

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

IN THE MATTER OF THE REGULATION)	
OF THE PURCHASED GAS)	Case No. 20-209-GA-GCR
ADJUSTMENT CLAUSE CONTAINED)	
WITHIN THE RATE SCHEDULES OF)	
NORTHEAST OHIO NATURAL GAS)	
CORPORATION AND RELATED)	
MATTERS.)	
)	
IN THE MATTER OF THE)	Case No. 20-309-GA-UEx
UNCOLLECTIBLE EXPENSE RIDER OF)	
NORTHEAST OHIO NATURAL GAS)	
COMPANY AND RELATED MATTERS.)	
)	
IN THE MATTER OF THE PERCENTAGE)	Case No. 20-409-GA-PIP
OF INCOME PAYMENT PLAN RIDER OF)	
NORTHEAST OHIO NATURAL GAS)	
CORPORATION AND RELATED)	
MATTERS.)	

STIPULATION AND RECOMMENDATION

Ohio Administrative Code (“O.A.C”) Rule 4901-1-30 provides that any two or more parties to a proceeding before the Public Utilities Commission of Ohio (“Commission”) may enter a written stipulation covering the issues presented in that proceeding. The purpose of this Stipulation and Recommendation (“Stipulation”) is to set forth the understanding and agreement of Northeast Ohio Natural Gas Corporation (“Northeast” or “the Company”) and the Commission Staff (“Staff”)¹ (collectively, the

¹ For the purpose of entering into this Stipulation, Staff will be considered a party pursuant to O.A.C. Code 4901-1-10(C).
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“Signatory Parties”), and to recommend that the Commission approve and adopt this Stipulation as part of its Opinion and Order, which will resolve all of the issues raised in the above-captioned proceedings.

This Stipulation is a product of lengthy, serious, arm’s-length bargaining among the Signatory Parties with diverse interests, who are capable, knowledgeable parties, which negotiations were undertaken by the Signatory Parties to settle this proceeding. This Stipulation was negotiated among all parties to the proceeding, and no party was excluded from negotiations. This Stipulation is supported by adequate data and information. As a package, the Stipulation benefits customers and the public interest; represents a just and reasonable resolution of all issues in this proceeding; and violates no regulatory principle or practice. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission, where, as here, it is sponsored by parties representing a wide range of interests, including Staff.

For resolving all issues raised in these proceedings, the Signatory Parties stipulate, agree and recommend as follows:

I. PARTIES

This Stipulation is entered by and among the Company, its successors and assigns, and the other Signatory Parties. The Signatory Parties fully support this Stipulation and urge the Commission to accept and approve it without modifications.

II. BACKGROUND

1. On January 29, 2020, the Commission issued an Entry in the above captioned cases which initiated GCR financial audits for Northeast (Case No. 20-209-GA-GCR), an audit of Northeast's uncollectible expense ("UEX") rider (Case Nos. 20-309-GA- UEX), and an audit of Northeast's percentage of income payment plan ("PIPP") rider (Case No. 20-409-GA-PIP).

2. On December 18, 2020, Staff filed the following reports: (a) the Financial Audit of the Gas Cost Recovery Mechanisms for the Effective GCR Periods of July 1, 2018 through June 30, 2020 ("GCR Report"); (b) the Audit of Northeast's Uncollectible Expense Mechanism for the Period of January 2018 through December 2019 ("UEX Report"); and (c) the Financial Audit of the Percentage of Income Payment Plan for the Period of January 2018 through December 2019 ("PIPP Report").

III. GCR FINANCIAL AUDIT

The Companies agree that all the recommendations in the GCR Report are reasonable and should be adopted. More specifically, the Companies agree to the following recommendations:

1. For Northeast, the Signatory Parties agree to an actual adjustment ("AA") of (\$60,943) for an over-collection. This over-collection recognizes the removal of purchased gas costs associated with billing adjustments made by an upstream transporter.
2. For Northeast, the Signatory Parties agree to a balance adjustment ("BA")

of \$461,643 for an under-collection.

3. The Signatory Parties agree Northeast's unaccounted-for gas ("UFG") rates were within the five-percent range allowed by Commission rules.

4. The Signatory Parties agree that the Companies' respective monthly GCR rates on file with the Commission were properly billed to their customers. The Companies agree to ensure that the individual preparing the GCR calculations verifies the accuracy of the calculations by comparing them to source documents.

IV. UNCOLLECTIBLE EXPENSE AUDIT

1. Staff found that Northeast's write-offs, rider revenues and carrying costs were accurate, and confirmed that no PIPP customer accounts were included in the UEX Rider account for recovery. Staff made no recommendations. Northeast accepts Staff's findings and conclusions.

V. PERCENTAGE OF INCOME PAYMENT PLAN AUDIT

1. Northeast agrees that all the recommendations in the PIPP Report are reasonable and should be adopted. Specifically, Northeast agrees that \$2,912 should be credited to Account 186 to recognize the net effect of Staff's adjustments for a duplicated write off, credit memos incorrectly accounted for as write offs, and an adjustment related to the prior audit adjustment for which Staff could not sufficiently confirm occurred. Additionally, Northeast agrees that \$448 should be credited to Account 142 to reflect an adjustment for an unaccounted-for write-off.

VI. OTHER CONDITIONS

1. In arms-length bargaining, the Signatory Parties have negotiated terms and conditions that are embodied in this Stipulation. This Stipulation resolves a variety of difficult, complicated issues that would otherwise be resolved only through expensive, complex, and protracted litigation. This Stipulation contains the entire agreement among the Signatory Parties, and embodies a complete settlement of all claims, defenses, issues, and objections in this proceeding. Any objections or motions filed by the Signatory Parties that are inconsistent with this Stipulation shall be deemed withdrawn upon approval by the Commission of this Stipulation. The Signatory Parties agree that this Stipulation is in the best interests of the public and of all parties and urge the Commission to adopt it.

2. This Stipulation is submitted for purposes of this case and should not be understood to reflect the positions which the Signatory Parties would have taken if all the issues in the proceeding had been litigated. As with most stipulations reviewed by the Commission, the willingness of the Signatory Parties to sponsor this document jointly is predicated on the reasonableness of the Stipulation taken.

3. 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 a new agreement achieves such an outcome, the Signatory Parties will file the new agreement for Commission review and approval. 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. 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.

4. This Stipulation is not to be relied upon in any other proceedings, except as necessary to enforce the terms of this Stipulation. The Signatory Parties agree that if the Commission rejects all or any part of this Stipulation, or otherwise materially modifies its terms, any adversely affected party shall have the right within thirty (30) business days of

the Commission's Order, either to file an application for rehearing or to terminate and withdraw from the Stipulation by filing a notice with the Commission. The Signatory Parties agree to, and intend to support the reasonableness of, this Stipulation before the Commission and in any appeal from the Commission's adoption or enforcement of this Stipulation. If not fully adopted by the Commission or if rejected by the Supreme Court of Ohio, the Stipulation shall not prejudice any of the positions taken by any party on any issue before the Commission in any other proceeding and shall not be admissible evidence in this or any other proceeding.

The undersigned hereby stipulate and agree and each represents that it is authorized to enter this Stipulation on the 4th of February, 2021. This Stipulation can be signed in counterparts.

**NORTHEAST OHIO NATURAL
GAS CORPORATION**

**STAFF OF THE PUBLIC UTILITIES
COMMISSION OF OHIO**

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Date: February 4, 2021

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