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PUCO

Alan R. Schriber, Chairman  
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The Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43266-0573

Re: Glenwood Energy of Oxford, Inc.  
Case No. 10-899-GA-UEx

Dear Commissioners:

I am writing on behalf of the city of Oxford, Ohio ("Oxford") regarding the June 25, 2010 application of Glenwood Energy of Oxford, Inc. ("Glenwood") in the above-referenced docket. By this application, Glenwood seeks authority to increase its uncollectible expense rider rate from \$0.08 per Mcf to \$0.26 per Mcf.

As you know, Oxford was a signatory to the stipulation that resolved Case No. 06-350-GA-CMR, the complaint and appeal of Oxford Natural Gas Company ("ONG") from Oxford Ordinance No. 2896. Glenwood was, and is, bound by that stipulation by virtue of the Commission's October 10, 2007 order in Case Nos. 07-1025-GA-ATR and 07-1026-GA-ATA, wherein the Commission approved Glenwood's purchase of the assets of ONG and authorized Glenwood to adopt ONG's tariffs. The stipulation, *inter alia*, established the methodology to be utilized in the event ONG subsequently sought approval of a UEX rider, and further required that ONG consult with Oxford before filing an application to establish such a rider.

On May 22, 2009, Glenwood filed an application in Case No. 09-439-GA-UEx for authority to establish an uncollectible expense rider. As required by the stipulation in the complaint and appeal, Glenwood consulted with Oxford prior to filing its application, and, as a result of those discussions, Oxford filed a letter in the case on May 29, 2009 advising the Commission that it would not oppose the application.

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Oxford was duly served with a copy of the application in Case No. 10-899-GA-UEx on June 25, 2010. Based on its review of the application and the related attachments, Oxford was concerned about the magnitude of the proposed increase, which, if approved, will result in an rider rate that is on the order of three times higher than the current rider rates of the other smaller Ohio gas distribution companies that have uncollectible expense riders. Further, as the Commission well knows, uncollectible expense riders significantly reduce, if not totally eliminate, the incentive for utilities to aggressively pursue collection activities because ultimate recovery of bad-debt write-offs is essentially guaranteed. Thus, Oxford was also concerned that the 2009 Balance Reconciliation Adjustment submitted as revised Attachment A showed no net collection agency revenues through the first ten months of the year and only very modest recoveries in November and December, notwithstanding that the bad debt monthly balance increased from some \$38,000 at the beginning of 2009 to some \$93,000 at year end.

As a result of these concerns, Oxford initiated discussions with Glenwood regarding the application. Glenwood was forthcoming in supplying the additional information Oxford requested, and addressed each of the questions Oxford posed. Glenwood explained that, although it did not begin to utilize the services of a collection agency until the end of 2009, it now has such an arrangement in place and that the results during the first two quarters of 2010 have been encouraging. Glenwood also indicated its willingness to continue the dialogue with Oxford regarding collection issues with an eye towards minimizing future bad debt write-offs to the extent possible.

Based on Glenwood's responses and representations, I am authorized to advise the Commission that Oxford does not oppose this application. However, Oxford urges the Commission to direct its staff to continue to monitor Glenwood's bad write-offs to assure that Glenwood aggressively pursues collection efforts so as to protect its paying customers.

Thank you for your consideration.

Sincerely,



Barth E. Royer  
Attorney for the City of Oxford, Ohio

cc: Parties of Record