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May 15, 2015

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

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PUCO

RE: *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of an Adjustment to its Uncollectible Expense Rider Rate, Case No. 15-321-GA-UEX*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the application filed by Columbia Gas of Ohio, Inc., to update its Uncollectible Expense Rider, in Case No. 15-321-GA-UEX.

Tamara S. Turkenton
Chief, Regulatory Services Division
Public Utilities Commission of Ohio

David Lipthrott
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Enclosure

Cc: Parties of Record

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Columbia Gas of Ohio, Inc.
Case No. 15-321-GA-UEx

SUMMARY

In Case No. 03-1127-GA-UNC, the Commission authorized the concept of an uncollectible accounts expense recovery mechanism for five gas companies, including Columbia Gas of Ohio, Inc. (Columbia). The mechanism approved allows for recovery of actual bad/un-collectible debt through a rider, rather than through base rates. Columbia first implemented its uncollectible expense rider in April of 2004.

On April 16, 2015 Columbia 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 letter.

STAFF REVIEW

Columbia's application filed on April 16, 2015 would decrease the existing rider rate of \$0.1457 per Mcf to \$0.1214 per Mcf, a decrease of (\$0.0243). The proposed rate is based upon Columbia projected deferred uncollectible expenses as of May 31, 2015 and Columbia's estimated uncollectible accounts expense for the twelve-month period ending May 31, 2016.

Attachment 1 provides Columbia's annual balance reconciliation for calendar year 2014 and actual data for the first three months of 2015.

Attachment 2 shows that an adjustment of \$0.0149 per Mcf is required to recover prior period under-collections of \$2,684,489 at May 31, 2015.

Attachment 3 of the application shows Columbia's projections of uncollectible expenses and recoveries for the twelve-month period ending May 31, 2016. This attachment indicates Columbia will anticipate additional bad debt of \$19,208,733 for the next twelve months.

Attachment 4 details the calculation of the proposed UEX Rider rate based on Columbia's deferred uncollectible expenses as of May 31, 2015, and their estimated uncollectible accounts expense for the twelve-month period ending May 31, 2016. The implementation of this adjustment would result in a new UEX Rider rate of \$0.1214 per Mcf.

Attachment 5 provides copies of the proposed tariff sheets.

STAFF RECOMMENDATION

Staff has performed a review of the annual balance reconciliation covering calendar year 2014 and the first quarter of 2015, and at this time, Staff does not propose any further adjustments to Columbia's calculations and supports Columbia's revised attachments filed on April 16, 2015. The

proposed rate decrease to \$0.1214 recovers prior period under-collections and attempts to prevent over-collection from anticipated bad debt write-offs through May 31, 2016.

Staff believes that Columbia's revised application appropriately calculates the rider and recommends the proposed rate of \$0.1214 per Mcf be approved.