

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Uncollectible Expense	)	
Rider of Orwell Natural Gas Company	)	Case No. 11-312-GA-UEx
	)	

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**ANNUAL UNCOLLECTIBLE EXPENSE RIDER REPORT AND APPLICATION FOR  
APPROVAL OF AN ADJUSTMENT TO UNCOLLECTIBLE EXPENSE RIDER RATE**

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Orwell Natural Gas Company (hereinafter, "Orwell") submits herewith its Annual Report for June 1, 2010 through May 31, 2011, plus the information required in Paragraph 12 of the Commission's Finding and Order dated August 19, 2009 in Case No. 08-1229-GA-COI, *In the Matter of the Five-Year Review of Natural Gas Company Uncollectible Riders* for calendar year 2010. Applicant respectfully requests the approval of the Commission to revise its Uncollectible Expense Rider ("Rider") rate as explained below. In support of this Application, Applicant states the following:

In support of its Application, Orwell states the following:

1. By its Finding and Order entered on August 18, 2010 in Case No., 10-312-GA-UEx, the Commission authorized Orwell to file compliance tariffs revising its Uncollectible Expense Rider applicable to the Small General Service (SGS) rate schedule at \$0.05331 per Mcf.
2. Attached hereto and marked Attachment 1 is Orwell's Annual Uncollectible Expense Report for calendar year 2010. The Annual Report, Attachment 1, at page 1 shows the actual Uncollectible Account Rider balance through December 31, 2010. In the Staff Report submitted by the Commission Staff on November 24, 2010 in Case No. 10-312-GA-UEx, *Audit of the Uncollectible Mechanisms for the period July 2007 through*

*December 2009*, Staff recommended that Orwell should adjust its January, 2010 Annual beginning balance to \$68,034.72 from (\$16,603.78) to correct prior errors in the Annual Balance Reconciliation. Although there has been no Finding and Order in Case No. 10-312-GA-UEX, which has been consolidated for hearing with Case No. 10-212-GA-GCR, Orwell concurs in the recommendations of Staff in the Staff Report submitted on November 24, 2010, and Page 1 of Attachment 1 reflects a January 2010 beginning balance of \$68,034.72.

3. Page 2 of Attachment 1 shows actual uncollectible balances for January through May, 2011 and estimates through December, 2011. Orwell has reported an actual Uncollectible Account balance of \$58,524.33 at May 31, 2011. Attachment 1, Page 3 shows estimated balances by month through May, 2012, estimated bad debt expense by month, and the estimated monthly sales volumes, as applicable. At May 31, 2012, the estimated Uncollectibles account balance is \$98,170.59.
4. Orwell believes it is appropriate and reasonable to consider the prospective application of the Uncollectible Expense Rider in the development of the appropriate Uncollectible Expense Rider rate since it better matches expenses with recoveries. The Commission has found this procedure to be reasonable in applications for an adjustment in the Uncollectible Expense Rider rates of Columbia Gas of Ohio, Inc. in Case No. 10-578-GA-UEX, and Duke Energy Ohio in Case No. 10-726-GA-UEX.
5. Page 2 of Attachment 1 details the calculation of the change in Orwell's Uncollectible Expense Rider Rate based on its estimated bad debt write-offs, UEX Rider recoveries and sales volumes through May, 2012. The revised Rider rate proposed to be effective on and after July 1, 2011 is calculated to be \$0.17081 per Mcf, which is an increase of \$0.1175 per Mcf from the currently effective rate of \$0.05331/Mcf. Orwell's tariff SGS provides, pursuant to the Commission's guideline adopted in Case No. 03-1127-GA-

UNC, that an annual adjustment in an Uncollectible Expense Rider rate is appropriate when the over- or under-collection balance would exceed plus/minus ten percent absent adjustment, which is the case in this instance.

6. For this reason, Orwell Natural Gas Company submits that the proposed increase from its currently effective Uncollectible Expense Rider rate of \$0.05331 per Mcf to \$0.17081 per Mcf is appropriate. It is based on actual experience for the twelve months ended May, 2011 as adjusted for estimated uncollectible accruals and projected sales volumes through May, 2012 and should be approved to be effective July 1, 2011 subject to adjustment when Orwell files its next Annual Report of Uncollectible Expense Rider Balance as of the twelve months ending May, 2012.
7. Attachment 2 includes redlined and clean proposed revisions to Orwell's tariff reflecting the decreased Uncollectible Expense Rider rate proposed herein.

Respectfully submitted this 9<sup>th</sup> day of June, 2011.

/s/ Andrew J. Sonderman  
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Orwell Natural Gas Company

## UNCOLLECTIBLE ACCOUNTS EXPENSE RIDER

(Over Collected

## 2010 Annual Balance Reconciliation

	January	February	March	April	May	June	July	August	September	October	November	December	
(1) Balance - Beginning of Month	\$68,034.72	** 54,269.73	40,776.45	31,424.13	42,452.97	38,960.82	43,721.41	42,108.65	40,986.84	40,562.21	39,283.76	41,050.05	
(2) Bad Debts Written Off	0.00	0.00	0.00	16,938.29	0.00	6,559.02	0.00	(9.20)	219.30	(26.26)	4,674.43	49,296.12	\$77,651.70
(3) Recovery - Base Rates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00
(4) Recovery - Bad Debt Rider (a)	13,913.59	13,608.77	9,440.04	5,999.21	3,591.07	1,898.89	1,717.05	1,213.57	743.29	1,348.47	3,004.74	5,942.91	\$62,421.61
(5) Recovery - Other (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.27)	0.73	1.00	0.97	\$2.43
(6) Incremental Bad Debt (2)-[(3)+(4)+(5) (13,913.59)		(13,608.77)	(9,440.04)	10,939.08	(3,591.07)	4,660.13	(1,717.05)	(1,222.77)	(523.72)	(1,375.46)	1,668.69	43,352.24	
(7) Balance Subtotal (1)+(6)	54,121.13	40,660.96	31,336.41	42,363.21	38,861.90	43,620.95	42,004.36	40,885.88	40,463.12	39,186.74	40,952.45	84,402.29	
(8) Carrying Charges [(1)+(7)]x(d)	148.60	115.48	87.73	89.76	98.92	100.46	104.29	100.96	99.08	97.01	97.61	152.61	\$1,292.52
(9) Balance - End of Month (7)+(8)	54,269.73	40,776.45	31,424.13	42,452.97	38,960.82	43,721.41	42,108.65	40,986.84	40,562.21	39,283.76	41,050.05	\$84,554.90	\$84,554.90

\*\* = Represents adjusted balance per the "Audit of the Uncollectible Expense Mechanism" for the period of July 2007 through December 2009

(a) Calculated: actual consumption times authorized rider rate  
(b) Consists of customer payments, net-collection agency revenue, and other collections

(c) Net monthly carrying charge rate (e)	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	
(d) Annual CC rate (Staff calc)	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	
Sales Volumes - MCF's *	141,031	138,279	97,288	62,582	38,145	20,835	18,211	13,130	14,963	26,985	59,532	116,918	747,897.00
Less LGS	(1,891)	(2,184)	(2,879)	(2,567)	(2,232)	(1,843)	(1,038)	(992)	(1,017)	(1,687)	(3,166)	(5,437)	(26,931.20)
Less DEOGCR	(5)	(7)	(9)	(23)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(2)	(64.20)
Volumes with a Rider	139,136	136,088	94,400	59,992	35,911	18,989	17,171	12,136	13,943	25,295	56,364	111,478	720,901.60
Rider Rate of Recovery	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.05331	\$0.05331	\$0.05331	\$0.05331	

## ORWELL NATURAL GAS COMPANY

## UNCOLLECTIBLE ACCOUNTS EXPENSE RIDER

## 2011 Annual Balance Reconciliation

	January	February	March	April	May	June	July	August	September	October	November	December	
(1) Balance - Beginning of Month	84,554.90	76,199.27	66,604.30	66,486.67	61,181.54	58,524.33	65,025.89	75,355.89	85,985.13	96,541.85	106,506.22	114,803.38	
(2) Bad Debts Written Off	0.00	(1,203.87)	5,542.73	(263.00)	(366.75)	7,383.99	11,093.10	11,093.10	11,093.10	11,093.10	11,093.10	11,093.10	\$77,681.70
(3) Recovery - Base Rates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00
(4) Recovery - Bad Debt Rider (a)	8,542.41	8,446.53	5,771.65	4,749.43	2,434.72	1,032.54	933.67	659.89	758.16	1,375.44	3,064.84	6,061.77	\$43,831.06
(5) Recovery - Other (b)	8.54	118.08	50.42	447.82	1.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$626.04
(6) Incremental Bad Debt (2)-(3)+(4)+(5)	(8,550.95)	(9,768.48)	(279.34)	(5,460.25)	(2,802.65)	6,351.45	10,159.43	10,433.21	10,334.94	9,717.66	8,028.26	5,031.33	
(7) Balance Subtotal (1)+(6)	76,003.95	66,430.79	66,324.96	61,026.42	58,378.88	64,875.78	75,185.33	85,789.10	96,320.08	106,259.51	114,534.48	119,834.70	
(8) Carrying Charges $\{[(1)+(7)]/2\} \times (d)$	195.32	173.51	161.71	155.12	145.45	150.12	170.57	196.03	221.77	246.71	268.90	285.44	\$2,370.63
(9) Balance - End of Month (7)+(8)	76,199.27	66,604.30	66,486.67	61,181.54	58,524.33	65,025.89	75,355.89	85,985.13	96,541.85	106,506.22	114,803.38	120,120.14	\$120,120.14
<b>Actual ending balance</b>													
<b>Actual and Estimated Billing Volumes</b>													
<b>Over collected - Give Back</b>													
<b>Sub-Total</b>													
<b>Estimated Bad Debt Rider - New</b>													
<b>Increase</b>													
(a) Calculated: actual consumption times authorized rider rate													\$0.1175
(b) Consists of customer payments, net-collection agency revenue, and other collections													\$0.1175
(c) Net monthly carrying charge rate (e)	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	0.2433%	
(d) Annual CC rate (Staff calc)	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	2.9196%	
<b>Estimated Volumes going forward with 2% increase</b>													
Sales Volumes - MCF's *	165,484	163,613	112,449	93,022	47,745	19,369	17,514	12,378	14,222	25,801	57,491	113,708	842,785.40
Less LGS	(5,239)	(5,162)	(4,176)	(3,925)	(2,069)								(20,571.00)
Less DEOGCR	(5)	(9)	(8)	(6)	(4)								(32.40)
Volumes with a Rider	160,240	158,442	108,266	89,091	45,671	19,369	17,514	12,378	14,222	25,801	57,491	113,708	822,182.00
Rider Rate of Recovery	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	

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## ORWELL NATURAL GAS COMPANY

## UNCOLLECTIBLE ACCOUNTS EXPENSE RIDER

## 2012 Annual Balance Reconciliation

	January	February	March	April	May	June	July	August	September	October	November	December	
(1) Balance - Beginning of Month	120,120.14	113,457.60	106,865.24	102,667.16	99,379.98	98,170.59	98,409.44	98,409.44	98,409.44	98,409.44	98,409.44	98,409.44	
(2) Bad Debts Written Off	741.82	741.82	741.82	741.82	741.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$3,708.11
(3) Recovery - Base Rates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00
(4) Recovery - Bad Debt Rider (a)	7,688.17	7,601.88	5,194.48	4,274.49	2,191.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$26,950.27
(5) Recovery - Other (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00
(6) Incremental Bad Debt (2)-(3)+(4)+(5)	(6,946.35)	(6,860.06)	(4,452.66)	(3,532.67)	(1,449.43)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
(7) Balance Subtotal (1)+(6)	113,173.79	106,597.54	102,412.57	99,134.49	97,930.56	98,170.59	98,409.44	98,409.44	98,409.44	98,409.44	98,409.44	98,409.44	
(8) Carrying Charges [(1)+(7)]/2)x(d)	283.80	267.70	254.59	245.49	240.03	238.85	0.00	0.00	0.00	0.00	0.00	0.00	\$1,530.45
(9) Balance - End of Month (7)+(8)	113,457.60	106,865.24	102,667.16	99,379.98	98,170.59	98,409.44	98,409.44	98,409.44	98,409.44	98,409.44	98,409.44	98,409.44	\$98,409.44

(a) Calculated: actual consumption times authorized rider rate

(b) Consists of customer payments, net-collection agency revenue, and other collections

(c) Net monthly carrying charge rate (e) 0.2433% 0.2433% 0.2433% 0.2433% 0.2433% 0.2433% 0.2433% 0.2433% 0.2433% 0.2433% 0.2433% 0.2433% 0.2433%

(d) Annual CC rate (Staff calc) 2.9196% 2.9196% 2.9196% 2.9196% 2.9196% 2.9196% 2.9196% 2.9196% 2.9196% 2.9196% 2.9196% 2.9196% 2.9196%

Sales Volumes	144,216	142,598	97,439	80,182	41,104	0	0	0	0	0	0	0	\$05,538.73
Rider Rate of Recovery	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	\$0.05331	

Estimated Volumes (used last year volumes @90%)

ATTACHMENT 2 PAGE 1

Orwell Natural Gas Company  
Orwell, Ohio

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Sheet No. 2

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P.U.C.O. No. 1

accordance with Chapter 4901:1-14 of the Ohio Administrative Code which is incorporated herein by this reference, and shall be subject to Subparagraphs (ii) through (v), below.

- (ii) Gross Receipts Tax Rider. The Company will charge and collect each billing period the effect of the gross receipts taxes assessed against the Company under all applicable rates and charges. However, this Gross Receipts Tax Rider will not be applied to bills of customers statutorily exempt from the payment of gross receipts taxes. The current gross receipt tax rate is 4.75 percent, thus the current gross receipts tax charged will be at the effective rate of 4.98725 percent.
- (iii) Mcf Tax Rider. In addition to the above rates, the Company will charge and collect each billing period the effect of its excise tax liability. For each Mcf delivered, the Mcf tax will be \$.0411.
- (iv). Uncollectible Accounts Rider. In addition to and independent of the adjustments provided for in Subsections A and B above, the rates will be adjusted by an additional charge of \$0.17081 per Mcf by the Company to recover costs associated with uncollectible accounts for customers served pursuant to this schedule. No more frequently than annually, the Company may file an application with the Public Utilities Commission of Ohio requesting approval to adjust this charge if the Company determines that in the preceding year uncollectible accounts expense was over or under-recovered by plus or minus ten percent.

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(C). Miscellaneous Charges

- (i) Late Payment Charge. Payment of the total amount due must be received by Company or an authorized agent by the due date shown on the Bill which shall be fourteen (14) days from the date rendered. If a bill payment is not received within fourteen days of the date of the invoice, an additional amount of one and one half percent (1.5%) of the unpaid balance on the Customer's bill will be added to the Customer's subsequent bill and be due and payable as part of Customer's total obligation. This provision is not applicable to unpaid account balances of any customer enrolled in a payment plan pursuant to Rule 4901:1-18-04, Ohio Administrative Code.

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Filed under Authority of the Public Utilities Commission of Ohio in Case No. 11-312-GA-UEx

ISSUED: June 2011

EFFECTIVE: for bills rendered on or after July 1, 2011

Issued By  
Orwell Natural Gas Company  
Thomas J. Smith, President

**ATTACHMENT 2 PAGE 2**

Orwell Natural Gas Company  
Orwell, Ohio

Section 5  
Second Revised  
Sheet No. 2

P.U.C.O. No. 1

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accordance with Chapter 4901:1-14 of the Ohio Administrative Code which is incorporated herein by this reference, and shall be subject to Subparagraphs (ii) through (v), below.

- (ii) Gross Receipts Tax Rider. The Company will charge and collect each billing period the effect of the gross receipts taxes assessed against the Company under all applicable rates and charges. However, this Gross Receipts Tax Rider will not be applied to bills of customers statutorily exempt from the payment of gross receipts taxes. The current gross receipt tax rate is 4.75 percent, thus the current gross receipts tax charged will be at the effective rate of 4.98725 percent.
- (iii) Mcf Tax Rider. In addition to the above rates, the Company will charge and collect each billing period the effect of its excise tax liability. For each Mcf delivered, the Mcf tax will be \$.0411.
- (iv). Uncollectible Accounts Rider. In addition to and independent of the adjustments provided for in Subsections A and B above, the rates will be adjusted by an additional charge of \$0.17081 per Mcf by the Company to recover costs associated with uncollectible accounts for customers served pursuant to this schedule. No more frequently than annually, the Company may file an application with the Public Utilities Commission of Ohio requesting approval to adjust this charge if the Company determines that in the preceding year uncollectible accounts expense was over or under-recovered by plus or minus ten percent.

(C). Miscellaneous Charges

- (i) Late Payment Charge. Payment of the total amount due must be received by Company or an authorized agent by the due date shown on the Bill which shall be fourteen (14) days from the date rendered. If a bill payment is not received within fourteen days of the date of the invoice, an additional amount of one and one half percent (1.5%) of the unpaid balance on the Customer's bill will be added to the Customer's subsequent bill and be due and payable as part of Customer's total obligation. This provision is not applicable to unpaid account balances of any customer enrolled in a payment plan pursuant to Rule 4901:1-18-04, Ohio Administrative Code.



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**Case No(s). 11-0312-GA-UEx**

Summary: Report Annual Uncollectible Expense Rider Report and Application for Approval of an Adjustment to Uncollectible Expense Rider Report electronically filed by Mr. Andrew J Sonderman on behalf of Orwell Natural Gas Company