



# Public Utilities Commission

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November 26, 2019

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. 19-314-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. 19-314-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. 19-314-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 – September 2018	\$0.3241 per Mcf
October 2018 – Current	(\$0.2127) per Mcf

In Case No. 18-314-GA-UEx, the Commission ordered approved the Company's UEx rate adjustment which amortized the pass-back of an \$838,828 over-collection over three years, which resulted in the current (\$0.2127) per Mcf rate in effect.

In the Company's pending application filed on October 17, 2019, Pike is requesting to revise its existing UEx Rider rate of (\$0.2127) per Mcf to (\$0.0470) per Mcf, a change of \$0.1657 per Mcf. The Company is requesting to amortize the remaining over-collection addressed in Case No. 18-314-GA-UEx over five years. Attachment 2 of the Company's application includes 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 an over-collection of \$221,003 with a proposed refund period of five years. Staff believes that Pike's proposal to amortize the over-collection over five years is unwarranted and believes that a two-year amortization of the over-collection is more appropriate considering the amortization period is consistent with the Commission's ruling in Case No. 18-314-GA-UEx, as it continues to amortize the over-collection over the Commission ordered three-year period.

Staff adjusted the Company proposed recovery rate from five years to two years which generated a UEX Rider rate of (\$0.1190) per Mcf, as shown on Staff Attachment A, Line 11. Staff also reviewed Company Attachment 2, which includes the proposed tariff rates and tariff language.

#### **STAFF RECOMMENDATION**

Staff recommends that the Commission approve the Staff calculated UEX Rider rate of (\$0.1190) per Mcf, as shown on Staff Attachment A, Line 11.

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 plus or minus ten (10) percent is needed to adjust for prior period over or under-collections. If no adjustment to the rider will be warranted, a separate filing must be provided as ordered in Case No. 03-1127-GA-UNC.

Staff Attachment A

Pike Natural Gas Company  
Case No. 19-314-GA-UEx

Staff's UEX Rider Rate Calculation

Line  
No.

1	Actual annual sales for Twelve Months Ended September 30, 2019	920,773.3	Mcf
2	Actual Bad debt deferral as of: 9/30/2019	\$ (221,003)	
3	Refund Period	2	Years
4	Refund amount - Line 2 ÷ Line 3	(110,502)	
5	Refund rate - Line 4 ÷ Line 1	\$ (0.1200)	per Mcf
6	Actual bad debt write-off and collection expense for 12 months ending 9/30/2019	\$949.00	
7	Number of Months in Period	12	Months
8	Average Per Month (Line 6 ÷ Line 7)	\$79.083	
9	Annual Amount (Line 8 x 12)	\$949.00	
10	Refund rate - Line 9 ÷ Line 1	\$ 0.0010	per Mcf
11	Total Bad debt tracker - Line 5 + Line 10	\$ (0.1190)	per Mcf
12	Tracker Rate Approved Case No. 18-0314-GA-UEx	\$ (0.2127)	per Mcf
13	Change \$ - Line 11 - Line 12	\$ 0.0937	
14	Percent Change % - Line 13 ÷ Line 12	-44.05%	