

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|--|---|-------------------------|
| In the Matter of the Application of Northeast Ohio |) | |
| Natural Gas Corp. for an Increase in Gas |) | Case No. 18-1720-GA-AIR |
| Distribution Rates |) | |
| |) | |
| In the Matter of the Application of Northeast Ohio |) | Case No. 18-1721-GA-ATA |
| Natural Gas Corp. for Tariff Approval |) | |
| |) | |
| In the Matter of the Application of Northeast Ohio |) | Case No. 18-1722-GA-ALT |
| Natural Gas Corp. for Approval of Alternative |) | |
| Regulation |) | |

APPLICATION TO INCREASE RATES AND CHARGES

Company Name and Address: Northeast Ohio Natural Gas Corp., Brainard Gas Corp.,
Orwell Natural Gas Company, Spelman Pipeline Holdings,
LLC, 5640 Lancaster-Newark Rd NE, Pleasantville, OH
43148

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59401, Mail to: PO Box 2229, Great Falls, MT 59403 406-
791-7530, jhenthorne@egas.net

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Test Period

July 1, 2018 to June 30, 2019

Date Certain

September 30, 2018

Respectfully Submitted,

/s/ N. Trevor Alexander

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Gas Company, Spelman Pipeline Holdings,
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APPLICATION

Brainard Gas Corp., Orwell Natural Gas Company, Spelman Pipeline Holdings, LLC, and Northeast Ohio Natural Gas Corp. (collectively “NEO” or the “Company”) in accordance with R.C. 4909.18 and 4929.05, respectfully requests that the Commission grant NEO authority to increase its rates for its gas distribution service, approve the requested tariff changes, approve changes in NEO’s accounting methods, and any other necessary and proper relief as described below. In support of this Application, NEO states as follows:

1. NEO is an Ohio corporation engaged in the business of transporting and distributing natural gas to approximately 29,300 customers in Ohio. NEO is a “public utility” and a “natural gas company” as defined in Ohio Revised Code Chapter 4905.
2. In accordance with R.C. 4909.18 and other related sections of the Revised Code, NEO is applying for authority to make changes and increases in gas rates applicable to incorporated communities and unincorporated territories within NEO’s entire service area, which includes all or portions of the following counties: Holmes; Wayne;

Tuscarawas; Stark; Carroll; Harrison; Guernsey; Fairfield; Hocking; Trumbull; Franklin; Washington; Lake; Geauga; Ashtabula; Cuyahoga; Mahoning; Portage; Summit; Ashland; Columbiana; Coshocton; Crawford; Lorain; Marion; Medina; Richland; Waterford; Wood and Wyandot.

3. In this Application NEO proposes changes to all of its rates and schedules, including without limitation certain miscellaneous fees and charges.
4. In addition to the foregoing rates, NEO also proposes the creation of an Infrastructure Replacement Program (“Rider IRP”).
5. As discussed in witness Patton’s testimony, NEO is proposing an entirely new tariff book in order to ensure that its tariffs accurately reflect the Company’s current operations. Those changes are widespread. Most notably, NEO is proposing to consolidate rates into two different rate zones, update customer charges, standardize miscellaneous fees, and address operational issues.
6. Spelman will no longer have a pipeline tariff as its assets are absorbed into the distribution system of NEO.
7. NEO is also proposing various revisions to non-rate rules, regulations, terms and conditions contained in its Tariff for Gas Service, including modifications to the terms and conditions applicable to transportation service. Such changes are detailed and explained in NEO’s E Schedules, and those changes include:
 - a. Areas Served: A detailed description of the areas served by NEO.
 - b. New Definition Section: Grouping of all definitions used in the NEO tariff in one location and enhancing definitions where needed.

- c. Terms and Conditions: These were reorganized into categories and certain wording was updated.
- d. Selection of Rate: Customers are responsible for selecting their rate class if they qualify for more than one class
- e. Pressure Regulators: NEO will furnish a properly sized regulator and meter at no cost to customer
- f. Access to Premises: If access is not granted or premise is unsafe to enter, NEO may shut off service to make situation safe
- g. Customer Notifying Company of Alterations/Change in Load: If customer adds equipment without NEO review and damage occurs to the metering facilities, the customer must pay the cost to repair/replace the damaged metering facility.
- h. New Service lines: NEO will install up to 100 feet of curb-to-meter service and maintain the entire curb-to-meter service.
- i. Existing service lines: When NEO repairs or replaces an existing customer service line, the service line from the curb valve to the meter, it will be at no cost to the customer unless required because damaged by customer
- j. Main extensions: NEO will extend its distribution mains on any dedicated street or highway without cost up to but not more than a distance of one hundred (100) feet for each Applicant. For main installations greater than 100 feet per Applicant, NEO, at its sole discretion, may perform a cost benefit study and make the installation.
- k. Access to premises: If a customer, landlord, property manager or owner fails to grant access, NEO may collect all costs incurred to secure such access.

- l. PAL: Payment Avoidance by Location (or PAL) occurs when NEO receives a new application for utility service at a service location and a former Customer who was disconnected for non-payment at the same service location still resides at the service address. In that circumstance, NEO may require the new Applicant to pay a deposit.
- m. Transportation: Deletion of transportation language that the company has never offered or is incapable of offering because of system limitations.
- n. Elimination of interruptible transportation service: All customers are considered firm customers and interruption only occurs because of delivery/supply issues.
- o. Unaccounted for Gas: Calculated annually versus fixed amount and effective September 1st of each year.
- p. Rate Selection: Company will review a customer's rate selection periodically versus annually.
- q. Area Rates: NEO and Orwell area rates.
- r. Charges: Increased customer charges.
- s. PIPP: All customers – including customers in the former Brainard and Orwell – are eligible for PIPP.
- t. Ohio Mcf Tax: Flat \$0.0411 per Mcf versus graduated table calculation added for simplicity and slight cost savings to customers.
- u. Disconnection Procedure: Reasons for disconnection added to be consistent with Ohio law.

- v. Collection at Termination: Company will not accept cash or checks at customer's premise at time of disconnection. As result, eliminated \$10 fee that existed. The customer can pay by credit card, but applicable fees will apply.
 - w. Curtailment of Gas Service and Enforcement of Curtailment: High, medium and low priority classifications were added for curtailments.
8. The Application is also being filed under R.C. 4929.05 and related sections of the Ohio Revised Code related to approval of NEO's Alternative Rate Plan. Additional detail regarding these proposals is set forth in the Exhibits to NEO's Alternative Rate Plan provided in accordance with Ohio Adm. Code 4901:1-19-06. The Alternative Rate Plan consists of the following proposals:
- a. Infrastructure Replacement Program- NEO proposes to accelerate replacement of existing infrastructure along with a rider for recovery of associated costs, including:
 - i. Bare Steel Services, including riser-regulator assembly and meter;
 - ii. Mechanically Coupled Steel Main/Services, including riser-regulator assembly and meter;
 - iii. Aldyl-A Main/Services (Pre-1984);
 - iv. Normac Flex Services Risers, including regulatory assembly and meter;
 - v. X-Trube Coiled Stainless Steel Tubing, (Mains & Services);
 - vi. Inside Regulators and Meter Sets;
 - vii. Services with property line Meter Sets;
 - viii. Low Pressure System replacements; and

- ix. Advanced Meters for certain locations.
 - b. Tax Cuts and Jobs Act (“TCJA”) related modifications- NEO proposes the creation of a rider to refund to customers the difference in tax liability associated with the TCJA.
9. In accordance with R.C. 4929.05(A)(1) and (2), NEO states that it is and will remain in compliance with R.C. 4905.35 and is in substantial compliance with the policy of the State specified in R.C. 4929.02.
10. A notice of intent to file an application for an increase in rates and for an alternative rate plan was served on the Commission and the mayor and legislative authority of each municipality affected by this Application on November 27, 2018, in accordance with R.C. 4909.43(B) and in compliance with the Commission’s Standard Filing Requirements set forth in Ohio Adm. Code 4901-7-01 and Ohio Adm. Code 4901:1-19-06(A).
11. A letter notifying the Commission Staff of NEO’s intent to file an application for approval of an alternative rate plan was also served and docketed on November 27, 2018, in accordance with Ohio Adm. Code 4901:1-19-06(A).
12. As authorized by the Commission’s December 12, 2018 Entry in this case, NEO’s Application is based on a test year beginning July 1, 2018, and ending June 30, 2019, and a date certain of September 30, 2018.
13. NEO estimates that the rate changes proposed herein, if granted in full, would increase gross revenues by approximately \$3,526,053, or approximately 10.25% percent annually, over the test period gross revenues generated from providing service to customers (inclusive of gas cost revenues).

14. NEO files this Application to recognize in rate base its substantial investment in pipelines, meters, and other jurisdictional assets since its last rate case, and to generate sufficient revenues for NEO to pay its operating expenses, service its debt, and provide an adequate rate of return on its property used and useful in the rendition of gas service to its customers. Northeast Ohio Natural Gas Corp.'s (the stand-alone entity) current base rates, authorized by the Commission in Case No. 03-2170-GA-AIR, are based on a test year beginning July 1, 2002 and ending June 30, 2003, and a date certain of June 30, 2003. Brainard Gas Corp. and Orwell Natural Gas Company have not previously had a rate case. Orwell's rates were set in Case No. 87-706-GA-ATA, and Brainard's rates in Case No. 97-746-GA-ATA.
15. Since the Northeast Ohio Natural Gas Corp. test period ended on June 30, 2003, the property used and useful in the rendition of gas service to the customers affected by this Application has materially increased, as have many of the expenses associated with providing that service. As a result, the current rates are projected to provide a 2.82% rate of return for the proposed test period. This is substantially below the 9.99% rate of return found reasonable for NEO by the Commission in NEO's last base rate proceeding. NEO submits that a return of 8.66% is fair and reasonable.
16. In accordance with R.C. 4909.18, Ohio Adm. Code 4901-7-1, Appendix A, NEO has attached the following to this Application, though not all of these Schedules are required to be provided by small utilities like NEO:
- a. Section A- Schedules A-1 through A-2- providing financial data for the proposed test year and date certain and calculating a revenue conversion factor.

- b. Section B- Schedules B-1 through B-6.1- reporting on NEO's property that is used and useful in rendering gas service.
- c. Section C- Schedules C-1 through C-12- providing schedules on revenues, expenses, adjustments, comparative balance sheets and statistics, and an income statement.
- d. Section D- Schedules D-1 through D-4- these schedules contain a statement of NEO's cost of capital and its financial condition summarizing assets, liabilities, and net worth.
- e. Section E- Schedules E-1 through E-5 – including NEO's current and proposed tariff schedules, a narrative rationale for tariff changes, customer charge rationale, a cost of service study, class and revenue summary, annualized test-year revenues at proposed rates versus most current rates, and a typical bill comparison.
- f. Schedule S- Schedule S-3 contains a proposed newspaper notice that fully discloses the substance of the Application and the specific requirements of R.C. 4909.18.

17. In accordance with Ohio Adm. Code 4901-7-01, Appendix A, Chapter II, Paragraph (A)(6)(a), NEO will file all prepared direct testimony in support of this Application within 14 days of this filing.

18. In compliance with Ohio Adm. Code 4901:1-19-06(C), NEO has attached to the Application the following Alternative Rate Plan Exhibits.

- a. Detailed Alternative Rate Plan, which states the facts and grounds upon which the proposed plan is based, and which sets forth the Plan's elements, transition

plans, and other matters as required by the rules. The exhibit, in conjunction with Schedule E-3, also states and supports the rationale for the initial proposed tariff changes for all impacted natural gas services;

- b. Listing of the services which have been exempted, the case number authorizing such exemption, a copy of the approved separation plan, and a copy of the approved code of conduct;
- c. Detailed discussion of how potential issues concerning cross-subsidization of services have been addressed in the Alternative Rate Plan;
- d. Detailed discussion of how the Alternative Rate Plan is in compliance with section 4905.35 of the Revised Code, in substantial compliance with the policies of the state of Ohio specified in section 4929.02 of the Revised Code, how NEO expects to continue to be in substantial compliance with the policies of the state specified in section 4929.02 of the Revised Code, after implementation of the Alternative Rate Plan, and a demonstration that the Alternative Rate Plan is just and reasonable; and
- e. List of witnesses sponsoring each of the exhibits in the Application.

19. In accordance with the Commission's December 12, 2018 Entry in this case granting the extension of the deadline set forth in Ohio Admin. Code 4901:1-19-06(B)(1), all testimony in support of NEO's Alternative Rate Plan will be filed within 14 days of this Application.

20. NEO represents that a copy of its proposed Alternative Rate Plan has been provided to the Office of the Ohio Consumers' Counsel and each party of record in its most recent alternative rate plan proceeding, as required by Ohio Admin. Code 4901:1-19-

06(B)(2). Additionally, copies of the Alternative Rate Plan are being kept at NEO's principal business office and on its web page, www.neogas.com for public inspection

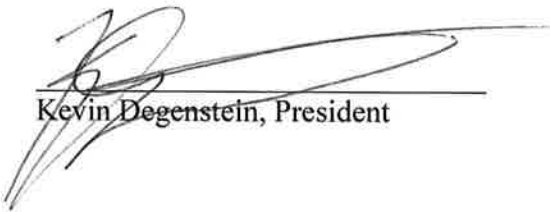
21. At the time of the filing of this Application, no municipal corporation has in effect any ordinance or franchise that does or will regulate the rates or charges to any customer affected by this Application.

WHEREFORE, because the rates, charges, and other provisions in the current rate schedules do not yield just and reasonable compensation to NEO for providing gas service to the customers to which they are applicable and do not yield a just and reasonable return on the value of the property used for furnishing that service, and because continuation of the rates currently in effect would be unconstitutionally confiscatory, NEO respectfully requests that the Commission:

- (a) Accept this Application for filing;
- (b) Find that this Application and the attached Schedules are in accordance with R.C. 4909.18 and 4929.05, and the rules of the Commission;
- (c) Approve the Form of Notice in the attached Schedule S-3;
- (d) Find that the current rates, prices, and charges for gas service are unjust, unreasonable, and insufficient to yield reasonable compensation to NEO for the service rendered;
- (e) Find that the rates, charges, and other provisions of the proposed Rate Schedules included in Schedule E-1 are just and reasonable and approve the same;
- (f) Find that NEO is in compliance with R.C. 4905.35, that NEO is in substantial compliance with the state policies as specified in R.C. 4929.02, and that NEO is expected to continue to be in substantial compliance with the state policies specified in R.C. 4929.02 after the Alternative Rate Plan is implemented;

- (g) Approve NEO's requested automatic rate adjustments in accordance with R.C. 4929.11 to the extent applicable;
- (h) Approve NEO's Alternative Rate Plan and authorize NEO to implement its Alternative Rate Plan;
- (i) Approve any changes in NEO's accounting methods that may be necessary to implement the Commission's approval of this Application;
- (j) Fix the date on or after which the rates, charges, and other provisions of this Application apply to service provided by NEO; and
- (k) Grant any other necessary and proper approval in order to implement the relief requested in this Application.

Northeast Ohio Natural Gas Corp.




Kevin Degenstein, President

Stephanie Patton, Chief Administrative Officer

- (g) Approve NEO's requested automatic rate adjustments in accordance with R.C. 4929.11 to the extent applicable;
- (h) Approve NEO's Alternative Rate Plan and authorize NEO to implement its Alternative Rate Plan;
- (i) Approve any changes in NEO's accounting methods that may be necessary to implement the Commission's approval of this Application;
- (j) Fix the date on or after which the rates, charges, and other provisions of this Application apply to service provided by NEO; and
- (k) Grant any other necessary and proper approval in order to implement the relief requested in this Application.

Northeast Ohio Natural Gas Corp.

Kevin Degenstein, President



Stephanie Patton, Chief Administrative Officer

VERIFICATION PAGE

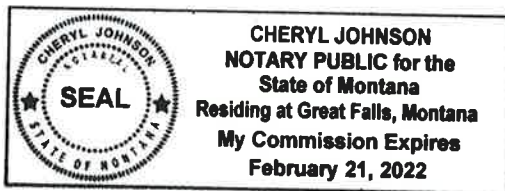
STATE OF Montana)
Cascade COUNTY) SS:

Kevin Degenstein personally appeared before me, a Notary Public, in and for said State, and being first duly sworn said that he is President of Northeast Ohio Natural Gas Corp. and that the statements in the foregoing Application are true and accurate to the best of his knowledge


Kevin Degenstein, President

Sworn to before me and subscribed in my presence by Kevin Degenstein this 28 day of December, 2018.


Notary Public



VERIFICATION PAGE

STATE OF Ohio)
Hocking COUNTY) SS:

Stephanie Patton personally appeared before me, a Notary Public, in and for said State, and being first duly sworn said that she is Chief Administrative Officer of Northeast Ohio Natural Gas Corp. and that the statements in the foregoing Application are true and accurate to the best of her knowledge.


Stephanie Patton, Chief Administrative Officer

Sworn to before me and subscribed in my presence by Stephanie Patton this _____ day of December, 2018.


Notary Public



Brandy L. Stiverson
Notary Public
In and For the State of Ohio
My Commission Expires
11 July 2022

CERTIFICATE OF SERVICE

I certify that the foregoing was filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 28th day of December, 2018. The PUCO's e-filing system will electronically serve notice of the filing of this document on counsel for all parties. The foregoing was also served on the following via US mail.

1. The Timken Company, 4500 Mount Pleasant St. NW, North Canton, OH 44720
 - a. Also served at the Corporation Service Company, 50 West Broad Street, Suite 1330, Columbus, OH 43215

/s/ N. Trevor Alexander
Attorney for NEO

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ALTERNATIVE RATE PLAN EXHIBITS

I. OHIO ADM. CODE 4901:1-19-06(C)(2) DETAILED ALTERNATIVE RATE PLAN AND RELATED INFORMATION.

A. Rider IRP

NEO has approximately 24 miles of bare steel pipe, 11 miles of Aldyl-A pipe, approximately 2,300 bare steel and or mechanically coupled services and approximately 1,000 flex service risers. They also have two distinct low-pressure delivery systems (7 inches water column) where there is no overpressure protection device at the customer meter set.

In order to address these important service and safety issues, NEO proposes an accelerated replacement program.

1. Components of Rider IRP

Although NEO's system presently provides safe and reliable service, the Company has determined that a prioritized and methodical replacement or upgrade of the infrastructure identified below is necessary to ensure a continuation of safe, reliable, and adequate service in the future. As such, NEO seeks approval of an Infrastructure Replacement Program Rider ("Rider IRP")

designed to recover, through an automatic adjustment mechanism, the following infrastructure upgrade or replacement costs:

- i. bare steel services, including riser-regulator assembly and meter;
- ii. mechanically coupled steel main/services, including riser-regulator assembly and meter;
- iii. Aldyl-A main/services (pre-1984);
- iv. NORMAC FLEX Risers, including regulatory assembly and meter;
- v. X-Tube coiled stainless steel tubing (mains & services);
- vi. inside regulators and meter sets;
- vii. services with property line meter sets;
- viii. low pressure system replacements; and
- ix. advanced meters for certain locations.

2. Benefits of Rider IRP

NEO believes that its proposed Rider IRP offers significant benefits. Specifically, Rider IRP will eliminate potential safety concerns through the replacement or upgrade of aging infrastructure. While the Company intends to continue replacing or upgrading infrastructure where there are operational issues or leaks, it also seeks to remain proactive and diligent about replacing and upgrading its aging infrastructure before an accident occurs or before serious problems arise. Rider IRP will accelerate the process of upgrading higher risk infrastructure and systematically replacing the facilities with incremental rate adjustments, rather than simply reacting to large-scale emergency infrastructure needs as they arise.

Not only will being proactive enhance customer safety and system reliability, Rider IRP will also confer substantial financial benefits to customers while also preserving the administrative

resources of the Commission. Rider IRP will reduce the need to file potentially dramatic, substantial rate increases to fund any immediate, emergency infrastructure replacement measures in the future. As other Ohio gas utilities enacting similar programs have recognized, an infrastructure replacement program will reduce replacement costs, as it is less costly to plan and replace than it is to react when these assets need immediate, urgent attention. Rider IRP will benefit the Commission insofar as the Company will not have to file successive applications for rate increases to address ongoing, substantial infrastructure replacement/repair needs. Proactively seeking an infrastructure replacement program via Rider IRP will be more cost-effective and time-efficient for all interested parties, including the Commission.

3. Rider IRP Rates, Terms, and Conditions

NEO proposes the recovery of all Rider IRP expenses incurred through the billing of a monthly charge to customers based on the following:

1. NEO will track all qualifying expenses incurred starting January 1, 2019 on a calendar year basis.
2. The recovery of Rider IRP costs will be based on the prior calendar year investment in replacing and/or upgrading the infrastructure identified above.
3. The first year any investment is made, the depreciation recovery to be included in the revenue calculation will be 50% of the normal annual depreciation for that investment. Investments made before the previous calendar year will have depreciation on the full amount at year-end.
4. In the calendar year immediately following the most current investment calendar year, the total cumulative investment in upgrading/replacing infrastructure items will become the basis for calculating the return on investment.

5. The investment basis will be multiplied by the cost of capital the Commission approves in this proceeding, grossed up for income taxes. Using the cost of capital as proposed in the Application, the grossed-up cost of capital would be 10.54%.
6. The Company will recover annual depreciation as calculated in accordance with #3, which will be added to the amount calculated in #5.
7. The total revenue requirement will then be divided by the number of customers at the calendar year end and then divided by twelve. The resulting cost is charged as a monthly charge to all customers, excluding contract service.
8. Rider IRP costs shall not exceed a total of \$2 million per year. If costs exceed the \$2 million annual cap, the Company may defer those costs on its books. Such costs shall be deferred with carrying charges calculated at NEO's long-term debt rate. NEO may then include such deferred costs in any subsequent year, and recover the deferred costs so long as the inclusion of the deferred costs does not cause NEO to exceed the Rider IRP cap in the subsequent year in which the deferred costs are included in the Rider IRP adjustment filing. If NEO would exceed the cost cap in that subsequent year, NEO may again defer the excess costs into the following year until all costs have been recovered.
9. On or before April 30 of each year, a reconciliation of the revenue collected in the previous calendar year related to NEO's investment 2 years ago and prior will result in an adjustment that will carry forward to be part of the required revenue being calculated for the current calendar year. This adjustment will be combined with the Rider IRP charge for the current year to calculate the net new Rider IRP

charge. The details will be filed with the Commission for review as explained below.

4. Procedure for Cost Recovery of Rider IRP Rates

Beginning April 30, 2020, and April 30 of each calendar year thereafter, NEO will file in this docket an updated report with schedules detailing the IRP qualified investments accumulated through the prior calendar year (the “Annual Report”). As described above, the rate of return and depreciation on this investment will be calculated and combined with the over/under recovery of the investment and depreciation from 2 years ago and prior to result in an IRP recovery rate for the current calendar year (effective July 1 of current/same year except as below). The Annual Report will provide the Commission Staff with sufficient accounting and billing record details to enable it to analyze and audit the schedules. To the extent disputed, NEO will bear the burden of proof in its Annual Report demonstrating the justness and reasonableness of the level of recovery of expenditures associated with Rider IRP. If the Commission Staff fails to take any action with respect to the Annual Report by July 1 of the same year in which the Annual Report is filed, Rider IRP rates shall go into effect as of July 1 of the same year.

5. Impact of Proposed Rider IRP

Proposed Rider IRP costs will be allocated equally among all customers, regardless of customer class. Because Rider IRP costs will be capped at \$2 million per year and because the costs of these infrastructure investments are not collected from customers immediately as NEO makes the investments, but rather spread over the useful life of the investments, the corresponding impact to the customers’ bills is moderated.

The impact of this rider on individual customer’s bills will be addressed through witness testimony. The impact is currently expected to be approximately \$2 per customer annually for the

first year (or approximately \$0.17/month). However, the exact rates in effect will depend on the results of the Annual Report that NEO will file with the Commission pursuant to the Alternative Rate Plan.

B. TCJA Rider

NEO intends to work with Staff to create a rider to refund to customers the benefits associated with the TCJA. While NEO is still working on the specifics of how this refund will work, the intent of the TCJA rider is to refund to customers the net impact of the TCJA over a reasonable period of time.

Subject to consultation with Staff, at this point NEO anticipates a refund of the savings from January 1, 2018 to the present over a period of one year. NEO has incorporated the new corporate rate into its Application. Any additional impacts of the TCJA will be handled over a period to be determined after consultation with Staff.

II. OHIO ADM. CODE 4901:1-19-06(C)(3), STATEMENTS REGARDING EXEMPTIONS

NEO has not been authorized to exempt any services.

III. OHIO ADM. CODE 4901:1-19-06(C)(4), CROSS-SUBSIDIZATION

The Alternative Rate Plan will not result in the cross-subsidization of services. With respect to Rider IRP, all customers will benefit from the continued provision of safe, affordable, and reliable service, and rates will be subject to Commission review and approval.

IV. OHIO ADM. CODE 4901:1-19-06(C)(5), COMPLIANCE WITH REVISED CODE PROVISIONS

A. Compliance with R.C. 4905.35

NEO is compliant with R.C. 4905.35.¹ In accordance with R.C. 4905.35(A), NEO does not make or give any undue or unreasonable preference or advantage to any person, firm, corporation, or locality, or subject any person, firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage.

In accordance with R.C. 4905.35(B), NEO offers its regulated services or goods to all similarly situated consumers, including persons with which it is affiliated or which it controls, under comparable terms and conditions. NEO does not offer to customers any bundle of both regulated and unregulated service. NEO does not condition or limit service on the basis of the identity of the supplier or the purchase of unregulated services or good.

¹ R.C. 4905.35. “(A)No public utility shall make or give any undue or unreasonable preference or advantage to any person, firm, corporation, or locality, or subject any person, firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage.

(B)

(1)A natural gas company that is a public utility shall offer its regulated services or goods to all similarly situated consumers, including persons with which it is affiliated or which it controls, under comparable terms and conditions.

(2)A natural gas company that is a public utility and that offers to a consumer a bundled service that includes both regulated and unregulated services or goods shall offer, on an unbundled basis, to that same consumer the regulated services or goods that would have been part of the bundled service. Those regulated services or goods shall be of the same quality as or better quality than, and shall be offered at the same price as or a better price than and under the same terms and conditions as or better terms and conditions than, they would have been had they been part of the company's bundled service.

(3)No natural gas company that is a public utility shall condition or limit the availability of any regulated services or goods, or condition the availability of a discounted rate or improved quality, price, term, or condition for any regulated services or goods, on the basis of the identity of the supplier of any other services or goods or on the purchase of any unregulated services or goods from the company.

B. Compliance with R.C. 4929.02.

R.C. 4929.02 provides the state's policy goals for alternative rate plans. NEO's Application and Alternative Rate Plan are consistent with those goals.

As a preliminary matter, NEO is committed to fulfilling the policy goals of 4929.02. NEO has always, and intends to continue to, provide "adequate, reliable, and reasonably priced natural gas services and goods."² For transport customers, NEO intends to continue providing those customers with an effective choice of supplier.³ NEO provides customers with essential information in its bills and on its website.⁴ NEO ensures that no subsidies flow to or from its regulated service and that non-jurisdictional activities do not harm NEO's ability to comply with state policy.⁵ Finally, NEO's history of cost effective safe and reliable service facilitate the state's competitiveness in the global economy.⁶

With regard to the TCJA Rider specifically, refunding these amounts to customers will facilitate reasonable pricing for natural gas⁷ and the state's competitiveness in the global economy.⁸

Rider IRP is consistent with similar programs already approved for other utilities.⁹ Therefore, the Commission has already considered and accepted the numerous benefits associated with riders of this type, and therefore a lengthy discussion is unnecessary. However, it is worthwhile to note that NEO's proposed Rider IRP is more modest than those proposals. Rider

² R.C. 4929.02(A)(1).

³ R.C. 4929.02(A)(2).

⁴ R.C. 4929.02(A)(5).

⁵ R.C. 4929.02(A)(8), (9).

⁶ R.C. 4929.02(A)(10s).

⁷ R.C. 4929.02(A)(1).

⁸ R.C. 4929.02(A)(10).

⁹ See, e.g., Case Nos. 13-1571-GA-ALT (NEO); 11-2401-GA-ALT (Dominion East Ohio); 11-5515-GA-ALT (Columbia Gas of Ohio, Inc.); & 15-0362-GA-ALT (Dominion East Ohio).

IRP proposes less investment and accordingly creates less of a financial impact on customers. Accordingly, Rider IRP is even more beneficial for customers than programs approved for other utilities.

C. The Alternative Rate Plan is just and reasonable

For the reasons stated above, NEO's Alternative Rate Plan is just and reasonable.

V. OHIO ADM. CODE 4901:1-19-06(C)(6), LIST OF WITNESSES.

In accordance with the Commission's rules, below is the list of witnesses who will sponsor testimony on behalf of NEO's Alternative Rate Plan in this proceeding:

- Kevin Degenstein (Rider IRP)
- Jed Henthorne (TCJA Rider, Cost of Debt calculation)
- Charles E. Loy (Rider IRP)

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Summary: Application to Increase Rates and Charges electronically filed by Mr. Trevor Alexander on behalf of Northeast Ohio Natural Gas Corp. and Orwell Natural Gas Company and Brainard Gas Corp. and Spelman Pipeline Holdings, LLC