

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Uncollectible Expense	)	
Rider of Northeast Ohio Natural Gas	)	Case No. 11-3505-GA-UEX
Corporation	)	

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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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Northeast Ohio Natural Gas Corporation (hereinafter, "Northeast") 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. In Case No. 10-309-GA-UEX, Northeast submitted its Annual Collectible Rider Report on June 28, 2010, in which it recommended that the Rider rate of \$0.081 per Mcf be continued without change for the reasons stated in the Report.
2. Attached hereto and marked Attachment 1 is Northeast'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. 10-309-GA-UEx, *Audit of the Uncollectible Mechanisms for the period July 2007 through December 2009*, Staff recommended that Northeast should adjust its January, 2010 Annual beginning balance to (\$3754.03) from (\$7,341.39) to correct prior errors in the Annual Balance Reconciliation. Although there has been no Finding and Order in Case No. 10-309-GA-UEx, which has been consolidated with Case No. 10-209-GA-GCR, Northeast 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 (3,754.03).

3. Page 2o of Attachment 1 shows actual uncollectible balances for January through May, 2011 and estimates through December, 2011. Northeast has reported an actual Uncollectible Account balance of (\$97,671.63) at May 31, 2011. Attachment 1, Page three 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 Uncollectible account balance is \$12,328.37.
4. Northeast 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. Attachment 2 details the calculation of the change in Northeast'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 \$0.01 per Mcf, which is a decrease of \$0.071 per Mcf from the currently effective rate of \$0.081/Mcf. Northeast'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, Northeast Ohio Natural Gas Corporation submits that the proposed decrease from its currently effective Uncollectible Expense Rider rate of \$0.081 per Mcf to \$0.01 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 Northeast files its next Annual Report of Uncollectible Expense Rider Balance as of the twelve months ending May, 2012.
7. Attachment 3 includes redlined and clean proposed revisions to Northeast's tariff reflecting the decreased Uncollectible Expense Rider rate proposed herein.

Respectfully submitted this 9th day of June, 2011.

/S/ Andrew J. Sonderman  
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Counsel for Applicant

**ATTACHMENT 1 P.1 OF 3**

**Northeast Ohio Natural Gas Corp.  
Uncollectible Accounts Expense Rider  
Annual Balance Reconciliation  
2010**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(1) Balance - Beginning of Month	\$ (3,754.03)	\$ (32,768.12)	\$ (59,609.01)	\$ (72,602.95)	\$ (77,346.94)	\$ (23,100.12)	\$ (14,554.59)	\$ (5,100.42)	\$ 4,174.01	\$ 14,123.92	\$ 15,455.37	\$ 13,867.61
(2) Bad Debts Written Off	(68.37)		9,983.40	8,646.54	61,740.49	13,031.29	13,260.92	12,975.12	13,489.51	6,482.12	8,672.18	11,545.81
(3) Recovery - Base Rates												
(4) Recovery - Bad Debt Rider	(28,835.08)	(26,561.04)	(22,576.81)	(12,336.27)	(7,189.38)	(4,371.69)	(3,747.20)	(3,697.89)	(3,595.03)	(5,240.28)	(10,348.77)	(17,982.43)
(5) Recovery - Other												
(6) Incremental Bad Debt	(28,903.45)	(26,561.04)	(12,593.41)	(4,289.73)	54,551.11	8,659.60	9,513.72	9,277.23	9,894.48	1,241.84	(1,676.59)	(6,436.62)
(7) Balance Subtotal	(32,657.48)	(59,329.16)	(72,202.42)	(76,892.68)	(22,795.83)	(14,440.52)	(5,040.87)	4,176.81	14,068.48	15,365.76	13,778.78	7,430.99
(8) Carrying Charges	(110.64)	(279.85)	(400.53)	(454.26)	(304.30)	(14.07)	(59.54)	(2.81)	55.43	89.61	88.83	64.72
(9) Balance - End of Month	\$ (32,768.12)	\$ (59,609.01)	\$ (72,602.95)	\$ (77,346.94)	\$ (23,100.12)	\$ (14,554.59)	\$ (5,100.42)	\$ 4,174.01	\$ 14,123.92	\$ 15,455.37	\$ 13,867.61	\$ 7,495.71

**MEMO ONLY**

Net Monthly Carrying Charge Rate	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%
Sales Volumes	356,016.3	327,932.9	278,732.0	159,702.5	88,760.5	53,970.7	46,270.60	45,651.60	44,828.80	64,928.4	127,775.1	222,054.1

- (2) Bad Debts Written Off  
(5) Recovery - Other

## ATTACHMENT 1 P. 2 OF 3

Northeast Ohio Natural Gas Corp.  
Bad Debt Rider  
Annual Balance Reconciliation  
2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(1) Balance - Beginning of Month	\$ 7,495.71	\$ (15,927.78)	\$ (48,455.77)	\$ (69,441.43)	\$ (88,002.38)	\$ (97,671.63)	\$ (92,671.63)	\$ (87,671.63)	\$ (77,671.63)	\$ (67,671.63)	\$ (57,671.63)	\$ (47,671.63)
(2) Bad Debts Written Off	6,724.78	(2,275.18)	754.53	(327.60)	185.25	5,000.00	5,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
(3) Recovery - Base Rates												
(4) Recovery - Bad Debt Rider	(30,122.72)	(30,057.77)	(21,383.03)	(17,756.38)	(9,292.02)							
(5) Recovery - Other												
(6) Incremental Bad Debt	(23,397.94)	(32,332.95)	(20,628.50)	(18,083.98)	(9,106.77)	5,000.00	5,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
(7) Balance Subtotal	(15,902.23)	(48,260.73)	(69,084.27)	(87,525.41)	(97,109.15)	(92,671.63)	(87,671.63)	(77,671.63)	(67,671.63)	(57,671.63)	(47,671.63)	(37,671.63)
(8) Carrying Charges	(25.54)	(195.04)	(357.16)	(476.96)	(562.48)							
(9) Balance - End of Month	\$ (15,927.78)	\$ (48,455.77)	\$ (69,441.43)	\$ (88,002.38)	\$ (97,671.63)	\$ (92,671.63)	\$ (87,671.63)	\$ (77,671.63)	\$ (67,671.63)	\$ (57,671.63)	\$ (47,671.63)	\$ (37,671.63)

**MEMO ONLY**

Net Monthly Carrying Charge Ra	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%
Sales Volumes	371,869.6	371,101.6	263,990.8	219,214.0	114,706.9	\$ 55,000.0	50,000.00	50,000.00	55,000.00	65,000.0	135,000.0	240,000.0
						0.01						

(2) Bad Debts Written Off  
(5) Recovery - Other

**ATTACHMENT 1 P. 3 OF 3**

**Northeast Ohio Natural Gas Corp.  
Bad Debt Rider  
Annual Balance Reconciliation  
2012**

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
(1) Balance - Beginning of Month	\$ (37,671.63)	\$ (27,671.63)	\$ (17,671.63)	\$ (7,671.63)	\$ 2,328.37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Bad Debts Written Off	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00							
(3) Recovery - Base Rates												
(4) Recovery - Bad Debt Rider												
(5) Recovery - Other												
(6) Incremental Bad Debt	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	-	-	-	-	-	-	-
(7) Balance Subtotal	(27,671.63)	(17,671.63)	(7,671.63)	2,328.37	12,328.37							
(8) Carrying Charges												
(9) Balance - End of Month	\$ (27,671.63)	\$ (17,671.63)	\$ (7,671.63)	\$ 2,328.37	\$ 12,328.37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**MEMO ONLY**

Net Monthly Carrying Charge Rate: 0.6077% 0.6077% 0.6077% 0.6077% 0.6077%

Sales Volumes 380,000.0 380,000.0 280,000.0 200,000.0 115,000.0

- (2) Bad Debts Written Off  
(5) Recovery - Other

## ATTACHMENT 2

### **Northeast Ohio Natural Gas Corporation Revised Rider Rate Calculation May 31, 2011**

Balance Overcollected @ 5/31/11	(97,672)
Estimated Uncollectible accounts 6/11-5/12	110,000
Total to be Collected (Refunded)	12,328
Projected Volumes 6/11-5/12	1,950,000 Mcf
Calculated Revised Rider Rate	0.01
Current Rider Rate 10-309-GA-UEX	0.081
Change	(0.071)



P.U.C.O. NO. 1  
NORTHEAST OHIO NATURAL GAS CORP.

Third Revised Sheet No. 57

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**RULES AND REGULATIONS GOVERNING THE TRANSPORTATION  
OF NATURAL GAS IN THE STATE OF OHIO**

**71. MCF TAX RIDER.** Applicable to all distribution and transportation services to provide for recovery of Northeast Ohio Natural Gas Corp.'s excise tax liability. In addition to all other rates, each Mcf delivered is subject to the following excise tax:

First 100 Mcf per month	\$.1593 per Mcf
Next 1,900 Mcf per month	\$.0877 per Mcf
Over 2,000 Mcf per month	\$.0411 per Mcf
Flex Customer	\$.0200 per Mcf

All bills rendered to a Flex Customer as defined by O.R.C. 5727.80(N) shall be assessed using the Flex Customer rate above (\$.02 per Mcf) with a corresponding reduction to the flexed base rate billed to that customer.

**72. Uncollectible Expense Rider.** Applicable to all customers served under rate schedules SGS, GS, AND LGS. An additional charge of \$0.01 per Mcf shall be applied to all volumes for service rendered under applicable rate schedules to recover costs associated with uncollectible accounts arising from those customers responsible for paying the Uncollectible Expense Rider. The Company shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over or under collections.

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**73. Interim, Emergency and Temporary PIP Plan Tariff Schedule Rider.** Applicable to all distribution and transportation services and in addition to all other rates and charges, the Interim Emergency and Temporary PIP Plan Rate base rate rider for gas service established in Case No. 09-0587-GA-PIP is \$.0313 per Mcf delivered.

Filed pursuant to Case No. 11-3505-GA-UEX

Deleted: 09-587-GA-PIP

Issued: June, 2011

Effective: For Bills Rendered on or after  
July 1, 2011

Deleted: September 14, 2009

Deleted: September 14, 2009

Issued by  
Northeast Ohio Natural Gas Corporation  
Thomas J. Smith, President

P.U.C.O. NO. 1  
NORTHEAST OHIO NATURAL GAS CORP.

Third Revised Sheet No. 57

**RULES AND REGULATIONS GOVERNING THE TRANSPORTATION  
OF NATURAL GAS IN THE STATE OF OHIO**

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First 100 Mcf per month	\$ .1593 per Mcf
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Over 2,000 Mcf per month	\$ .0411 per Mcf
 Flex Customer	 \$ .0200 per Mcf

All bills rendered to a Flex Customer as defined by O.R.C. 5727.80(N) shall be assessed using the Flex Customer rate above (\$.02 per Mcf) with a corresponding reduction to the flexed base rate billed to that customer.

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- 73. Interim, Emergency and Temporary PIP Plan Tariff Schedule Rider.** Applicable to all distribution and transportation services and in addition to all other rates and charges, the Interim Emergency and Temporary PIP Plan Rate base rate rider for gas service established in Case No. 09-0587-GA-PIP is \$.0313 per Mcf delivered.

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Issued by  
Northeast Ohio Natural Gas Corporation  
Thomas J. Smith, President

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**Case No(s). 11-3505-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 Northeast Ohio Natural Gas Corporation