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**A report by the Staff of the
Public Utilities Commission of Ohio**

Glenwood Energy of Oxford, Inc.

**Audit of the Uncollectible Expense Mechanisms
for the period January 2015 through December 2016
Case No. 17-310-GA-UEx**

June 30, 2017

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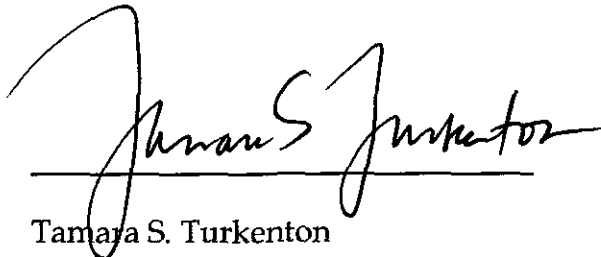
Ohio

**Public Utilities
Commission**

Certificate of Accountability

As ordered by the Public Utilities Commission of Ohio (PUCO or Commission), the Staff has completed the required audit of Glenwood Energy of Oxford, Inc.'s (Glenwood or Company) Uncollectible Expense (UEX) rider rates for January 2015 through December 2016. The Staff audited the material as set forth in the Commission Entry in Case No. 17-310-GA-UEx.

Our audits have revealed certain findings, as discussed in this audit report, which should be addressed in this proceeding. The Staff notes that at the time of preparing this report, unless otherwise noted, Glenwood accurately calculated its UEX rider rates for the time period discussed in this report. The Staff has performed investigations into these specific areas and respectfully submits its findings and recommendations.



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



David Liphtratt
Chief, Research and Policy Division
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Glenwood Energy of Oxford, Inc. Uncollectible Expense Rider

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 allowed for recovery of actual bad/uncollectible debt through a rider, rather than through base rates.

On August 31, 2007, Glenwood, formerly Oxford Natural Gas Company, the City of Oxford and the Staff of the Public Utilities Commission of Ohio filed a Joint Stipulation and Recommendation (Joint Stipulation) to resolve all of the issues in Case Nos. 06-350-GA-CMR and 06-521-GA-UNC. On September 19, 2007, the Commission approved the Joint Stipulation.

Glenwood did not implement a UEX rider, but could opt to do so, pursuant to the terms of the Commission Opinion and Order in Case No. 03-1127-GA-UNC. On May 29, 2009, Glenwood filed an application to establish its first UEX rider in Case No. 09-439-GA-UEx. A rider rate of \$0.08 per Mcf was approved by the Commission on September 30, 2009.

Staff's Review

For this audit, Staff reviewed Glenwood's collection practices and procedures that were implemented on December 17, 2008, and in effect during the audit period. Staff also reviewed Glenwood's General Ledger (GL) Report, the History Report, and Transaction Posting Register (Register) to verify that collections were properly credited to customer accounts. A more specific review is detailed below.

Upon initiating the audit, Glenwood submitted its 2015 and 2016 Annual Budget Reconciliation (ABR) to Staff for review. The ABR shows the monetary amounts written-off as bad debt or uncollectible, the amounts recovered through the UEX rider, and collection activity. The ABR also includes carrying charges, payments to the outside collection agency, and gas sales volumes applicable to the UEX rider. Staff verified the Company's December 2016 ending balance of (\$1,706.54) in the ABR (see Attachment 1 for Staff's accounting of the Company's ABR for the audit period).

Staff reviewed Glenwood's 2015 and 2016 bad debt write-offs of \$44,725.04 and \$29,065.16 respectively and recoveries of \$19,148.47 and \$14,698.23, respectively to determine their

accuracy. Staff conducted this review by recalculating monthly bad debt write-offs and recoveries from the Company's Register. The Register contained pertinent customer information that could be traced back to the accounts that were submitted for write-off.

The UEX rider rate changed from \$0.0459 per Mcf to \$0.0304¹ per Mcf on November 1, 2015. Staff reviewed and recalculated the recoveries collected each month with Staff's verified sales volumes². Staff randomly reviewed 40 customer accounts to determine the accuracy of amounts written-off and applied to the bad debt rider account. Staff found no exceptions.

Staff verified that the Company followed prior Commission Orders to write-off accounts for non-payment at a minimum of 60 days³.

Staff's Findings

For the period 2015 and 2016, there were two customers who were counted in both the Company's UEX and the Company's PIPP calculations which led to an over-collection of \$1,585.26. Adjusting for this amount results in an ending balance of (\$1,706.54) for the audit period. Staff believes sufficient attempts were made to collect on past due accounts and that customer payments were otherwise properly credited to their bad debt account.

Staff's Recommendations

Staff recommends that Glenwood take appropriate steps to ensure that none of the Company's PIPP customers are included in its UEX calculations.

Staff recommends that the Commission direct Glenwood to set their beginning UEX balance for 2017 to (\$1,706.54).

¹ In Case No. 15-310-GA-UEx, Glenwood filed an application to revise its UEX rider from \$0.0459 per Mcf to \$0.0304 per Mcf. On October 28, 2015, the Commission approved the Company's application. On October 29, 2015, Glenwood filed its new tariff effective December 1, 2015.

² Verified sales volumes in Case No. 17-210-GA-GCR, *Financial Audit of the Gas Cost Recovery Mechanisms for the Effective GCR Periods January 1, 2015 through December 31, 2016* (GCR Audit).

³ In previous UEX audits of local distribution companies (LDCs), the Commission has ordered LDCs to write-off accounts for non-payment at a minimum of 60 days. Case No. 13-310-GA-UEx (Glenwood Energy of Oxford, Inc.), Case No. 12-309-GA-UEx (Northeast Ohio Gas Company), Case No. 12-312-GA-UEx (Orwell Natural Gas), Case No. 14-313-GA-UEx (Piedmont Gas Company), and Case No. 09-217-GA-GCR (Glenwood Gas and Oil Company).

GLENWOOD ENERGY OF OXFORD, INC.
UNCOLLECTIBLE ACCOUNTS EXPENSE RIDER
ANNUAL BALANCE RECONCILIATION
STAFF CALCULATIONS
ATTACHMENT 1 SHEET 1 OF 2
2015

Glenwood Energy of Oxford, Inc.
Case No. 17-310-GA-UEx

	January	February	March	April	May	June	July	August	September	October	November	December
(1) Balance - Beginning of Month	(\$39,606.45)	(\$43,479.28)	(\$45,728.32)	(\$49,057.45)	(\$36,882.62)	(\$33,396.35)	(\$34,244.46)	(\$15,819.02)	(\$14,585.43)	(\$12,389.05)	(\$13,002.72)	(\$13,617.12)
(2) Bad Debts Written Off	\$287.79	\$2,622.35	\$0.00	\$13,774.67	\$4,353.95	\$0.00	\$18,48.75	\$1,831.21	\$2,766.19	\$262.84	\$524.34	\$152.95
(3) Recovery - Base Rates												
(4) Recovery - Bad Debt Rider (a)	\$3,723.87	\$4,029.93	\$2,861.87	\$1,278.77	\$562.18	\$368.16	\$366.70	\$359.03	\$444.04	\$675.79	\$933.74	\$1,387.30
(5) Recovery - Other (b)	\$126.34	\$508.18	\$113.15	\$0.00	\$42.93	\$227.24	\$64.19	\$125.00	\$25.00	\$796.51	\$105.55	\$23.00
(6) Incremental Bad Debt (2)-(3)+(4)+(5))	(\$3,562.42)	(\$1,915.76)	(\$2,975.02)	\$12,495.90	\$3,748.84	(\$395.40)	\$18,612.47	\$1,347.18	\$2,297.15	(\$518.81)	(\$514.95)	(\$1,257.35)
(7) Balance Subtotal (1)+(6)	(\$43,168.87)	(\$45,395.04)	(\$48,703.33)	(\$36,561.55)	(\$33,133.79)	(\$33,991.75)	(\$15,631.98)	(\$14,471.84)	(\$12,288.28)	(\$12,907.86)	(\$13,517.67)	(\$14,874.47)
(8) Carrying Charges ((1)+(7))2) x(d)	(\$310.41)	(\$333.28)	(\$354.12)	(\$321.07)	(\$262.56)	(\$252.71)	(\$187.04)	(\$113.59)	(\$100.78)	(\$94.86)	(\$99.45)	(\$106.84)
(9) Balance - End of Month (7)+(8)	(\$43,479.28)	(\$45,728.32)	(\$49,057.45)	(\$36,882.62)	(\$33,396.35)	(\$34,224.46)	(\$15,819.02)	(\$14,585.43)	(\$12,389.05)	(\$13,002.72)	(\$13,617.12)	(\$14,981.32)
(a) Calculated: actual consumption times authorized rider rate												
(b) Consists of customer payments, net-collection agency revenue, and other collections												
(c) Net monthly carrying charge rate (c)	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%
(d) Annual CC rate (Staff calc)	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%
Plus Cost of Outside Collections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Volumes	81,130	87,798	62,350	27,860	12,248	8,021	7,989	7,822	9,674	14,723	30,715	45,635
Base Rate of Recovery (Comp calc)	\$0.0459	\$0.0459	\$0.0459	\$0.0459	\$0.0459	\$0.0459	\$0.0459	\$0.0459	\$0.0459	\$0.0304	\$0.0304	\$0.0304
Rider Rate of Recovery	\$0.0459	\$0.0459	\$0.0459	\$0.0459	\$0.0459	\$0.0459	\$0.0459	\$0.0459	\$0.0459	\$0.0304	\$0.0304	\$0.0304

2016

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