

**BEFORE THE PUBLIC
UTILITIES COMMISSION OF OHIO**

In the Matter of the Regulation of the	:	
Purchased Gas Adjustment Clause	:	Case No. 20-213-GA-GCR
Contained Within the Rate Schedules of	:	
Piedmont Gas Company, Inc. and	:	
Related Matters.	:	
	:	
In the Matter of the Uncollectible	:	
Expense Rider of Piedmont Gas	:	Case No. 20-313-GA-UEX
Company and Related Matters.	:	

STIPULATION AND RECOMMENDATION

I. INTRODUCTION

Pursuant to Ohio Administrative Code Rule 4901-1-30, the Piedmont Gas Company (Piedmont) and the Staff of the Public Utilities Commission of Ohio (Staff)¹ (individually “Party” and collectively “Parties”) do hereby stipulate and agree to resolve all issues in the instant proceeding.

While the Parties recognize that this Stipulation and Recommendation (Stipulation) is not binding upon the Public Utilities Commission of Ohio (Commission), the Parties state that the Stipulation is an agreement among all Parties to this proceeding; that the Stipulation is supported by adequate data and information; that it represents a just

¹ Staff will be considered a party for the purpose of entering into this Stipulation by virtue of O.A.C. 4901-1-10(C).

and reasonable resolution of all issue in these proceeding; that it violates no regulatory principles or precedent; and that, accordingly, the Stipulation is entitled to careful consideration and should be adopted in its entirety by the Commission. The Parties request that the Stipulation and Recommendation be marked and submitted as Joint Exhibit 1.

When considering proposed stipulations, the Commission reviews whether the agreement is reasonable and should be adopted. In considering the reasonableness of a stipulation, the Commission has used the following criteria²:

- 1) Is the settlement a product of serious bargaining among capable, knowledgeable parties;
- 2) Does the settlement, as a package, benefit ratepayers and the public interest; and
- 3) Does the settlement package violate any important regulatory principle or practice?

For the first prong, the Signatory Parties, all of whom are represented by capable and knowledgeable counsel, have engaged in lengthy, serious, arm's length bargaining in an effort to reach a mutually acceptable resolution that address the concerns raised in Piedmont's applications. The Signatory Parties used their expert knowledge to come to a mutually beneficial resolution of their issues with the applications.

This Stipulation meets the second prong of the Commission's analysis because this Stipulation benefits customers and the public interest by resolving the issues raised in

² The Commission's use of these three criteria to evaluate the reasonableness of a stipulation has been endorsed by the Supreme Court of Ohio. See, e.g., [*Consumers' Counsel v. Pub. Util. Comm.* \(1992\), 64 Ohio St.3d 123, 126, 592 N.E.2d 1370, 1373](#); *AK Steel Corp. v. Pub. Util. Comm.*, 95 Ohio St.3d 81, 2002-Ohio-1735.

the Signatory Parties' issues with the applications without the need for expensive and possibly lengthy litigation. In joining in this Stipulation, the Signatory Parties recognize that it is not in the public interest to subject the Signatory Parties and the Commission to the burdens associated with litigating the Signatory Parties' issues with the applications when a reasonable and acceptable outcome can be achieved through a settlement. The primary objective of this Stipulation is to resolve the Signatory Parties' issues with the applications.

Finally, this Stipulation does not violate any important regulatory principle or practice; and it complies with and promotes the policies and requirements of the uniform purchased gas adjustment clause as set forth in Ohio Revised Code 4905.302, related appendices, Ohio Administrative Code 4901:1-14, and the Commission Entry in Cases No. 20-0213-GA-GCR and 20-0313-GA-UEX.

II. TERMS AND CONDITIONS

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

- A. Piedmont is a natural gas company within the meaning of Section 4905.03(A)(5), Revised Code, and, as such, is a public utility subject to the jurisdiction and supervision of the Commission.
- B. Section 4905.302, Ohio Revised Code, and Rule 4901:1-14-07, Ohio Administrative Code, require that the Commission conduct or cause to be conducted periodic audits of each natural gas company. By entry dated

January 29, 2020, the Commission directed that its Staff conduct the audit of Piedmont's compliance with its gas cost recovery (GCR) mechanism from December 1, 2017 to November 30, 2019.

- C. The Staff performed the aforementioned audit of the GCR rates (GCR Audit) for the period December 1, 2017 to November 30, 2019. The Staff performed its investigation and filed its GCR Audit Report in this docket on April 23, 2020. The GCR Audit Report shall be identified as Commission Ordered Exhibit 1 and admitted into evidence in these proceedings.
- D. Piedmont agrees that all findings and recommendations to be implemented include:
 - i. That the Commission order a reconciliation adjustment of (\$10,321.00) for an over-collection to correct for the differences identified in the Actual Adjustment (AA) Section of the GCR Audit to be applied in the first GCR filing following the Opinion and Order in this case.
 - ii. That the Commission order a reconciliation adjustment of (\$31,663.00) for an over-collection to correct for the differences identified in the Balance Adjustment (BA) Section of the GCR Audit to be applied in the first GCR filing following the Opinion and Order in this case.

- v. That the Commission require Piedmont to work with Staff going forward to file Balance Adjustments on Schedule 4 of its future GCR filings.
- E. The Commission directed its Staff to conduct an audit for Piedmont's uncollectible expense rider (UEX) for the period January 1, 2018 to December 31, 2019. The Staff performed the audit of Piedmont's UEX rider (UEX Audit) for the period of January 1, 2018 to December 31, 2019. The Staff performed its investigation and filed its UEX Audit Report in this docket on April 23, 2020. The UEX Audit Report shall be identified as Commission Ordered Exhibit 2 and admitted into evidence in this proceeding.
- F. Piedmont agrees that all findings and recommendation contained in the Audit Report identified in paragraph E are reasonable and Piedmont and the Staff recommend that they be adopted by the Commission. More Specifically, Staff recommendations to be implemented include:
 - i. That the Commission order Piedmont to adopt Staff's recalculated annual balance reconciliations for 2018 and 2019 as shown on Attachments 1 and 2 of the UEX Audit and adjust the ending balance as of December 31, 2019, to \$(6,999.20), as shown on line 9; Attachment 2.
- G. The Signatory Parties agree that the proof of publication, to be filed and submitted as Company Exhibit 1, demonstrates that proper notice of this

proceeding has been published in compliance with the Commission's rules and the Commission's Entry herein dated January 29, 2020, and should be admitted into evidence.

III. PROCEDURAL MATTERS

- A. This Stipulation shall not be cited as precedent for or against any signatory Party, if it is approved by the Commission. This Stipulation is a compromise involving a balancing of competing positions, and it does not necessarily reflect the position that any Party would have taken if these issues had been fully litigated.
- B. This Settlement is conditioned upon adoption of the Settlement by the Commission in its entirety and without material modification. Each Signatory Party has the right, in its sole discretion, to determine whether the Commission's approval of this Settlement constitutes a "material modification" thereof. If the Commission rejects or materially modifies all or any part of this Settlement, any Signatory Party shall have the right to apply for rehearing. If the Commission does not adopt the Settlement without material modification upon rehearing, or if the Commission makes a material modification to any Order adopting the Settlement pursuant to any reversal, vacation and/or remand by the Supreme Court of Ohio, then within thirty (30) days of the Commission's Entry on Rehearing or Order on Remand any Signatory Party may withdraw from the Settlement by filing a notice with the Commission ("Notice of Withdrawal"). No Signatory Party shall file a Notice of Withdrawal without first negotiating in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Settlement. If the discussions to achieve an outcome that

substantially satisfies the intent of the Settlement are successful, then some or all of the Signatory Parties shall submit the amended Settlement to the Commission for approval after a hearing if necessary. If the discussions to achieve an outcome that substantially satisfies the intent of the Settlement are unsuccessful, and a Signatory Party files a Notice of Withdrawal, then the Commission will convene an evidentiary hearing to afford that Signatory Party the opportunity to contest the Settlement.

Agreed to and signed this 6th day of August, 2020.

/s/ Werner L. Margard III
**On Behalf of the Staff of the Public
Utilities Commission of Ohio**

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/s/ John Mako (per email authorization)
**On Behalf of the Piedmont Gas
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Case No(s). 20-0213-GA-GCR, 20-0313-GA-UEX

Summary: Stipulation And Recommendation electronically filed by Mrs. Kimberly M Naeder on behalf of PUCO