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September 7, 2010

Docketing Division  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215

RE: *In the Matter of the Application of Glenwood Energy of Oxford, Inc. for Approval of  
an Adjustment to its Uncollectible Expense Rider Rate, Case No. 10-899-GA-UEX*

Dear Docketing Division:

Enclosed please find the Staff's Comments regarding Glenwood Energy of  
Oxford, Inc.'s application for an adjustment to its existing uncollectible expense rider in  
Case No. 10-899-GA-UEX.

Respectfully submitted,

*Steve Puican*

Steve Puican  
Co-Chief, Rates & Tariffs/Energy & Water Division  
Public Utilities Commission of Ohio

Enclosure  
cc: Parties of Record

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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Glenwood Energy of Oxford, Inc. for	)	
Approval of an Adjustment to its	)	Case No. 10-899-GA-UEx
Uncollectible Expense Rider Rate.	)	

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**COMMENTS  
OF THE STAFF OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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Date submitted: September 7, 2010

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

Background

In Case No. 03-1127-GA-UNC, the Commission authorized the concept of an uncollectible accounts expense recovery mechanism for five natural gas companies, including Glenwood Energy of Oxford, Inc. (Glenwood or Company), formerly Oxford Natural Gas Company. The mechanism approved allows for recovery of actual bad/uncollectible debt through a rider, rather than through base rates. Subsequently, Glenwood was authorized in Case No. 09-439-GA-UEx to reduce its base rates by \$0.05 per Mcf and establish its initial uncollectible expense rider (UEx) at \$0.08 per MCF. On September 30, 2009, the Commission approved Glenwood's initial UEx rate.

On June 25, 2010, Glenwood filed the pending application to revise its current uncollectible expense rider rate. On June 29, 2010, the Company filed corrections to the exhibits in its application. Staff has reviewed the application and exhibits and makes its findings and recommendations in this staff report.

Application

Glenwood's application would increase the existing rider rate of \$0.08 per Mcf to \$0.26 per Mcf or an increase of \$0.18. In the application, the Company's Exhibit 1 contained the annual balance reconciliations (ABR) for 2007, 2008, 2009 and 2010. The ABRs reflect the beginning balance, the incremental bad debt written off, the incremental uncollectible expense rider recoveries and the ending balances for each year.

In its 2009 ABR, Staff notes that Glenwood incorporated the Commission ordered recommendation from Case No. 09-439-GA-UEx, which reduced the January 2009 beginning balance from 43,414.49 to \$38,207.59. Staff also notes that the December 2009 ending balance was \$107,051.27, a one year increase in under-collected expenses of \$68,843.68. On the same page, the Company calculated its proposed UEx rider rate. In its calculation, the Company started with the December 2009 ending balance of \$107,051.27, divide by annual volumes to arrive at a rate of \$0.26 per MCF. The Company then subtracted from this recoveries through base rates and the UEx rider, for a net increase of \$0.18 per Mcf.

In its 2010 ABR, the Company filed actual information from January through May and estimates for June through December.

Exhibit 2 contains the Company revised UEx tariff page.

## Filings

On July 30, 2010, the City of Oxford (Oxford) filed a letter in this case stating that it was served with a copy of the UEX application by the Company. In its review of the application, Oxford noted the increased monthly bad debt balance and limited revenue from collection agency. Oxford has subsequently met with the Company to discuss the application. The Company's responses and representation have, for the time being, addressed Oxford concerns and it is not opposing the UEX application.

On September 2, 2010, the Company filed a letter indicating that it has inadvertently begun to bill its proposed UEX rate as of June 2010. The Company is currently substantially under-collected and the early billing was caused by an internal miscommunication. The Company stated that it regrets the confusion that it may have caused and is working with Staff to account for its error and ensure that it will not occur again.

## Recommendation

Staff has performed a preliminary review of the annual balance reconciliation covering calendar year 2009 and, at this time, Staff does not propose any adjustment to the reconciliation.

Staff believes Glenwood application appropriately calculates the rider and recommends the proposed rate of \$0.26 per Mcf be approved. Staff also recommends that in the next financial audit of Glenwood GCR in 2011, Staff be directed to examine the monthly uncollectible expense balances and write-offs and recoveries for 2009 and 2010 and any required adjustments/corrections be incorporated into the 2012 uncollectible expense rider application.

Staff also recommends that Glenwood receive Commission approval prior to billing any change in its UEX rate.