



Highland, Hillsboro, Jackson, Leesburg, New Vienna, Piketon and Waverly the unincorporated areas of Clinton, Fayette, Highland, Jackson, Pike, Ross and Scioto Counties.

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. In its June 28, 2006 Opinion and Order in Case No. 05-824-GA-AIR, the Commission authorized a rate of return of 10.25% and revenue requirements of \$10,827,863. See Second Amended Exhibit A.

6. Though the test year figures were based on actual historic throughput, Pike has achieved one of the highest levels of conservation by its General Service customers. As noted in Second Amended Exhibit B, which is hereby incorporated as part of this Second Amended Application, consumption per degree day has dropped from 0.0231 MCF per customer degree day during the test year ending March 31, 2005 to 0.0203 MCF per customer degree day for the twelve months ending February 2009. That is a drop in consumption per customer degree day of 12.2%. This is despite the twelve month period ending February, 2009 being 12.8% colder than the thirty-year average.

7. In the aggregate, General Service sales volumes for Pike have been reduced from the test year level of 933,127 MCF to 914,403 MCF. That is a reduction of some 18,724 MCF or 2.00% between the test year and the twelve months ending February 28, 2009.

8. Second Amended Exhibit C attached to the Second Amended 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 throughput depicted in Second Amended Exhibit C is due chiefly to conservation as the number of General Service customers has remained fairly constant ranging from 7,144 in the test year to 7,171 today.

9. Currently, Pike has a General Service schedule, an Industrial Service schedule, and a Transportation Service schedule. There are no customers receiving service under the Industrial Service or Transportation Service schedules. No Industrial Service customers currently exist. Transportation Service customers receive service under contract. The General Service schedule includes both Residential and Commercial customers.

10. Since the rate design utilized by Pike in the last rate case was primarily based on volumetric charges, the decline in throughput has caused a significant decline in revenue for Pike. The current rate design for General Service customers has only two components: a volumetric rate which is applied to each Ccf of gas the customer consumes and a fixed monthly customer charge. The monthly customer charge 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.

11. Based upon the information set forth in Second Amended Exhibit D, Pike had 7,175 customers, throughput of 1,205,147 MCF and generated base revenues of \$2,581,736 as of the twelve months ending February 28, 2009.

12. Pike believes that its current General Service, Industrial Services and Transportation Service schedules 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 and transportation volumes in the Pike service area. The current General Service, Industrial Service and Transportation Service tariff pages are attached as Second Amended Exhibit E.

13. Pike believes that by moving its monthly tariffed customer charges toward a Straight Fixed Variable (“SFV”) rate design, by reducing the commodity rate for General Service tariff customers and by decreasing the tail block of the Industrial Service and the Transportation Service rate schedules, it can both recoup its legitimate costs and still sponsor conservation.

14. 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 establishes Section 4929.051, Revised Code. Section 4929.51, Revised Code is a broad statute which contemplates not only decoupling mechanisms, but also a movement toward an SFV rate design.

15. 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.

16. Pike seeks to decouple its rates and move its rates toward an SFV rate design without filing an Application for an Increase in Rates by using the billing determinants from a recent 12 month period to restructure rates that produce revenues which do not exceed the

revenue level generated in a recent year and by establishing, an energy efficiency or energy conservation program.

17. Because the revenue effects of the current conservation on Pike are acute, Pike proposes through this Second Amended Application a revenue decoupling mechanism/movement toward SFV rate design as envisioned by the General Assembly and the Commission through an alternative rate filing, but to implement it as soon as possible. Thus, Pike proposes to use the billing determinants and revenue level generated from the year ending February 28, 2009, but to alter the rate design for the General Service, Industrial Service and Transportation Service classes so that more of the revenue is based on the fixed monthly customer charge and less comes from the volumetric charges. The movement toward an SFV rate design would produce revenues at the same actual revenue level as the twelve month period ending February 28, 2009, but achieved with much lower consumption of natural gas.

18. 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.

19. To achieve part of the advantages of a revenue decoupling mechanism under an alternative rate plan, Pike proposes the Commission adopt the proposed movement toward a SFV rate design that would apply to all of Pike's General Service customers and to the

Industrial Service and Transportation Service schedules, and to decrease the volumetric rate for Residential and Commercial customers and for the tail block of the Industrial and Transportation Service rate schedules. See the determination of proposed tariff rate adjustments based on sales and customers for the twelve months ending February 28, 2009 contained in Second Amended Exhibit D.

20. The proposed movement toward an SFV rate design would reduce the linkage between the volumes sold and cost recovery for General Service customers.

For Residential customers, Pike proposes a 114.3% increase in its monthly customer fee from \$7.00 a month to \$15.00 a month. For Commercial customers, Pike proposes a 614.3% increase in its monthly customer fee of \$7.00 to \$50.00. The Industrial Service and Transportation Service tariff schedules are proposed to increase the monthly customer charge from \$150 per month to \$200 per month, an increase of 33.3%.

Volumetric base rates for Residential, Commercial, Industrial and Transportation customers would be reduced. For Residential customers, the volumetric rate would be reduced by 66.5% from \$0.18876 per Ccf to \$0.06319 per Ccf. For Commercial customers, the volumetric rate would be reduced by 70.6% from \$0.18876 per Ccf to \$0.05553 per Ccf. Industrial Service and Transportation Service rate schedules are proposed to have the last block of their commodity rate decreased from \$.04662 per Ccf to \$.04572 per Ccf, a decrease of 1.9%.

The above proposed rates and percentages do not reflect the \$.93 amount to be added to the Residential and Commercial customer charges which will help fund the proposed Demand Side Management program.

21. Because Pike is proposing a movement toward an SFV rate for its General Service customers, and because the customer charge for Residential customers will be different

than the monthly customer fee for Commercial customers, Pike is proposing to divide the General Service schedule into two subclasses: Residential and Commercial. However, for purposes of calculating revenue requirements, Pike has used the billing determinants from those two sub-classes for the twelve months ending February 28, 2009.

22. Based upon the actual number of customers and volumes for the twelve months ending February 28, 2009, the proposed movement toward SVF rate design would produce a revenue level of \$2,581,731 which is less than Pike's actual level of revenues of \$2,581,736 for the year ending February 28, 2009. The calculated current actual unadjusted rate of return for Pike for the twelve-months ended February 28, 2009 is 7.04%. The rate of return generated by the proposed rates would be identical, since the proposed rates have been calculated to be revenue neutral. The 7.04% return is less than the 10.25% rate of return authorized in Case No. 05-824-GA-AIR. Compare Second Amended Exhibit A with Second Amended Exhibit F.

23. Section 4929.051, Revised Code, calls for the establishment, continuation or expansion of an energy efficiency or energy conservation program. Pike does not currently have such a program. As part of this Second Amended Application, Pike proposes that a demand side management ("DSM") program be established and approved. Pike proposes that \$.93 be added to the monthly Residential and Commercial customer charges in order to produce approximately \$80,000 on an annual basis for conservation-related projects. Adding the \$.93 to both the Residential and Commercial monthly customer charges would produce monthly customer charges of \$15.93 and \$50.93 per month, respectively. Applying these rates and the adjusted volumetric rates to the consumption levels for the period ending February 28, 2009 would produce adjusted base rate revenue of \$2,661,731.

24. The DSM program, which would also contain an additional \$10,000 of shareholder funding, would be initially targeted on the Company's high usage PIP customers. It would spend about \$15.02 per Residential customer, which is substantially greater on a per customer basis than other natural gas DSM programs in Ohio. The specifics of the DSM program will be determined with the input of the Staff and other parties to this case. The calculation of the DSM amounts is attached as Second Amended Exhibit G to this Second Amended Application. It should be noted that the additional \$10,000 in shareholder funding has not been included in the determination of the 7.04% return. This additional, unfunded requirement would further lower the Company's actual return.

25. The typical Pike Residential customer uses 76.45 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 and a new proposed PIPP Rider, Case No 09-365-GA-PIP, being filed in conjunction with this filing), the average Residential customer would pay distribution service rates of \$856.09 per year. Under the proposed movement toward an SFV rate design and the approval of the DSM program, the annual cost for an average Residential customer would be \$855.90, a slight decrease. See Second Amended Exhibit H, p. 1 of 4. For a Residential customer consuming only 38.23 MCF a year (half of the average), the increase would be \$56.13 a year, or an 11.9% increase. See Second Amended Exhibit H, p. 2 of 4.

The average use Pike Commercial customer would consume 387.29 MCF per year and under current rates would pay distribution service rates of \$3,978.47. Under the proposed movement toward an SFV rate design and the approval of a DSM program, the annual cost to an

average Commercial customer would be \$3,929.89. This would be a decrease of \$48.58 or a decrease of 1.2% per year. See Second Amended Exhibit H, p. 3 of 4.

26. There are no Transportation Service customers receiving service under tariff. But if the average Transportation customer were to take service under the tariff, it would pay \$6,512.36 for Transportation Service a month under the current tariff, but would pay \$7,072.32 per month under the proposal which is an increase of \$559.96 or an 8.6% increase. See Second Amended Exhibit H, p. 4 of 4.

27. Although Pike will not be filing a Notice of Intent nor a "PFN" because it does not propose to file a rate increase application, the Applicant does propose to publish notice of this Second Amended Application and provide for an opportunity for a hearing if the Commission deems one necessary. Pike proposes that the Commission authorize it to publish the notice listed in Second Amended Exhibit I to this Second Amended Application.

28. 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/movement toward a SFV rate design if such rates are based upon the billing determinants and revenue levels in a recent 12 month period 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.

29. 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 specified 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.

30. 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.

31. The approval of the movement toward a SFV rate design for the General Service, Industrial Service and Transportation Service schedules in Second Amended Exhibit J and the approval of the DSM program are just and reasonable, as they 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.

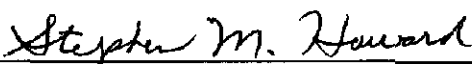
32. Pike submits this Second Amended Application pursuant to Sections 4929.05 and 4929.051, Revised Code. Second Amended Exhibits A through J are attached to

this Application and are incorporated herein. If necessary, Brian Jonard and Ken Rosselet will sponsor the *Second Amended Exhibits* as witnesses at hearing should the Commission deem a hearing necessary.

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

- (a) Accept the Second Amended 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 Second Amended Application and the Second Amended Exhibits submitted by Pike;
- (c) Authorize Pike to publish notice of this Second Amended Application and if deemed necessary by the Commission, hold a hearing; and
- (d) Approve the proposed tariff pages (Second Amended Exhibit J) including the proposed movement toward a SFV rate design and the DSM program and allow such tariffs to take effect as soon as possible.

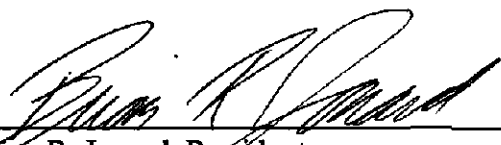
Respectfully submitted,

  
\_\_\_\_\_  
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Stephen M. Howard  
VORYS, SATER, SEYMOUR AND PEASE LLP  
52 East Gay Street  
P.O. Box 1008  
Columbus, Ohio 43216-1008  
(614) 464-5414  
mhpetricoff@vorys.com  
Attorneys for Pike Natural Gas Company

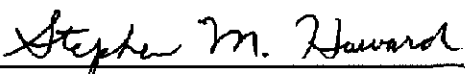
**VERIFICATION**

STATE OF Ohio )  
 ) SS:  
COUNTY OF Franklin )

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

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

Sworn and subscribed before me in my presence this 29 day of April, 2009.

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

**STEPHEN M. HOWARD**  
**NOTARY PUBLIC - STATE OF OHIO**  
**MY COMMISSION HAS NO EXPIRATION DATE**  
**SECTION 147.02 R.C.**

**VERIFICATION**

STATE OF Pennsylvania )  
 ) SS:  
COUNTY OF Delaware )

I, Dawn M. Seifried, Treasurer of Pike Natural Gas Company, verify that the information contained in this Second Amended Application is true and correct to the best of my knowledge.

Dawn Seifried  
Dawn M. Seifried, Treasurer

Sworn and subscribed before me in my presence this 20<sup>th</sup> day of April, 2009.

Catherine R. Driscoll  
Notary Public  
My Term Expires:  
(SEAL)


COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Catherine R. Driscoll, Notary Public  
Radnor Twp., Delaware County  
My Commission Expires May 2, 2009  
Member, Pennsylvania Association of Notaries

## **CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing Second Amended Application and Second Amended Exhibits was served upon the following persons by hand delivery and by electronic mail this 1st day of May, 2009:

Joseph P. Serio  
Office of Ohio Consumers' Counsel  
10 W. Broad Street, Suite 1800  
Columbus, Ohio 43215-3485

Stephen A. Reilly/Anne L. Hammerstein  
Assistant Attorneys General  
180 E. Broad Street, 9<sup>th</sup> Floor  
Columbus, Ohio 43215-3796

  
\_\_\_\_\_  
Stephen M. Howard

## SECOND AMENDED EXHIBIT A

**PIKE NATURAL GAS COMPANY**  
**Case No. 08-0941-GA-ALT**  
**STIPULATION SCHEDULE A-1**  
**Case No. 05-0824-GA-AIR**  
**Revenue Requirements**

		<u>Stipulation</u>
(1)	Rate Base (a)	\$ 2,776,977
(2)	Adjusted Operating Income (b)	(131,393)
(3)	Rate of Return Earned (2) / (1)	-4.73%
(4)	Rate of Return Recommended (c)	10.25%
(5)	Required Operating Income (1) x (4)	284,640
(6)	Income Deficiency (5) - (2)	416,033
(7)	Gross Revenue Conversion Factor (d)	1.515152
(8)	Revenue Increase Required (6) x (7)	630,354
(9)	Revenue Increase Recommended	630,354
(10)	Adjusted Operating Revenue (b)	10,197,509
(11)	Revenue Requirements (9) + (10)	<b>\$ 10,827,863</b>
(12)	Increase Over Current Revenue (9) / (10)	6.18%

- (a) Staff's Settlement Schedule B-1  
(b) Staff's Settlement Schedule C-2  
(c) Refer to Rate of Return Section  
(d) Staff's Settlement Schedule A-1.1

# SECOND AMENDED EXHIBIT B

## PIKE NATURAL GAS COMPANY Case No. 08-0941-GA-ALT Degree Day - Usage Data

YEAR	Degree Days	GS Sales	Average Sales Per Degree Day	Average Number of Customers	Average Sales Per Customer	Sales per Customer per Degree Day
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
2008	6,200	848,753	137	7,180	118	0.0191
Twelve Months Ended 02/09	6,289	914,403	145	7,171	128	0.0203

LAST RATE CASE TEST YEAR FY 2005	5,654	933,127	165	7,144	131	0.0231
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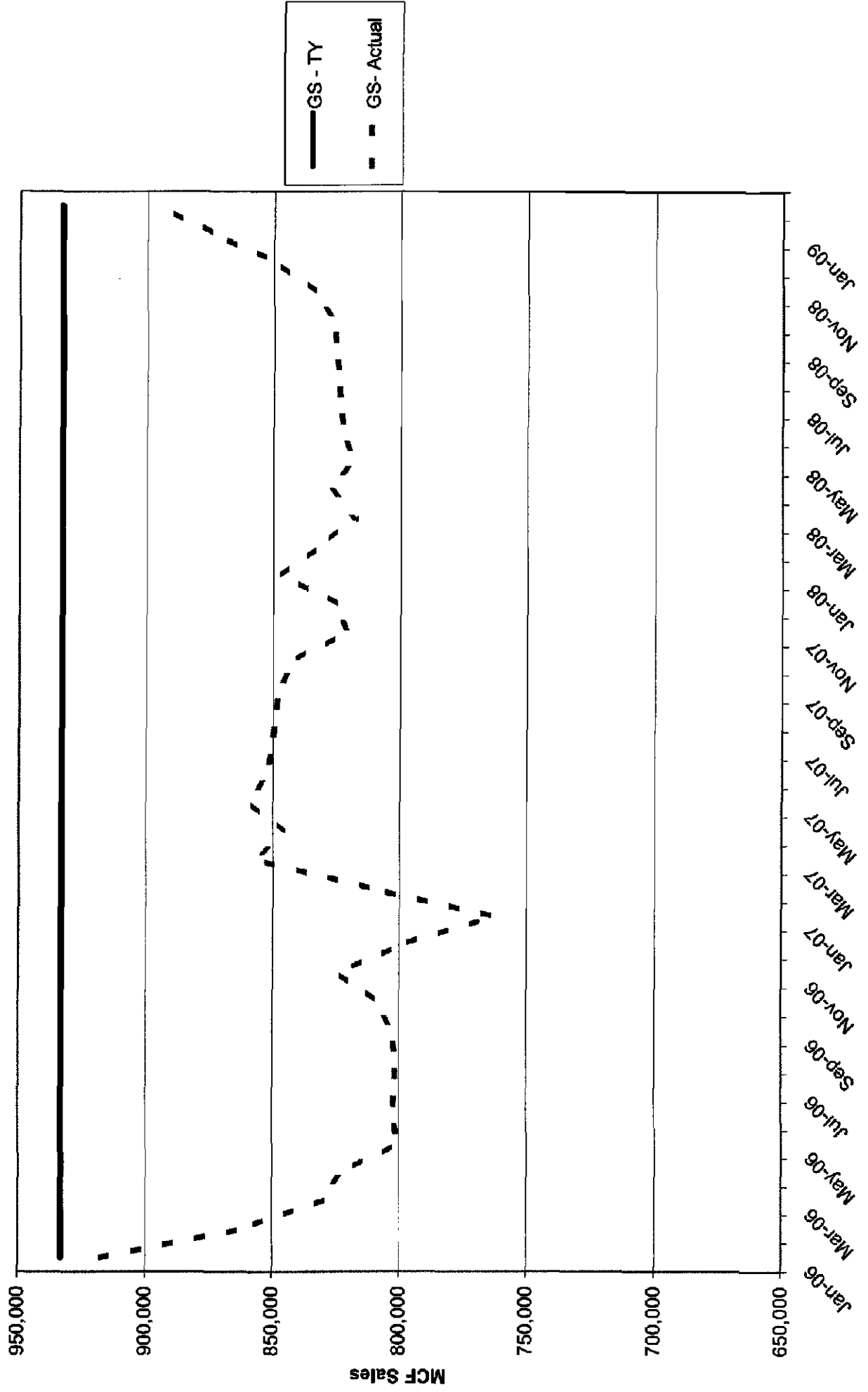
5 YR AV	5,841	
10 YR AV	5,708	
20 YR AV	5,659	
30 YR AV	5,577	As February 2009

# SECOND AMENDED EXHIBIT C

PIKE NATURAL GAS COMPANY

Case No. 08-0941-GA-ALT

General Service Sales For The Twelve Month Sales by Month Endings



# SECOND AMENDED EXHIBIT D

## PIKE NATURAL GAS COMPANY Case No. 08-0941-GA-ALT Determination of Proposed Tariff Rates

Based on Sales and Customers for Twelve Months Ending February 2009

	Actual as of Feb 09		Approved Tariff Rates	Base Revenue Granted		Actual as of Feb 09		Adjusted Rates	Adjusted Revenue	Adjustment	
	No. Customers	MCF				No. Customers	MCF			Rate	Percent
<b>General Service</b>											
<b>Residential</b>											
Customer Charge	5,993		\$ 7.00	\$ 503,412		5,993		\$ 15.00	\$ 1,078,740	\$ 8.00	114.3%
1st 500		458,171	1.8876	864,844			458,171	0.6319	289,518	(1.2557)	-66.5%
Total Residential				<u>1,368,256</u>					<u>1,368,258</u>		
<b>Commercial</b>											
Customer Charge	1,178		\$ 7.00	\$ 98,952		1,178		\$ 50.00	\$ 706,800	\$ 43.00	614.3%
1st 500		456,232	1.8876	861,184			456,232	0.5553	253,346	(1.3323)	-70.6%
Total Commercial				<u>960,136</u>					<u>960,146</u>		
Total General Service	<u>7,171</u>	<u>914,403</u>		<u>2,328,392</u>		<u>7,171</u>	<u>914,403</u>		<u>2,328,404</u>		
<b>Transportation</b>											
Customer Charge	4		150.00	7,200		4		200.00	9,600	50.00	33.3%
1st 500		22,124	1.6000	35,399			22,124	1.6000	35,399	-	0.0%
Over 500		268,619	0.4662	125,230			268,619	0.4572	122,813	(0.0090)	-1.9%
Total Transportation		<u>290,743</u>		<u>167,829</u>			<u>290,743</u>		<u>167,812</u>		
<b>Late Payment Charges</b>											
Miscellaneous Charges				65,151 (a)					65,151 (a)	-	0.0%
				20,364					20,364		
<b>Total</b>	<u>7,175</u>	<u>1,205,147</u>		<u>\$ 2,581,736</u>		<u>7,175</u>	<u>1,205,147</u>		<u>\$ 2,581,731</u>		

(a) - (General Service Revenues + Transportation Revenue) x 2.61% Forfeited Discount Rate per Staff Report Case No. 05-0824-GA-AIR

**SECOND AMENDED EXHIBIT E**

## 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

# SECOND AMENDED EXHIBIT F

## PIKE NATURAL GAS COMPANY INCOME STATEMENT FOR THE PERIOD ENDING FEBRUARY 2009

	Fiscal YTD As of 02/2009 (a)	Twelve Months Ended 02/09 (b)
<b>Revenue</b>		
Variable Delivery Revenue	\$ 1,396,200	\$ 1,731,186
Period Delivery Revenue	560,793	813,003
Cost of Gas	7,638,846	9,342,511
Interco Transportation	47,250	54,311
Other Tariff Charges	23,842	28,183
Total Operating Revenues	9,667,031	11,769,194
<b>Operation and Maintenance Expenses</b>		
Salaries and Wages	554,873	602,291
Fringe Benefits	157,420	169,513
Total Compensation	712,293	771,804
Cost of Gas	7,638,846	9,342,511
Operating Material & Supplies	34,849	35,602
Maintenance Material & Supplies	27,037	28,727
Vehicle and Equipment Expense	50,300	53,694
Outside Services	64,813	68,852
Customer Service	244,979	267,392
Bad Debts	2,118	2,375
Other Operations and Maintenance	(40,197)	(42,978)
Rent	22,827	24,489
Other Non Operating Expense	98,759	104,361
Office Supplies and Expenses	50,577	57,781
Insurance and Damages	37,411	41,096
Administrative and General Expenses		
Personnel Costs	185,761	205,096
Professional Services	105,052	116,290
Other A& G Expenses	66,989	73,550
Total Operation and Maintenance Costs	9,302,414	11,150,642
<b>Depreciation Expense</b>	160,303	175,154
<b>Taxes Other Than Income</b>		
Taxes and Licenses	95,978	108,136
Gross Receipts Tax	4,076	(13,743)
Payroll Taxes	43,973	47,270
Total Taxes	144,027	141,663
<b>Federal Income Taxes</b>	17,080	100,848
<b>Total Operating Expenses</b>	9,623,824	11,568,307
<b>Net Operating Income</b>	43,207	200,887
<b>Non Operating Income</b>		
Miscellaneous Income	6,750	6,850
Interest	18,236	20,448
Net Non-Operating Income	(11,486)	(13,598)
<b>Net Income</b>	\$ 31,721	187,289
<b>Rate Base (Net Plant + Work Cap)</b>	\$ 2,852,788	\$ 2,852,788
<b>Rate of Return (Net Oper Inc / Rate Base)</b>	1.51%	7.04%

(a) - Fiscal Year To Date (Fiscal Year Ending 03/09) Per Financial Statements

(b) - Fiscal Year To Date + March 2008 Per Financial Statements

## SECOND AMENDED EXHIBIT G

**PIKE NATURAL GAS COMPANY  
Case No. 08-0941-GA-ALT  
Determination of Proposed Tariff Rates  
Conservation Cost Recovery**

This will Only Apply to GS Sales Service

Annual Conservation Expenditure	\$ 80,000.00
Average Number of GS Customers - Twelve Months Ended 02/28/2009	7,171
Conservation Component Added to Customer Charge	<u>\$ 0.93</u>

Company Supplied Funds	\$ 10,000.00
Total Funds	\$ 90,000.00

Average Number Residential Customers	5,993
Expenditure Per Residential Customer	<u>\$ 15.02</u>

**Adjusted Customer Charges:**

**Residential**

Calculated Rate (Page 1)	\$ 15.00
Conservation Recovery Added	0.93
Residential Customer Charge	<u>\$ 15.93</u>

**Commercial**

Calculated Rate (Page 1)	\$ 50.00
Conservation Recovery Added	0.93
Commercial Customer Charge	<u>\$ 50.93</u>

**SECOND AMENDED EXHIBIT H**

(Page 1 of 4)

**PIKE NATURAL GAS COMPANY  
Case No. 08-0941-GA-ALT  
Average Use Customer  
Residential  
Annual Bill Comparison**

Month	Average Annual Usage	Monthly Bill	
		Current	Proposed
Mar-08	132.2	\$ 140.09	\$ 129.99
Apr-08	74.7	\$ 82.40	\$ 80.77
May-08	30.9	\$ 38.36	\$ 43.18
Jun-08	21.0	\$ 28.44	\$ 34.72
Jul-08	13.6	\$ 20.99	\$ 28.36
Aug-08	13.6	\$ 20.99	\$ 28.36
Sep-08	14.2	\$ 21.61	\$ 28.89
Oct-08	17.3	\$ 24.72	\$ 31.54
Nov-08	50.6	\$ 58.21	\$ 60.12
Dec-08	105.0	\$ 112.80	\$ 106.70
Jan-09	132.2	\$ 140.09	\$ 129.99
Feb-09	159.3	\$ 167.39	\$ 153.28
Total	764.5	\$ 856.09	\$ 855.90

Increase  
% Increase

\$	(0.19)
	0.0%

**Rates:**

	Current Rates	Proposed Rates
Customer Charge	\$ 7.00	\$ 15.93
Commodity	\$ 0.18876	\$ 0.06319
PIPP Rider	\$ 0.03456	\$ 0.01972
Uncollectible Rider	\$ 0.00155	\$ 0.00155
Gross Receipts Rider	4.9587%	4.9587%
GCR - April 2009 (Avg. Hillsboro & Waverly)	\$ 0.73217	\$ 0.73217

**Average Pike Residential Consumption:****Twelve Months Ended 02/28/09**

Ccf Sales	4,581,711
Average Number of Customer Bills	5,993
Average Annual Usage (Ccf)	764.5

# SECOND AMENDED EXHIBIT H

(Page 2 of 4)

## PIKE NATURAL GAS COMPANY Case No. 08-0941-GA-ALT Average Use Customer Residential-Low Use Annual Bill Comparison

Month	Average Annual Usage	Monthly Bill	
		Current	Proposed
Mar-08	66.1	\$ 73.72	\$ 73.35
Apr-08	37.4	\$ 44.88	\$ 48.74
May-08	15.4	\$ 22.85	\$ 29.95
Jun-08	10.5	\$ 17.89	\$ 25.72
Jul-08	6.8	\$ 14.17	\$ 22.54
Aug-08	6.8	\$ 14.17	\$ 22.54
Sep-08	7.1	\$ 14.48	\$ 22.81
Oct-08	8.6	\$ 16.03	\$ 24.13
Nov-08	25.3	\$ 32.78	\$ 38.42
Dec-08	52.5	\$ 60.07	\$ 61.71
Jan-09	66.1	\$ 73.72	\$ 73.35
Feb-09	79.7	\$ 87.37	\$ 85.00
Total	382.3	\$ 472.13	\$ 528.26

Increase  
% Increase

\$	56.13
	11.9%

	Current Rates	Proposed Rates
<b>Rates:</b>		
Customer Charge	\$ 7.00	\$ 15.93
Commodity	\$ 0.18876	\$ 0.06319
PIPP Rider	\$ 0.03456	\$ 0.01972
Uncollectible Rider	\$ 0.00155	\$ 0.00155
Gross Receipts Rider	4.9587%	4.9587%
GCR - April 2009 (Avg. Hillsboro & Waverly)	\$ 0.73217	\$ 0.73217

### Average Pike Residential - Low Use Consumption:

Twelve Months Ended 02/28/09

Ccf Sales	4,581,711
Average Number of Customer Bills	5,993
Average Annual Usage (Ccf)	764.5
Low Use (50%)	382.3

**SECOND AMENDED EXHIBIT H**

(Page 3 of 4)

**PIKE NATURAL GAS COMPANY  
Case No. 08-0941-GA-ALT  
Average Use Customer  
Commercial  
Annual Bill Comparison**

Month	Average Annual Usage	Monthly Bill	
		Current	Proposed
Mar-08	669.5	\$ 679.82	\$ 621.89
Apr-08	378.5	\$ 387.58	\$ 374.86
May-08	156.4	\$ 164.47	\$ 186.27
Jun-08	106.4	\$ 114.19	\$ 143.77
Jul-08	68.8	\$ 76.48	\$ 111.89
Aug-08	68.8	\$ 76.48	\$ 111.89
Sep-08	72.0	\$ 79.62	\$ 114.55
Oct-08	87.6	\$ 95.33	\$ 127.83
Nov-08	256.5	\$ 265.03	\$ 271.27
Dec-08	531.8	\$ 541.56	\$ 505.02
Jan-09	669.5	\$ 679.82	\$ 621.89
Feb-09	807.1	\$ 818.09	\$ 738.76
Total	3,872.9	\$ 3,978.47	\$ 3,929.89

Increase  
% Increase

\$	(48.58)
	-1.2%

	Current Rates	Proposed Rates
<b>Rates:</b>		
Customer Charge	\$ 7.00	\$ 50.93
Commodity	\$ 0.18876	\$ 0.05553
PIPP Rider	\$ 0.03456	\$ 0.01972
Uncollectible Rider	\$ 0.00155	\$ 0.00155
Gross Receipts Rider	4.9587%	4.9587%
GCR - April 2009 (Avg. Hillsboro & Waverly)	\$ 0.73217	\$ 0.73217

**Average Pike Commercial Consumption:****Twelve Months Ended 02/28/09**

Ccf Sales	4,562,322
Average Number of Customer Bills	1,178
Average Annual Usage (Ccf)	3,872.9

# SECOND AMENDED EXHIBIT H

(Page 4 of 4)

## PIKE NATURAL GAS COMPANY AVERAGE USE CUSTOMER TRANSPORTATION ANNUAL BILL COMPARISON

Month	Average Annual Usage			Monthly Bill	
	1st Block	2nd Block	Total	Current	Proposed
Mar-08	500.0	9,985.2	10,485.2	\$ 730.00	\$ 773.04
Apr-08	500.0	6,168.7	6,668.7	\$ 543.25	\$ 589.90
May-08	500.0	5,241.7	5,741.7	\$ 497.89	\$ 545.42
Jun-08	500.0	2,740.1	3,240.1	\$ 375.48	\$ 425.38
Jul-08	500.0	2,744.4	3,244.4	\$ 375.69	\$ 425.58
Aug-08	500.0	2,529.5	3,029.5	\$ 365.18	\$ 415.27
Sep-08	500.0	3,739.9	4,239.9	\$ 424.41	\$ 473.35
Oct-08	500.0	5,626.6	6,126.6	\$ 516.72	\$ 563.89
Nov-08	500.0	6,254.6	6,754.6	\$ 547.45	\$ 594.02
Dec-08	500.0	9,544.3	10,044.3	\$ 708.43	\$ 751.89
Jan-09	500.0	10,776.1	11,276.1	\$ 768.70	\$ 811.00
Feb-09	500.0	8,537.6	9,037.6	\$ 659.16	\$ 703.58
Total	6,000.0	73,888.6	79,888.6	\$ 6,512.36	\$ 7,072.32

Increase

% Increase

\$	559.96
	8.6%

Current Rates	Proposed Rates
---------------	----------------

### Rates:

Customer Charge

\$ 150.00 \$ 200.00

Commodity

1st 500

\$ 0.16000 \$ 0.16000

Over 500

\$ 0.04662 \$ 0.04572

Gross Receipts

4.9587% 4.9587%

# **SECOND AMENDED EXHIBIT I**

## **Proposed Newspaper Notice**

### **LEGAL NOTICE**

Notice is given that Pike Natural Gas Company (Pike) has filed a second amended application with the Public Utilities Commission of Ohio (Case No. 08-941-GA-ALT) proposing that it be allowed to charge to all General Service Residential and Commercial Service customers a monthly customer charge that would move toward a Straight Fixed Variable Methodology. Although there are no Industrial Service or Transportation Service customers receiving service under the tariff, the proposed rate schedules for these classes would be affected. This proposal would first subdivide the General Service rate schedule into a residential class and a commercial class. The proposal would increase the Residential customer charge from \$7.00 per month to \$15.93 per month and the Commercial customer charge from \$7.00 per month to \$50.93 per month. The monthly Industrial Service and Transportation Service tariffed Customer Charges is proposed to be increased from \$150 per month to \$200 per month.

Volumetric rates for Residential and Commercial customers and for Industrial Service and Transportation Service schedules would be reduced. Under this proposal, the average Residential customer using 76.45 MCF per year would see a slight decrease in his monthly gas bill; the average low use Residential customer using 38.23 MCF per year would see an increase in the monthly bill of 11.9%; and the average Commercial customer using 387.29 MCF per year would see a decrease in the monthly gas bill of 1.2%.

This proposal will change Pike's rate design from a structure where the Company's opportunity to earn its allowed return is dependent upon sales volumes to a structure which is less dependent on sales volumes.

A Demand Side Management program is proposed that will enable Pike to produce approximately \$90,000 annually in order to promote energy conservation for high usage Percentage of Income Payment Plan (PIPP) Residential customers.

Any interested person, firm, corporation or entity desiring an oral hearing in this matter should file a request with the Commission stating that the reasons for the request, along with a Motion to Intervene in the aforementioned case, on or before \_\_\_\_\_, 2009. Unless the Commission receives such a request for an oral hearing and an accompanying Motion to Intervene, the case will be decided on the basis of the information contained in the pleadings and the attached Exhibits. Further information about this proposal (Case No. 08-941-GA-ALT) may be obtained by contacting the Public Utilities Commission of Ohio, 180 East Broad Street, Columbus, Ohio 43215-3793, by viewing the Commission's web page at <http://www.puc.state.oh.us>, or by contacting the Commission's hotline at 1-800-686-7826. The hearing impaired can reach the Commission via TTY-TDD at 1-800-686-1570 or in Columbus at 466-8180.

**SECOND AMENDED EXHIBIT J**

2. General Service Residential Rate – GSR

Availability. Available and applicable to all residential customers who consume gas for household purposes and 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 \$15.93 for each customer location.

Plus \$0.06319 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: May 1, 2009

Effective: \_\_\_\_\_, 2009

Filed Under Authority of Case No. 08-941-GA-ALT  
Issued by the Public Utilities Commission of Ohio

Issued by Brian R. Jonard, President

2A. General Service Commercial Rate – GSC

Availability. Available and applicable to all non-residential and commercial customers who consume gas for non-household purposes, who do not qualify for the Industrial Service Rate (IS), and 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 \$50.93 for each customer location.

Plus \$0.05553 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: May 1, 2009

Effective: \_\_\_\_\_, 2009

Filed Under Authority of Case No. 08-941-GA-ALT  
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 \$0.16000 per Ccf for the first 5000 Ccf per account per month;  
Plus \$0.04572 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: May 1, 2009

Effective: \_\_\_\_\_, 2009

Filed Under Authority of Case No. 08-941-GA-ALT  
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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 \$0.16000 per Ccf for the first 5,000 Ccf per account per month;  
Plus \$0.04572 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: May 1, 2009

Effective: \_\_\_\_\_, 2009

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