

## **RIDER GCR**

### **GAS COST RECOVERY**

The Gas Cost Recovery Rate (G.C.R.) to be charged under these tariffs shall be determined in accordance with Chapter 4901:1-14 of the Ohio Administrative Code, which, in pertinent part, reads as follows:

#### **APPLICABILITY**

The provisions of this chapter shall apply to all gas and natural gas companies subject to the jurisdiction of the Commission, with respect to all schedules of rates established or approved by the Commission, including, but not limited to rate schedules approved or established under Sections 4905.31, 4909.19, and 4909.39 of the Revised Code. The provisions of this chapter shall not apply to municipal ordinance rates established under Section 743.26 or 4909.34 of the Revised Code or Article XVIII, Section 4 of the Ohio Constitution, except in instances where a municipal ordinance adopts, by reference or otherwise, rates established by the Commission.

#### **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; 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 plus ten percent annual interest, except the jurisdictional portion of refunds applicable to the period prior to January 1, 1980, which are ultimately determined to be payable for sales to nonexempt industrial users which shall be paid in a lump-sum payment as approved by the Commission; and
  - (b) Adjustments ordered by the Commission following hearings held under Rule 4901:1-14-08 of the Administrative Code, plus ten percent annual interest; plus or minus
- (3) The actual adjustment which compensates for differences between the previous quarter's expected gas cost and the actual cost of gas during that quarter; plus or minus
- (4) The balance adjustment, which compensates for any under or over collections which have occurred as a result of prior adjustments.

(B) The gas cost recovery rate shall be calculated on Company wide basis.

(C) The final gas cost recovery rate shall be determined in accordance with Rule 4901:1-14-05(A).

#### **REPORTS**

(A) The Company shall submit quarterly gas cost recovery reports to the Commission, in such form as the Commission requires. The filing date for each such report shall be established by the Commission.

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**REPORTS (Contd.)**

- (B) Each quarterly report shall contain:
  - (1) An updated gas cost recovery rate, determined in accordance with Rule 4901:1-14-05 and Appendix A of the Administrative Code;
  - (2) The data and calculations used to determine the updated gas cost recovery rate; and
  - (3) Such other information as the Commission requires.

**CUSTOMER BILLING**

- (A) Unless otherwise ordered by the Commission the quarterly updated gas cost recovery rate filed in accordance with Rule 4901:1-14-04 of the Administrative Code shall become effective and shall be applied to customer bills for service rendered on or after the thirtieth day following the filing date established by the Commission, or, at the option of the gas or natural gas company, on/or after the first day of the month following the thirtieth day after filing date established by the Commission. The Commission may at any time order a reconciliation adjustment as a result of errors or erroneous reporting.
- (B) Except as provided in paragraphs (C) and (D) of this rule, if the gas cost recovery rate changes during the customer's billing cycle, the gas or natural gas company shall apply a weighted average gas cost recovery rate to its customer bills. The weighted average gas cost recovery rate shall be determined in accordance with "Appendix B" to this chapter.
- (C) If the gas cost recovery rate changes during a customer's billing cycle, and if the customer's actual daily consumption is known by the gas or natural gas company, the company may, instead of applying a weighted average gas cost recovery rate, apply each gas cost recovery rate which was effective during the billing cycle to the volumes actually consumed when that rate was in effect.
- (D) The Commission may, upon request of the Company, and for good cause shown, exempt the Company from the requirement that it apply weighted average gas cost recovery rates to its customer bills. In determining whether to grant such requests, the Commission shall consider:
  - (1) The number of customers served by the Company;
  - (2) The cost to the Company and its customer of determining weighted average gas cost recovery rates; and
  - (3) Such other factors as the Commission considers important.
- (E) The Company shall indicate on each customer's bill:
  - (1) The gas cost recovery rate expressed in dollars and cents per MCF or CCF; and
  - (2) The total charge attributable to the gas cost recovery rate expressed in dollars and cents.

## HEARINGS

At least thirty days after the filing of each audit report required under Paragraph (D) of Rule 4901:1-14-07 of the Administrative Code, the Commission shall hold a public hearing to review:

- (1) The audit findings, conclusions, and recommendations; and
- (2) Such other matters relating to the gas or natural gas company's gas cost recovery rates as the Commission considers appropriate.

## AUDITS

The Commission shall conduct, or cause to be conducted, periodic financial and management/performance audits of each gas or natural gas company subject to the provisions of this chapter. Unless otherwise ordered by the Commission, the audits shall be conducted annually. Unless otherwise ordered by the Commission, each audit shall be conducted by a qualified independent auditing firm selected according to paragraphs (C) and (D) of Rule 4901:1-14-07. The cost of each such audit shall be paid by the gas or natural gas company.

## DEFINITIONS

For purposes of this chapter:

- (A) "Commission" means the public utilities commission.
- (B) "Gas company" and "natural gas company" have the meanings set forth in Section 4905.03 of the Revised Code.
- (C) "Purchased gas adjustment clause" has the meaning set forth in Section 4905.302 of the Revised Code.
- (D) "Gas" means any vaporized fuel transported or supplied to consumers by a gas or natural gas company, including, but not limited to natural gas, synthetic gas, liquefied natural gas, and propane.
- (E) "Synthetic gas" means gas formed from feedstocks other than natural gas, including but not limited to coal, oil, or naphtha.
- (F) "Gas cost recovery rate" means the quarterly updated gas cost adjustment determined in accordance with Rule 4901:1-14-05 of the Administrative Code and "Appendix A" to this chapter.
- (G) "Mcf" means a unit of gas equal to one thousand cubic feet.
- (H) "Ccf" means a unit of gas equal to one hundred cubic feet.
- (I) "Gas costs" or "cost of gas" means the cost to a gas or natural gas company of obtaining the gas which it sells to its customers. The cost of gas shall include the transportation and storage charges of interstate pipeline suppliers to the extent that those charges are incorporated in the commodity rates or demand charges. The cost of gas does not include the cost of utility storage.
- (J) "Customer" means each billing account of a gas or natural gas company.

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**DEFINITIONS (Contd.)**

- (K) "Special purchase" has the meaning set forth in Section 4905.302 of the Revised Code.
- (L) "Self-help arrangement" means an arrangement between a gas or natural gas company and a customer providing for the transportation of gas owned by the customer from the point of production to the point of consumption.
- (M) "Includable gas supplies" means:
- (1) Primary gas supplies;
  - (2) Includable propane; and
  - (3) Utility production volumes.
- (N) "Primary gas supplies" means:
- (1) Supplies of natural gas or liquefied natural gas obtained from interstate pipeline suppliers, except short term supplies.
  - (2) Supplies of synthetic gas purchased under agreements approved by the commission under Section 4905.303 of the Revised Code, and other supplies of synthetic gas, except short term supplies, purchased under contracts approved by the commission;
  - (3) Supplies of gas obtained from other gas or natural gas companies;
  - (4) Supplies of gas, other than utility production volumes from old wells, obtained from Ohio producers;
  - (5) Supplies of gas made available to a gas or natural gas company under self-help arrangements;
  - (6) Special purchases of natural gas not included in short term supplies; and
  - (7) Utility production volumes from new wells provided that such volumes are priced at the lower of either: (a) the price currently being paid by the utility to independent Ohio producers for gas from like wells or (b) the lowest commodity rate currently being paid by the utility to any of its interstate pipeline suppliers.
- (O) "Includable propane" means:
- (1) Propane used for peak shaving purposes;
  - (2) Propane used for volumetric purposes at the end of a supply period to avoid monetary penalties, provided that the company promptly notifies the commission in writing of such usage; and
  - (3) Base Loading of Propane.

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**DEFINITIONS (Contd.)**

- (P) "Utility production volumes" means all volumes of gas, other than synthetic gas, produced by a gas or natural gas company, or by a subsidiary or affiliate of a gas or natural gas company, unless the rates or charges for such production are subject to the jurisdiction of the Federal Energy Regulatory Commission.
- (Q) "Current direct cost of production" means the production and gathering expenses associated with utility production volumes from old wells which are included in accounts 750 through 769 of the "Uniform System of Accounts for Class A and B Gas Utilities," and accounts 710, 711, 713, 714, 715, 716, 717, and 719 of the "Uniform System of Accounts for Class C and D Gas Utilities."
- (R) "Production unit cost" means the current direct cost of production expressed in dollars and cents per Mcf.
- (S) "Short term supplies" means all special purchases of gas, to the extent that those purchases decrease the level of curtailment to any customer or class of customers, except special purchases approved by the commission under Section 4905.303 of the Revised Code. For purposes of this chapter, a special purchase decreases curtailment to a class of customers if curtailment of that class is reduced, maintained at the same level, or increased to a lesser degree as a result of the special purchase.
- (T) "Total sales" means all sales of includable gas supplies to retail customers. "Total sales" does not include volumes transported to consumers under self-help arrangements.
- (U) "Jurisdictional sales" means total sales, less sales to customers under municipal ordinance rates, except sales under municipal ordinances which have adopted, by reference or otherwise, rates established by the commission.
- (V) "Unit book cost" means the cost of total sales expressed in dollars and cents per Mcf as calculated using standard accounting methods acceptable to the commission and the gas or natural gas company's independent auditors submitting the certificate of accountability as required under paragraph (C) of Rule 4901:1-14-07 of the Administrative Code.
- (W) "Commodity rate" means the commodity portion of gas costs billed by a gas or natural gas company's suppliers expressed in dollars and cents per Mcf. For purposes of the calculations required under Rule 4901:1-14-05 of the Administrative Code, "commodity rate" means the commodity rate which is expected to be in effect on the fifth day after the effective date of the new gas cost recovery rate to be determined under that Rule.
- (X) "Monthly demand charge" means the monthly demand portion of gas costs billed by a gas or natural gas company's suppliers expressed in dollars and cents per Mcf. For purposes of the calculations required under Rule 4901:1-14-05 of the Administrative Code, "monthly demand charge" means the monthly demand charge which is expected to be in effect on the fifth day after the effective date of the new gas cost recovery rate to be determined under that Rule.

**DEFINITIONS (Contd.)**

- (Y) "Utility storage" means storage facilities operated and maintained by a gas or natural gas company, or by a subsidiary or affiliate of a gas or natural gas company, unless the charges for such facilities are incorporated in commodity rates or monthly demand charges filed with or approved by the Federal Energy Regulatory Commission.
- (Z) "Reconciliation adjustment" means a positive or negative adjustment to future gas cost recovery rates ordered by the commission pursuant to Rule 4901:1-14-06 or 4901:1-14-08 of the Administrative Code.
- (AA) "Supplier refund" means a refund from an interstate pipeline company ordered by the Federal Energy Regulatory Commission, including interest where ordered, where such refund is received as one lump sum payment or credit.
- (BB) "Expected gas cost" means the weighted average cost of primary gas supplies, utility production from old wells, and includable propane expressed in dollars and cents per Mcf and determined in accordance with "Appendix A" to this chapter.
- (CC) "Base Loading of Propane": Pursuant to the Public Utilities Commission of Ohio's February 16, 1983 Entry in Case No. 83-147-GA-UNC, "includable propane" for purposes of this tariff, includes the cost of propane vaporized for base load purposes provided that:
1. The cost of such propane is less per MCF than the marginal price of natural gas which would be consumed absent the use of such propane; and,
  2. The expected replacement price of such propane is equal to or less than the marginal price of natural gas which would be consumed absent the use of such propane.

The expected replacement price of propane is to be determined at the time the Company desires to vaporize and base load propane.