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August 12, 2014

PUCO

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

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

Enclosed please find the Staff Report regarding the Orwell Natural Gas application to adjust the Uncollectible Expense Rider in Case Nos. 14-312-GA-UEX.

Respectfully submitted,



Doris E. McCarter
Interim Director, Utilities Department
Public Utilities Commission of Ohio

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Orwell Natural Gas Company)
For Approval of an Adjustment) Case No. 14-312-GA-UEx
To its Uncollectible Expense Rider Rate.)

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

Date submitted: August 12, 2014

Application of Orwell Natural Gas Company
Case No. 14-0312-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 a base rate.

Subsequently, in Case No. 07-0163-GA-ATA, Orwell Natural Gas Company (Orwell 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 June 27, 2007, the Commission issued an Opinion and Order authorizing Orwell to establish and implement an initial UEx Rider of \$0.10000 per MCF to its Small General Service (SGS) rate schedule, which became effective with the company's tariff filing on June 29, 2007.

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

September 2010 – July 2011	\$0.05331 per MCF
August 2011 – July 2012	\$0.17081 per MCF
August 2012 – December 2013	\$0.06737 per MCF
January 2014 – Present	\$(0.00834) per MCF

On June 27, 2014, Orwell filed the pending application to revise its current uncollectible expense rider rate. On August 8, 2014, Orwell filed a revised application. Staff has reviewed the revised application and makes its findings and recommendation in this staff report.

Application

Orwell's revised application would result in a change to the existing rate of \$(0.00834) per MCF to a proposed rate of \$0.00774 per MCF or an increase of .0161 cents. Orwell proposed this increase in the UEx rate based on its actual deferred uncollectible

accounts expense net of recoveries as of May 31, 2014. Attachments in support of the revised application were filed with the application.

Attachment 1 of the revised application is the Company's Annual Budget Reconciliation (ABR). The ABR illustrates Orwell's actual write-off and revenue collected beginning in January 2013 and ending in May 2014. The attachment also includes estimated write-offs and revenue from June 2014 through April 2015.

Attachment 2 of the revised application provides the Company's calculation method in determining the proposed UEX rate. Orwell's calculation includes the balance of over-collected uncollectible accounts expense as of May 2014 of \$(26,404). This is added to the estimate of uncollectible accounts for the period June 2014 through April 2015 of \$33,775. The result is a projected amount to be collected through the proposed rider of \$8,695. The Company divides this number by an estimate sales volume for the period May 2014 through April 2015 of 1,123,996 MCF. The outcome is the proposed rider rate of \$0.00774. In Attachment 3 of the application, Orwell incorporates the proposed uncollectible expense rider rate in its tariffs.

Recommendations

Staff has performed a preliminary review of the annual balance reconciliation covering January 2013 through May 2014. As noted in the revised application, Staff detected a minor error in the original filing. Staff discussed the matter with the Company and the Company filed the subsequent revision agreeing with Staff's adjustment.

Staff will be closely examining the monthly uncollectible expense balances, write-offs and recoveries for both the 2012 and 2013 periods during Orwell's upcoming audit in 2014. Any required adjustments and/or corrections will be incorporated into the next uncollectible expense rider application.