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Steven D. Lesser Asim Z. Haque Lynn Slaby M. Beth Trombold

Commissioners

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PUCO

November 21, 2013

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

RE: In the Matter of the Application of Piedmont Gas Company for Approval of an Adjustment to its Uncollectible Expense Rider Rate, Case No. 13-313-GA-UEX

Enclosed please find Staff's Comments regarding Piedmont Gas Company's application for an adjustment to its existing uncollectible expense rider in Case No. 13-313-GA-UEX.

Respectfully submitted,

Chief, Rates Division

Public Utilities Commission of Ohio

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
Piedmont Gas Company for Approval)	
of an Adjustment to its Uncollectible)	Case No. 13-313-GA-UEX
Expense Rider Rate.	Ì	

COMMENTS OF THE STAFF OF THE PUBLIC UTILITIES COMMISSION OF OHIO

Date submitted: November 21, 2013

Application of Piedmont Gas Company <u>Case No. 13-313-GA-UEX</u>

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, in Case No. 09-1862-GA-AIR, Piedmont Gas Company (Piedmont or Company) filed an Application for Tariff Approval (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 October 15, 2010, the Commission issued an Opinion and Order authorizing Piedmont to establish and implement an initial UEX Rider of \$0.02385 per MCF to its Small General Service (SGS) rate schedule, which became effective with the company's tariff filing on November 1, 2010.

On November 15, 2013, Piedmont filed the pending application to revise its current uncollectible expense rider rate. Staff has reviewed the application and makes its findings and recommendation in this Staff Report.

Piedmont's proposed rate would eliminate the current over-collected balance and more closely match rider revenues with actual bad debt incurred on a going-forward basis.

Application

Piedmont's proposed application would result in a change to the existing rate of \$0.02385 per Mcf to a proposed rate of \$0.00122 per Mcf beginning January 1, 2014. Attachments in support of the application were provided by the Company for Staff review.

Attachment 1 of the application is the Company's Annual Budget Reconciliation (ABR). The ABR illustrates Piedmont's actual write-off and revenue collected beginning in 2011 and ending in September, 2013. Attachment A also includes estimated write-offs and revenue from October, 2013 through June, 2014.

Attachment 2 of the application provides the Company's calculation method in determining the proposed UEX rate. Piedmont's calculation includes the following components: the balance of over-collected uncollectible accounts expense as of December 31, 2012; an estimate of uncollectible accounts for the period January 1, 2013 through September 30, 2014, and estimated sales volumes for the period January 1 through September 30, 2014. In Attachment 3 to the application, Piedmont incorporates the proposed uncollectible expense rider rate in its tariffs

Findings

On January 23, 2012, in Case No. 12-313-GA-UEX, the Commission authorized the Staff to conduct a biannual audit of Piedmont's UEX. The audit covered the period January 1, 2010 to December 31, 2011.

On May 31, 2012, in Case No. 12-309-GA-UEX, Staff filed its audit report of Piedmont's UEX mechanisms. In its report, Staff determined and recommended the account balance for the UEX ending December 31, 2011 be set at \$3,948.

Attachment 1 of the proposed application for calendar year 2012 is consistent with Staff's accounting filed in the May 31, 2012 Staff Report.

Staff determined the 2013 actual and estimated write-offs and collections as projected in Attachment 1 are reasonable based on previous UEX historical write-offs and collections.

Staff determined the 2014 estimated write-offs and collections as projected in Attachment 1 is reasonable based on previous UEX write-offs and collections applications.

Exhibits A and B of this Report provide details of Staff's review of the proposed application.

Recommendation

Staff has performed a preliminary review of the annual balance reconciliation covering calendar years 2012 and 2013, and the first quarter of 2014, and at this time, Staff does not propose any adjustment to the reconciliation. The proposed rate to \$0.00122 decreases the rate to a level reflective of the anticipated bad debt write-offs through September 2014.

Staff believes Piedmont's application appropriately calculates the rider and recommends the proposed rate of \$0.00122 per Mcf be approved. Staff also recommends that in the next audit of Piedmont's riders in 2014, the auditors examine the monthly uncollectible expense balances and write-offs and recoveries for calendar years 2012 and 2013, and the first quarter of 2014 and any required adjustments/corrections be incorporated into the 2014 uncollectible expense rider application.

Exhibit A Page 1 of 4

Natural Gas Company
Uncollectible Accounts Expense Rider Reconciliation
Case No. #13-313-GA-UEX
January 1, 2011 Through September 30, 2014

										2011								
		眶		큔		Mar		Apr	May	June	July	Aug	뽔		ğ	Nov) Dec
1 Balance - Beginning of Month	❖	3,061	v,	1,849	⋄	- 3 36	•∽	(160) \$	\$ (662)	(1,182) \$	(1,493) \$	(122/1)	372) \$	\$ (0707)	(2,354)	\$ (2,785)	\$ {58	(3,523)
2 Bad Debts Written Off	403	٠	₩.		•	•	٠,	**	,	\$	•^.	•	100	· s	•	ν.	٠	8,431
3 Recovery - Base Rates	*^	•	❖	•	**		₩.	\$ }		•	**	•	•	٠٠٠	•	٠,	•	•
4 Recovery Bad Debts Rider (a)	⋄	1,212	↔	1,181	••	828	∽	\$ 689	383	311 \$	228 \$	738	φ.	334 \$	431	\$	\$ \$67	986
5 Recovery - Other (b)	٠,	•	<>→	•	√ >	•	٠,	,		•	٠,	•	10	4 5-	•	√ >	٠٠	•
6 Incremental Bad Debt (2-(3+4+5))	⋄	(1,212)	↔	(1,181)	**	(828)	<∽	\$ (639)	(383)	(311) \$	\$ (822)	(238)	<u>6</u>	(334) \$	(431)	()	(738) \$	7,471
7 Balance Subtotal (1+6)	··	1,849	₩.	88	⋄	[160]	s	\$ (661)	(1,182) \$	\$ (1,493) \$	\$ (1,721,1)	(2,020)	\$ (2,3	\$ (5'354) \$	(5,785)	\$ (3,523)	23) \$	3,948
8 Carrying Charges ((1+7)/2 x d	₩.	•	es.	a	**	ı	√ >	٠,		σ .,	45	•	۰,	٠,	•	\$	**	•
9 Balance End of Month (7+8)	₩.	1,849	↔	899	⋄	(160)	<>	\$ (661)	(1,182). \$	\$ (1,493) \$	\$ (1,77,1)	(2,020)	\$ (23	\$ (5354)	(2,785)	\$ (3,523)	23) \$	3,948
(a) Actual Sales Volumes times Current Bad Debt Rider Recovery - Bad Debt Rider	* *	50,822 0.02385 1,212.10	v v	49,515 0.02385 1,180.93	· • •	34,743 0.02385 828.62	₩ ₩	26,800 0.02385 \$ 639.18 \$	16,055 0.02385 \$ 382.91 \$	13,041 5 0.02385 \$ 311.03 \$	9,551 0.02385 \$ 27.79 \$	12,513 0.02385 298.44	14,024 5 0.02385 5 334.47	14,024 02385 \$ 334.47 \$	18,065 0.02385 430.85	30,954 \$ 0.02385 \$ 738.25	30,954 .02385 \$ 738.25 \$	40,254 0.02385 960.06
(b) consists of customer payments, net collection agency revenue.	t collec	tion agen	icy reve		other	and other collections												
(c) Annual Carrying Charge Rate		0.00%		0.00%		0.00%		%00'0	0.00%	0.00%	%00:0	0.00%	70	%00'0	0.00%	0.0	0.00%	0.00%
(d) Monthly Carrying Charge Rate		0.00%		0.00%		0.00%		%00:0	0.00%	0.00%	%00:0	0.00%	. 0.0	%00.0	0.00%	00	0.00%	0.00%

Exhibit A Page 2 of 4

Natural Gas Company Uncollectible Accounts Expense Rider Recondiliation Case No. # 13-313-GA-UEX January 1, 2011 Through September 30, 2014

1 Balance - Beginning of Month	Jan \$3,948.00	Feb \$2,852.00	March \$1,727.00	April \$1,968.00	May \$1,595.00	June \$1,121.00	July \$1,121.00	Aug \$875.00	Sept \$743.00	Oct \$405.00	Nov (\$27.00)	Dec (\$1,039.00)
2 Bad Debts Written Off	\$139.01	\$0.00	\$898.72	\$194.97	\$110.30	\$93.38	\$15.64	\$134.16	\$0.00	\$106.47	\$0.00	\$0.00
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
4 Recovery Bad Debts Rider (a)	\$1,235.00	\$1,125.00	\$657.00	\$568.00	\$358.00	\$320.00	\$261.00	\$266.00	\$338.00	\$538.00	\$1,012.00	\$950.00
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	\$0.0\$
6 Incremental Bad Debt (2-(3+4+5))	(\$1,096.00)	(\$1,125.00)	\$242.00	(\$373.00)	(\$248.00)	(\$227.00)	(\$246.00)	(\$132.00)	(\$338.00)	(\$432.00)	(\$1,012.00)	(\$950.00)
7 Balance Subtotal (1+6)	\$2,852.00	\$1,727.00	\$1,968.00	\$1,595.00	\$1,347.00	\$1,121.00	\$875.00	\$743.00	\$405.00	(\$27.00)	(\$1,039.00)	(\$1,988.00)
8 Carrying Charges ((1+7)/2 x d	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9 Balance End of Month (7+8)	\$2,852.00	\$1,727.00	\$1,968.00	\$1,595.00	\$1,347.00	\$1,121.00	\$875.00	\$743.00	\$405.00	(\$27.00)	(\$1,039.00)	(\$1,988.00)
(a) Actual Sales Volumes times Current Bad Debt Rider Recovery - Bad Debt Rider	51,788 \$0.02385 \$1,235.15	47,179 \$0.02385 \$1,125.21	27,555 \$0.02385 \$657.18	23,811 \$0.02385 \$567.90	15,025 \$0.02385 \$358.35	13,414 \$0.02385 \$319.93	10,96 1 \$0.02385 \$261.42	11,166 \$0.02385 \$266.30	14,153 \$0.02385 \$337.55	22,564 \$0.02385 \$538.16	42,439 \$0.02385 \$1,012.17	39,818 \$0.02350 \$949.66
(b) consists of customer payments, net collection agency revenue, and other collections	t collection ager	ncy revenue, a	nd other colle	ctions	•							
(c) Annual Carrying Charge Rate	0.00%	0.00%	0.00%	%00:0	0.00%	0.00%	%00:0	0.00%	0.00%	0.00%	0.00%	%00'0
(d) Monthly Carrying Charge Rate	0.00%	0:00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Exhibit A Page 3 of 4

Natural Gas Company
Uncollectible Accounts Expense Rider Reconditation
Case No. # 13-313-GA-UEX
January 1, 2011 Through September 30, 2014

1 Balance - Beginning of Month	Jan (\$1,988.00)	Feb (\$3,336.00)	March (\$4,553.00)	April (\$5,311.00)	May (\$5,904.00)	June (\$6,310.00)	July (\$6,551.00)	Aug (\$6,854.00)	Sept (\$7,127.00)	Oct (\$7,438.00)	Nov (\$7,589.00)	Dec (\$8,132.00)
2 Bad Debts Written Off	\$0.00	\$0.00	\$397.58	\$174.61	\$40.86	\$0.00	\$42.11	\$10.91	\$0.00	\$333.00	\$333.00	\$333.00
3 Recovery - Base Rates	\$0.0\$	\$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 Debts Rider (a)	\$1,348.00	\$1,217.00	\$1,155.00	\$767.00	\$448.00	\$241.00	\$345.00	\$284.00	\$311.00	\$485.00	\$875.00	\$955.00
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
6 Incremental Bad Debt (2-(3+4+5))	(\$1,348.00)	(\$1,217.00)	(\$758.00)	(\$592.00)	(5407.00)	(\$241.00)	(\$303.00)	(\$273.00)	(\$311.00)	(\$152.00)	(\$542.00)	(\$622.00)
7 Balance Subtotal (1+6)	(\$3,336.00)	(\$4,553.00)	(\$5,311.00)	(\$5,904.00)	(\$6,310.00)	(\$6,551.00)	(\$6,854.00)	(\$7,127.00)	(\$7,438.00)	(\$7,589.00)	(\$8,132.00)	(\$8,753.00)
8 Carrying Charges {(1+7)/2 x d	\$0.00	\$0.00	\$0.00	20.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9 Balance End of Month (7+8)	(\$3,336.00)	(\$4,553.00)	(\$5,311.00)	(55,904.00)	(\$6,310.00)	(\$6,551.00)	(\$6,854.00)	(\$7,127.00)	(\$7,438.00)	(\$7,589.00)	(\$8,132.00)	(\$8,753.00)
(a) Actual Sales Volumes times Current Bad Debt Rider Recovery - Bad Debt Rider	56,518 \$0.02385 \$1,347.95	51,036 \$0.02385 \$1,217.20	48,447 \$0.02385 \$1,155.48	32,157 \$0.02385 \$766.95	18,764 \$0.02385 \$447.51	10,099 \$0.02385 \$240.86	14,467 \$0.02385 \$345.03	11,912 \$0.02385 \$284.10	13,022 \$0.02385 \$310.58	20,3 15 \$0.02385 \$484.50	36,696 \$0.02385 \$875.21	40,036 \$0.02350 \$954.86
(b) consists of customer payments, net collection a	et collection age	gency revenue, and other collections	nd other colle	ctions								
(c) Annual Carrying Charge Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	%00.0	0.00%	0.00%	0.00%	0.00%	0.00%
(d) Monthly Carrying Charge Rate	0.00%	0.00%	0.00%	%00:0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	%00:0

Exhibit A Page 4 of 4

Natural Gas Company
Uncollectible Accounts Expense Rider Reconciliation
Case No. # 13-313-GA-UEX
January 1, 2011 Through September 30, 2014

1 Balance - Beginning of Month	Jan (\$8,753.00)	Feb (\$8,695.00)	March (\$8,629.00)	April (\$8,551.00)	May (\$8,460.00)	June (\$8,356.00)	July (\$8,245.00)	Aug (\$8,260.00)	Sept (\$8,274.00)	Oct (\$8,291.00)	Nov (\$8,317.00)	Dec (\$8,365.00)
2 Bad Debts Written Off	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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
4 Recovery Bad Debts Rider (a)	\$66.00	\$60.00	\$46.00	\$34.00	\$21.00	\$14.00	\$16.00	\$14.00	\$17.00	\$26.00	\$48.00	\$49.00
5 Recovery - Other (b)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.0\$	\$0.00
6 Incremental Bad Debt (2-(3+4+5))	\$59.00	\$65.00	\$79.00	\$91.00	\$104.00	\$111.00	(\$16.00)	(\$14.00)	(\$17.00)	(\$26.00)	(\$48.00)	(\$49.00)
7 Balance Subtotal (1+6)	(\$8,695.00)	(\$8,629.00)	(\$8,551.00)	(\$8,460.00)	(\$8,356.00)	(\$8,245.00)	(\$8,260.00)	(\$8,274.00)	(58,291.00)	(\$8,317.00)	(\$8,365.00)	(\$8,414.00)
8 Carrying Charges ((1+7)/2 x d	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9 Balance End of Month (7+8)	(58,695.00)	(\$8,629.00)	(\$8,551.00)	(\$8,460.00)	(\$8,356.00)	(\$8,245.00)	(\$8,260.00)	(\$8,274.00)	(58, 291.00)	(\$8,317.00)	(\$8,365.00)	(\$8,414.00)
(a) Actual Sales Volumes times Current Bad Debt Rider Recovery - Bad Debt Rider	54,153 \$0.00122 \$66.07	49,107 \$0.00122 \$59.91	38,001 \$0.00122 \$46.36	27,984 \$0.00122 \$34.14	16,894 \$0.00122 \$20.61	11,757 \$0.00122 \$14.34	12,714 \$0.00122 \$15.51	11,539 \$0.00122 \$14.08	13,588 \$0.00122 \$16.58	21,439 \$0.00122 \$26.16	39,568 \$0.00122 \$48.27	39,927 \$0.00122 \$48.71
(b) consists of customer payments, net collection agency revenue, and other collections	t collection age:	ıcy revenue, ar	nd other collec	tions								
(c) Annual Carrying Charge Rate	0.00%	0.00%	0.00%	0.00%	%00.0	0.00%	0.00%	0.00%	0:00%	0.00%	00:00%	0.00%
(d) Monthly Carrying Charge Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	%00:0	%00:0	0.00%

EXHIBIT B

Piedmont Gas Company Revised Rider Rate Calculation November 15,2013 Case No. 13-313-GA-UEX

1 Balance Under (Over) Collected 12/31/12	\$ (1,988.34)	
2 Estimated Uncollectible Accts 1/13 - 9/14 Under (Over)	\$2,666.07	
3 Total to Collect (Line 1 + Line 2) Under (Over)	\$ 677.73	
4 Estimated Sales Volumes 1/13 - 9/14	556,413	Mcf
5 Calculated Revised Rider Rate (Line 3/Line 4)	\$ 0.00122	per mcf
6 Current Rider Rate Case #XXXXXX	\$ 0.02385	per mcf
7 Proposed Uncollectible Expense Rider Adjustment (Line 5 - Line 6)	\$ (0.02263)	per mcf
8 Percentage Change in Rate (Line 7/Line 6)	-94.89%	

The Public Utilities Commission of Ohio John R. Kasich, Governor Todd A. Snitchler, Chairman

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180 E. Broad Street, Columbus, Ohio 43215-3793 800 (686-PUCO (7826)

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