

FILE

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

APPLICATION NOT FOR AN INCREASE IN RATES,  
PURSUANT TO SECTION 4909.18, REVISED CODE

14  
RECEIVED-DOCKETING DIV  
2009 MAY -7 PM 4:56  
PUCO

IN THE MATTER OF THE APPLICATION OF )  
THE OHIO GAS COMPANY FOR AUTHORITY )  
TO ESTABLISH A GAS STORAGE CREDIT )  
RIDER APPLICABLE TO TRANSPORTATION )  
RATES. )

CASE NO. 09-398-GA-ATA  
89-8015-GA-TRF

1. APPLICANT RESPECTFULLY PROPOSES: (Check applicable proposals)

<input type="checkbox"/> New Service	<input type="checkbox"/> Change in Rule/Regulation
<input type="checkbox"/> New Classification	<input type="checkbox"/> Reduction in Rates
<input type="checkbox"/> Change in Classification	<input type="checkbox"/> Correction of Error
<input checked="" type="checkbox"/> Other, not involving increase in rates	

2. DESCRIPTION OF PROPOSAL

As of March 1, 2009, all of the distribution customers of Ohio Gas Company ("Ohio Gas") are receiving gas commodity as customers of Ohio Gas Community Energy Partnership ("CEP") Program. That is, Ohio Gas has no gas cost recovery ("GCR") customers and has, therefore, exited the merchant function. The consequential effect to Ohio Gas Company is that no GCR financial audits or management performance audits will be performed for the periods for which Ohio Gas has no GCR customers. Additionally, consistent with the exemptions in Section 4935.04(A)(1)(b), Revised Code, Ohio Gas Company will not be required to file Long Term Forecast Reports with the Commission. Parenthetically, this result is consistent with the exemption the Commission is required to provide to natural gas companies that qualify for exemption from regulation of commodity sales service pursuant to Section 4929.04(A), Revised Code. Finally, Ohio Gas will cease making quarterly GCR filings and monthly filings to adjust its Expected Gas Cost ("EGC") for periods during which it has no GCR customers. Ohio Gas notes that it will continue to be subject to annual financial audits of its Uncollectible Expense Rider.

Imbedded in Ohio Gas distribution rates is an amount to reflect the return on gas storage costs. These are the distribution rates paid by General Service and Transportation (including CEP) customers for delivery of gas by Ohio Gas to their premises. By this application, Ohio Gas seeks authority to establish a Gas Storage Credit Rider which will be applicable so long as the CEP Program exists

by which it will credit customers using General Service and Transportation service an amount representing the gas storage return amount imbedded in their bills. The amount of this credit will be \$0.00535 per Ccf.

3. TARIFFS AFFECTED:

Gas Service, Ninth Revised Sheet No. 2

4. Attached hereto and made a part hereof are: (Check applicable Exhibits)

☒ Exhibit A - existing schedule sheets (to be superseded) if applicable

☒ Exhibit B - proposed schedule sheets

☒ Exhibit B-1 – Red-lined tariff sheets showing changes made to existing tariffs

☐ Exhibit C-1

(a) if new service is proposed, describe;

(b) if new equipment is involved, describe (preferably with a picture, brochure, etc.) and where appropriate, a statement distinguishing proposed service from existing services;

(c) if proposed service results from customer requests, so state giving if available, the number and type of customers requesting proposed service.

☐ Exhibit C-2 - if a change of classification, rule or regulation is proposed, a statement explaining reason for change.

☒ Exhibit C-3 statement explaining reason for any proposal not covered in Exhibits C-1 or C-2.

5. This application will not result in an increase in any rate, joint rate, toll, classification, charge or rental.

6. Ohio Gas Company respectfully requests the Commission to permit the filing of the proposed schedule sheets, to become effective on the date, subsequent to filing, to be shown on the proposed schedule sheets which will be filed with the Commission; and to be in the form of the schedule sheets in Exhibit B modified by any further revisions that have become effective prior to the effective date of the proposed schedule sheets.



---

Gretchen J. Hummel

McNees Wallace & Nurick LLC

Fifth Third Center

21 East State Street, 17<sup>th</sup> Floor

Columbus, OH 43215

Telephone: 614-469-8000

Telecopier: 614-469-4653

ghummel@mwncmh.com

**Attorney for Ohio Gas Company**

## **EXHIBIT A**

OHIO GAS COMPANY

Ninth Revised Sheet No. 2  
(Cancels Eighth Revised Sheet No. 2)

---

P.U.C.O. No. 1

**FEDERAL INCOME TAX BASE RATE CREDIT RIDER:**

For so long as the Federal Income Tax Rate applicable to corporations is 34%, the base rate specified on Ninth Revised Sheet 1 or its successors, shall be reduced by 6.7 cents per Mcf.

**INTERIM EMERGENCY AND TEMPORARY RIDER FOR RECOVERY OF PERCENTAGE OF INCOME PAYMENT PLAN ARREARAGES:**

In addition to all other rates and charges applicable to service provided under the General Service Rate, customers receiving service pursuant to said rate shall pay an additional amount per Mcf. The monthly charge may be revised in accordance with the Public Utilities Commission of Ohio's order in Case No. 87-244-GE-UNC. The current recovery of Percentage of Income Payment Plan Arrearages is \$0.0440 per Mcf billed.

**BAD CHECK CHARGE**

In the event a customer supplies Ohio Gas Company with a check or other instrument for which the customer does not have sufficient funds to permit Ohio Gas Company to obtain cash in exchange for such check or instrument, an additional charge of \$10.00 shall be added to the billed amount.

---

Issued: December 21, 2007

Effective: January 1, 2008

Filed Under Authority of Case No. 07-1109-GA-PIP

Issued by Richard P. Hallett, President

Bryan, Ohio

## **EXHIBIT B**

---

P.U.C.O. No. 1

**FEDERAL INCOME TAX BASE RATE CREDIT RIDER:**

For so long as the Federal Income Tax Rate applicable to corporations is 34%, the base rate specified on Ninth Revised Sheet 1 or its successors, shall be reduced by 6.7 cents per Mcf.

**INTERIM EMERGENCY AND TEMPORARY RIDER FOR RECOVERY OF PERCENTAGE OF INCOME PAYMENT PLAN ARREARAGES:**

In addition to all other rates and charges applicable to service provided under the General Service Rate, customers receiving service pursuant to said rate shall pay an additional amount per Mcf. The monthly charge may be revised in accordance with the Public Utilities Commission of Ohio's order in Case No. 87-244-GE-UNC. The current recovery of Percentage of Income Payment Plan Arrearages is \$0.0440 per Mcf billed.

**BAD CHECK CHARGE**

In the event a customer supplies Ohio Gas Company with a check or other instrument for which the customer does not have sufficient funds to permit Ohio Gas Company to obtain cash in exchange for such check or instrument, an additional charge of \$10.00 shall be added to the billed amount.

**GAS STORAGE CREDIT RIDER**

The Gas Storage Credit Rider is applicable to all volumes served under the General Service and Transportation Rates for as long as Ohio Gas Company's Community Energy Partnership Program is in operation. The amount of the rider is \$0.00535 per Ccf.

---

Issued: \_\_\_\_\_

Effective: \_\_\_\_\_

Filed Under Authority of Case No. 09-\_\_\_\_-GA-ATA

Issued by Richard P. Hallett, President

Bryan, Ohio

**EXHIBIT B-1**



OHIO GAS COMPANY

Tenth Ninth Revised Sheet No. 2  
(Cancels Ninth Revised Sheet No. 2)

Formatted: Left

P.U.C.O. No. 1

**FEDERAL INCOME TAX BASE RATE CREDIT RIDER:**

For so long as the Federal Income Tax Rate applicable to corporations is 34%, the base rate specified on Ninth Revised Sheet 1 or its successors, shall be reduced by 6.7 cents per Mcf.

**INTERIM EMERGENCY AND TEMPORARY RIDER FOR RECOVERY OF PERCENTAGE OF INCOME PAYMENT PLAN ARREARAGES:**

In addition to all other rates and charges applicable to service provided under the General Service Rate, customers receiving service pursuant to said rate shall pay an additional amount per Mcf. The monthly charge may be revised in accordance with the Public Utilities Commission of Ohio's order in Case No. 87-244-GE-UNC. The current recovery of Percentage of Income Payment Plan Arrearages is \$0.0440 per Mcf billed.

**BAD CHECK CHARGE**

In the event a customer supplies Ohio Gas Company with a check or other instrument for which the customer does not have sufficient funds to permit Ohio Gas Company to obtain cash in exchange for such check or instrument, an additional charge of \$10.00 shall be added to the billed amount.

**GAS STORAGE CREDIT RIDER**

The Gas Storage Credit Rider is applicable to all volumes served under the General Service and Transportation Rates for as long as Ohio Gas Company's Community Energy Partnership Program is in operation. The amount of the rider is \$0.00535 per Ccf.

Issued: December 21, 2007 Effective: January 1, 2008

Filed Under Authority of Case No. 097- 1100-GA-ATAPIR

Issued by Richard P. Hallett, President

Bryan, Ohio

**EXHIBIT C-3**

In 1997, Ohio Gas initiated the Community Energy Partnership ("CEP") Program which is a home rule community-based opt-out aggregation program. All of the communities served by Ohio Gas participate in this program which "allows participating municipalities to purchase and resell gas commodity, interstate pipeline capacity, storage capacity and peaking services on behalf of its citizens located within its municipal boundaries and customers located outside its municipal boundaries within a school district."<sup>1</sup> At the present time, all municipalities served have selected Ohio Gas Energy Services to perform these gas procurement functions. As of March 1, 2009, all Ohio Gas customers are CEP customers. This means that Ohio Gas has no sales customers and is, therefore, no longer providing a merchant function. Accordingly, Ohio Gas' last gas cost recovery ("GCR") audit period for both financial and management/performance audit purposes should end on February 28, 2009. Additionally, Section 4935.04(C) requires long-term forecast filings for natural gas companies "owning or operating a major facility within this state, or furnishing gas, natural gas, or electricity directly to more than fifteen thousand customers within this state annually shall furnish a report to the commission for its review." Ohio Gas has no major facilities as defined by Section 4935.04(A)(1)(b), Revised Code, and furnishes natural gas to no customers. Therefore, Ohio Gas is not required to file long term forecast reports. Also, Ohio Gas will not make quarterly GCR filings and monthly filings to adjust its Expected Gas Cost ("EGC") for periods during which it has no GCR

---

<sup>1</sup> See *In the Matter of the Regulation of the Purchased Gas Adjustment Clause Contained Within the Rate Schedules of Ohio Gas Company and Related Matters*, Opinion and Order (September 5, 2002), Management/Performance Audit, Page 37.

customers. Ohio Gas notes that it continues to be subject to annual financial audits of its Uncollectible Expense Rider. All services and programs offered by Ohio Gas applicable to distribution or commodity service or both, including its percentage of income payment plan, remain available to Ohio Gas customers.

General Service and CEP customers are subject to Ohio Gas General Service Rate Tariff, Fifteenth Revised Sheet No.1 and Transportation Rates Tariff, First Revised Sheet No. 16, respectively, for the delivery of gas commodity. Imbedded in these distribution rates is an amount that reflects a return on natural gas storage costs. Ohio Gas proposes to establish a Gas Storage Credit Rider, in the amount of \$0.00535 per Ccf, applicable to customers served pursuant to Fifteenth Revised Sheet No. 1 and First Revised Sheet No. 16 by which they will be credited an amount representing the gas storage return amount imbedded in their bills. The calculation supporting the amount of the Gas Storage Credit Rider rate is attached hereto as Attachment 1. This credit will be in effect only so long as the CEP Program is in operation.

**Attachment 1  
(to Exhibit C-3)**

**Calculation of impact of working capital adjustment for gas storage**

Working capital amount	\$1,829,282
Stipulated ROR	11.93%
Revenue requirement impact before taxes	\$218,233

Tax gross-up is equal to the GRCF	1.61518
-----------------------------------	---------

Grossed up revenue requirement	\$352,487
--------------------------------	-----------

**Calculation of reduction to base rates:**

Reduction to revenue requirements	\$352,487
-----------------------------------	-----------

Annual Mcf sales per latest GCR filing	6,592,118
--	-----------

Reduction per Mcf	\$0.05347
-------------------	-----------

Reduction per Ccf	\$0.00535
-------------------	-----------

**GRCF Calculation**

Gross Revenue	100.00000
---------------	-----------

Ohio Gross Receipts Tax @ 4.75%	4.75000
---------------------------------	---------

Income before FIT	95.25000
-------------------	----------

FIT @ 35%	33.33750
-----------	----------

Operating Income Percentage	61.91250
-----------------------------	----------

GRCF	1.61518
------	---------