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April 2, 2009

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

Re: Case No. 08-1229-GA-COI: In the Matter of the Five-Year Review of
Natural Gas Company Uncollectible Riders

Dear Ms. Jenkins:

Enclosed please find an original and 15 copies of the Reply Comments of Orwell Natural Gas Company, Northeast Ohio Natural Gas Corporation and Waterville Gas & Oil Company submitted pursuant to the Attorney Examiner's Entry on March 23, 2009 extending the filing date for Reply Comments to this date.

Very truly yours,

A handwritten signature of Andrew J. Sonderman in black ink.

Andrew J. Sonderman
Counsel for
Northeast Ohio Natural Gas Corporation
Orwell Natural Gas Company
Waterville Gas & Oil Company

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In the Matter of the Five-Year Review of)
Natural Gas Company Uncollectible Riders.) Case No. 08-1229-GA-COI

mechanism such as that proposed by the joint applicants for their uncollectible expenses.” See Case No. 03-1127, December 17, 2003 Finding and Order, p. 10). The Commission should not revisit that finding, which remains the correct one. As the Commission observed there, an uncollectible expense rider is conceptually indistinguishable from gas cost riders and from gross receipts tax riders (Finding and Order, p. 12).

Similarly, the Commission should reject OCC’s reiterated recommendation that utilities employing Commission-approved uncollectible expense riders should be required to file annual adjustment filings (see OCC Comments, P. 4). The current reporting regime, as modified consistent with the Staff’s recommendations in the February 5 Staff Report, is sufficiently robust to ensure that the performance of the uncollectible expense riders approved by the Commission is maintained at a level consistent with ongoing experienced recovery levels under those riders. The Commission has set out parameters for the filing of adjustments in its various orders authorizing the uncollectible expense adjustment riders—generally, permitting an adjustment to the rider rate when the preceding year’s uncollectible account expense was over- or under-recovered by ten percent or more.

2. OCC’s arguments regarding SFV rate design “decisions” by the Commission have no applicability to these Commenters.

Gas Companies note that at heading B of the OCC’s Comments, it makes the blanket statement that the Commission has “made the SFV rate design decision”. OCC cites Commission dockets relating to East Ohio Gas Company, Vectren Energy Delivery of Ohio and Columbia Gas of Ohio. However, the Gas Companies’ authorized rates and charges as established in their most recent general rate application proceedings do *not embody an SFV rate design “decision”*. Hence, without characterizing the accuracy of its statements as to those companies cited by OCC as examples of the “SFV decision”, the argument at heading B is clearly inapposite to Gas Companies.

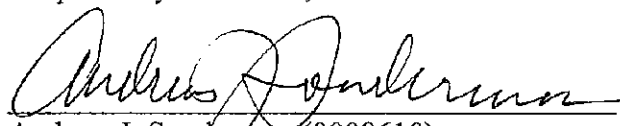
3. The Staff Report analyzed data supporting its conclusions relative to credit and collections policies of utilities with approved riders.

Gas Companies disagree with OCC's contention at heading C of its Comments that the Staff Report has failed to analyze or make recommendations relating to the credit and collection policies of companies with approved uncollectible expense riders (see Comments, p. 5 – 6). In fact, Staff analyzed data submitted by seven companies with uncollectible expense riders in effect in reaching its conclusion that there was no decline in disconnection activities after implementation of the riders (with the exception of one responding utility). See Staff Report, p. 2; and Table 1 at p. 3. Moreover, Staff analyzed data showing the ratio of annual incremental uncollectibles to recoveries from customers in the same year for the four largest companies with riders. That ratio increased from years prior to implementation of the riders, supporting Staff's conclusion that credit and collection practices had not been relaxed. This was the specific point the Commission charged Staff to review when it established the five-year review process in Case No. 03-1127 ("We intend to closely monitor the companies' collection and disconnection practices and policies given the change to their recovery of uncollectible expenses. We are sensitive to the concern that the approved adjustment mechanism can impact the diligence with which the joint applicants conduct collection." December 12, 2003 Finding and Order, p. 14-15).

Conclusion

Gas Companies believe that the arguments advanced by the Ohio Consumers' Counsel are not well taken, and they are not new. They should be rejected.

Respectfully submitted,



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Certificate of Service

The undersigned counsel hereby certifies that a copy of the Reply Comments of Orwell Natural Gas Company, Northeast Ohio Natural Gas Company and Waterville Gas & Oil Company have been served by regular mail on the following individuals on the 2nd day of April, 2009:

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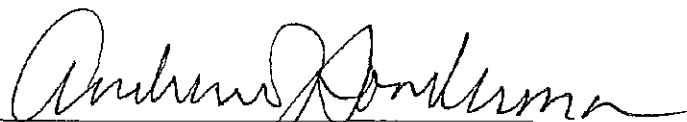
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A handwritten signature in black ink, reading "Andrew J. Sonderman". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Andrew J. Sonderman
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