCF") for General Service customers and 366,980 MCF for Transportation customers for a total company through put of 1,300,107 MCFs.

6. Though the test year figures were based on actual historic through put, Pike has achieved one of the highest levels of conservation by its General Service customers. As noted in Exhibit A, which is hereby incorporated as part of this Application, consumption per degree day has dropped from 0.0231 MCF per customer degree day during the test year ending March 31, 2005 to 0.0195 MCF per customer degree day for the twelve months ending March 2008. That is a drop in consumption per customer degree day of over 15.5%. Further, the trend since the 4 year period is generally in the direction of showing a decrease in consumption per customer degree day.

7. In the aggregate, General Service sales volumes for Pike have been reduced from the test year level of 933,127 MCF to 851,688 MCF. That is a reduction of some 81,439 MCF or 8.7% between the test year and the twelve months ending March 31, 2008. Test year transport volume was 366,980 MCF which due to depressed economic conditions in the service area has fallen to 308,660 for the twelve month period ending March 2008. The reduction in Transportation throughput amounts to 58,320 MCF or a 15.9% drop from the test year. Finally, total test year throughput volumes (General Sales and Transportation) declined by

139,759 MCF from 1,300,107 MCF in the test year to 1,160,348 MCF in the twelve months ending March 2008 - a 10.7% decline.

8. Exhibit B attached to the Application is a graph which depicts the reduction in MCF sales volumes compared to the test year since the Commission's Opinion and Order in the last rate case. The reductions in General Service through put depicted in Exhibit B is due chiefly to conservation as the number of General Service customers has increased slightly from 7,144 in the test year to 7,198 today. As noted above, the decline in transportation volumes is due to local economic conditions.

9. Since the rate design utilized by Pike in the last rate case was primarily based on volumetric charges, the decline in through put has caused a significant decline in revenue for Pike. The current rate design has only a single fixed charge, the monthly customer fee, and that fee is designed only to capture the cost of metering and billing. Thus, the conservation trend observed in the General Service schedule has created a severe underfunding of Pike's ability to meet maintenance costs, working capital and investment capital necessary to insure high quality, safe natural gas service.

10. Pike believes that its current tariffs are unjust and unreasonable because they do not recognize the effects of continued conservation practices by customers, and the decline in industrial natural gas usage in the Pike service area. The current affected tariff pages are attached as Exhibit C.

11. Pike believes that by reducing the relationship between cost recovery and customer through put, it can both recoup its legitimate costs and still sponsor conservation.

12. The Ohio General Assembly has recognized the need to decouple local distribution company revenue from volumetric sales. Senate Bill 221, signed by the Governor on

May 1, 2008, effective July 31, 2008 and scheduled for implementation in August establishes Section 4929.051, Revised Code.

13. The new Section 4929.051 Revised Code provides:

Sec. 4929.051. An alternative rate plan filed by a natural gas company under section 4929.05 of the Revised Code and proposing a revenue decoupling mechanism may be an application not for an increase in rates if the rates, joint rates, tolls, classifications, charges, or rentals are based upon the billing determinants and revenue requirement authorized by the public utilities commission in the company's most recent rate case proceeding and the plan also establishes, continues, or expands an energy efficiency or energy conservation program.

14. Under the above quoted provision, local distribution companies like Pike may apply to decouple their rates without filing an Application for an Increase in Rates so long as the local distribution company 1) uses the billing determinants from the most recent rate case proceeding; 2) does not exceed the revenue requirement authorized by the Commission in the most recent rate case; and 3) establishes, continues or expands an energy efficiency or energy conservation program.

15. Since the revenue effects of the current conservation on Pike are acute, Pike proposes through this Application a revenue decoupling mechanism as envisioned by the General Assembly through an alternative rate filing, but to implement it as soon as possible. Thus, Pike proposes to use the billing determinants and revenue requirement from its last rate case, but alter the rate design so that more of the revenue is based on the fixed monthly customer charge and less comes from the volumetric charges. Pike also proposes to assist conservation by increasing the tail block for large users. These changes in rate design would produce a number lower than the revenue requirement authorized in the last rate case, but achieved with much lower consumption of natural gas.

16. Under Section 4909.18, Revised Code Pike could apply to increase rates in order to address both the need to meet prudently incurred operation and maintenance expenses, earn an equitable return and revise the rate design. Such a course of action however may not be the optimal option for Pike's General Service customers. First, the customers would ultimately bear the expense of a rate case which given Pike's small size is significant on a per capita basis. Second, a new test year would result in a dramatic shift of costs from the Transportation customers to the General Service customers because of the dramatic decline in industrial gas consumption since the last test year.

17. To achieve part of the advantages of a revenue decoupling mechanism under an alternative rate plan, Pike proposes the Commission adopt the proposed base rate adjustment which would apply to all of Pike's General Service, Industrial Service and Transportation customers. See the proposed base rate adjustments contained in proposed tariff sheets labeled as Exhibit D.

18. The proposed base rate adjustment would reduce the linkage between the volumes sold and cost recovery for General Service customers. Pike proposes a 28.6% increase in its monthly customer fee from seven dollars (\$7.00) a month to nine dollars (\$9.00) a month, with a 1.5% reduction in the volumetric rate from \$0.18876 per Ccf to \$0.18599 per Ccf in order to achieve the projected revenue requirements from the last rate case using the billing determinants from that case.

19. Pike proposes a base rate adjustment that would also apply to all Industrial Service and Transportation customers. With respect to the Industrial and Transportation customers, Pike proposes an increase in the monthly customer charge from one hundred fifty dollars (\$150) a month to two hundred dollars a month (\$200). Further, the first block of the

volumetric rate (for the 1st 5000 Ccf) would be increased by 16.2% from \$0.16000 per Ccf to \$0.18599 per Ccf. The second block of the volumetric rate for Industrial and Transportation customers (for all Ccf over 5000 Ccf per month) would be increased by 20.6% from \$0.04662 per Ccf to \$0.05622 per Ccf. Currently, Industrial and Transportation customers pay \$0.16000 per Ccf for transportation in the first tier and \$0.04662 per Ccf in the second tier.

20. Based upon the actual number of customers and volumes for the twelve months ending March 31, 2008, the proposed base rate adjustments would produce a level of revenue of \$2,652,665 which is just below Pike's originally authorized revenues of \$2,652,691, but greater than the \$2,464,050 it actually realized. See Exhibit E.

21. Section 4929.051, Revised Code, calls for the establishment, continuation or expansion of an energy efficiency or energy conservation program. Pike proposes that a demand side management rider ("DSM") of \$0.00978 per Ccf be approved and applied toward General Sales Service volumes in order to produce approximately \$80,000 for conservation-related projects. The DSM program, which is contingent upon the approval of the DSM Rider, would be initially targeted on the Company's high usage PIP customers. The specifics of the programs will be determined with the input of the Staff and other parties to this case. A proposed DSM rider and the calculation of the DSM Rider is attached as Exhibit F to this Application.

22. The typical Pike residential customer uses 71.3 MCF of gas a year. Under the existing rates approved in Case No. 05-824-GA-AIR and applying the average residential consumption curve the total bill for natural gas (using the current GCR) an average customer would pay distribution service rates of \$1,250.01 in a year. Under the proposed base rate

adjustment and DSM riders, the annual cost would be \$1,277.25, a 2.2% increase. For a customer consuming only 35.6 MCF a year (half of the average), the increase is 3.9%. See Exhibit G.

23. Pike proposes that its proposed change in base rates be adjusted quarterly either up or down based upon the authorized revenue level established by the Commission in its June 28, 2006 Opinion and Order in Case No. 05-824-GA-AIR.

24. The primary statutory mechanism by which a public utility, subject to the jurisdiction of this Commission, may seek authority to amend, modify or change any of its existing regulations or practices for the services it renders is to file a written application for an increase in rates with the Commission pursuant to Section 4909.18, Revised Code. However, through Section 4929.051, Revised Code, the General Assembly has permitted the modification of rates through an alternative rate plan that provides for a revenue decoupling mechanism if such rates are based upon the billing determinants and revenue requirements authorized by the Commission in the most recent rate increase case proceeding and the plan also establishes, continues, or expands an energy efficiency conservation program. The alternative of a Section 4909.18, Revised Code rate increase case would be much more expensive and time consuming to Pike, and ultimately could result in even higher base rates for its customers.

25. Pursuant to Section 4929.05(A)(1), Revised Code, Pike is in compliance with Section 4905.35, Revised Code and is in substantial compliance with the policy of this state in Section 4929.02, Revised Code. Pike will not make or give any undue or unreasonable preference or advantage to any person, firm, corporation, or locality or subject any person, firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage. Pike offers its regulated services to all similarly situated consumers. Pike is a public utility but does not intend

to offer consumers a bundled service that includes both regulated and unregulated services or goods. Pike does not condition or limit the availability of any regulated services or goods or condition the availability of a discounted rate or improved quality, price, term, or condition for any regulated services or goods, on the basis of the identity of the supplier of any other services or goods or on the purchase of any unregulated services or goods from Pike.

26. Pursuant to Section 4929.05(A)(2), Revised Code, Pike is expected to continue to be in substantial compliance with the policy of this state specified in Section 4929.02, Revised Code, after implementation of the alternative rate plan. Pike currently promotes the availability to consumers of adequate, reliable and reasonably priced natural gas services and will continue to do so after implementation of this alternative rate plan.

27. The approval of the proposed base rate adjustment and the DSM rider in Exhibit D are just and reasonable, and will allow Pike to continue its promotion of conservation but at the same time allow it to recover the revenues necessary to earn a reasonable rate of return, and is consistent with Section 4929.051, Revised Code.

28. Pike submits this Application pursuant to Sections 4929.05 and 4929.051, Revised Code. Exhibits A through G are attached to this Application and are incorporated herein. If necessary, Brian Jonard and Ken Rosselet will sponsor the Exhibits.


WHEREFORE, Pike Natural Gas Company respectfully asks that the Commission consider the facts and proposals set forth in this Application, approve the requested rate changes, approve the Applicant's alternative rate plan, and to:

- (a) Accept the application for an alternative rate plan pursuant to Section 4929.051, Revised Code;



- (b) Decide the case on the basis of the information contained in the Application and the exhibits submitted by Pike; and
- (c) Approve the proposed tariff pages (Exhibit D) including the proposed base rate adjustment and the DSM rider and allow such tariff pages to take effect as soon as possible.

Respectfully submitted,

  
\_\_\_\_\_  
Brian R. Jonard, President

\_\_\_\_\_  
Dawn M. Seifried, Treasurer



\_\_\_\_\_  
M. Howard Petricoff  
Stephen M. Howard  
VORYS, SATER, SEYMOUR AND PEASE LLP  
52 East Gay Street  
P.O. Box 1008  
Columbus, Ohio 43216-1008  
(614) 464-5401  
Attorneys for Pike Natural Gas Company

- (b) Decide the case on the basis of the information contained in the Application and the exhibits submitted by Pike; and
- (c) Approve the proposed tariff pages (Exhibit D) including the proposed base rate adjustment and the DSM rider and allow such tariff pages to take effect as soon as possible.

Respectfully submitted,

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Brian R. Jonard, President



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(614) 464-5401  
Attorneys for Pike Natural Gas Company


VERIFICATION

STATE OF OHIO )  
 ) SS:  
COUNTY OF MUSKINGUM )

I, Brian R. Jonard, President of Pike Natural Gas Company, verify that the information contained in this Application is true and correct to the best of my knowledge.

  
\_\_\_\_\_  
Brian R. Jonard, President

Sworn and subscribed before me in my presence this 31st day of July, 2008.

  
\_\_\_\_\_  
Notary Public  
My Term Expires:  
(SEAL)

**DAE. LEWIS**  
NOTARY PUBLIC, STATE OF OHIO  
MY COMMISSION EXPIRES 06-16-11



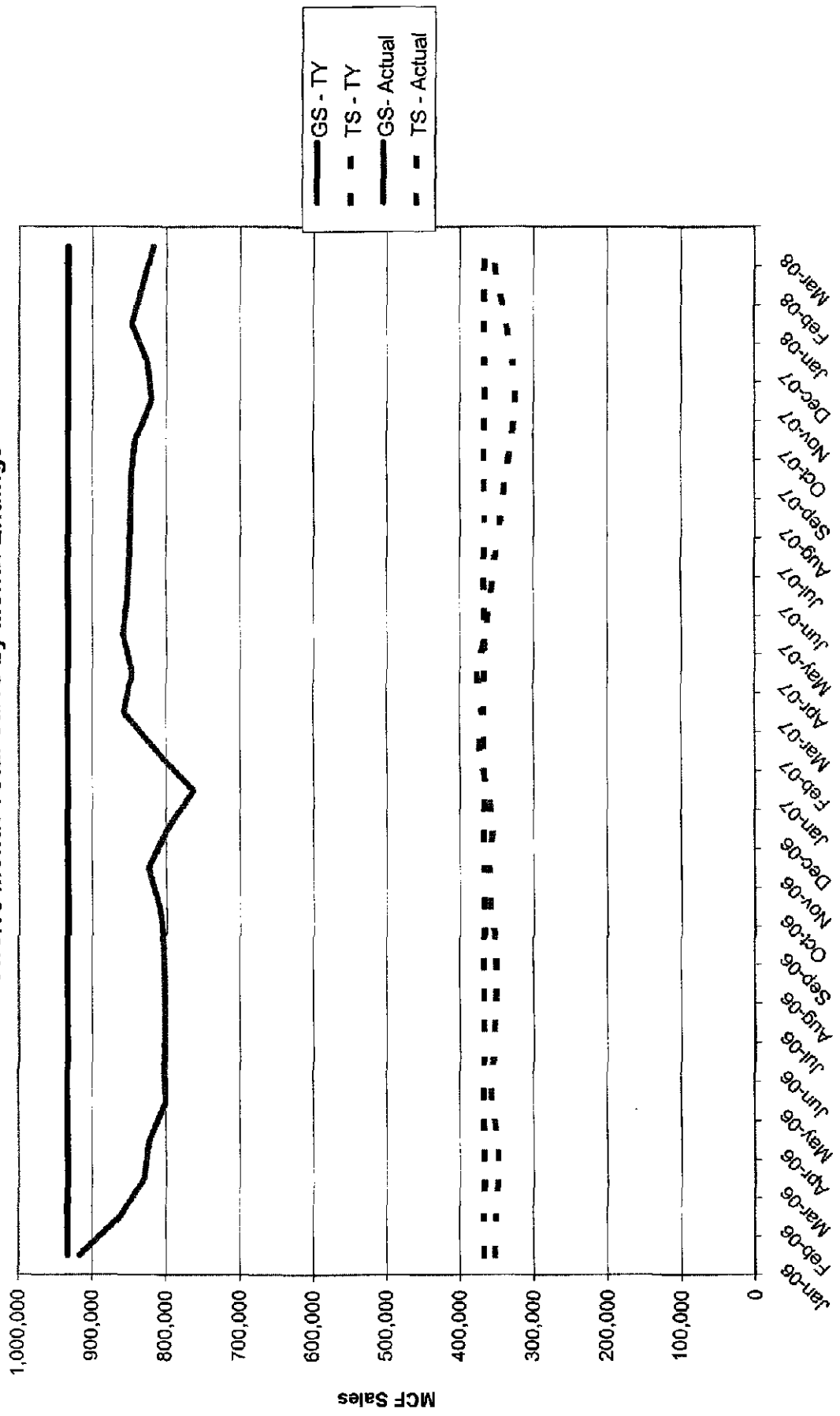
**EXHIBIT A**

**PIKE NATURAL GAS COMPANY  
USAGE DATA**

<b>YEAR</b>	<b>Degree Days</b>	<b>GS Sales</b>	<b>Average Sales Per Degree Day</b>	<b>Average Number of Customers</b>	<b>Average Sales Per Customer</b>	<b>Sales per Customer per Degree Day</b>
1991	5,079	822,910	162			
1992	5,638	920,107	163			
1993	5,852	984,395	168			
1994	5,836	961,819	165			
1995	6,011	917,221	153			
1996	6,224	1,051,235	169			
1997	5,947	967,459	163			
1998	4,793	824,749	172			
1999	5,249	888,366	169			
2000	5,694	914,835	161			
2001	5,280	960,333	182			
2002	5,480	934,096	170			
2003	6,167	998,654	162			
2004	5,762	966,400	168	7,144	135	0.0235
2005	5,998	928,218	155	7,187	129	0.0215
2006	5,551	798,571	144	7,194	111	0.0200
2007	5,695	825,563	145	7,203	115	0.0201
FY 2008	5,826	817,618	140	7,195	114	0.0195
<b>LAST RATE CASE TEST YEAR FY 2005</b>	5,654	933,127	165	7,144	131	0.0231
5 YR AV	5,804					
10 YR AV	5,640					
20 YR AV	5,642					
30 YR AV	5,524					

# **EXHIBIT B**

# Pike Sales Twelve Month Total Sales by Month Endings





# **EXHIBIT C**

2. General Service Rate – GS

Availability. Available and applicable to all residential and commercial customers who have properly completed an application for service within the service area covered by this tariff, who will be serviced from existing Company facilities, for total gas requirements, for a single location, of a single customer, regardless of use.

Monthly Charges

The monthly customer charge shall be seven dollars (\$7.00) for each customer location.

Plus \$0.18876 per Ccf for all Ccf of gas;

Plus, all delivered gas shall be subject to an adjustment per one hundred cubic feet (CCF) as set forth on:

Sheet No. 30, Rider PIPP, Percentage of Income Payment Plan.

Sheet No. 31, Uncollectible Expense Rider

Sheet No. 32, Rider GCR, Gas Cost Recovery Rate.

Gross Receipts Tax Rider

All bills rendered pursuant to this tariff will be adjusted to provide for the recovery of the Company's gross receipts tax liability of said bills through the application of the gross receipts tax rider specified on Sheet No. 29 of this tariff. This gross receipts tax rider shall not be applicable to customers that are statutorily exempt from the payment of the gross receipts tax.

Late Payment Charge

If applicable, an additional late payment charge of 1.5% (one and one-half percent) of the overdue unpaid balance shall be assessed as provided in Section IV, Paragraph 1(d), of the Company's Rules and Regulations Governing the Distribution and Sale of Gas.

Service Reestablishment Charge

Subject to the provisions of Section II, Paragraphs 6 and 7 herein, if service under this rate schedule is discontinued at the request of the customer, the Company shall not be under any obligation to resume service to the same customer on the same premises until the customer has made payment of an amount equal to the Reconnection Charge specified in Section IV(1)(a) above.

Issued: June 28, 2006

Effective: July 1, 2006

Filed Under Authority of Case No. 05-824-GA-AIR  
Issued by the Public Utilities Commission of Ohio

Issued by Brian R. Jonard, President

3. Industrial Service Rate - IS

Availability

Available and applicable to all industrial customers provided that:

- (a) Customer has properly completed an application for service within the service area covered by this tariff.
- (b) Will be serviced from existing Company facilities, for total gas requirements, for a single location, of a single customer, regardless of use.
- (c) Service can be rendered within the limits of the Company's operating conditions and facilities;
- (d) Customer's consumption during one of the two most recent Annual Periods (November through October billing cycles) was at least 18,000 Mcf, or Customer presents evidence demonstrating to Company's satisfaction that it will consume at least 18,000 Mcf per year during future Annual Periods. In addition, at least 50% of Customer's annual consumption must be consumed in the seven billing months of April through October, or Customer has previously executed a Commercial or Industrial Gas Service Agreement with Company, which was in effect immediately prior to the initiation of service hereunder.
- (e) Company may, at its option, waive the requirement that 50% of the annual consumption occur during the seven months of April through October where such waiver is necessary in order to serve a load which would not otherwise be served by Company, provided that at least 40% of Customer's annual consumption occurs during the months of April through October.

Monthly Charges

The monthly customer charge shall be one hundred fifty dollars (\$150.00) for each customer location.

Plus \$0.16000 per Ccf for the first 5000 Ccf per account per month;  
Plus \$0.04662 per Ccf for all gas over 5000 Ccf per account per month.

Plus, all delivered gas shall be subject to an adjustment per one hundred cubic feet (Ccf) as set forth on:

Sheet No. 30, Rider PIPP, Percentage of Income Payment Plan.  
Sheet No. 32, Rider GCR, Gas Cost Recovery Rate.

Issued: November 22, 2006

Effective: November 22, 2006

Filed Under Authority of Case No. 06-1250-GA-ATA  
Issued by the Public Utilities Commission of Ohio

Issued by Brian R. Jonard, President

4. Transportation Service Rate - TS

Availability.

Available and applicable to all industrial customers provided that:

- (a) Customer has properly completed an application for service within the service area covered by this tariff;
- (b) Customer has obtained delivery of natural gas from a source other than the Company's distribution system or in addition to Company;
- (c) Service can be rendered within the limits of the Company's operating conditions and facilities;
- (d) Customer's consumption during one of the two most recent Annual Periods (November through October billing cycles) was at least 18,000 Mcf, or Customer presents evidence demonstrating to Company's satisfaction that it will consume at least 18,000 Mcf per year during future Annual Periods. In addition, at least 50% of Customer's annual consumption must be consumed in the seven billing months of April through October, or Customer has previously executed an Industrial Gas Service Agreement with Company, which was in effect immediately prior to the initiation of service hereunder.
- (e) Company may, at its option, waive the requirement that 50% of the annual consumption occur during the seven months of April through October where such waiver is necessary in order to serve a load which would not otherwise be served by Company, provided that at least 40% of Customer's annual consumption occurs during the months of April through October.

Monthly Charges

The monthly customer charge shall be one hundred fifty dollars (\$150.00) for each customer location.

Plus \$0.16000 per Ccf for the first 5,000 Ccf per account per month;  
Plus \$0.04662 per Ccf for all gas over 5,000 Ccf per account per month.

The Company, at its sole discretion, may offer transportation services at rates that are downwardly flexible from the maximum rates above. The rate may be flexed between the upper bound of the basic transportation rate and a lower bound that recovers all variable costs of service and provides a contribution to the Company's fixed costs of providing service. Such reduced rates may be determined based on competitive services available to the customer, the quality (firm or interruptible) of service and the

Issued: November 22, 2006

Effective: November 22, 2006

Filed Under Authority of Case No. 06-1250-GA-ATA  
Issued by the Public Utilities Commission of Ohio

Issued by Brian R. Jonard, President

# **EXHIBIT D**

2. General Service Rate – GS

Availability. Available and applicable to all residential and commercial customers who have properly completed an application for service within the service area covered by this tariff, who will be serviced from existing Company facilities, for total gas requirements, for a single location, of a single customer, regardless of use.

Monthly Charges

The monthly customer charge shall be nine dollars (\$9.00) for each customer location.

Plus \$0.18599 per Ccf for all Ccf of gas;

Plus, all delivered gas shall be subject to an adjustment per one hundred cubic feet (CCF) as set forth on:

Sheet No. 30, Rider PIPP, Percentage of Income Payment Plan.  
Sheet No. 31, Uncollectible Expense Rider  
Sheet No. 32, Rider GCR, Gas Cost Recovery Rate.  
Sheet No. 33, Demand Side Management Rider

Gross Receipts Tax Rider

All bills rendered pursuant to this tariff will be adjusted to provide for the recovery of the Company's gross receipts tax liability of said bills through the application of the gross receipts tax rider specified on Sheet No. 29 of this tariff. This gross receipts tax rider shall not be applicable to customers that are statutorily exempt from the payment of the gross receipts tax.

Late Payment Charge

If applicable, an additional late payment charge of 1.5% (one and one-half percent) of the overdue unpaid balance shall be assessed as provided in Section IV, Paragraph 1(d), of the Company's Rules and Regulations Governing the Distribution and Sale of Gas.

Service Reestablishment Charge

Subject to the provisions of Section II, Paragraphs 6 and 7 herein, if service under this rate schedule is discontinued at the request of the customer, the Company shall not be under any obligation to resume service to the same customer on the same premises until the customer has made payment of an amount equal to the Reconnection Charge specified in Section IV(1)(a) above.

Issued: August 1, 2008

Effective: \_\_\_\_\_, 2008

Filed Under Authority of Case No. 08-\_\_\_\_-GA-UNC  
Issued by the Public Utilities Commission of Ohio

Issued by Brian R. Jonard, President

3. Industrial Service Rate - IS

Availability.

Available and applicable to all industrial customers provided that:

- (a) Customer has properly completed an application for service within the service area covered by this tariff;
- (b) Will be serviced from existing Company facilities, for total gas requirements, for a single location, of a single customer, regardless of use;
- (c) Service can be rendered within the limits of the Company's operating conditions and facilities;
- (d) Customer's consumption during one of the two most recent Annual Periods (November through October billing cycles) was at least 18,000 Mcf, or Customer presents evidence demonstrating to Company's satisfaction that it will consume at least 18,000 Mcf per year during future Annual Periods. In addition, at least 50% of Customer's annual consumption must be consumed in the seven billing months of April through October, or Customer has previously executed an Industrial Gas Service Agreement with Company, which was in effect immediately prior to the initiation of service hereunder;
- (e) Company may, at its option, waive the requirement that 50% of the annual consumption occur during the seven months of April through October where such waiver is necessary in order to serve a load which would not otherwise be served by Company, provided that at least 40% of Customer's annual consumption occurs during the months of April through October.

Monthly Charges

The monthly customer charge shall be two hundred dollars (\$200.00) for each customer location.

Plus \$0.18599 per Ccf for the first 5000 Ccf per account per month;  
Plus \$0.05662 per Ccf for all gas over 5000 Ccf per account per month.

Plus, all delivered gas shall be subject to an adjustment per one hundred cubic feet (CCF) as set forth on:

Sheet No. 30, Rider PIPP, Percentage of Income Payment Plan.  
Sheet No. 32, Rider GCR, Gas Cost Recovery Rate.

Issued: August 1, 2008

Effective: \_\_\_\_\_, 2008

Filed Under Authority of Case No. 08-\_\_\_\_-GA-UNC  
Issued by the Public Utilities Commission of Ohio

Issued by Brian R. Jonard, President

4. Transportation Service Rate - TS

Availability.

Available and applicable to all industrial customers provided that:

- (a) Customer has properly completed an application for service within the service area covered by this tariff;
- (b) Customer has obtained delivery of natural gas from a source other than the Company's distribution system or in addition to Company;
- (c) Service can be rendered within the limits of the Company's operating conditions and facilities;
- (d) Customer's consumption during one of the two most recent Annual Periods (November through October billing cycles) was at least 18,000 Mcf, or Customer presents evidence demonstrating to Company's satisfaction that it will consume at least 18,000 Mcf per year during future Annual Periods. In addition, at least 50% of Customer's annual consumption must be consumed in the seven billing months of April through October, or Customer has previously executed an Industrial Gas Service Agreement with Company, which was in effect immediately prior to the initiation of service hereunder.
- (e) Company may, at its option, waive the requirement that 50% of the annual consumption occur during the seven months of April through October where such waiver is necessary in order to serve a load which would not otherwise be served by Company, provided that at least 40% of Customer's annual consumption occurs during the months of April through October.

Monthly Charges

The monthly customer charge shall be two hundred dollars (\$200.00) for each customer location.

Plus \$0.18599 per Ccf for the first 5,000 Ccf per account per month;  
Plus \$0.05622 per Ccf for all gas over 5,000 Ccf per account per month.

The Company, at its sole discretion, may offer transportation services at rates that are downwardly flexible from the maximum rates above. The rate may be flexed between the upper bound of the basic transportation rate and a lower bound that recovers all variable costs of service and provides a contribution to the Company's fixed costs of providing service. Such reduced rates may be determined based on competitive services available to the customer, the quality (firm or interruptible) of service and the

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Effective: \_\_\_\_\_, 2008

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Issued by Brian R. Jonard, President



9. **Demand Side Management Rider**

**APPLICABILITY**

To all sales customers under the Company's General Service (Rate GS) Rate Schedule.

**DESCRIPTION**

An additional charge, for all gas consumed, to fund the costs associated with the implementation of cost-effective energy efficiency programs made available to all residential and small commercial customers under the General Service Rate Schedule.

**RATE**

All gas consumed per General Service (Rate GS) Rate schedule accounts per month at \$0.00978 per Ccf.

Issued: August 1, 2008

Effective: \_\_\_\_\_, 2008

Filed Under Authority of Case No. 08-\_\_\_\_-GA-UNC  
Issued by the Public Utilities Commission of Ohio

Issued by Brian R. Jonard, President

**EXHIBIT E**

**Pike Natural Gas Company**  
**Determination of Proposed Tariff Rate Adjustments**  
**Based on Sales and Customers for the Twelve Months Ending March 2008**

	Test Year		Approved Tariff Rates (c)	Base Revenue Granted (d)	Actual as of Mar 08		Adjusted Rates (g)	Adjusted Revenue (h)	Adjustment (i)	
	No. Customers (a)	MCF's (b)			No. Customers (e)	MCF's (f)			Rate	Percent (j)
<b>General Service</b>										
Customer Charge	7,144	933,127	\$ 7.00	\$ 600,096	7,198	851,688	\$ 9.00	\$ 777,384	\$ 2.00	28.6%
1st 500			1.8876	1,761,371			1.8599 (m)	1,584,055	(0.0277)	-1.5%
Total General Service				2,361,467				2,361,439		
<b>Transportation</b>										
Customer Charge	4	22,595	150.00	7,200	4	16,011 (l)	200.00 (n)	9,600	50.00	33.3%
1st 500		344,385	1.6000	36,152		292,649 (l)	1.8599 (n)	29,779	0.2599	16.2%
Over 500		366,980	0.4662	160,552		308,660	0.5622 (o)	164,527	0.0960	20.6%
Total Transportation				203,904				203,906		
Late Payment Charges				66,956 (k)				66,956 (k)		
Miscellaneous Charges				20,364				20,364		
<b>Total</b>	<b>7,148</b>	<b>1,300,107</b>		<b>\$ 2,652,691</b>	<b>7,202</b>	<b>1,160,348</b>		<b>\$ 2,652,665</b>		

(a) - Staff Report Case No. 05-0824-GA-AIR, Schedule C-1.1a Total General Service Bills 85,732/12 Transportation Bills 48/12

(b) - Staff Report Case No. 05-0824-GA-AIR, Schedule C-1.1a

(c) - Approved Tariffs Case No. 05-0824-GA-AIR

(d) - Either (a) or (b) x (c)

(e) - Average Twelve Months Ending 03/31/08

(f) - Actual Sales for Twelve Months Ending 03/31/08

(g) - See (m) and (n) for detail. Customer Charges adjusted.

(h) - Either (e) or (f) x (g)

(i) - (g) - (c)

(j) - (i) / (c)

(k) - (General Service Revenues + Transportation Revenue) x 2.61% Forfeited Discount Rate per Staff Report

(l) - Per Transportation Sales Analysis

(m) - Total General Service Revenue Granted (d) - Adjusted General Service Customer Charge Revenue (g) / Actual GS Volumes

(n) - Equals General Service commodity charge

(o) - (Total Transportation Revenue Granted - Customer Charge Revenue - First Block Revenue)/Actual TS Sales Volumes

**Pike Natural Gas Company**  
**Proposed Rates**  
**Based on Sales and Customers for the Twelve Months Ending March 2008**  
**Revenue Increase**

	Actual as of Mar 08		Approved Tariff Rates (c)	Current Base Revenue (d)	Actual as of Mar 08		Adjusted Rates (g)	Adjusted Revenue (h)	Adjustment	
	No. Customers (a)	MCF's (b)			No. Customers (e)	MCF's (f)			Revenue (i)	Percent (j)
General Service										
Customer Charge	7,198	\$ 851,688	\$ 7.00	\$ 604,632	7,198	851,688	\$ 9.00	\$ 777,384	\$ 172,752	28.6%
1st 500			1.8876	1,607,646			1.8599 (m)	1,584,055	(23,591)	-1.5%
Total General Service				2,212,278				2,361,439	149,161	6.7%
Transportation										
Customer Charge	4		150.00	7,200	4		200.00	9,600	2,400	33.3%
1st 500		16,011	1,6000	25,618		16,011 (l)	1,8599 (n)	29,779	4,161	16.2%
Over 500		292,649	0.4662	136,433		292,649 (l)	0.5622 (o)	164,527	28,094	20.6%
Total Transportation		308,660		169,251		308,660		203,906	34,656	20.5%
Late Payment Charges				62,158 (k)				66,956 (k)	4,798	7.7%
Miscellaneous Charges				20,364				20,364	-	
<b>Total</b>	<b>7,202</b>	<b>1,160,348</b>		<b>\$ 2,464,050</b>	<b>7,202</b>	<b>1,160,348</b>		<b>\$ 2,652,665</b>	<b>\$ 188,614</b>	<b>7.7%</b>

- (a) - Average Twelve Months Ending 03/31/08
- (b) - Actual Sales for Twelve Months Ending 03/31/08
- (c) - Approved Tariffs Case No. 05-0824-GA-AIR
- (d) - Either (a) or (b) x (c)
- (e) - Average Twelve Months Ending 03/31/08
- (f) - Actual Sales for Twelve Months Ending 03/31/08
- (g) - See (m) and (n) for detail. Customer Charges adjusted.
- (h) - Either (e) or (f) x (g)
- (i) - (g) - (c)
- (j) - (i) / (c)
- (k) - (General Service Revenues + Transportation Revenue) x 2.61% Forfeited Discount Rate per Staff Report
- (l) - Per Transportation Sales Analysis
- (m) - Total General Service Revenue Granted (d) - Adjusted General Service Customer Charge Revenue (g) / Actual GS Volumes
- (n) - Equals General Service commodity charge
- (o) - (Total Transportation Revenue Granted - Adjusted Customer Charge Revenue - Adjusted First Block Revenue) / Actual TS Sales Volumes

**EXHIBIT F**

9. Demand Side Management Rider

APPLICABILITY

To all sales customers under the Company's General Service (Rate GS) Rate Schedule.

DESCRIPTION

An additional charge, for all gas consumed, to fund the costs associated with the implementation of cost-effective energy efficiency programs made available to all residential and small commercial customers under the General Service Rate Schedule.

RATE

All gas consumed per General Service (Rate GS) Rate schedule accounts per month at \$0.00978 per Ccf.

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Issued: August 1, 2008

Effective: \_\_\_\_\_, 2008

Filed Under Authority of Case No. 08-\_\_\_\_-GA-UNC  
Issued by the Public Utilities Commission of Ohio

Issued by Brian R. Jonard, President

**Pike Natural Gas  
DSM Rider Calculation**

Annual DSM Expenditure	\$ 80,000.00	
GS Sales Twelve Months Ended 03/31/08	851,688	Mcfs
Less: Transport Customers Volumes Billed Under GS Rates	34,070	Mcfs
Net GS Volumes Billed DSM	<u>817,618</u>	Mcfs
DSM Rate	<u>\$ 0.0978</u>	Per Mcf
Applies to GS Sales Service Only		

# **EXHIBIT G**



**PIKE NATURAL GAS COMPANY  
AVERAGE CUSTOMER  
ANNUAL BILL COMPARISON**

Month	Average Annual Usage	Monthly Bill	
		Current	Proposed
Apr-07	69.2	\$ 120.13	\$ 122.43
May-07	39.3	\$ 71.44	\$ 73.65
Jun-07	17.5	\$ 35.84	\$ 37.99
Jul-07	12.3	\$ 27.45	\$ 29.59
Aug-07	12.8	\$ 28.23	\$ 30.37
Sep-07	13.3	\$ 29.01	\$ 31.15
Oct-07	16.6	\$ 34.38	\$ 36.53
Nov-07	43.7	\$ 78.64	\$ 80.86
Dec-07	94.4	\$ 161.24	\$ 163.61
Jan-08	113.0	\$ 191.46	\$ 193.88
Feb-08	144.1	\$ 242.23	\$ 244.74
Mar-08	136.6	\$ 229.96	\$ 232.45
	713.0	\$ 1,250.01	\$ 1,277.25

Increase	\$ 27.24
% Increase	2.2%

	Current Rates	Proposed Rates
<b>Rates:</b>		
Customer Charge	\$ 7.00	\$ 9.00
Commodity	0.18876	0.18599
PIPP *	0.03456	0.03030
Uncollectible	0.00155	0.00155
Gross Receipts	4.9587%	4.9587%
GCR - August 2008 **	1.32766	1.32766
<b>Proposed Rider:</b>		
DSM Rider		\$ 0.00978

\* - Proposed PIP rate filed August 1, 2008

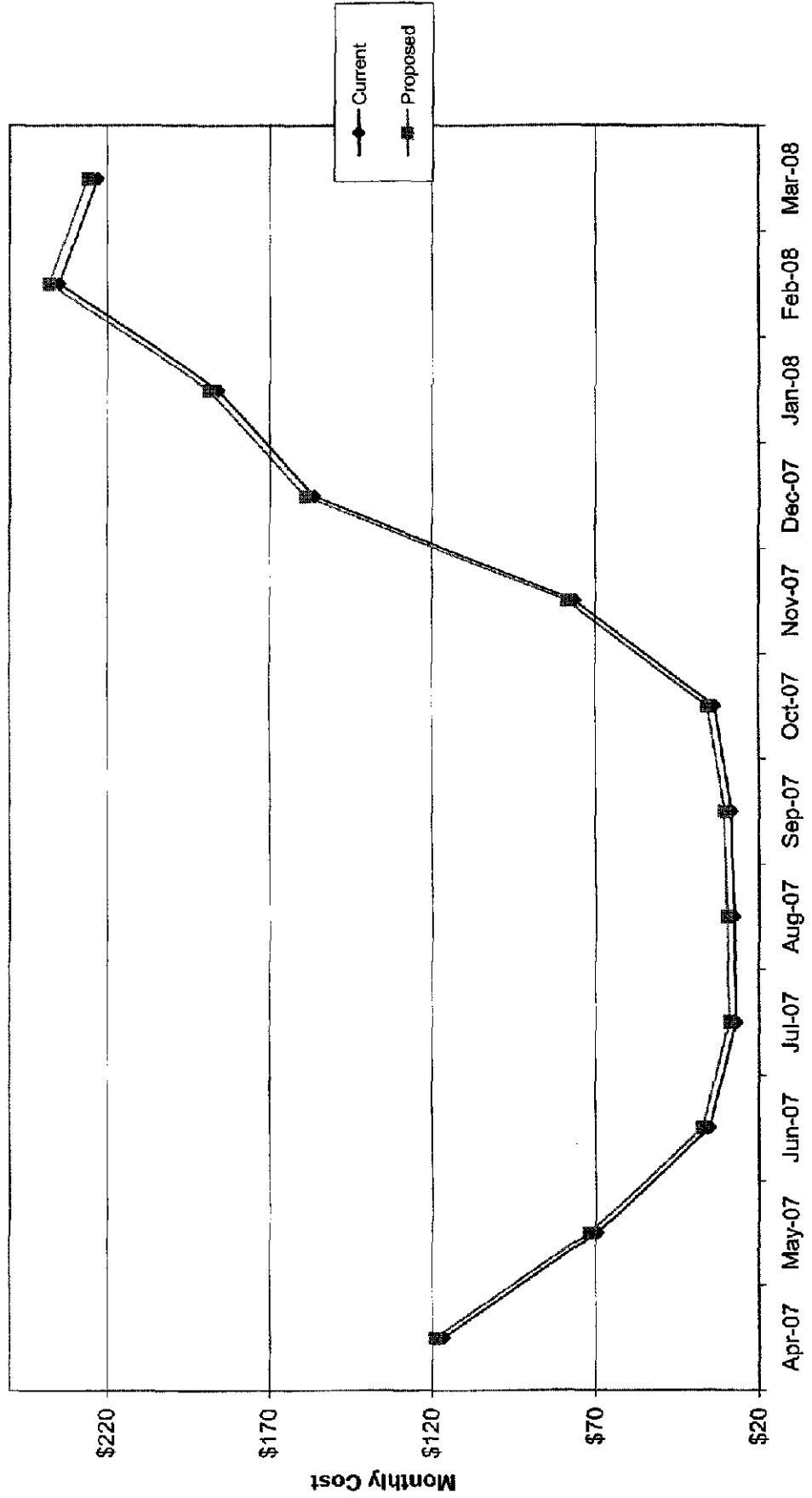
\*\* - Average of Hillsboro and Waverly GCRs

**Average Pike Residential Consumption:**

**Calendar Year 2007**

MCF Sales	426,900
Number of Customers	5,989
Average Annual Usage (Mcf)	71.3

**PIKE NATURAL GAS  
Average Annual Usage 713 Ccf  
Comparison of Proposed Rates**



**PIKE NATURAL GAS COMPANY  
AVERAGE CUSTOMER  
ANNUAL BILL COMPARISON  
LOW USAGE**

Month	Average Annual Usage	Monthly Bill	
		Current	Proposed
Apr-07	34.6	\$ 63.66	\$ 65.86
May-07	19.6	\$ 39.35	\$ 41.50
Jun-07	8.7	\$ 21.57	\$ 23.70
Jul-07	6.2	\$ 17.39	\$ 19.50
Aug-07	6.4	\$ 17.78	\$ 19.89
Sep-07	6.6	\$ 18.16	\$ 20.28
Oct-07	8.3	\$ 20.85	\$ 22.97
Nov-07	21.8	\$ 42.94	\$ 45.10
Dec-07	47.2	\$ 84.18	\$ 86.42
Jan-08	56.4	\$ 99.27	\$ 101.54
Feb-08	72.0	\$ 124.62	\$ 126.93
Mar-08	68.2	\$ 118.50	\$ 120.79
	356.0	\$ 668.27	\$ 694.48

Increase  
% Increase

\$ 26.21
3.9%

	Current Rates	Proposed Rates
<b>Rates:</b>		
Customer Charge	\$ 7.00	\$ 9.00
Commodity	0.18876	0.18599
PIPP *	0.03456	0.03030
Uncollectible	0.00155	0.00155
Gross Receipts	4.9587%	4.9587%
GCR - August 2008 **	1.32766	1.32766
Proposed Rider:		
DSM Rider		\$ 0.00978

\* - Proposed PIP rate filed August 1, 2008

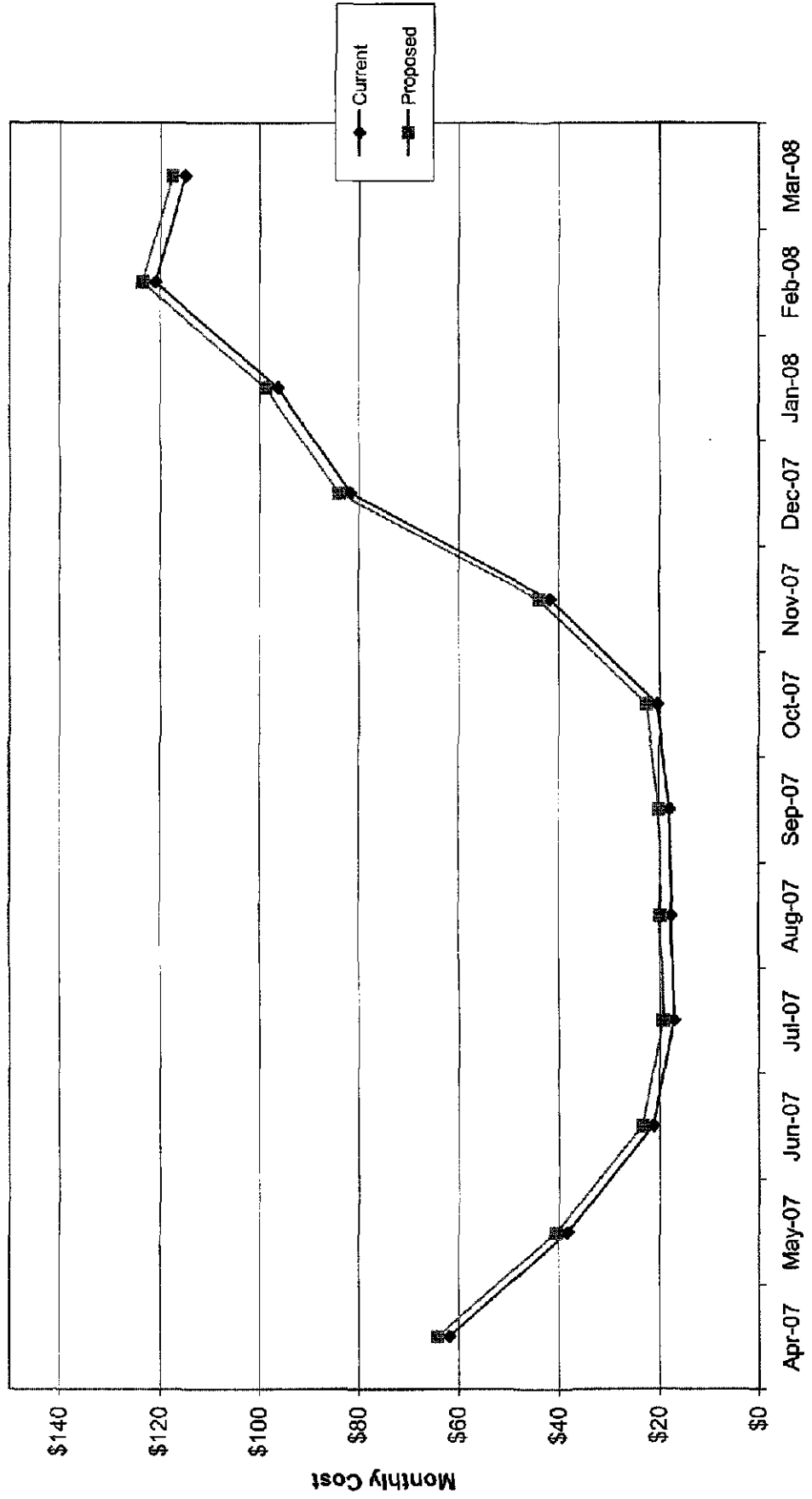
\*\* - Average of Hillsboro and Waverly GCRs

**Average Pike Residential Consumption:**

**Calendar Year 2007**

MCF Sales	426,900
Number of Customers	5,989
Half Average Annual Usage (Mcf)	35.6

**PIKE NATURAL GAS**  
**Average Annual Usage 356 Ccf (Low Usage)**  
**Comparison of Proposed Rates**

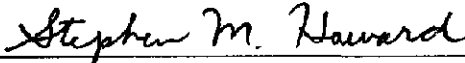


**CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing Application and Exhibits was served upon the following persons by hand delivery and by electronic mail this 1<sup>st</sup> day of August, 2008:

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\_\_\_\_\_  
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