

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Regulation of the
Purchased Gas Adjustment Clauses
Contained Within the Rate Schedules of:

Eastern Natural Gas Company
Pike Natural Gas Company
and Related Matters.

Case No. 17-0207-GA-GCR
Case No. 17-0214-GA-GCR

In the Matter of the Uncollectible Expense
Riders of:

Eastern Natural Gas Company
Pike Natural Gas Company
and Related Matters.

Case No. 17-0307-GA-UEX
Case No. 17-0314-GA-UEX

In the Matter of the Percentage of Income
Payment Plan Riders of:

Eastern Natural Gas Company
Pike Natural Gas Company
and Related Matters.

Case No. 17-0407-GA-PIP
Case No. 17-0414-GA-PIP

JOINT STIPULATION AND RECOMMENDATION

These cases are before the Public Utilities Commission of Ohio (Commission) pursuant to Ohio Admin. Code Rules 4901:1-14-07 and 4901:1-14-08 for review of the following audits: (1) the Financial Audit of the Gas Cost Recovery (GCR) Mechanisms of Eastern Natural Gas Company and Pike Natural Gas Company for the Effective GCR Periods January 1, 2015 through December 31, 2016 (GCR Audit) prepared by the Staff of the Commission (Staff) and filed in Case Nos. 17-207-GA-GCR and 17-214-GA-GCR

on December 15, 2017; (2) the Audit of the Uncollectible Expense (UEX) Mechanisms of Eastern Natural Gas Company for the period January 2015 through December 2016 (Eastern UEX Audit) filed in Case No. 17-307-GA-UEX on December 15, 2017; (3) the Audit of the Uncollectible Expense (UEX) Mechanisms of Pike Natural Gas Company for the period January 2015 through December 2016 (Pike UEX Audit) filed in Case No. 17-314-GA-UEX on December 15, 2017; and (4) the Audit of the Percentage of Income Payment Plans (PIPP) of Eastern Natural Gas Company and Pike Natural Gas Company for the period January 2015 through December 2016 (PIPP Audit) filed in Case Nos. 17-407-GA-PIP and 17-414-GA-PIP on December 15, 2017. Eastern Natural Gas Company (Eastern) and Pike Natural Gas Company (Pike) have each reviewed all three Audit Reports for their respective companies and, for the purpose of reaching this Stipulation only, agree with and endorse the Staff conclusions and recommendations contained therein, except as otherwise agreed to herein.

Ohio Admin. Code Rule 4901-1-30 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 Ohio Admin. Code Rule 4901-1-10(C), the Staff is considered a party for the purposes of entering into a stipulation under Ohio Admin. Code Rule 4901-1-30.

There being no matters in dispute between Eastern and Pike and the Staff (collectively, “parties”), Eastern, and Pike stipulate, and the Staff recommends, as follows:

A. **Eastern GCR Audit**

1. That Eastern is a natural gas company within the meaning of Ohio Rev. Code §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 Ohio Admin. Code Rule 4901:1-14-08 and the Commission has jurisdiction to determine the issues involved pursuant to Ohio Rev. Code §4905.302.
3. Pursuant to Ohio Admin Code Rule 4901:1-14-07, the Staff conducted an audit of Eastern and compiled its findings in a document entitled, “Financial Audit of the Gas Cost Recovery Mechanisms for the Effective GCR Periods January 1, 2015 through December 31, 2016.” The audit report, which contains the Gas Cost Recovery (“GCR”) audits and Staff findings and recommendations for both Eastern and Pike, was filed with the Docketing Division of the Commission on December 15, 2017. The joint GCR Audit Report should be identified and admitted into evidence as “Commission-Ordered Exhibit 1.”
4. Eastern’s GCR rates were fairly determined in accordance with the provisions of Ohio Admin. Code Chapter 4901:1-14 during the audit period, except for those instances noted in the GCR Audit Report conclusions or as otherwise agreed herein.
5. Eastern accurately determined and billed the GCR rates for the period, January 1, 2015 through December 31, 2016, in accordance with Chapter

4901:1-14 and related appendices of the Ohio Administrative Code, except for those instances noted in the GCR Audit Report conclusions or as otherwise agreed herein.

6. Eastern's GCR rates were properly applied to customer bills during the audit period.
7. Eastern agrees to implement the Staff's recommendations contained in the GCR Audit Report except as otherwise agreed herein. More specifically, Eastern agrees to:
 - a. Make a reconciliation adjustment in the amount of \$27,756 in the customers' favor in connection with the Actual Adjustment. This adjustment will be applied in the first GCR filing following the Opinion and Order in this case.
 - b. Have a second person independently verify that the appropriate monthly GCR rates are used prior to any bills going out to customers.
8. Eastern's level of unaccounted for gas for the audit period under review is reasonable and well within the requirements of the Commission rules.
9. The Commission should adopt the conclusions and recommendations contained in the GCR Audit Report except as other modified herein.
10. 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. Eastern has caused a bill message or bill insert included with the customer bills. The proof of publication should be identified and admitted into evidence as “Eastern Exhibit 1,” and should be made a part of the record of this proceeding. The Commission should find that the manner of publication described therein complies with Ohio Admin. Code Rule 4901:1-14-08(C)(2).

B. **Pike GCR Audit**

1. That Pike is a natural gas company within the meaning of Ohio Rev. Code §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 Ohio Admin. Code Rule 4901:1-14-08 and the Commission has jurisdiction to determine the issues involved pursuant to Ohio Rev. Code §4905.302.
3. Pursuant to Ohio Admin Code Rule 4901:1-14-07, the Staff conducted an audit of Pike and compiled its findings in a document entitled, “Financial Audit of the Gas Cost Recovery Mechanisms for the Effective GCR Periods January 1, 2015 through December 31, 2016.” As noted above, the audit report, which contained the GCR audits and Staff findings and

recommendations for both Eastern and Pike, was filed with the Docketing Division of the Commission on December 15, 2017.

4. Pike's GCR rates were fairly determined in accordance with the provisions of Ohio Admin. Code Chapter 4901:1-14 during the audit period, except for those instances noted in the GCR Audit Report conclusions or as otherwise agreed herein.
5. Pike accurately determined and billed the GCR rates for the period, January 1, 2015 through December 31, 2016, in accordance with Chapter 4901:1-14 and related appendices of the Ohio Administrative Code, except for those instances noted in the GCR Audit Report conclusions or as otherwise agreed herein.
6. Pike's GCR rates were properly applied to customer bills during the audit period.
7. Pike agrees to implement the Staff's recommendations contained in the GCR Audit Report except as otherwise agreed herein. More specifically, Pike agrees to:
 - a. Make a reconciliation adjustment in the amount of \$107,527 in Eastern's favor in connection with the Actual Adjustment of its Hillsboro Division GCR rates. This adjustment will be applied in the first GCR filing following the Opinion and Order in this case.
 - b. Make a reconciliation adjustment in the amount of \$32 in Pike's favor in connection with the Balance Adjustment of its Hillsboro

Division GCR rates. This adjustment will be applied in the first GCR filing following the Opinion and Order in this case.

- c. Make a reconciliation adjustment in the amount of \$67,663 in the customers' favor in connection with the Actual Adjustment of its Waverly Division GCR rates. This adjustment will be applied in the first GCR filing following the Opinion and Order in this case.
 - d. Have a second person independently verify that the appropriate monthly GCR rates are used prior to any bills going out to customers.
- 11. Pike's level of unaccounted for gas for the audit period under review is reasonable and well within the requirements of the Commission rules.
 - 12. The Commission should adopt the conclusions and recommendations contained in the GCR Audit Report except as other modified herein.
 - 13. 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. Pike has caused a bill message or bill insert included with the customer bills. The proof of publication, attached hereto, should be identified and admitted into evidence as "Pike Exhibit 1," and should be made a part of the record of

this proceeding. The Commission should find that the manner of publication described therein complies with Ohio Admin. Code Rule 4901:1-14-08(C)(2).

C. **Eastern UEX Audit**

1. Pursuant to order of the Public Utilities Commission of Ohio, the Staff conducted an audit of Eastern's Uncollectible Expense Rider (UEX) rates for January 1, 2015 through December 31, 2016, and compiled its findings in a document entitled, "Audit of the Uncollectible Expense Mechanisms for the period January 2015 through December 2016." The Eastern UEX Audit Report was filed with the Docketing Division of the Commission on December 15, 2017. The Eastern UEX Audit Report should be identified and admitted into evidence as "Commission-Ordered Exhibit 2."
2. Eastern's UEX Rider rates and monthly sales volumes were accurately calculated and billed for the effective audit period, January 1, 2015 through December 31, 2016.
3. Eastern's UEX Rider rates were properly applied to customer bills during the audit period, except for those instances noted in the Eastern UEX Audit Report.
4. Eastern agrees to implement the Staff's recommendations contained in the Eastern UEX Audit Report, except as otherwise modified below. More specifically, Eastern agrees to:

- a. Implement a written credit and collections policy and submit the policy into the case docket and to Staff within 60 days of the Commission's Order in this proceeding;
 - b. Adjust its December 2016 ending balance to show a balance of \$(242,572.17);
 - c. File an application to adjust the UEX rate no later than 30 days of the Commission's Order in this proceeding.
5. The Commission should adopt the findings and recommendations contained in the Eastern UEX Audit Report as modified hereinabove.

D. **Pike UEX Audit**

6. Pursuant to order of the Public Utilities Commission of Ohio, the Staff conducted an audit of Pike Uncollectible Expense Rider (UEX) rates for January 1, 2015 through December 31, 2016, and compiled its findings in a document entitled, "Audit of the Uncollectible Expense Mechanisms for the Period January 2015 through December 2016." The Pike UEX Audit Report was filed with the Docketing Division of the Commission on December 15, 2017. The Pike UEX Audit Report should be identified and admitted into evidence as "Commission-Ordered Exhibit 3."
7. Pike's UEX Rider rates and monthly sales volumes were accurately calculated and billed for the effective audit period, January 1, 2015 through December 31, 2016.

8. Pike's UEX Rider rates were properly applied to customer bills during the audit period, except for those instances noted in the Pike UEX Audit Report.
9. Pike agrees to implement the Staff's recommendations contained in the Pike UEX Audit Report, except as otherwise modified below. More specifically, Pike agrees to:
 - a. Implement a written credit and collections policy and submit the policy into the case docket and to Staff within 60 days of the Commission's Order in this proceeding;
 - b. Adjust its December 2016 ending balance to show a balance of \$(170,735.50);
 - c. File an application to adjust the UEX rate no later than 30 days of the Commission's Order in this proceeding.
10. The Commission should adopt the findings and recommendations contained in the UEX Audit Report as modified hereinabove.

E. **Eastern PIPP Audit**

1. Pursuant to order of the Public Utilities Commission of Ohio, the Staff conducted an audit of Eastern's Percentage of Income Payment Plan (PIPP) rates for January 1, 2015 through December 31, 2016, and compiled its findings in a document entitled, "Audit of the Percentage of Income Payment Plan for the period January 2015 through December 2016." The audit report, which contains the PIPP audits and Staff findings and

recommendations for both Eastern and Pike, was filed with the Docketing Division of the Commission on December 15, 2017. The joint PIPP Audit Report should be identified and admitted into evidence as “Commission-Ordered Exhibit 4.”

2. Eastern agrees to implement the Staff’s recommendations contained in the PIPP Audit Report. More specifically, Eastern agrees to:
 - a. Restate its January 1, 2017 beginning balance to \$(70,185), the December 31, 2016 ending balance as reflected in column “f” on Tables 3 and 4 of the Audit Report.
 - b. Use the total monthly PIPP billed amount as the amount to include in column “a,” Tables 3 and 4 of the PIPP Audit Report.
 - c. Run monthly queries of PIPP customers’ and assistances payments and subtract these amounts as shown in column “b” of Tables 3 and 4 of the PIPP Audit Report to arrive at the balance to increase or decrease shown in column “c” of those Tables.
3. Eastern’s treatment of credit balances was consistent with the Ohio Administrative Code Rules.

F. **Pike PIPP Audit**

1. Pursuant to order of the Public Utilities Commission of Ohio, the Staff conducted an audit of Pike’s Percentage of Income Payment Plan (PIPP) rates for January 1, 2015 through December 31, 2016, and compiled its findings in a document entitled, “Audit of the Percentage of Income Payment Plan

for the period January 2015 through December 2016.” The audit report, which contains the PIPP audits and Staff findings and recommendations for both Eastern and Pike, was filed with the Docketing Division of the Commission on December 15, 2017.

2. Staff agrees that the December 31, 2016 ending balance as reflected in column “f” on Tables 3 and 4 of the Audit Report should be \$(187,844) and not \$(187,644), to reflect the removal of additional deposits.
3. Pike agrees to implement the Staff’s recommendations contained in the PIPP Audit Report. More specifically, Pike agrees to:
 - a. Restate its January 1, 2017 beginning balance to \$(187,844), the December 31, 2016 ending balance as reflected in column “f” on Tables 3 and 4 of the Audit Report, as revised by paragraph F.2., above.
 - b. Use the total monthly PIPP billed amount as the amount to include in column “a,” Tables 3 and 4 of the PIPP Audit Report.
 - c. Run monthly queries of PIPP customers’ and assistances payments and subtract these amounts as shown in column “b” of Tables 3 and 4 of the PIPP Audit Report to arrive at the balance to increase or decrease shown in column “c” of those Tables.
4. Pike’s treatment of credit balances was consistent with the Ohio Administrative Code Rules.

G. **Procedural Matters**

1. This Joint Stipulation and Recommendation should be adopted and admitted into evidence as “Joint Exhibit 1,” and made a part of the record of these proceedings. 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 these proceedings, 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.
2. 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 proceedings shall be decided based upon the record and briefs as if this Stipulation had never been executed.

3. The parties agree that the foregoing Stipulation is in the best interests of the parties, and urge the Commission to adopt the same.

WHEREFORE, Eastern Natural Gas Company, Pike Natural Gas Company, and the Commission 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 28th day of March, 2018.

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

/s/ Werner L. Margard III
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**On Behalf of Eastern Natural Gas
Company & Pike Natural Gas Company**

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Summary: Stipulation Joint Stimulation and Recommendation electronically filed by Mrs.
Tonnetta Y Scott on behalf of PUCO