

Northeast Ohio Natural Gas Corp. Natural Gas Rate Review

Northeast Ohio Natural Gas Corp. (NEO) is requesting an increase to delivery rates to recover the costs associated with a recent, strategic pipeline acquisition that benefits customers by ensuring the continuation of safe, reliable and reasonably-priced natural gas supplies and service.

FACT SHEET

On August 26, 2020, NEO submitted a proposal to the Public Utilities Commission of Ohio (PUCO) to request an increase to rates for the Company's recent strategic pipeline acquisition. The Company serves 30 counties and more than 30,500 customers in north, central and southeastern Ohio.

The adjustments that NEO requests are associated with NEO's December 2019 acquisition of the assets formerly owned by Orwell Trumbull Pipeline Company (OTP). This important new asset enables NEO to provide natural gas to a large number of customers in key areas of the Company's service territory. The acquisition also ensures safe, reliable and reasonably-priced natural gas supplies and service for NEO customers and provides strategic long-term operating capabilities for the Company. OTP's assets were integrated into NEO's operations prior to year-end 2019 upon approval from the PUCO. The proposed adjustment in rates would be implemented as a supplemental infrastructure provision on customer bills.

NEO has been committed to providing low-cost natural gas supplies and service to its valued customers

since launching operations in 1986. Over this time frame, the Company has continually improved and expanded its service capabilities, and considers rate increases and other adjustments only after exhausting all other efficiency options.

The Company's recent proposal, if approved by the PUCO, would result in an increase in the average residential customer's bill by approximately \$2.07 per month. A typical residential customer can expect to see their monthly heating season gas bills (using approximately 10 MCF of natural gas) increase from about \$62.46 to \$64.53.

Even with this proposed rate increase, natural gas continues to be an excellent fuel source for heating homes and fueling other appliances when compared to electricity, propane and fuel oil in the state of Ohio. Recovering prudent costs related to operating the Company's natural gas distribution system and managing other areas of its business is essential to providing clean, safe, and reliable gas service in the future.

Quick Facts



NEO remains focused on providing low-cost natural gas service and excellent customer service. In June 2020, NEO began crediting customers for the lowering of the federal tax rate, authorized by the PUCO, as a result of the 2017 Tax Cut and Jobs Act ("TCJA") which lowered the federal corporate income tax rate on corporations. An average customer using 10 MCF per month would receive a credit of \$1.37 on their bill.



This filing addresses only NEO's delivery charges, which represents about 51 cents of every dollar paid by a residential customer who uses 10 Mcf per month of natural gas. The cost of gas represents 44 cents and is a direct pass through without mark-up. The remaining 5 cents is for applicable taxes.



The COVID-19 pandemic may have dramatically affected your source of income and your ability to pay bills. The Home Energy Assistance Program (HEAP) – is a federally funded program designed to help income-eligible Ohioans with their winter heating bills. The program runs from July 1 to March 31 each year. Customers at or below 175% of the Federal Poverty Guidelines receive a benefit in the form of a direct payment toward their main heating account. HEAP benefits are typically credited directly towards the eligible customer's energy heating bill beginning in the month of January. The benefit amount depends on a number of factors. To see if you are eligible, please visit the State of Ohio's Development Services Agency's web-site at: www.development.ohio.gov. Click on the Easy Program Finder Link.