

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of	:	
Eastern Natural Gas Company for	:	Case No. 13-307-GA-UEX
Approval of an Adjustment to its	:	
Uncollectible Expense Rider Rate.	:	

In the Matter of the Application of	:	
Pike Natural Gas Company for	:	Case No. 13-314-GA-UEX
Approval of an Adjustment to its	:	
Uncollectible Expense Rider Rate.	:	

STIPULATION AND RECOMMENDATION

I. BACKGROUND

Rule 4901-1-30 of the Ohio Administrative Code (“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 such proceeding. Pursuant to Rule 4901-1-10(C), O.A.C., the Staff of the Public Utilities Commission of Ohio (“Staff”) is considered a party for the purpose of entering into a stipulation under Rule 4901-1-30 of the O.A.C.

The purpose of this document is to set forth the understanding of Eastern Natural Gas Company (“Eastern”) and Pike Natural Gas Company (“Pike”), or, collectively, the “Companies” and the Staff (collectively, the “Signatory Parties”) and to resolve all issues.

II. STIPULATION AND RECOMMENDATION

A. It is understood by the Signatory Parties that this Stipulation and Recommendation is not binding upon the Public Utilities Commission of Ohio (“Commission”). However, the agreement contained herein is supported by information provided in the Staff’s

Audit of the Uncollectible Expense Mechanisms of Eastern Natural Gas Company and Pike Natural Gas Company for the Periods January, 2011 through December, 2012, filed in these proceedings on September 6, 2013. This was the Staff's fourth audit of Eastern and Pike uncollectible expense rider (UEX). The Companies started their deferral of uncollectible expenses in 2004 with Commission approval in Case Nos. 04-1619-GA-UEX and 04-1339-GA-UEX. The Staff's prior audits captured the years 2004 through 2006 in Case Nos. 07-512-GA-UEX and 07-513-GA-UEX, followed by audits of the 2007 and 2008 calendar years in Case Nos. 09-367-GA-UEX and 09-368-GA-UEX, and the audits of 2009 and 2010 calendar years in Case Nos. 11-307-GA-UEX and 11-314-GA-UEX. The Stipulation and Recommendation is based upon the Signatory Parties' desire to arrive at a reasoned and reasonable result considering the law, facts and circumstances. Accordingly, the Signatory Parties believe this Stipulation and Recommendation should be given careful consideration by the Commission and should be adopted.

B. This Stipulation and Recommendation is submitted for the purpose of these cases and should not be understood to reflect the positions that either the Staff or the Companies would have taken if all the issues in these proceedings were litigated. As is the case with most Stipulations and Recommendations reviewed by the Commission, the willingness of the Staff and the Companies to jointly sponsor this document is predicated on the reasonableness of the Stipulation and Recommendation taken as a whole.

C. This Stipulation and Recommendation is submitted subject to the condition that the Commission adopts each and every item specifically set forth below. In the event this condition is not satisfied, at the option of any of the parties who so request, this Stipulation and Recommendation may be withdrawn, in which event it shall not be regarded in any way as part

of the record in these proceedings and shall not be used for any purpose in these or any other proceedings. In the event said condition is not satisfied, it is understood that the Signatory Parties shall be entitled to fully litigate, including all rights of appeal, all issues which each has attempted to resolve herein just as though this Stipulation and Recommendation had never been submitted and the proceeding begun anew.

D. In order to resolve all the issues raised in these proceedings, the agreement set forth below is offered for the Commission's consideration.

III. FINDINGS AND RECOMMENDATIONS

A. The Signatory Parties agree and recommend that:

1. The Staff compared the Adjustment to Write-off monthly write-off amount to the write-offs filed by the Companies in Case Nos. 12-307-GA-UEX, 13-307-GA-UEX, 12-314-GA-UEX and 13-314-GA-UEX and found no differences.

2. The Staff verified that the Companies properly credited the Account Write-off Assessment Journals (Adjustment to Write-off) monthly balance. The Staff found in its samples that when a customer paid on their account, the Companies properly credited the customer's account balance and decreased the Adjustment to Write-off.

3. In this audit, the Staff examined the invoices from collection agencies and the amounts placed for recovery through the Companies UEX riders and found the amounts matched.

4. Currently (and historically), the Companies' filing on the Annual Balance Reconciliation schedule does not separate "Recovery-Other" from "Bad Debts Written Off" and "Collection Expenses". The reason for not identifying a separate line item for Recovery-Other was due, in part, to the limitation of the Companies' computer system. In 2013, the Companies were acquired by a new owner. As a result of this change in ownership, the Companies in July

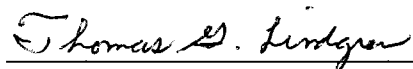
2013 implemented a new computer system. The Staff recommended, and the Companies agreed to implement, starting with July 2013 a separation of the components to include Recovery-Other as a separate line item. This line item should include customer payments received after disconnection and collection agency remittance net of fees.

IV. PROCEDURAL MATTERS

A. The Signatory Parties agree that the Audit of the Uncollectible Expense Mechanisms, filed on September 6, 2013, should be deemed to be part of the records in these cases and further agree to waive their right to conduct cross-examination of the sponsor of each document provided this Stipulation and Recommendation is adopted by the Commission.

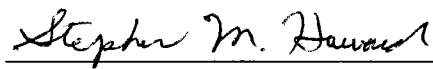
B. The Signatory Parties agree and intend to support the reasonableness of this Stipulation and Recommendation before the Commission and in any appeal from the Commission's adoption or enforcement of this Stipulation and Recommendation. If not finally adopted by the Commission or if rejected by any appellate court, this Stipulation and Recommendation shall not prejudice any of the positions taken by any party before the Commission in these or any other proceeding, is not an admission of fact by any of the parties, and shall not be admissible evidence in this or any other proceedings. This Stipulation and Recommendation is submitted for purposes of these cases only, and may not be relied upon or used in any other proceeding except as necessary to enforce the terms of this Stipulation and Recommendation.

Executed this 31st Day of October, 2013.



On Behalf of the Staff of the
Public Utilities Commission of Ohio
as per telephonic authorization

Thomas G. Lindgren
Assistant Attorney General
Public Utilities Section
Public Utilities Commission of Ohio
180 East Broad Street, 6th Floor
Columbus, Ohio 43215



On Behalf of
Eastern Natural Gas Company
Pike Natural Gas Company

Stephen M. Howard
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street, P. O. Box 1008
Columbus, Ohio 43216-1008
(614) 464-5401
smhoward@vorys.com

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/31/2013 3:53:33 PM

in

Case No(s). 13-0307-GA-UEX, 13-0314-GA-UEX

Summary: Stipulation Stipulation and Recommendation electronically filed by Mr. Stephen M Howard on behalf of Eastern Natural Gas Company and Pike Natural Gas Company