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

Glenwood Energy of Oxford, Inc.
19-210-GA-GCR

Financial Audit of the Gas Cost Recovery
Mechanisms for the period of
January 1, 2017 through December 31, 2018

November 22, 2019

Ohio | Public Utilities Commission

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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) gas cost recovery (GCR) and costs incurred and included for recovery for the period of January 1, 2017 through December 31, 2018. The Staff audited for conformity with the procedural aspects of the uniform purchased gas adjustment as set forth in Chapter 4901:1-14, O.A.C and related appendices, and by the Commission Entry signed on January 30, 2019 in Case No. 19-210-GA-GCR.

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 GCR rates for those periods under investigation in accordance with the uniform purchased gas adjustment as set forth in Chapter 4901:1-14, O.A.C, and related appendices, except for those instances noted in the Executive Summary of this audit report. The Staff has performed investigations into these specific areas and respectfully submits its findings and recommendations.

Tamara S. Turkenton Director, Rates and Analysis Department Public Utilities Commission of Ohio	David Lipthratt Chief, Research and Policy Division Public Utilities Commission of Ohio

Section I

Executive Summary

Audit Work Program

The audit investigation consisted of several components. Staff initially submitted a data request to the Company requesting documentation necessary to recalculate the Company's purchased gas costs, purchased volumes, customer billings, sales volumes and informational items such as number of customers and transportation through-put. Staff reviewed and evaluated the data responses along with relevant documents from within the Commission in preparation for the audit. Staff conducted investigative interviews with appropriate Company personnel and examined related supplier invoices and spreadsheets at the Company's office in Glenwood, Ohio.

Recommendations

Unless otherwise stated in this report, Staff's review has shown that Glenwood accurately calculated its GCR rates for the monthly periods that are discussed in this report. The following summary describes Staff's recommendations that are detailed in Sections II through IX of this report.

- Staff recommends an actual adjustment (AA) of $117 for an under-collection and a balance adjustment (BA) of ($49,965) for an over-collection.

Section II

Introduction

Background

Glenwood purchased certain assets of Oxford Natural Gas Company (Oxford) at a public auction, on August 8, 2007. On September 18, 2007, in Case No. 07-1025-GA-ATR, Glenwood filed for Commission approval to purchase Oxford's assets with the Commission granting approval on October 10, 2007. Glenwood is wholly-owned by the Keith G. Smith Trust.

Operations

Glenwood currently serves portions of the city of Oxford and portions of Butler County appurtenant to the city and is headquartered in Oxford, Ohio. Glenwood provides service to its sales customers under an ordinance with the city of Oxford, which was signed on January 5, 2015, and effective for three years beginning with March 2015 billings. This ordinance was superseded by the current ordinance which was signed on September 4, 2018 and effective beginning with the November 2018 billings. During the audit period, Glenwood provided natural gas utility service to approximately 4,082 residential and 534 commercial customers for a total of 4,616 customers.

Section III

Expected Gas Cost

Staff has reviewed Glenwood's calculations of their Expected Gas Cost (EGC) for the audit period of January 2017 through December 2018. The EGC mechanism attempts to match future gas revenues for the upcoming quarter with the anticipated cost to procure gas supplies. It is calculated by multiplying twelve-months of historical purchased volumes from each supplier by the rate that is expected to be in effect during the upcoming period. The cost for each supplier is summed and the total is divided by twelve-months of historical sales to develop an EGC rate that will be applied to customers' bills.

In reviewing the Company's calculations of the EGC, the Staff makes the following observations concerning supply sources, purchased volumes and sales volumes.

Supply Sources

In August 2007, Glenwood signed an initial three-year contract (Base Contract) for the sale and purchase of natural gas with Atmos Energy Marketing (Atmos), now CenterPoint Energy Services, Inc (CenterPoint). Under the terms of the Base Contract, CenterPoint procured gas on behalf of Glenwood and nominated delivery of the gas on Texas Eastern Transmission (Texas Eastern) to an interconnection point with Columbia Gas Transmission (TCO). TCO delivered the gas to Duke Energy Ohio (Duke) who then delivered the volumes to Glenwood's city gate. With the Base Contract, Glenwood assigned its pipeline capacity entitlements to CenterPoint to manage and effectuate the delivery of gas to Duke. In September 2009, Glenwood amended its contract, which resulted in reduced fees and an extended term. Glenwood and CenterPoint signed additional amendments in January 2013 and 2014 that helped make level the EGC and unit book costs by replacing the fixed monthly demand charges from Texas Eastern with volumetric charges.

Purchased Volumes

Purchased volumes were calculated by first taking monthly meter reads from Duke plus shrink, converting from Dth to Mcf, and then subtracting out the volumes for transportation customers in Glenwood's system. Glenwood relied upon monthly reports from CenterPoint, containing Glenwood's volumes and transportation customers, to perform this calculation. Staff found that the differences between the Company's and Staff's calculations were minimal over the course of the audit period.

Sales Volumes

Staff reviewed Glenwood's January 2017 through December 2018 billing register summaries and their customer billing journals to verify sales volumes. Staff also reviewed

Glenwood's billing adjustments from their two gas light customers, Oxford Green and Forest Ridge, during the same period. Staff noted no errors in sales volumes during the audit period.

Transportation Services

Glenwood provided transportation service to four customers through special contract agreements. Under the terms of those agreements, Glenwood would deliver the transporters nominated volumes from its city gate to the customers' facilities with any difference in volumes to be recognized as an imbalance. The transportation customers were to pay volumetric charges and a portion of those charges were to be credited to Glenwood's GCR in order to recognize the transporters use of Glenwood's transportation agreement with Duke.

During the audit period, Glenwood cashed-out the imbalances of two transportation customers using Glenwood's average monthly commodity rate that was paid to CenterPoint. The Company included the cash-outs[1] in its GCR. To settle an imbalance, the Company needs to either purchase the positive imbalance (i.e., over-deliveries) or sell a negative imbalance (i.e., under-deliveries) to the customers at rates reflective of the cost of the services.

Recommendations

Staff has no recommendations for this section.

[1] Cash-outs occur when transportation customers over - or under delivers gas.

Section IV

Actual Adjustment

The AA reconciles the monthly cost of purchased gas with the EGC billing rate. It is calculated by dividing the total cost of gas purchased each month by total sales for those respective months. These calculations are performed quarterly. The result is the unit book cost of gas, which is the cost incurred by the Company for procuring each MCF it sold that month. The unit book cost for each month is compared to the EGC rate that was billed for the month. The difference between each monthly unit cost and the monthly EGC, whether positive or negative, is multiplied by the respective monthly jurisdictional sales to identify the total under- or over- recovered gas costs. The monthly under- or over-recoveries are summed for the quarter and divided by the twelve-months of historic jurisdictional sales to develop an AA rate to be included in the GCR for four quarters.

Errors in the AA calculation can be caused by reporting incorrect purchased gas costs and/or sales volumes or by using the wrong EGC rate and level of credits or cash-outs from transportation customers.

Staff has reviewed the applicable purchased gas invoices, sales volumes, and Company-prepared worksheets. Staff noted minor differences between it's calculated AA and the Company's filed AA, resulting in an AA adjustment of $117. Staff's and the Company's AA calculations are shown on Table I.

Recommendations

The differences between Staff's and the Company's AA calculations are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of $117 for the under-collection.

Table I

Actual Adjustment Calculation

	Per Staff	Jan-17	Feb-17	Mar-17	AA	Difference
Quarter End: Mar-17	Supply Cost $	$390,389	$259,725	$269,283		
	Jur. Sales MCF	48,856	54,404	51,096		
	Total Sales MCF	48,856	54,404	51,096		
	Book Cost $/ MCF	$7.9906	$4.7740	$5.2701		
	EGC$/MCF	$6.9150	$6.6040	$6.1726		
	Diff. $/MCF	$1.0756	($1.8300)	($0.9025)		
	Cost Diff. $	$52,550	($99,559)	($46,114)	($93,123)	
	Per Company					
	Supply Cost $	$390,389	$259,725	$269,283		
	Jur. Sales MCF	48,856	54,404	51,096		
	Total Sales MCF	48,856	54,404	51,096		
	Book Cost $/ MCF	$7.9906	$4.7740	$5.2701		
	EGC$/MCF	$6.9150	$6.6040	$6.1726		
	Diff. $/MCF	$1.0756	$1.8300	($0.9025)		
	Cost Diff. $	$52,550	($99,559)	($46,112)	($93,121)	($2)

	Per Staff	Apr-17	May-17	Jun-17	AA	Difference
Quarter End: Jun-17	Supply Cost $	$121,616	$66,999	$54,240		
	Jur. Sales MCF	19,948	15,760	7,983		
	Total Sales MCF	19,948	15,760	7,983		
	Book Cost $/ MCF	$6.0967	$4.2512	$6.7944		
	EGC$/MCF	$6.2274	$6.1913	$6.0205		
	Diff. $/MCF	($0.1307)	($1.9401)	$0.7739		
	Cost Diff. $	($2,607)	($30,576)	$6,178	($27,005)	
	Per Company					
	Supply Cost $	$121,616	$66,999	$54,240		
	Jur. Sales MCF	19,948	15,760	7,983		
	Total Sales MCF	19,948	15,760	7,983		
	Book Cost $/ MCF	$6.0967	$4.2512	$6.7944		
	EGC$/MCF	$6.2274	$6.1913	$6.0205		
	Diff. $/MCF	($0.1307)	($1.9401)	$0.7739		
	Cost Diff. $	($2,608)	($30,576)	$6,178	($27,006)	$1

Table I

Actual Adjustment Calculation

	Per Staff	Jul-17	Aug-17	Sep-17	AA	Difference
Quarter End:	Supply Cost $	$65,816	$41,199	$71,395		
	Jur. Sales MCF	6,442	8,089	9,656		
Sep-17	Total Sales MCF	6,442	8,089	9,656		
	Book Cost $/ MCF	$10.2168	$5.0932	$7.3938		
	EGC$/MCF	$5.9615	$5.8542	$5.8454		
	Diff. $/MCF	$4.2553	($0.7610)	$1.5484		
	Cost Diff. $	$27,413	($6,156)	$14,951	$36,208	
	Per Company					
	Supply Cost $	$65,816	$41,199	$71,395		
	Jur. Sales MCF	6,442	8,089	9,656		
	Total Sales MCF	6,442	8,089	9,656		
	Book Cost $/ MCF	$10.2168	$5.0932	$7.3938		
	EGC$/MCF	$5.9615	$5.8542	$5.8455		
	Diff. $/MCF	$4.2553	($0.7610)	$1.5483		
	Cost Diff. $	$27,412	($6,156)	$14,951	$36,207	$1

	Per Staff	Oct-17	Nov-17	Dec-17	AA	Difference
Quarter End:	Supply Cost $	$107,466	$209,884	$393,769		
	Jur. Sales MCF	13,698	45,945	60,726		
Dec-17	Total Sales MCF	13,698	45,945	60,726		
	Book Cost $/ MCF	$7.8454	$4.5682	$6.4844		
	EGC$/MCF	$5.9012	$5.9319	$6.2144		
	Diff. $/MCF	$1.9442	($1.3637)	$0.2700		
	Cost Diff. $	$26,632	($62,655)	$16,396	($19,627)	
	Per Company					
	Supply Cost $	$107,466	$220,564	$383,088		
	Jur. Sales MCF	13,698	45,945	60,726		
	Total Sales MCF	13,698	45,945	60,726		
	Book Cost $/ MCF	$7.8454	$4.8006	$6.3085		
	EGC$/MCF	$5.9013	$5.9319	$6.2144		
	Diff. $/MCF	$1.9441	($1.1313)	$0.0941		
	Cost Diff. $	$26,630	($51,978)	$5,714	($19,634)	$7

Table I

Actual Adjustment Calculation

	Per Staff	Jan-18	Feb-18	Mar-18	AA	Difference
Quarter End: Mar-18	Supply Cost $	$513,272	$264,557	$285,833		
	Jur. Sales MCF	95,548	61,317	56,756		
	Total Sales MCF	95,548	61,317	56,756		
	Book Cost $/ MCF	$5.3719	$4.3146	$5.0362		
	EGC$/MCF	$6.1629	$6.8101	$6.1071		
	Diff. $/MCF	($0.7910)	($2.4955)	($1.0709)		
	Cost Diff. $	($75,578)	($153,017)	($60,780)	($289,375)	
	Per Company					
	Supply Cost $	$513,763	$264,067	$285,833		
	Jur. Sales MCF	95,548	61,317	56,756		
	Total Sales MCF	95,548	61,317	56,756		
	Book Cost $/ MCF	$5.3770	$4.3066	$5.0362		
	EGC$/MCF	$6.1629	$6.8101	$6.1071		
	Diff. $/MCF	($0.7859)	($2.5035)	($1.0709)		
	Cost Diff. $	($75,090)	($153,508)	($60,781)	($289,379)	$4

	Per Staff	Apr-18	May-18	Jun-18	AA	Difference
Quarter End: Jun-18	Supply Cost $	$194,978	$62,727	$56,387		
	Jur. Sales MCF	38,025	15,171	5,788		
	Total Sales MCF	38,025	15,171	5,788		
	Book Cost $/ MCF	$5.1276	$4.1347	$9.7420		
	EGC$/MCF	$5.9044	$6.0468	$6.1059		
	Diff. $/MCF	($0.7768)	($1.9121)	$3.6361		
	Cost Diff. $	($29,538)	($29,008)	$21,046	($37,500)	
	Per Company					
	Supply Cost $	$194,978	$62,651	$56,387		
	Jur. Sales MCF	38,025	15,171	5,788		
	Total Sales MCF	38,025	15,171	5,788		
	Book Cost $/ MCF	$5.1276	$4.1297	$9.7420		
	EGC$/MCF	$5.9044	$6.0468	$6.1059		
	Diff. $/MCF	($0.7768)	($1.9171)	$3.6361		
	Cost Diff. $	($29,537)	($29,085)	$21,046	($37,576)	$76

Table I

Actual Adjustment Calculation

	Per Staff	Jul-18	Aug-18	Sep-18	AA	Difference
Quarter End:	Supply Cost $	$34,756	$58,969	$64,734		
	Jur. Sales MCF	6,355	7,912	8,395		
Sep-18	Total Sales MCF	6,355	7,912	8,395		
	Book Cost $/ MCF	$5.4691	$7.4531	$7.7110		
	EGC$/MCF	$6.0135	$5.8230	$5.9029		
	Diff. $/MCF	($0.5444)	$1.6301	$1.8081		
	Cost Diff. $	($3,460)	$12,897	$15,179	$24,616	
	Per Company					
	Supply Cost $	$35,451	$58,231	$64,749		
	Jur. Sales MCF	6,355	7,912	8,395		
	Total Sales MCF	6,355	7,912	8,395		
	Book Cost $/ MCF	$5.5784	$7.3598	$7.7128		
	EGC$/MCF	$6.0135	$5.8230	$5.9029		
	Diff. $/MCF	($0.4351)	$1.5368	$1.8099		
	Cost Diff. $	($2,765)	$12,159	$15,194	$24,588	$28

	Per Staff	Oct-18	Nov-18	Dec-18	AA	Difference
Quarter End:	Supply Cost $	$130,930	$323,654	$332,058		
	Jur. Sales MCF	24,638	49,119	62,629		
Dec-18	Total Sales MCF	24,638	49,119	62,629		
	Book Cost $/ MCF	$5.3142	$6.5892	$5.3020		
	EGC$/MCF	$5.9932	$6.2407	$6.9426		
	Diff. $/MCF	($0.6790)	$0.3485	($1.6406)		
	Cost Diff. $	($16,729)	$17,118	($102,749)	($102,360)	
	Per Company					
	Supply Cost $	$130,930	$323,654	$332,058		
	Jur. Sales MCF	24,638	49,119	62,629		
	Total Sales MCF	24,638	49,119	62,629		
	Book Cost $/ MCF	$5.3142	$6.5892	$5.3020		
	EGC$/MCF	$5.9932	$6.2407	$6.9426		
	Diff. $/MCF	($0.6790)	$0.3485	($1.6406)		
	Cost Diff. $	($16,730)	$17,118	($102,750)	($102,362)	$2

Total $117

Section V

Refund and Reconciliation Adjustment

The refund and reconciliation adjustments (RA) are used to pass through the jurisdictional portion of refunds received from gas suppliers and/or adjustments ordered by the Commission. An annual interest rate of ten percent is applied to the net jurisdictional amount of the RA, which is then divided by twelve months of historic sales volumes to develop a volumetric rate to be included in the GCR calculation for four quarters.

In the previous audit, the Commission ordered a RA of $31,877 for an over collection that included $28,337 that was not included in rates and passed back to customers in Case No. 15-210-GA-GCR and $3,540 from Case No. 17-210-GA-GCR. The sum of these adjustments plus interest of 1.0550 results in a total RA of $33,630. Staff verified in the current audit that Glenwood completed the Commission ordered RA for both cases.

Recommendations

Staff has no recommendations for this area.

Section VI

Balance Adjustment

The BA mechanism corrects for under- or over- recoveries of previously calculated AA's and RA's. The BA is calculated by subtracting the product of each respective AA and RA and the sales to which those rates were applied from the dollar amounts of the respective AA or RA previously included in the GCR and used to generate those adjustment rates. Since those adjustment rates, themselves, were derived by dividing the dollar amounts by historic sales, the BA calculation depicts the differences in revenues generated for each of these adjustment mechanisms using actual versus historical sales. The sum of the differences for the AA and RA calculations is the total BA, which is then included in the AA calculation.

Errors detected in the BA generally occur when sales volumes are reported incorrectly or when rates are applied inconsistently over 12 consecutive months. During this audit, Staff discovered an error in the filed BA for the three months ended September 30, 2018, where the AA for the GCR in effect four quarters prior to the currently effective GCR was filed as a positive number when it should have been a negative number. In addition, the RA for the GCR in effect four quarters prior was not included in the adjustment. This resulted in a difference of ($49,969) for this quarter, and a total difference for the BA of ($49,965).

Recommendations

The differences between Staff's and the Company's BA calculations are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of ($49,965) for an over-collection, as shown on Table II.

Table II

Balance Adjustment Calculation

		AA	RA	BA	Total BA	Difference
	Per Staff	**AA**	**RA**	**BA**	**Total BA**	**Difference**
Year End:	**Adjustment $**	$10,634	$0	$0		
	Rate $/MCF	$0.0269	$0.0000	$0.0000		
Mar-17	**Sales MCF**	361,793	361,793	361,793		
	Recovery $	$9,732	$0	$0		
	Balance $	$902	$0	$0	$902	
	Per Company					
	Adjustment $	$10,634	$0	$0		
	Rate $/MCF	$0.0269	$0.0000	$0.0000		
	Sales MCF	361,793	361,793	361,793		
	Recovery $	$9,732	$0	$0		
	Balance $	$902	$0	$0	$902	$0
	Per Staff	**AA**	**RA**	**BA**	**Total BA**	**Difference**
Year End:	**Adjustment $**	($182,878)	$0	$0		
	Rate $/MCF	($0.5171)	$0.0000	$0.0000		
Jun-17	**Sales MCF**	351,668	351,668	351,668		
	Recovery $	($181,848)	$0	$0		
	Balance $	($1,030)	$0	$0	($1,030)	
	Per Company					
	Adjustment $	($182,879)	$0	$0		
	Rate $/MCF	($0.5171)	$0.0000	$0.0000		
	Sales MCF	351,668	351,668	351,668		
	Recovery $	($181,848)	$0	$0		
	Balance $	($1,031)	$0	$0	($1,031)	$1

Table II

Balance Adjustment Calculation

	Per Staff	AA	RA	BA	Total BA	Difference
Year End: Sep-17	Adjustment $	($25,896)	$0	$0		
	Rate $/MCF	($0.0721)	$0.0000	$0.0000		
	Sales MCF	352,197	352,197	352,197		
	Recovery $	($25,393)	$0	$0		
	Balance $	($503)	$0	$0	($503)	
	Per Company					
	Adjustment $	($25,895)	$0	$0		
	Rate $/MCF	($0.0721)	$0.0000	$0.0000		
	Sales MCF	352,197	352,197	352,197		
	Recovery $	($25,393)	$0	$0		
	Balance $	($502)	$0	$0	($502)	($1)

	Per Staff	AA	RA	BA	Total BA	Difference
Year End: Dec-17	Adjustment $	$30,316	$0	$0		
	Rate $/MCF	$0.0848	$0.0000	$0.0000		
	Sales MCF	342,603	342,603	342,603		
	Recovery $	$29,051	$0	$0		
	Balance $	$1,265	$0	$0	$1,265	
	Per Company					
	Adjustment $	$30,316	$0	$0		
	Rate $/MCF	$0.0848	$0.0000	$0.0000		
	Sales MCF	342,603	342,603	342,603		
	Recovery $	$29,053	$0	$0		
	Balance $	$1,263	$0	$0	$1,263	$2

Table II

Balance Adjustment Calculation

		AA	RA	BA	Total BA	Difference
	Per Staff	**AA**	**RA**	**BA**	**Total BA**	**Difference**
Year End:	**Adjustment $**	($125,271)	$0	$0		
	Rate $/MCF	($0.3504)	$0.0000	$0.0000		
Mar-18	**Sales MCF**	401,868	401,868	401,868		
	Recovery $	($129,325)	$0	$0		
	Balance $	$4,054	$0	$0	$4,054	
	Per Company					
	Adjustment $	($125,272)	$0	$0		
	Rate $/MCF	($0.3218)	$0.0000	$0.0000		
	Sales MCF	401,868	401,868	401,868		
	Recovery $	($129,325)	$0	$0		
	Balance $	$4,053	$0	$0	$4,053	$1
	Per Staff	**AA**	**RA**	**BA**	**Total BA**	**Difference**
Year End:	**Adjustment $**	($92,219)	$0	$0		
	Rate $/MCF	($0.2579)	$0.0000	$0.0000		
Jun-18	**Sales MCF**	417,161	417,161	417,161		
	Recovery $	($107,586)	$0	$0		
	Balance $	$15,367	$0	$0	$15,367	
	Per Company					
	Adjustment $	($92,219)	$0	$0		
	Rate $/MCF	($0.2579)	$0.0000	$0.0000		
	Sales MCF	417,161	417,161	417,161		
	Recovery $	($107,586)	$0	$0		
	Balance $	$15,367	$0	$0	$15,367	$0

Table II

Balance Adjustment Calculation

	Per Staff	AA	RA	BA	Total BA	Difference
Year End:	Adjustment $	($28,037)	($33,630)	$0		
	Rate $/MCF	($0.0797)	($0.0956)	$0.0000		
Sep-18	Sales MCF	415,636	415,636	415,636		
	Recovery $	($33,126)	($39,735)	$0		
	Balance $	$5,089	$6,105	$0	$11,194	
	Per Company					
	Adjustment $	$28,037	$0	$0		
	Rate $/MCF	($0.0797)	($0.0956)	$0.0000		
	Sales MCF	415,636	415,636	415,636		
	Recovery $	($33,126)	$0	$0		
	Balance $	$61,163	$0	$0	$61,163	($49,969)

	Per Staff	AA	RA	BA	Total BA	Difference
Year End:	Adjustment $	$35,705	$0	$0		
	Rate $/MCF	$0.1014	$0.0000	$0.0000		
Dec-18	Sales MCF	431,653	431,653	431,653		
	Recovery $	$43,770	$0	$0		
	Balance $	($8,065)	$0	$0	($8,065)	
	Per Company					
	Adjustment $	$35,705	$0	$0		
	Rate $/MCF	$0.1014	$0.0000	$0.0000		
	Sales MCF	431,653	431,653	431,653		
	Recovery $	$43,770	$0	$0		
	Balance $	($8,065)	$0	$0	($8,065)	$0

Total BA **($49,965)**

Section VII

Unaccounted-For Gas

Unaccounted-for gas (UFG) is the difference between purchased gas volumes and sales volumes. It is calculated on a twelve-month basis, ending in one of the low usage summer months, in order to minimize the effects of unbilled volumes on the calculation. Chapter 4901:1-14-08(F)(3), Ohio Administrative Code, specifies that the Commission may adjust the Company's future GCR rates as a result of UFG above a reasonable level, presumed to be no more than five percent for the audit period.

Staff performed an analysis of the UFG for the period January 2017 through December 2018. Staff used the total volumes delivered by Duke to Glenwood's city-gate less metered transportation volumes and imbalances to arrive at purchased volumes. Staff then subtracted from its purchased volumes, the sales volumes, to arrive at the unaccounted-for gas amount for the audit period, as shown below.

Table III
System Average UFG Rates
(unless otherwise indicated, values in Mcf)

24 Months Ending	Receipts	Deliveries	UFG	UFG (%)
December 2018	767,612	774,256	(6,644)	-0.86%

Recommendation

Staff has no recommendations for this area.

Section VIII

Customer Billing

An important component of the GCR process is the proper application of GCR rates to customer bills. Staff reviewed the Company's customer billing records in order to determine whether Glenwood properly applied its GCR and base rates during the audit period. By random sampling, Staff selected customers from the Company's monthly billing registers and recalculated their bills. Staff then compared its recalculated bills to the customer billing register to determine if there were any differences.

Staff found that the Company accurately billed its customers per the GCR rates filed with the Commission.

Recommendation

Staff has no recommendations for this area.