



Public Utilities Commission

John R. Kasich, Governor
Todd A. Snitchler, Chairman

Commissioners

Steven D. Lesser
Vacant
Lynn Slaby
M. Beth Trombold

June 10, 2013

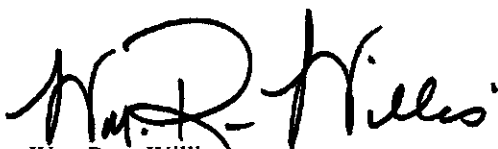
Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

RECEIVED-DOCKETING DIV
2013 JUN 10 AM 9:34
PUCO

RE: *In the Matter of the Application of Suburban Natural Gas Company for Approval of an Adjustment to its Uncollectible Expense Rider Rate.*

Enclosed please find the Staff's Comments regarding Suburban Natural Gas Company's application to adjust the Uncollectible Expense Rider in Case No. 13-316-GA-UEX.

Respectfully submitted,



Wm. Ross Willis
Chief, Rates Division
Public Utilities Commission of Ohio

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician AN Date Processed JUN 10 2013

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Suburban Natural Gas Company)	
for Approval of an Adjustment)	Case No. 13-316-GA-UEX
to its Uncollectible Expense Rider Rate.)	
)	

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

Date submitted: June 10, 2013

Application of Suburban Natural Gas Company
Case No. 13-316-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. In Case No. 07-689-GA-AIR, Suburban Natural Gas (Suburban) filed and Application to Increase Rates (Application) with the Public Utilities Commission of Ohio (Commission). The application, among other things, sought approval to establish and implement an Uncollectible Expense Rider (UEX Rider). On March 19, 2008, the Commission issued an Opinion and Order authorizing Suburban to establish and implement an initial UEX Rider of \$.0701 per Mcf, which became effective on April 17, 2008.

Since that time the Company has filed annual updates to adjust the rider rate and the Commission has authorized such subsequent revisions. The history of Suburban's rider is as follows:

April 2008 – July 2009	\$0.0701
August 2009 – October 2011	\$0.0864
November 2011 – July 2012	\$0.0569
August 2012 – Current	\$(0.0414)

On May 31, 2013, Suburban filed the pending application to revise its current uncollectible expense rider rate. Staff has reviewed the application and makes its findings and recommendations in this staff comments.

Application

Suburban's application would increase the existing rider rate of \$(0.0414) per Mcf to \$(0.0256) per Mcf, a rate increase of 1.59 cents or 38 percent. Suburban proposes this increase in the UEX rate based on its actual deferred uncollectible accounts expense net of recoveries as of December 31, 2012.

Page 1 of Attachment 1 to the application provides the calculation for the revised rider rate. Suburban's ending uncollectible balance as of December 31, 2012 was an over-collected balance of \$105,420 and if passed back to customers over 12 months would produce a rate of \$(0.0723) per Mcf. Suburban then projected its uncollectible expense for the next 12

months to be \$68,070, divided by 12 months of volumes to arrive at an uncollectible expense rider rate of \$0.0467 per Mcf. The final step in Suburban's calculation was to add the rates together to arrive at the new rider rate of \$(0.0256) per Mcf.

Page 2 of Attachment 1 provides Suburban's month-by-month balance reconciliation for the calendar year 2012. The balance reconciliation reflects the beginning balance, the incremental bad debt written off, the incremental uncollectible expense rider recoveries and the ending balance as of December 31, 2012.

In 2012, Staff conducted a detailed audit (Case No. 12-316-GA-UEx) of Suburban's uncollectible expense mechanism covering the period of January 2009 through December 2011. In the Staff Report filed on August 30, 2012, staff recommended that the company change the beginning balance for January 2012 to \$(124,522). The Commission ordered this change in the Opinion and Order on December 19, 2012. Staff notes that the company has complied with this recommendation. The beginning balance on January 1, 2012 was \$(124,522) and the ending balance of December 31, 2012 was \$(105,420).

Recommendation

Staff has performed a preliminary review of the annual balance reconciliation covering calendar year 2012. At this time, Staff does not propose any adjustments. The proposed rate to \$(0.0256) increases the rate to a level reflective of the anticipated bad debt write-offs through December 2013.

Staff believes Suburban's application appropriately calculates the rider and recommends the proposed rate of \$(0.0256) per Mcf be approved. A detailed audit is scheduled to take place in 2014 which will cover the period of January 2012 to December 2013. Staff recommends that in this audit of Suburban's rider, Staff examine the monthly uncollectible expense balances and write-offs and recoveries for 2012-2013 and any required adjustments/corrections be incorporated into subsequent uncollectible expense rider applications.