

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In The Matter Of The Regulation Of The)
Purchased Gas Adjustment Clause) Case No. 22-209-GA-GCR
Contained Within The Rate Schedules Of)
Northeast Ohio Natural Gas Corporation)
And Related Matters.

In The Matter Of The Uncollectible)
Expense Rider Of Northeast Ohio Natural) Case No. 22-309-GA-UEX
Gas Company And Related Matters.)

In The Matter Of The Percentage Of)
Income Payment Plan Rider Of Northeast) Case No. 22-409-GA-PIP
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 "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.

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).

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 February 9, 2022, the Commission issued an Entry in the above captioned cases which initiated GCR financial audits for Northeast (Case No. 22-209- GA-GCR), an audit of Northeast's uncollectible expense ("UEX") rider (Case Nos. 22-309-GA- UEX), and an audit of Northeast's

percentage of income payment plan ("PIPP") rider (Case No. 22-409-GA-PIP).

2. On January 17, 2023, Staff filed the following reports: (a) the Financial Audit of the Gas Cost Recovery Mechanisms for the Effective GCR Periods of July 1, 2020 through June 30, 2022 ("GCR Report"); (b) the Audit of Northeast's Uncollectible Expense Mechanism for the Period of January 2020 through December 2021 ("UEX Report"); and (c) the Financial Audit of the Percentage of Income Payment Plan for the Period of January 2020 through December 2021 ("PIPP Report").

III. GCR FINANCIAL AUDIT

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

1. Due to an error in Staff's purchase gas cost calculation used in the staff report, Staff's calculation did not include storage volumes and costs for December 2020, January 2021, and February 2022. Staff agrees and made the correction to its calculation.
2. Staff's purchase gas cost calculation also did not include an invoice in the amount of \$1,551.30 for the month of December 2020. Staff agrees and made this correction.
3. Staff's purchase gas cost calculation did not include two invoices for February 2022 in the amount of a credit of (\$5,548.56) and \$8,459.66 that

should have been included in its calculation. Staff agrees and made this correction.

4. The corrected actual adjustment (“AA”) should be \$5,200 as shown in the attached table.

The Companies further agree to the following recommendations:

1. The Signatory Parties agree Northeast's unaccounted-for gas (“UFG”) rates were within the five-percent range allowed by Commission rules.
2. 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. Northeast accepts Staff’s findings and recommendations contained in the UEX audit report. With the adoption of Staff’s recommended adjustment, Northeast shall reduce its December 2021 ending UEX balance to \$(469,517).

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 to adjust Account 186 by \$3,360 to account for previously ordered and agreed upon

adjustments². Additionally, Northeast agrees that the current deferral balance in Account 186 as of December 31, 2021, is over collected in the amount \$122,958 and agrees to file an application to adjust its PIPP rider rate to start passing back this overcollection to customers.

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

² Northeast Ohio Natural Gas Company, Case No. 20-409-GA-PIP, Opinion and Order at paragraph 37 filed on May 19, 2021.

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. This Stipulation can be signed in counterparts.

NORTHEAST OHIO
NATURAL GAS CORPORATION

STAFF OF THE PUBLIC UTILITIES
COMMISSION OF OHIO

/s/N. Trevor Alexander

N. Trevor Alexander

Benesch, Friedlander, Coplan & Aronoff LLP
41 South High Street, Suite 2600
Columbus, OH 43215-6164
614.223.9363 (telephone)
614.223.9330 (facsimile)
talexander@beneschlaw.com

Date: 03/24/2023

/s/Thomas G. Lindgren

Thomas G. Lindgren

Assistant Attorney General
Public Utilities Section
30 East Broad St., 26th Floor
Columbus, OH 43215-3414
614.466.4395 (telephone)
614.644.8764 (facsimile)
Thomas.Lindgren@OhioAGO.gov

Date: 03/24/2023

Table I
Actual Adjustment

	<u>Per Staff</u>	<u>Jun-20</u>	<u>Jul-20</u>	<u>Aug-20</u>	<u>AA</u>	<u>Difference</u>
Quarter End: Aug-20	Supply Cost \$		\$316,695	\$375,399		
	Jur. Sales MCF		104,169	98,620		
	Total Sales MCF		104,169	98,620		
	Book Cost \$/ MCF		\$3.0402	\$3.8065		
	EGC\$/MCF		\$2.6085	\$2.8310		
	Diff. \$/MCF		\$0.4317	\$0.9755		
	Cost Diff. \$		\$44,970	\$96,204	\$141,173	
	<u>Per Company</u>					
	Supply Cost \$		\$316,719	\$373,356		
	Jur. Sales MCF		104,169	98,620		
	Total Sales MCF		104,169	98,620		
	Book Cost \$/ MCF		\$3.0404	\$3.7858		
	EGC\$/MCF		\$2.6085	\$2.8310		
	Diff. \$/MCF		\$0.4319	\$0.9548		
	Cost Diff. \$		\$44,991	\$94,162	\$139,153	\$2,020
	<u>Per Staff</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>AA</u>	<u>Difference</u>
Quarter End: Nov-20	Supply Cost \$	\$399,648	\$701,974	\$1,369,760		
	Jur. Sales MCF	106,095	145,202	269,360		
	Total Sales MCF	106,095	145,202	269,360		
	Book Cost \$/ MCF	\$3.7669	\$4.8345	\$5.0853		
	EGC\$/MCF	\$2.9341	\$2.7834	\$3.4390		
	Diff. \$/MCF	\$0.8328	\$2.0511	\$1.6463		
	Cost Diff. \$	\$88,356	\$297,824	\$443,447	\$829,627	
	<u>Per Company</u>					
	Supply Cost \$	\$399,647	\$701,974	\$1,369,761		
	Jur. Sales MCF	106,095	145,202	269,360		
	Total Sales MCF	106,095	145,202	269,360		
	Book Cost \$/ MCF	\$3.7669	\$4.8345	\$5.0853		
	EGC\$/MCF	\$2.9341	\$2.7834	\$3.4390		
	Diff. \$/MCF	\$0.8328	\$2.0511	\$1.6463		
	Cost Diff. \$	\$88,356	\$297,824	\$443,447	\$829,627	\$0

Table I
Actual Adjustment

	<u>Per Staff</u>	<u>Dec-20</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>AA</u>	<u>Difference</u>
Quarter End: Feb-21	Supply Cost \$	\$1,969,180	\$2,484,902	\$3,048,228		
	Jur. Sales MCF	504,201	680,017	783,258		
	Total Sales MCF	504,201	680,017	783,258		
	Book Cost \$/ MCF	\$3.9055	\$3.6542	\$3.8917		
	EGC\$/MCF	\$3.4598	\$3.6257	\$3.9300		
	Diff. \$/MCF	\$0.4457	\$0.0285	(\$0.0383)		
	Cost Diff. \$	\$224,722	\$19,380	(\$29,999)	\$214,103	
	<u>Per Company</u>					
	Supply Cost \$	\$1,969,180	\$2,277,250	\$2,931,373		
	Jur. Sales MCF	504,201	680,017	783,258		
	Total Sales MCF	504,201	680,017	783,258		
	Book Cost \$/ MCF	\$3.9055	\$3.6542	\$3.8917		
	EGC\$/MCF	\$3.4598	\$3.6257	\$3.9300		
	Diff. \$/MCF	\$0.4457	\$0.0285	(\$0.0383)		
	Cost Diff. \$	\$224,722	\$19,380	(\$29,999)	\$214,103	\$0
	<u>Per Staff</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>	<u>AA</u>	<u>Difference</u>
Quarter End: May-21	Supply Cost \$	\$2,465,608	\$869,323	\$890,528		
	Jur. Sales MCF	664,838	357,142	288,183		
	Total Sales MCF	664,838	357,142	288,183		
	Book Cost \$/ MCF	\$3.7086	\$2.4341	\$3.0901		
	EGC\$/MCF	\$3.9134	\$3.5220	\$3.8289		
	Diff. \$/MCF	(\$0.2048)	(\$1.0879)	(\$0.7388)		
	Cost Diff. \$	(\$136,159)	(\$388,535)	(\$212,910)	(\$737,604)	
	<u>Per Company</u>					
	Supply Cost \$	\$2,465,608	\$869,323	\$890,529		
	Jur. Sales MCF	664,838	357,142	288,183		
	Total Sales MCF	664,838	357,142	288,183		
	Book Cost \$/ MCF	\$3.7086	\$2.4341	\$3.0901		
	EGC\$/MCF	\$3.9134	\$3.5220	\$3.8289		
	Diff. \$/MCF	(\$0.2048)	(\$1.0879)	(\$0.7388)		
	Cost Diff. \$	(\$136,159)	(\$388,535)	(\$212,910)	(\$737,604)	\$0

Table I
Actual Adjustment

	<u>Per Staff</u>	<u>Jun-21</u>	<u>Jul-21</u>	<u>Aug-21</u>	<u>AA</u>	<u>Difference</u>
Quarter End: Aug-21	Supply Cost \$	\$664,508	\$589,072	\$761,212		
	Jur. Sales MCF	163,449	109,074	109,569		
	Total Sales MCF	163,449	109,074	109,569		
	Book Cost \$/ MCF	\$4.0655	\$5.4007	\$6.9473		
	EGC\$/MCF	\$3.8817	\$4.5420	\$4.9336		
	Diff. \$/MCF	\$0.1838	\$0.8587	\$2.0137		
	Cost Diff. \$	\$30,042	\$93,662	\$220,639	\$344,343	
	<u>Per Company</u>					
	Supply Cost \$	\$664,508	\$589,073	\$761,212		
	Jur. Sales MCF	163,449	109,073	109,569		
	Total Sales MCF	163,449	109,073	109,569		
	Book Cost \$/ MCF	\$4.0655	\$5.4007	\$6.9473		
	EGC\$/MCF	\$3.8817	\$4.5420	\$4.9336		
	Diff. \$/MCF	\$0.1838	\$0.8587	\$2.0137		
	Cost Diff. \$	\$30,042	\$93,661	\$220,639	\$344,342	\$1
	<u>Per Staff</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>AA</u>	<u>Difference</u>
Quarter End: Nov-21	Supply Cost \$	\$685,769	\$1,003,169	\$2,679,351		
	Jur. Sales MCF	111,160	126,580	269,700		
	Total Sales MCF	111,160	126,580	269,700		
	Book Cost \$/ MCF	\$6.1692	\$7.9252	\$9.9346		
	EGC\$/MCF	\$5.4704	\$5.6725	\$6.1674		
	Diff. \$/MCF	\$0.6988	\$2.2527	\$3.7672		
	Cost Diff. \$	\$77,679	\$285,148	\$1,016,013	\$1,378,839	
	<u>Per Company</u>					
	Supply Cost \$	\$685,769	\$1,003,129	\$2,672,240		
	Jur. Sales MCF	111,160	126,580	269,699		
	Total Sales MCF	111,160	126,580	269,699		
	Book Cost \$/ MCF	\$6.1692	\$7.9248	\$9.9082		
	EGC\$/MCF	\$5.4704	\$5.6725	\$6.1674		
	Diff. \$/MCF	\$0.6988	\$2.2523	\$3.7408		
	Cost Diff. \$	\$77,679	\$285,097	\$1,008,892	\$1,371,668	\$7,171

Table I
Actual Adjustment

	<u>Per Staff</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>AA</u>	<u>Difference</u>
Quarter End: Feb-22	Supply Cost \$	\$3,481,455	\$3,823,896	\$4,799,158		
	Jur. Sales MCF	563,570	677,680	871,066		
	Total Sales MCF	563,570	677,680	871,066		
	Book Cost \$/ MCF	\$6.1775	\$5.6426	\$5.5095		
	EGC\$/MCF	\$5.6918	\$4.9806	\$7.0228		
	Diff. \$/MCF	\$0.4857	\$0.6620	(\$1.5133)		
	Cost Diff. \$	\$273,726	\$448,624	(\$1,318,185)	(\$595,835)	

Per Company

Supply Cost \$	\$3,482,756	\$3,823,610	\$4,842,768		
Jur. Sales MCF	563,570	677,680	871,066		
Total Sales MCF	563,570	677,680	871,066		
Book Cost \$/ MCF	\$6.1798	\$5.6422	\$5.5596		
EGC\$/MCF	\$5.6918	\$4.9806	\$7.0228		
Diff. \$/MCF	\$0.4880	\$0.6616	(\$1.4632)		
Cost Diff. \$	\$275,022	\$448,353	(\$1,274,544)	(\$551,169)	(\$44,666)

	<u>Per Staff</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>AA</u>	<u>Difference</u>
Quarter End: May-22	Supply Cost \$	\$2,394,569	\$2,668,520	\$1,923,001		
	Jur. Sales MCF	669,103	479,616	280,046		
	Total Sales MCF	669,103	479,616	280,046		
	Book Cost \$/ MCF	\$3.5788	\$5.5639	\$6.8667		
	EGC\$/MCF	\$5.2584	\$6.2809	\$7.7438		
	Diff. \$/MCF	(\$1.6796)	(\$0.7170)	(\$0.8771)		
	Cost Diff. \$	(\$1,123,825)	(\$343,885)	(\$245,628)	(\$1,713,338)	

Per Company

Supply Cost \$	\$2,395,312	\$2,667,955	\$1,881,084		
Jur. Sales MCF	669,103	479,616	280,046		
Total Sales MCF	669,103	479,616	280,046		
Book Cost \$/ MCF	\$3.5799	\$5.5627	\$6.7171		
EGC\$/MCF	\$5.2584	\$6.2809	\$7.7438		
Diff. \$/MCF	(\$1.6785)	(\$0.7182)	(\$1.0267)		
Cost Diff. \$	(\$1,123,089)	(\$344,460)	(\$287,523)	(\$1,755,072)	\$41,734

Table I
Actual Adjustment

	<u>Per Staff</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>Aug-22</u>	<u>AA</u>	<u>Difference</u>
Quarter End: Aug-22	Supply Cost \$	\$1,160,156	\$0	\$0		
	Jur. Sales MCF	149,441	0	0		
	Total Sales MCF	149,441	0	0		
	Book Cost \$/ MCF	\$7.7633	#DIV/0!	#DIV/0!		
	EGC\$/MCF	\$8.6492	\$0.0000	\$0.0000		
	Diff. \$/MCF	(\$0.8859)	#DIV/0!	#DIV/0!		
	Cost Diff. \$	(\$132,390)	#DIV/0!	#DIV/0!	(\$132,390)	
	<u>Per Company</u>					
	Supply Cost \$	\$1,161,216				
	Jur. Sales MCF	149,441				
	Total Sales MCF	149,441	0	0		
	Book Cost \$/ MCF	\$7.7704				
	EGC\$/MCF	\$8.6492				
	Diff. \$/MCF	(\$0.8788)				
,	Cost Diff. \$	(\$131,329)			(\$131,329)	(\$1,061)
					Total AA	\$5,200

**This foregoing document was electronically filed with the Public Utilities
Commission of Ohio Docketing Information System on**

3/24/2023 9:18:29 AM

in

Case No(s). 22-0209-GA-GCR, 22-0309-GA-UEX, 22-0409-GA-PIP

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