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JOINT EXHIBIT 1

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation of the Purchased Gas Adjustment Clause Contained Within the Rate Schedules of Foraker Gas Company, Inc. and Related Matters.	:	**Case No. 17-204-GA-GCR**

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 ("OAC") for review of the *Financial Audit of the Gas Cost Recovery Mechanisms for the Period of February 2015 through January 2017* ("Staff Report") prepared by the Commission staff ("Staff") and filed herein on August 18, 2017. Foraker Gas Company, Inc. ("Foraker") has reviewed the Staff Report, endorses the Staff findings and recommendations contained therein, and agrees to abide by those findings and recommendations. There being no matters in dispute, Foraker and Staff (individually, a "Party," collectively, the "Parties")[1] hereby submit this Stipulation and Recommendation ("Stipulation") pursuant to Rule 4901-1-30, OAC, as their agreed resolution of all issues in the instant proceeding.

Although the Parties recognize that this Stipulation is not binding upon the Commission, the Parties respectfully submit that this Stipulation, which is not opposed by any Party 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.

[1] Staff is considered a party for purposes of entering into stipulations by virtue of Rule 4901-1-10(C), OAC.

Accordingly, this Stipulation is entitled to careful consideration and should be adopted by the Commission.

The agreement of the Parties reflected in this Stipulation is expressly conditioned upon its acceptance without material modification by the Commission. If the Commission rejects or modifies all or any part of this Stipulation or imposes additional conditions or requirements upon the Parties, each Party shall have the right, within thirty (30) days of issuance of the Commission's order, to file an application for rehearing or to terminate and withdraw the Stipulation by filing a notice with the Commission. Upon rehearing, either Party may terminate and withdraw the Stipulation by filing a notice with the Commission within thirty (30) days of the Commission's order on rehearing.

Upon notice of termination and withdrawal by either Party pursuant to the above provisions, the Stipulation shall immediately become null and void. In such 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 brief all issues, which shall be decided by the Commission based upon the record and briefs as if this Stipulation had never been executed.

Subject to the terms and conditions set forth herein, the Parties hereto agree, stipulate, and recommend that the Commission find as follows:

1. Foraker is a public utility within the definition of Section 4905.02, Revised Code, and a natural gas company within the meaning of Section 4905.03(E), Revised Code, and, as such, is subject to the jurisdiction and supervision this Commission pursuant to Sections 4905.04, 4905.05, and 4905.06, Revised Code.

2. Section 4905.302, Revised Code, and Rule 4901:1-14-07, OAC, require that the Commission conduct, or cause to be conducted, periodic financial audits of each natural gas company. This matter is properly before the Commission pursuant to said statute and rule, and the Commission has jurisdiction to determine the issues involved.

3. By entry dated February 1, 2017, the Commission directed its Staff to conduct an audit of the operation of the Foraker gas cost recovery ("GCR") rate for the period February 1, 2015 through January 31, 2017. Pursuant to this directive, Staff performed such an audit and filed its Staff Report containing its findings and recommendations in this docket on August 18, 2017. The Staff Report shall be designated as Commission-Ordered Exhibit 1 and admitted into evidence in this proceeding.

4. This Stipulation shall be designated as Joint Exhibit 1 and admitted into evidence in this proceeding.

5. Rule 4901:1-14-08(C), OAC, requires that the subject natural gas company publish notice of the hearing in its GCR audit proceeding at least fifteen (15) but not more than thirty (30) 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. Foraker has elected to provide notice of the hearing in this case by newspaper publication as authorized by Rule 4901:1-14-08(C)(1), OAC, and caused the legal notice in the form prescribed by the Commission to be published September 27, 2017 in *The Perry County Tribune*, a newspaper of general circulation throughout its service area. The publisher's affidavit attesting to the

publication of the legal notice shall be designated as Foraker Exhibit 1 and admitted into evidence in this proceeding.

6. As discussed in the Staff Report, Foraker accurately calculated the monthly GCR rates for the period covered by the audit, subject to two exceptions.

7. First, as explained in Section III of the Staff Report, in Foraker's previous GCR audit proceeding (Case No. 15-204-GA-GCR), Staff determined that there were significant differences between purchased and sales volumes during the period covered by the audit. After conducting an investigation, Foraker determined that these differences were primarily caused by the malfunction of the meter of one of its industrial customers, which resulted in the meter reading fast (i.e. registering more gas going through the meter than was actually delivered). Due to this meter malfunction, sales/special contract volumes were overstated for the audit period in that case. Foraker replaced the malfunctioning meter in August 2015, and determined that total sales volumes for May, June, and July 2015 should be restated to account for the impact of the meter malfunction on sales/special contract volumes for those months. However, although Foraker documented these adjustments in its records, Foraker failed to include the adjustments in its quarterly filing for the months in question. As noted in Section IV of the Staff Report, Staff accounted for the May, June and July 2015 adjustments as a part of its audit, resulting in an $802 difference between Staff's actual adjustment ("AA") calculations and the AA calculations previously submitted by Foraker. Accordingly, Staff recommends a reconciliation adjustment of $802 in Foraker's favor shown on Table I of the Staff Report.

8. Second, as detailed on Table II in Section V of the Staff Report, the Staff determined that Foraker incorrectly identified the sales volumes for certain months during the

audit period. Substituting the corrected volumes resulted in a Staff-recommended balance adjustment ("BA") for over-recovery in the customers' favor of $2,326.

9. Foraker agrees with and accepts the Staff-recommended reconciling AA and BA adjustments described in Paragraphs 7 and 8 above. Foraker will reflect the net amount of these adjustments, or ($1,524), in its first quarterly GCR filing following the Commission's Order in this case.

10. The Parties agree and recommend that the Commission adopt this Stipulation as its resolution of the issues presented by this case and find that, subject to the exceptions noted in Paragraphs 7 and 8 above, Foraker's GCR rates during the audit period were fair, just, and reasonable.

The undersigned hereby represent that they are authorized to enter into this Stipulation on behalf of Foraker and Staff, respectively, on this 12th day of October 2017.

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