

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Uncollectible Expense)	
Rider of Northeast Ohio Natural Gas)	
Corporation)	Case No. 16-0309-GA-UEx

**ANNUAL UNCOLLECTIBLE EXPENSE RIDER REPORT AND APPLICATION FOR
APPROVAL OF AN ADJUSTMENT TO UNCOLLECTIBLE EXPENSE RIDER RATE**

Northeast Ohio Natural Gas Corporation ("NEO" or "Northeast") hereby submits its Annual UEX Report, plus the information required in Paragraph 12 of the Commission's Finding and Order Dated August 19, 2009 in Case No. 08-1229-GA-COI, *In the Matter of Five-Year Review of Natural Gas Company Uncollectible Riders* for calendar year 2012. In case No. 15-309-GA-UEx, the Commission approved NEO's current UEX Rider rate of \$0.0232 per Mcf. NEO requests that the Commission approve NEO's revision of its UEX rider to reflect a charge in the amount of \$0.0254 per Mcf. Support for this request is as follows:

1. Attached hereto and marked as Attachment 1 is NEO's Annual Uncollectible Expense Report for calendar year 2015. Page 1 of 3 of Attachment 1 shows actual uncollectible balances for January through December 2015. NEO reports an Uncollectible Account balance of \$41,399.54 on January 1, 2015. The ending balance is \$34,677.80 as of December 31, 2015.

2. Attachment 1, page 2 of 3, shows actual balances for January 1, 2016 through July, 2016 and additionally shows estimated balances by month through December 31, 2016, estimated bad debt expense by month, and the estimated monthly sales volume, as applicable. On December 31, 2016, the estimated Uncollectible account balance is expected to be \$49,738.21 the UEX Rider rate is unchanged.

3. Attachment 1, page 3 of 3, shows estimated balances for January, 2017 through June 30, 2017 assuming no modification in Uncollectible Expense Rider. The estimated balance assuming no change to the Uncollectible Expense Rider is \$64,806.52 as of June 30, 2017.

4. Northeast believes it is appropriate and reasonable to consider the prospective application of the UEX Rider because it better matches expenses with recoveries. The Commission has found this procedure to be reasonable in applications for an adjustment in the UEX Rider rates of Columbia Gas of Ohio, Inc. in Case No. 10-578-GA-UEX, and Duke Energy Ohio in Case No. 10-726-GA-UEX.

5. Attachment 2 to the Application details the calculation showing the potential change in Northeast's UEX Rider rate based on its Actual Bad Debt Deferral as of September 1, 2016, estimated bad debt write-offs, and UEX Rider recoveries and sales volumes through July 31, 2016. The revised UEX Rider rate proposed to be effective on and after January 1, 2017 is calculated to be \$0.0254 per Mcf, which is a decrease of \$0.0022 per Mcf from the currently effective rate of \$.0232 per Mcf. Northeast's tariff provides, pursuant to the Commission's guidelines adopted in Case No. 03-1127-GA-UNC, that an annual adjustment in an Uncollectible Expense Rider rate is appropriate when the over or under collection balance would exceed plus/minus ten percent absent adjustment, which is the case in this instance.

6. Such a change is based on actual experience for the twelve (12) months ended July 2016 as adjusted for estimated uncollectible accruals and projected sales volumes through June 2017 and should be approved no later than January 1, 2017.

7. For this reason, NEO submits that the proposed increase from its currently effective Uncollectible Expense Rider rate of \$0.0232 per Mcf to a charge in the amount of \$0.0254 per Mcf is appropriate.

8. Attachment 3 to the Application includes redlined and clean proposed revisions to Northeast's tariff reflecting the increased UEX Rider Rate proposed herein.

Respectfully submitted,

/s/ Devin D. Parram

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ATTACHMENT 1 P. 1 OF 3

**Northeast Ohio Natural Gas Corp.
Bad Debt Rider
Annual Balance Reconciliation
2015**

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
(1) Balance - Beginning of Month	\$ 48,933.19	\$ 41,399.54	\$ 35,067.72	\$ 27,789.34	\$ 24,926.45	\$ 25,623.40	\$ 45,779.60	\$ 39,816.31	\$ 38,887.48	\$ 40,786.23	\$ 44,468.94	\$ 39,675.15
(2) Bad Debts Written Off	(1,602.14)	622.69	(93.59)	836.60	2,707.01	21,234.66	(5,196.98)	-	2,720.53	4,760.96	(2,757.36)	(1,537.20)
(3) Recovery - Base Rates												
(4) Recovery - Bad Debt Rider	(6,205.17)	(7,186.16)	(7,375.21)	(3,859.19)	(2,163.20)	(1,294.76)	(1,026.62)	(1,167.26)	(1,063.14)	(1,336.53)	(2,291.33)	(3,685.40)
(5) Recovery - Other												
(6) Incremental Bad Debt	(7,807.31)	(6,563.47)	(7,468.80)	(3,022.59)	543.81	19,939.90	(6,222.60)	(1,167.26)	1,657.39	3,424.43	(5,048.69)	(5,222.60)
(7) Balance Subtotal	41,125.88	34,836.07	27,598.92	24,766.75	25,470.26	45,563.30	39,557.00	38,649.05	40,544.87	44,210.66	39,420.25	34,452.55
(8) Carrying Charges	273.66	231.65	190.42	159.70	153.14	216.31	259.31	238.43	241.37	258.27	254.91	225.25
(9) Balance - End of Month	\$ 41,399.54	\$ 35,067.72	\$ 27,789.34	\$ 24,926.45	\$ 25,623.40	\$ 45,779.60	\$ 39,816.31	\$ 38,887.48	\$ 40,786.23	\$ 44,468.94	\$ 39,675.15	\$ 34,677.80

MEMO ONLY												
Net Monthly Carrying Charge Rate	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%
Projected Sales Volumes	382,260.8	442,203.2	454,546.3	237,073.6	132,642.7	79,320.3	62,460.9	72,511.5	65,384.6	82,206.3	140,472.1	224,539.7

(2) Bad Debts Written Off
(5) Recovery - Other

**Northeast Ohio Natural Gas Corp.
Bad Debt Rider
Annual Balance Reconciliation
2016**

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec
(1) Balance - Beginning of Month	\$ 34,677.80	\$ 26,807.16	\$ 22,644.26	\$ 16,191.49	\$ 17,349.31	\$ 18,692.13	\$ 27,313.60	\$ 37,409.97	\$ 40,144.92	\$ 42,896.49	\$ 45,163.26	\$ 47,443.80
(2) Bad Debts Written Off	(438.82)	5,169.28	1,152.64	6,298.91	4,810.84	10,784.15	11,528.16	2,500.00	2,500.00	2,000.00	2,000.00	2,000.00
(3) Recovery - Base Rates												
(4) Recovery - Bad Debt Rider	(7,618.08)	(9,481.99)	(7,723.06)	(5,242.70)	(3,577.21)	(2,302.05)	(1,627.86)					
(5) Recovery - Other												
(6) Incremental Bad Debt	(8,056.90)	(4,312.71)	(6,570.42)	1,056.21	1,233.63	8,482.10	9,900.30	2,500.00	2,500.00	2,000.00	2,000.00	2,000.00
(7) Balance Subtotal	26,620.90	22,494.45	16,073.84	17,247.70	18,582.94	27,174.23	37,213.90	39,909.97	42,644.92	44,896.49	47,163.26	49,443.80
(8) Carrying Charges	186.26	149.81	117.65	101.61	109.18	139.37	196.07	234.95	251.57	266.77	280.55	294.41
(9) Balance - End of Month	\$ 26,807.16	\$ 22,644.26	\$ 16,191.49	\$ 17,349.31	\$ 18,692.13	\$ 27,313.60	\$ 37,409.97	\$ 40,144.92	\$ 42,896.49	\$ 45,163.26	\$ 47,443.80	\$ 49,738.21

Net Monthly Carrying Charge R:	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%
Net Monthly Carrying Charge R:	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%

Projected Sales Volumes	337,181.3	404,500.6	313,172.0	248,704.8	156,763.1	99,643.7	70,355.3
Projected Annual Volumes	2,518,273.8	67,242.0	73,939.0	155,370.0	236,722.0	354,680.0	

(2) Bad Debts Written Off
(5) Recovery - Other

ATTACHMENT 1 P. 3 OF 3

**Northeast Ohio Natural Gas Corp.
Bad Debt Rider
Annual Balance Reconciliation
2017**

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
(1) Balance - Beginning of Month	\$ 49,738.21	\$ 52,046.56	\$ 54,368.93	\$ 56,705.42	\$ 59,056.11	\$ 61,922.61	\$ 64,806.52	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Bad Debts Written Off	2,000.00	2,000.00	2,000.00	2,000.00	2,500.00	2,500.00						
(3) Recovery - Base Rates												
(4) Recovery - Bad Debt Rider												
(5) Recovery - Other												
(6) Incremental Bad Debt	2,000.00	2,000.00	2,000.00	2,000.00	2,500.00	2,500.00						
(7) Balance Subtotal	51,738.21	54,046.56	56,368.93	58,705.42	61,556.11	64,422.61						
(8) Carrying Charges	308.35	322.38	336.49	350.69	366.50	383.92						
(9) Balance - End of Month	\$ 52,046.56	\$ 54,368.93	\$ 56,705.42	\$ 59,056.11	\$ 61,922.61	\$ 64,806.52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MEMO ONLY

Net Monthly Carrying Charge Rate	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%
Projected Sales Volumes	339,886.6	408,649.3	316,204.8	250,569.5	158,221.3	100,478.1	70,672.9	67,242.0	73,939.0	155,370.0	236,772.0	354,680.0

- (2) Bad Debts Written Off
(5) Recovery - Other

ATTACHMENT 2

**Northeast Ohio Natural Gas Corporation
Revised Rider Rate Calculation
09/01/16**

Bad Debt Deferral as of 7/31/16	\$ 37,409.97
Projected Volumes 1/16-12/16	2,518,274
Recovery Rate	\$0.0149
Estimated Uncollectible accounts	\$25,000
Sales Volumes 1/15-12/15	2,375,622 Mcf
Projected Recovery Rate	\$0.0105
Total Bad Debt Rate	\$0.0254
Current Rider Rate 15-309-GA-UEX	\$0.0232
Change	\$0.0022

P.U.C.O. No. 1

NORTHEAST OHIO NATURAL GAS CORP.

~~Fifth~~^{fourth} Revised Sheet No. 57

RULES REGULATIONS AND RATES GOVERNING THE DISTRIBUTION AND
TRANSPORTATION OF GAS

71. MCF TAX RIDER. Applicable to all distribution and transportation services to provide for recovery of Northeast Ohio Natural Gas Corp.'s excise tax liability. In addition to all other rates, each Mcf delivered is subject to the following excise tax:

First 100 Mcf per month	\$.1593 per Mcf
Next 1,900 Mcf per month	\$.0877 per Mcf
Over 2,000 Mcf per month	\$0.411 Per Mcf
Flex Customers	\$0200 per Mcf

All bills rendered to a Flex Customer as defined by O.R.C. 5727.80(N) shall be assessed using the Flex Customer rate above (\$.02 per Mcf) with a corresponding reduction to flexed base rate billed to that customer.

72. Uncollectible Expense Rider. Applicable to all customers served under rate schedules SGS, GS, and LGS. An additional charge of \$0.~~0232~~⁰²⁵⁴ per Mcf shall be applied to all volumes for services rendered under applicable rate schedules to recover costs associated with uncollectible accounts arising from those customers responsible for paying the Uncollectible Expense Rider. The Company shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over or under collections.

73. Interim, Emergency and Temporary PIP Plan Tariff Schedule Rider. Applicable to all distribution and transportation services and in addition to all other rates and charges, the Interim Emergency and Temporary PIP Plan Rate base rate rider for gas service established in accordance with an Entry in Case No. 13-2351-GA-PIP is \$0.0511 per Mcf delivered.

Filed pursuant to PUCO Application dated ~~October 15, 2015~~^{September}, 2016 in Case No. 156-0309-GA-UEx

ISSUED: ~~September~~^{January 7, 2016}
Rendered on or after

EFFECTIVE: For bills

~~January 7~~^{September}, 2016

Issued by
Northeast Ohio Natural Gas Corp.
Martin K. Whelan, President

P.U.C.O. No. 1

NORTHEAST OHIO NATURAL GAS CORP.

Fifth Revised Sheet No. 57

RULES REGULATIONS AND RATES GOVERNING THE DISTRIBUTION AND
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72. Uncollectible Expense Rider. Applicable to all customers served under rate schedules SGS, GS, and LGS. An additional charge of \$0.0254 per Mcf shall be applied to all volumes for services rendered under applicable rate schedules to recover costs associated with uncollectible accounts arising from those customers responsible for paying the Uncollectible Expense Rider. The Company shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over or under collections.

73. Interim, Emergency and Temporary PIP Plan Tariff Schedule Rider. Applicable to all distribution and transportation services and in addition to all other rates and charges, the Interim Emergency and Temporary PIP Plan Rate base rate rider for gas service established in accordance with an Entry in Case No. 13-2351-GA-PIP is \$0.0511 per Mcf delivered.

Filed pursuant to PUCO Application dated September __, 2016 in Case No. 16-0309-GA-UEX

ISSUED: September __, 2016

EFFECTIVE: For bills Rendered on or after
September __, 2016

Issued by
Northeast Ohio Natural Gas Corp.
Martin K. Whelan, President

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Summary: Annual Report Annual Uncollectable Expense Rider Report electronically filed by
Mr. Devin D. Parram on behalf of Orwell Natural Gas