

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE UNCOLLECTIBLE
EXPENSE RIDER OF OHIO GAS COMPANY
AND RELATED MATTERS.

CASE NO. 20-311-GA-UEx

IN THE MATTER OF THE PERCENTAGE OF
INCOME PAYMENT PLAN RIDER OF OHIO
GAS COMPANY AND RELATED MATTERS.

CASE NO. 20-411-GA-PIP

FINDING AND ORDER

Entered in the Journal on September 9, 2020

I. SUMMARY

{¶ 1} The Commission adopts the Staff's recommendations in the audit reports of Ohio Gas Company regarding its uncollectible expense and percentage of income payment plan riders, consistent with this Finding and Order.

II. DISCUSSION

{¶ 2} Ohio Gas Company (Ohio Gas or Company) is a natural gas company, as defined in R.C. 4905.03, and a public utility, as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} In Case No. 05-1439-GA-UEx, the Commission authorized Ohio Gas to establish and implement an uncollectible expense (UEx) rider. *In re Ohio Gas Co.*, Case No. 05-1439-GA-UEx, Entry (Jan. 25, 2006).

{¶ 4} On July 29, 2020, the Commission approved Ohio Gas' current UEx rider rate of (\$0.0004)¹ per thousand cubic feet. *In re Ohio Gas Co.*, Case No. 20-311-GA-UEx, Finding and Order (July 29, 2020).

{¶ 5} The Commission has authorized Ohio Gas to recover Percentage of Income Payment Plan Plus (PIPP) arrearages associated with providing natural gas service through its PIPP rider. *See In re Establishment of Recovery Method for Percentage of Income Payment Plan*,

¹ Amounts shown in parentheses indicate negative numbers.

Case No. 87-244-GE-UNC, Finding and Order (Aug. 4, 1987). Approval of proposed PIPP rider rate adjustments are subject to a 45-day review process.² Absent Commission action, such adjustments are approved on the 46th day after filing. *In re Review of the Interim Emergency and Temporary PIPP Plan Riders Contained in the Approved Rate Schedules of Electric and Gas Companies*, Case No. 88-1115-GE-PIP, et al., Finding and Order (Dec. 2, 1993).

A. PIPP Rider Application

{¶ 6} On May 29, 2020, in Case No. 20-411-GA-PIP (PIPP Audit Case), Ohio Gas filed an application to adjust its PIPP rider rate. In this instance, neither the Commission nor Staff sought to suspend the approval of Ohio Gas' proposed adjustment to its PIPP rider pursuant to the 45-day review process.³ Accordingly, Ohio Gas' proposed PIPP rider rates became effective on August 1, 2020. Further, the Commission finds Ohio Gas' PIPP rider rate reasonable and in the public interest.

B. Audits

{¶ 7} On January 29, 2020, the Commission issued an Entry in the above-noted cases initiating the audits for the UEX and PIPP riders of Ohio Gas for the period January 1, 2018, through December 31, 2019. Further, the Commission directed Staff to docket its audit findings for the UEX rider in Case No. 20-311-GA-UEx (UEX Audit Case) and its audit findings for the PIPP rider in the PIPP Audit Case by July 2, 2020.

{¶ 8} On June 30, 2020, Staff filed its audit reports in the respective PIPP and UEX case dockets.

² The specifics of the 45-day automatic approval process are set forth in Staff's direct testimony in Case No. 88-1115-GE-PIP, et al.

³ The Commission notes that, as a result of the state of emergency due to the pandemic and the directives in Case No. 20-591-AU-UNC, the commencement of the 45-day period did not begin until June 1, 2020. *In the Matter of the Proper Procedures and Process for the Commission's Operations and Proceedings During the Declared State of Emergency and Related Matters*, Case No 20-591-AU-UNC, Entry (May 20, 2020).

1. UEX AUDIT CASE

{¶ 9} As part of the UEX audit, Staff reviewed the write-offs, rider revenues, and collection agency expenses of Ohio Gas and determined the amounts were accurate. Staff reports that Ohio Gas' annual balance reconciliation (ABR) showed that 1,498 accounts totaling \$271,817 were written off as bad debt and \$312,348 was recovered from current and previously written-off accounts. To verify these amounts, Staff requested and reviewed Ohio Gas' bad debt, collection, expense, and sales volume reports. Relying on the Company's billing histories, Staff recalculated the bad debt write-offs and collections as reflected in the 2018 and 2019 ABR. Staff found no exceptions.

{¶ 10} In addition, as part of its audit, Staff randomly selected accounts written-off and payments collected to verify their accuracy. Staff also calculated the rider revenue by multiplying the Company's approved UEX rider rate by the Staff-verified sales volumes. Investigating further, Staff found that the expenses paid to collection agencies during the audit period were accurate. Staff found no exceptions in its verification of written-off accounts, rider revenues, and collection agency expenses. Finally, Staff verified that no PIPP accounts were placed into Ohio Gas' UEX rider during the audit period. Finding no exceptions or inaccuracies, Staff made no recommendations.

{¶ 11} The Commission has reviewed the UEX audit report filed by Staff and finds that Ohio Gas has accurately calculated its UEX rider rates for the period January 1, 2018, through December 31, 2019. Therefore, the Commission concludes that the findings of Staff, as set forth in the audit report docketed in the UEX Audit Case, should be adopted by the Commission.

2. PIPP AUDIT CASE

{¶ 12} In its audit of Ohio Gas' PIPP rider, Staff considered rider rates, write-offs, collections through the rider, and credit balances contained in the Company's PIPP

applications for 2019 and 2020. To verify monthly charge-offs for 2018 and 2019, Staff reviewed PIPP Aging and Uncollectible PIPP balance reports generated from Ohio Gas' customer billing system. The Aging report showed all active and inactive PIPP customers' account balances and identified the balance as either under or over 60 days. The Uncollectible report lists account balances for customers who were disconnected and sent to collections. Ohio Gas used the two reports to calculate the monthly charge-off. The monthly charge-off equates to the incremental change from the prior month to the current month by summing the over 60 days account balance and the uncollectible account balance. According to Staff, the Company surmised that the incremental change reflects an amount that would not be recovered from PIPP customers and should, therefore, be recoverable through the PIPP rider.

{¶ 13} Staff reviewed the PIPP Aging and Uncollectible reports and recalculated the incremental changes in the balance for selected months. Staff found that its calculations agreed with the charge-offs filed in the Company's 2019 and 2020 PIPP applications. As a further inquiry, Staff collected a random sample of account balances from the Aging report and requested the customers' billing histories. The billing histories documented the frequency of customer payments, timeliness of payments, amount of installment payments, assistance payments, increases and decreases in installment payments due to annual re-verification of income, arrearage forgiveness credits, and accumulative account balances. Staff sampled the accumulative account balances contained in the customer billing histories, compared them to the account balances listed in the Aging reports, and found no discrepancies.

{¶ 14} In Case No. 08-723-AU-ORD, the Commission authorized Ohio Gas to offer an alternative PIPP forgiveness program. Under Ohio Gas' alternative forgiveness program, customers may reduce or eliminate their PIPP arrearages through timely, in-full payments. For the period 2018 and 2019, Staff conducted a review of Ohio Gas' arrearage forgiveness program to determine whether the Company's calculated arrearage forgiveness was

properly credited to customers' accumulative account balances. Staff also verified that the balances matched the account balances listed on the Aging reports for September 2018 and 2019. Staff's investigation revealed that the account balances agreed and that the Company properly applied the alternative PIPP forgiveness program as approved by the Commission. *In re Commission Review of Ohio Administrative Code Chapters 4901:1-17 and 4901:1-18 et al.*, Case No. 08-723-AU-ORD, Entry (Aug. 19, 2009).

{¶ 15} In Case No. 13-274-AU-ORD, the Commission modified some provisions of Ohio Adm.Code Chapter 4901:1-18 pertaining to Post PIPP, Graduate PIPP, and credit account balances effective April 15, 2015. Post PIPP customers who moved off system could reduce or eliminate their arrearage by making payments equal to 1/60th of their balance. Each payment by a customer would reduce the customer's account balance by 1/12th. An entire account balance could be eliminated by making twelve payments. Ohio Adm.Code Chapter 4901:1-18 was also modified to address the treatment of PIPP customers' credit account balances in two ways. First, Ohio Adm.Code Chapter 4901:1-18 no longer allows incentive credits to a customer who has a credit balance until the time that the customer's balance is no longer below zero. Second, if a customer has a credit balance, the customer may request that the balance be refunded. Customers with a credit balance that moved off system could also be refunded their balance. Prior to the rule change, credit balances for customers that moved off system would not be refunded; instead, their monthly PIPP balances would be reduced.

{¶ 16} Staff reviewed the Company's calculations of Post PIPP payments made by seven customers. Staff verified the customers' 1/60th payment and the 1/12th crediting of their account balances. Staff confirmed that the customers' Post PIPP payments were treated in accordance with program requirements as set forth in Ohio Adm.Code Chapter 4901:1-18. Staff confirmed that, while several Ohio Gas PIPP customers had credit balances, as of August 2018 and 2019, the Company did not apply incentive credits to those accounts, consistent with the Company's prior treatment of incentive credits and Ohio Adm.Code

Chapter 4901:1-18. Staff also reviewed the treatment of Ohio Gas' customers' credit balances when customers terminate their utility service. Staff found that the Company's treatment of credit balances was consistent with the rules.

{¶ 17} Based on its audit of Ohio Gas PIPP accounts, Staff concluded that Ohio Gas properly accounted for charge-offs and recoveries for 2018 and 2019 and found that the Company properly implemented the Commission-approved arrearage forgiveness program, Post PIPP payments, and credit balance refunding. Therefore, Staff has no recommendations in its audit of Ohio Gas' PIPP rider.

{¶ 18} The Commission has reviewed the audit report filed by Staff and finds that Ohio Gas has accurately calculated its PIPP rider rates for the period January 1, 2018, through December 31, 2019. Therefore, the Commission concludes that the findings of Staff, as set forth in the audit report docketed in the PIPP Audit Case, should be adopted by the Commission.

III. ORDER

{¶ 19} It is, therefore,

{¶ 20} ORDERED, That Staff's findings, as set forth in the UEX and PIPP audit reports docketed in these cases, be adopted. It is, further,

{¶ 21} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 22} ORDERED, That a copy of this Finding and Order be served upon Ohio Gas and all interested persons of record in these proceedings.

COMMISSIONERS:

Approving:

Sam Randazzo, Chairman
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

GNS/hac

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Case No(s). 20-0311-GA-UEx, 20-0411-GA-PIP

Summary: Finding & Order adopting the Staff's recommendations in the audit reports of Ohio Gas Company regarding its uncollectible expense and percentage of income payment plan riders, consistent with this Finding and Order. electronically filed by Kelli C. King on behalf of The Public Utilities Commission of Ohio