

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE AMENDMENT OF
THE GAS COST RECOVERY RATE RULE IN
OHIO ADM.CODE 4901:1-14-05.

CASE NO. 21-672-GA-ORD

ENTRY

Entered in the Journal on June 16, 2021

I. SUMMARY

{¶ 1} The Commission directs that comments on Ohio Adm.Code 4901:1-14-05 and the appendix be filed by July 2, 2021.

II. DISCUSSION

{¶ 2} Pursuant to R.C. 4905.302(A)(1), the uniform purchased gas adjustment mechanism allows a natural gas company to adjust the rates that it charges customers in accordance with any fluctuation in the cost that the company incurs for the gas that it sells to customers. To facilitate the purchased gas adjustment mechanism and the audit of the mechanism, the rules contained in Ohio Adm.Code Chapter 4901:1-14 direct that the jurisdictional cost of gas be separated from all other costs incurred by a natural gas company and provide for each company's recovery of the gas costs. Specifically, Ohio Adm.Code 4901:1-14-05(B) provides that the gas cost recovery rate shall generally be calculated in accordance with the appendix to the rule.

{¶ 3} It has come to the Commission's attention that, due to a clerical error in a prior filing, Ohio Adm.Code 4901:1-14-05 and its appendix must be filed with the Joint Committee on Agency Rule Review, the Secretary of State, and the Legislative Service Commission. Accordingly, the Commission proposes to file the attached rule and appendix following an opportunity for comments from interested persons. Any comments on Ohio Adm.Code 4901:1-14-05 or the appendix should be submitted in this docket by interested stakeholders no later than July 2, 2021.

III. ORDER

{¶ 4} It is, therefore,

{¶ 5} ORDERED, That all interested persons shall file comments on Ohio Adm.Code 4901:1-14-05 and the appendix, as attached to this Entry, by July 2, 2021. It is, further,

{¶ 6} ORDERED, That notice of this Entry be sent to the gas-pipeline industry service list. It is, further,

{¶ 7} ORDERED, That a copy of this Entry and the attachment be served upon all regulated gas and natural gas companies, the Ohio Consumers' Counsel, the Ohio Gas Association, the Ohio Oil and Gas Association, and all other interested persons of record.

COMMISSIONERS:

Approving:

Jenifer French, Chair
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

SJP/kck

*****DRAFT - NOT FOR FILING*****

4901:1-14-05 Gas cost recovery rate.

- (A) The gas cost recovery rate equals:
- (1) The gas or natural gas company's expected gas cost for the upcoming quarter, or other period as approved by the commission, pursuant to paragraph (K) of rule 4901:1-14-01 of the Administrative Code, plus or minus;
 - (2) The supplier refund and reconciliation adjustment, which reflects:
 - (a) Refunds received from the gas or natural gas company's interstate pipeline suppliers or other suppliers or service providers plus ten per cent annual interest; and
 - (b) Adjustments ordered by the commission following hearings held pursuant to rule 4901:1-14-08 of the Administrative Code, plus ten per cent annual interest, plus or minus;
 - (3) The actual adjustment, which compensates for differences between the previous quarter's, or other commission-approved period's, expected gas cost and the actual cost of gas during that period, plus or minus; and
 - (4) The balance adjustment, which compensates for any under- or overcollections which have occurred as a result of prior adjustments, plus or minus.
- (B) The gas cost recovery rate shall be calculated on a companywide basis, except as provided in paragraph (C) of this rule, in accordance with the appendix to this rule.
- (C) The commission may, upon the request of any party or upon its own initiative, permit the company to calculate different gas cost recovery rates for different geographical areas. In determining whether to do so, the commission shall consider:
- (1) Whether the geographical areas involved are contiguous;
 - (2) Whether the cost of obtaining gas for each of the geographical areas involved can be separately identified;
 - (3) The manner in which the geographical areas involved have been treated in the past; and
 - (4) Such other factors as the commission considers appropriate.

APPENDIX
Gas Cost Recovery Rate Calculation

The Gas Cost Recovery Rate (GCR) shall be determined in accordance with the formulas set forth in this appendix. For purposes of these calculations, the following subscripts shall be used:

- (1) "q" means the quarter which contains the three monthly accounting periods immediately prior to the most recently ended monthly accounting period.
- (2) "m" means each monthly accounting period in q.
- (3) "y" means the period containing the twelve monthly accounting periods immediately prior to the most recently ended monthly accounting period.
- (4) "p" means the time period between the effective date of the current Gas Cost Recovery Rate and the effective date of the Gas Cost Recovery Rate in effect immediately prior to the current rate.
- (5) "z" means the time period between the effective date of the current Gas Cost Recovery Rate and the effective date of the Gas Cost Recovery Rate in effect approximately one year prior to the current rate.
- (6) "s" means each source of primary gas supplies.

Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the company expects the volumes to change substantially, the company may make appropriate adjustments in its calculations and shall fully describe any adjustments in the quarterly Gas Cost Recovery Report to be reviewed in a subsequent audit. All bulk supply volumes shall be corrected to standard temperature and pressure.

(A) EXPECTED GAS COST

The Expected Gas Cost (EGC), expressed in dollars and cents per Mcf, shall be determined as follows ("V" denotes variable):

- (1) $V1$ = Commodity Rate for each source of Primary Gas Supplies.
- (2) $V2$ = Volumes Purchased from each source of Primary Gas Supplies

- (3) V3 = Demand and Service Charges for each source of Primary Gas Supplies and each supplier of demand, capacity reservation or use, transportation, storage, balancing, gathering or other related services rendered prior to and including the physical delivery of the gas to the company's own system to the extent such charges are not included in the commodity rate as defined in paragraph (C) of rule 4901:1-14-01 of the Administrative Code.

$$(4) \quad V4 = \sum_{s=1}^j [(V1_s \times V2_{sy}) + (V3_s)]$$

("j" equals the total number of primary gas suppliers)

(5) V5 = Production Unit Cost

(6) V6 = Utility Production Volumes from old wells

(7) V7 = V5 x V6_y

(8) V8 = Book Cost of Includable Propane

(9) V9 = Gallons of Includable Propane

(10) V10 = V8 x V9_y

(11) V11 = Total Sales

(12) EGC = (V4 + V7 + V10) ÷ V11_y

(B) SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT

The Supplier Refund and Reconciliation Adjustment (RA), expressed in dollars and cents per Mcf, shall be determined as follows:

(13) V12 = Reconciliation Adjustments ordered by the commission during q

(14) V13 = Supplier Refunds received during q

(15) V14 = Jurisdictional Sales

$$(16) V15 = 1.0550 [V12 + (V13 \times (V14_y \div V11_y))]$$

$$(17) V16 = V15 \div V14_y$$

$$(18) V17 = V16 \text{ as used in computing the currently effective GCR}$$

$$(19) V18 = V16 \text{ as used in computing the GCR in effect one quarter prior to the currently effective GCR}$$

$$(20) V19 = V16 \text{ as used in computing the GCR in effect two quarters prior to the currently effective GCR.}$$

$$(21) RA = V16 + V17 + V18 + V19$$

(C) ACTUAL ADJUSTMENT

The Actual Adjustment (AA), expressed in dollars and cents per Mcf, shall be determined as follows:

$$(22) V20 = \text{Unit Book Cost of Total Sales}$$

$$(23) V21 = \text{EGC in effect during each period } m \text{ (if the EGC changed during any period } m, \text{ weighted average EGC shall be used for that period)}$$

$$(24) V22 = \sum_{m=1}^3 [(V20_m - V21) \times V14_m] \pm V33$$

$$(25) V23 = V22 \div V14_y$$

$$(26) V24 = V23 \text{ as used in computing the currently effective GCR}$$

$$(27) V25 = V23 \text{ as used in computing the GCR in effect one quarter prior to the currently effective GCR}$$

$$(28) V26 = V23 \text{ as used in computing the GCR in effect two quarters prior to the currently effective GCR}$$

$$(29) AA = V23 + V24 + V25 + V26$$

(D) BALANCE ADJUSTMENT

The Balance Adjustment (BA), expressed in dollars and cents per Mcf, shall be determined as follows:

(30) $V27 = V22$ as used to compute the GCR in effect four quarters prior to the currently effective GCR

(31) $V28 = V23$ as used to compute the GCR in effect four quarters prior to the currently effective GCR

(32) $V29 = V27 - (V28 \times V14_z)$

(33) $V30 = V15$ as used to compute the GCR in effect four quarters prior to the currently effective GCR

(34) $V31 = V16$ as used to compute the GCR in effect four quarters prior to the currently effective GCR

(35) $V32 = V30 - (V31 \times V14_z)$

(36) $V33 = V29 + V32$

(E) GAS COST RECOVERY RATE

The Gas Cost Recovery Rate (GCR) shall be determined as follows:

(37) $GCR = EGC + RA + AA$

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

6/16/2021 2:17:11 PM

in

Case No(s). 21-0672-GA-ORD

Summary: Entry directing that comments on Ohio Adm.Code 4901:1-14-05 and the appendix be filed by July 2, 2021 electronically filed by Heather A Chilcote on behalf of Public Utilities Commission of Ohio