

September 7, 2018

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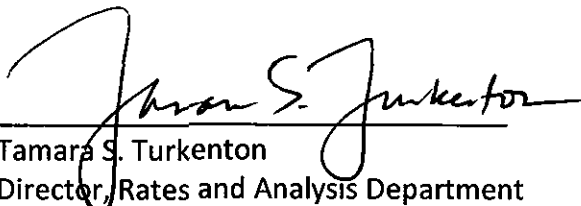
RECEIVED-DOCKETING DIV

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

RE: *In the Matter of the Application of Pike Natural Gas Company for Approval of an  
Adjustment to its Uncollectible Expense Rider, Case No. 18-314-GA-UEX.*

Dear Docketing Division:

Enclosed please find the Review and Recommendations of the Staff of the Public Utilities Commission of Ohio (Staff) in regard to the application filed by Pike Natural Gas Company, to update its Uncollectible Expense Rider, in Case No. 18-314-GA-UEX.



Tamara S. Turkenton  
Director, Rates and Analysis Department  
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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**Pike Natural Gas Company**  
**Case No. 18-314-GA-UEx**

**SUMMARY**

In Case No. 03-1127-GA-UNC, the Public Utilities Commission of Ohio (Commission) authorized a new mechanism that would allow five natural gas companies to alter their method for collecting uncollectible accounts expense. The mechanism approved allows for recovery of actual uncollectible accounts expense through a rider, rather than through base rates. Subsequently, on June 28, 2006, in Case No. 05-824-GA-AIR the Commission issued an entry authorizing the Pike Natural Gas Company (Pike or Company) to establish an uncollectible expense rider (UEX Rider) recovery mechanism with an initial rate of \$0.0787 per Mcf.

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

July 2012 – June 2013	\$0.0000 per Mcf
August 2013 - August 2014	(\$0.0109) per Mcf
September 2014 – October 2015	\$0.0000 per Mcf
November 2015 - Current	\$0.3241 per Mcf

Pike filed an application on July 26, 2018, requesting to revise its existing UEX Rider rate of \$0.3241 per Mcf to (\$0.0916) per Mcf, a decrease of \$0.4157 per Mcf. On August 6 and 8, 2018, the Company amended its application to include reconciliation and adjustment language to the UEX Rider tariff sheets.

**STAFF REVIEW**

Staff reviewed Company Attachment 1, which is Pike's calculation of its proposed UEX Rider rate. This calculation contains a large over-collection with a proposed recovery period of five years. Staff believes that Pike's proposal to amortize the over-collection over five years is unwarranted and believes that a three year amortization of the over-collection is more appropriate considering the rate that created the over-collection was charged to customers for approximately three years. Staff adjusted the Company proposed recovery rate from five years to three years which generated a UEX Rider rate of (\$0.2127) per Mcf, as shown on Staff Attachment A. Staff also reviewed Company Attachment 2, which includes the proposed tariff rates and revised tariff language.

## **STAFF RECOMMENDATION**

Staff recommends that the Commission approve the Staff calculated UEX Rider rate of (\$0.2127) per Mcf, as shown on Staff Attachment A.

Additionally, in order to eliminate future occurrences of large over-or-under collections, Staff recommends that Pike follow its obligation to annually file a UEX application in May of each year if the Company determines that an adjustment of more than plus or minus ten (10) percent is needed to adjust for prior period over or under-collections. If no adjustment to the rider will occur due to not meeting the 10 percent threshold, a separate filing must be provided as ordered in Case No. 03-1127-GA-UNC.

Finally, Staff recommends that the Commission approve Pike's proposed tariff language for the UEX Rider, as shown in their amended application.

# Attachment A

## PIKE NATURAL GAS CASE NO. 18-314-GA-UEx

### STAFF'S CALCULATION

Line No.

1	Actual Annual Sales for Twelve Months Ended June 30, 2018--	923,596.1	Mcf
2	Actual Bad Debt Deferral as of	6/30/2018	\$ (838,827.51)
3	Recovery Period	3 Years	
4	Recovery Amount (Line 2 / Line 3)		\$ (279,609.17)
5	Recovery Rate (Line 4 / Line 1)		\$ (0.3027) per Mcf
6	Actual Bad Debt Write Off and Collection Expense for 12 Months Ending	6/30/2018	\$ 83,121.78
7	Number of Months in Period	12 Months	
8	Average Per Month (Line 6 / Line 7)		\$ 6,926.82
9	Annual Amount (Line 8 x 12)		\$ 83,121.78
10	Recovery Rate ( Line 9 / Line 1)		\$ 0.0900 per Mcf
11	Total Bad Debt Tracker (Line 5 + Line 10)		\$ (0.2127) per Mcf
12	Tracker Rate Approved Case No. 15-0314-GA-UEx		\$ 0.3241 per Mcf
13	Change \$ (Line 11 - Line 12)		\$ (0.5368)
14	Percent Change % (Line 13 / Line 12)		-165.64%