



**Public Utilities  
Commission**

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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,

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

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**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.                   | ) |                        |

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

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Date submitted: November 21, 2013

**Application of Piedmont Gas Company**  
**Case No. 13-313-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, 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.

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

|                                    | 2011        |             |            |            |            |            |            |            |            |            |            |            |
|------------------------------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                    | Jan         | Feb         | Mar        | Apr        | May        | June       | July       | Aug        | Sept       | Oct        | Nov        | Dec        |
| 1 Balance - Beginning of Month     | \$ 3,061    | \$ 1,849    | \$ 668     | \$ (160)   | \$ (799)   | \$ (1,182) | \$ (1,493) | \$ (1,721) | \$ (2,020) | \$ (2,354) | \$ (2,785) | \$ (3,523) |
| 2 Bad Debts Written Off            | \$ -        | \$ -        | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ 8,431   |
| 3 Recovery - Base Rates            | \$ -        | \$ -        | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| 4 Recovery Bad Debts Rider (a)     | \$ 1,212    | \$ 1,181    | \$ 829     | \$ 639     | \$ 383     | \$ 311     | \$ 228     | \$ 298     | \$ 334     | \$ 431     | \$ 738     | \$ 960     |
| 5 Recovery - Other (b)             | \$ -        | \$ -        | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| 6 Incremental Bad Debt (2-(3+4+5)) | \$ (1,212)  | \$ (1,181)  | \$ (829)   | \$ (639)   | \$ (383)   | \$ (311)   | \$ (228)   | \$ (298)   | \$ (334)   | \$ (431)   | \$ (738)   | \$ 7,471   |
| 7 Balance Subtotal (1+6)           | \$ 1,849    | \$ 668      | \$ (160)   | \$ (799)   | \$ (1,182) | \$ (1,493) | \$ (1,721) | \$ (2,020) | \$ (2,354) | \$ (2,785) | \$ (3,523) | \$ 3,948   |
| 8 Carrying Charges ((1+7)/2 x d)   | \$ -        | \$ -        | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| 9 Balance End of Month (7+8)       | \$ 1,849    | \$ 668      | \$ (160)   | \$ (799)   | \$ (1,182) | \$ (1,493) | \$ (1,721) | \$ (2,020) | \$ (2,354) | \$ (2,785) | \$ (3,523) | \$ 3,948   |
| (a) Actual Sales Volumes           | 50,822      | 49,515      | 34,743     | 26,800     | 16,055     | 13,041     | 9,551      | 12,513     | 14,024     | 18,065     | 30,954     | 40,254     |
| times Current Bad Debt Rider       | \$ 0.02385  | \$ 0.02385  | \$ 0.02385 | \$ 0.02385 | \$ 0.02385 | \$ 0.02385 | \$ 0.02385 | \$ 0.02385 | \$ 0.02385 | \$ 0.02385 | \$ 0.02385 | \$ 0.02385 |
| Recovery - Bad Debt Rider          | \$ 1,212.10 | \$ 1,180.93 | \$ 828.62  | \$ 639.18  | \$ 382.91  | \$ 311.03  | \$ 227.79  | \$ 298.44  | \$ 334.47  | \$ 430.85  | \$ 738.25  | \$ 960.06  |

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

(c) Annual 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%

(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 2 of 4

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

2012

|                                    | Jan          | Feb          | March      | April      | May        | June       | July       | Aug        | Sept       | Oct        | Nov          | Dec          |
|------------------------------------|--------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|
| 1 Balance - Beginning of Month     | \$3,948.00   | \$2,852.00   | \$1,727.00 | \$1,968.00 | \$1,595.00 | \$1,121.00 | \$1,121.00 | \$875.00   | \$743.00   | \$405.00   | (\$27.00)    | (\$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       | \$0.00       |
| 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           | 51,788       | 47,179       | 27,555     | 23,811     | 15,025     | 13,414     | 10,961     | 11,166     | 14,153     | 22,564     | 42,439       | 39,818       |
| times Current Bad Debt Rider       | \$0.02385    | \$0.02385    | \$0.02385  | \$0.02385  | \$0.02385  | \$0.02385  | \$0.02385  | \$0.02385  | \$0.02385  | \$0.02385  | \$0.02385    | \$0.02350    |
| Recovery - Bad Debt Rider          | \$1,235.15   | \$1,125.21   | \$657.18   | \$567.90   | \$358.35   | \$319.93   | \$261.42   | \$266.30   | \$337.55   | \$538.16   | \$1,012.17   | \$949.66     |

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

(c) Annual 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% 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% 0.00% 0.00% 0.00% 0.00%

[illegible]



[illegible]

## 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<br>Under (Over)            | \$2,666.07    |         |
| 3 Total to Collect (Line 1 + Line 2)<br>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<br>(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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