

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :
 Regulation of the :
 Purchased Gas Adjustment :
 Clause Contained Within : Case No. 10-213-GA-GCR
 the Rate Schedules of :
 Piedmont Natural Gas :
 Company, and Related :
 Matters. :

- - -

PROCEEDINGS

before Mr. Kerry K. Sheets, Hearing Examiner, at the
 Public Utilities Commission of Ohio, 180 East Broad
 Street, Room 11-C, Columbus, Ohio, called at 10:00
 a.m. on Wednesday, November 24, 2010.

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| Piedmont Natural Gas Company, | : | |
| and Related Matters. | : | |

JOINT STIPULATION AND RECOMMENDATION

This case is before the Public Utilities Commission of Ohio (Commission) pursuant to Rules 4901:1-14-07 and 4901:1-14-08, Ohio Administrative Code (O.A.C.), for review of the Audit of the Gas Cost Recovery Mechanism of Piedmont Natural Gas Company for the Effective GCR Period June 1, 2008 through May 31, 2010 (Audit Report) prepared by the Staff of the Commission (Staff) and filed herein on August 17, 2010. Piedmont Natural Gas Company (Piedmont) has reviewed the Audit Report and agrees with and endorses all of the Staff findings and recommendations contained therein.

Rule 4901-1-30, O.A.C., provides that any two or more parties to a proceeding may enter into a written or oral stipulation concerning the issues presented in any Commission proceeding. Pursuant to Rule 4901-1-10(C), O.A.C., the Staff is considered a party for the purposes of entering into a stipulation under Rule 4901-1-30, O.A.C.

There being no matters in dispute between Piedmont and the Staff (collectively, "parties"), Piedmont stipulates and the Staff recommends as follows:

1. That Piedmont is a natural gas company within the meaning of Ohio Rev. Code Section 4905.03(A)(5), and, as such, is a public utility subject to the jurisdiction and supervision of the Commission
2. This case is properly before the Commission pursuant to Rule 4901:1-14-08, O.A.C., and the Commission has jurisdiction to determine the issues involved pursuant to Section 4905.302, Revised Code.
3. Pursuant to Rule 4901:1-14-07, O.A.C., the Staff conducted an audit of the Company and compiled its findings in a document entitled, "Financial Audit of the Gas Cost Recovery Mechanisms for the Effective GCR Periods June 1, 2008 through May 31, 2010 (hereinafter "Audit Report"). The Audit Report was filed with the Docketing Division of the Commission on August 17, 2010. The Audit Report should be identified and admitted into evidence as "Commission-Ordered Exhibit 1."
4. The Commission should adopt the findings contained in the Audit Report.
5. As stated in the Audit Report, Piedmont fairly and accurately calculated the GCR rates for the effective three-month periods ending August 31 and November 30, 2008; February 28, May 31, August 31, November 30, 2009; and February 28 and May 31, 2010, in accordance with the

financial procedural aspects of Chapter 4901:1-14 and related appendices of the O.A.C., except for those instances noted in the Audit Report.

6. Piedmont agrees to implement the Staff's recommendations contained in the Audit Report. More specifically, Piedmont agrees to the following audit recommendations:
 - a. Piedmont will re-verify purchase and sales volumes prior to making its monthly GCR filings with the Commission.
 - b. Piedmont will make a reconciliation adjustment in the amount of \$32,520 in the customers' favor to account for errors made in the actual adjustment. This adjustment will be applied in the first GCR filing following the Opinion and Order in this case.
 - c. Piedmont will make a reconciliation adjustment in the amount of \$152,657 in the customers' favor to account for errors made in the balance adjustment. This adjustment will be applied in the first GCR filing following the Opinion and Order in this case.
 - d. Piedmont will email its GCR filings to Staff for review at least one week prior to filing them with the Commission.
7. Piedmont's level of unaccounted for gas for the audit period under review is reasonable and within the requirements of the Commission rules. [Audit Report at 13.]

8. Rule 4901:1-14-08(C), O.A.C., requires that the subject natural gas company publish notice of the hearing in its GCR audit proceeding at least fifteen and not more than thirty days prior to the scheduled date of the hearing by: (1) a display ad in a newspaper or newspapers of general circulation throughout its service area; (2) a bill message or bill insert included with the customer bills; or (3) a separate direct mailing to customers. Piedmont has caused notice to be published by a bill insert included with its customer bills. Proof of publication, designated as Piedmont Exhibit 1, shall be submitted by Piedmont, and should be admitted into evidence and made a part of the record of this proceeding. The Commission should find that the manner of publication described therein complies with Rule 4901:1-14-08(C)(1), O.A.C.
9. This Joint Stipulation and Recommendation should be adopted and admitted into evidence as "Joint Exhibit 1," and made a part of the record of this proceeding. Although the parties recognize that this Stipulation is not binding upon the Commission, the parties respectfully submit that this Stipulation, which has been executed by the parties to this proceeding, is supported by the record, represents a just and reasonable resolution of the issues involved, violates no regulatory principle or precedent, and is in the public interest.

10. The agreement of the parties reflected in this Stipulation is expressly conditioned upon its acceptance without material modification by the Commission. In the event the Commission should reject or materially modify all or any portion of this Stipulation, or impose additional conditions or requirements, each party shall have the right, within thirty (30) days of the Commission's order, to either file an application for rehearing or terminate and withdraw the Stipulation by filing a notice with the Commission. Upon rehearing, either party shall have the right within fifteen (15) days of the Commission's order on rehearing to file a notice of termination or withdrawal of the stipulation. Upon notice of termination or withdrawal pursuant to the above provisions, the Stipulation shall immediately become null and void. In such an event, a hearing shall go forward and the parties shall be afforded the opportunity to present evidence through witnesses, to cross-examine all witnesses, to present rebuttal testimony, and to file briefs on all issues. The proceeding shall be decided based upon the record and briefs as if this Stipulation had never been executed.
11. The parties agree that the foregoing Stipulation is in the best interests of the parties, and urge the Commission to adopt the same.

WHEREFORE, Piedmont and the Staff respectfully request that the foregoing Stipulation be adopted.

In witness whereof, the parties have manifested their consent to this Joint
Stipulation and Recommendation affixing their signatures below on this 24th day of
November, 2010.

**On Behalf of the Staff of the Public
Utilities Commission of Ohio**


**On Behalf of Piedmont Natural Gas
Company**

Werner L. Margard III
Assistant Attorney General
180 E. Broad St., 6th Floor
Columbus, OH 43215
(614) 466-4395

[per authorization]
Rick Mako
Piedmont Natural Gas Company
159 Stonecreek Rd. NW
New Philadelphia, OH 44663
(330) 339-5454


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