



# Public Utilities Commission

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## Commissioners

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FILE

January 13, 2012

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

11-318-GA-UEx  
11-3226-GA-UEx

PUCO

2012 JAN 13 PM 1:12

RECEIVED-DOCKETING DIV

RE: *In the Matter of the Application of Duke Energy Ohio, Inc. for Approval to revise Uncollectible Expense Rider Rate, in Case No. 11-318-GA-UEx and 11-3226-GA-UEx.*

Find enclosed the Staff's Comments regarding Duke's application to revise its uncollectible expense rider in Case No. 11-318-GA-UE and 11-3226-GA-UEx.

Respectfully submitted,

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

Enclosure  
cc: Parties of Record

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Technician JD Date Processed 01-13-12

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Duke Energy Ohio, Inc. for Approval	)	Case No. 11-318-GA-UEX
of an Adjustment to its	)	Case No. 11-3226-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: January 13, 2012

Application of Duke Energy Ohio, Inc.

Case No. 11-3226-GA-UEx

Case No. 11-318-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. The mechanism approved allows for recovery of actual bad/uncollectible debt through a rider, rather than through base rates. Subsequently, Duke Energy Ohio, Inc. (Duke) was authorized in Case No. 05-974-GA-AAM to establish a rider recovery mechanism consistent with that which was approved in Case No. 03-1127-GA-UNC. On November 18, 2009, the Commission issued its Finding and Order in Case No. 09-773-GA-UEx which authorized an initial uncollectible rider rate for Duke. Since that time Duke has filed annual updates to adjust its rider rate and the Commission has authorized such subsequent revisions. The history of Duke's rider is as follows:

December 2009 – June 2010	\$0.1569 per Mcf
July 2010 – current	\$0.26073 per Mcf

On May 31, 2011, Duke filed an application in Case No. 11-3226-GA-UEx to revise its current uncollectible expense rider rate. As a result of a delay in processing the application, Staff requested Duke provide updated actual uncollectible write-offs and revenue collection, along with a revised UEx rider calculation. On January 12 and 13, 2012, Duke filed the updated attachments. Staff has reviewed the application and updated attachments and makes its findings and recommendations in this staff report.

Application

Duke's updated attachments indicate a decrease from the existing rider rate of \$0.26073 per Mcf to \$(0.20632) per Mcf, a decrease of 179%. In updated Attachment 1, page 1 of 5, Duke provides its calculation for the updated rider rate. Page 2 details Duke's Uncollectible Tracker Balance from April 2010 to December 2011, with an ending balance of \$(5,654,293). Page 3 details uncollectible expense revenue recovered through base rates for the same period as shown on Page 2. Page 4 shows five months of projected bad debt expenses at \$1,465,122 and a beginning balance as of February 2012 of \$(7,688,136). Page 5 shows five months of projected sales volumes.

As shown on updated Attachment 1, pages 1-5, Duke started with a January 31, 2012 projected uncollectible tracker balance of \$(7,688,137) from which is subtracted the project uncollectible expenses for the five month period February through June 2012 of \$1,465,122, resulting in a

difference of \$(6,233,015). Dividing this number, by the five month projected sales volumes of 30,161,976 Mcf results in the proposed uncollectible expense rider of \$(0.20632) per Mcf.

In updated Attachment 2 to the application, Duke incorporates the proposed uncollectible expense rider rate in its tariffs.

### Recommendation

Staff has reviewed of the application and updated attachments. At this time, Staff does not propose any adjustment to the updated reconciliation. Staff believes Duke's updated attachments appropriately calculates the rider and recommends the proposed rate of \$(0.20632) per Mcf be approved.

Staff notes that the Finding and Order in Case No. 03-1127-GA-UNC ordered that the uncollectible expense rider was to be evaluated as part of the financial audit in gas cost recovery (GCR) proceedings. The uncollectible tracker balances for 2010 were addressed by Duke's independent auditor and filed in Case No. 11-318-GA-UEX and has been reviewed by Staff. In the course of the audit, the independent auditor reviewed, evaluated, and reported on Duke's filed uncollectible tracker balances covering 2010. Duke's independent auditor randomly sampled customers whose balances had been written-off and determined the write-offs were timely and subsequent payments were properly accounted for. No adjustments, differences, or exceptions were noted by the independent audits in their report.