

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

Waterville Gas and Oil Company  
Case Number 21-317-GA-UEX

Audit of the Uncollectible Expense Mechanisms  
For the Periods January 2019 through December 2020

March 16, 2021

## **Certificate of Accountability**

As ordered by the Public Utilities Commission of Ohio (PUCO or Commission), the Staff has completed the required audit of the Waterville Gas and Oil Company (Waterville or Company) Uncollectible Expense Rider (UEX) rates for January 1, 2019, through December 31, 2020. The Staff audited the material as set forth in the Commission Entry in Case No. 21-317-GA-UEX.

Our audits have revealed certain findings, as discussed in this audit report, which should be addressed in this proceeding. The Staff asserts that at the time of preparing this report, unless otherwise noted, Waterville 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.



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David Lipthratt  
Chief, Accounting and Finance Division  
Public Utilities Commission of Ohio

## **Waterville Gas and Oil Company Uncollectible Expense Rider**

### **Background**

In Case No. 07-194-GA-AIR, the Commission authorized the concept of an uncollectible accounts expense recovery mechanism for Waterville. The mechanism approved allowed for recovery of actual bad/uncollectible debt through a rider, rather than through base rates.

On January 27, 2021, the Commission initiated the financial audit of Waterville's UEX rider rates in effect for the calendar years 2019 and 2020 (Audit Period). Staff has conducted its audit of Waterville's UEX rider and presents its findings and recommendations in this report.

### **Staff Review**

Staff initiated the audit by verifying the amounts reported by Waterville in its Annual Balance Reconciliation (ABR) for the Audit Period. The ABRs were filed as attachments to the Company's UEX applications in Case Nos. 19-317-GA-UEX and 20-317-GA-UEX.

Waterville's ABRs contained monthly write-off amounts, recoveries from the UEX rider, recoveries – other (payments received from customers whose accounts were written-off), sales volumes, and applicable UEX rider rates. From these components, Waterville calculated its monthly over – or under–recoveries of uncollectible expenses and its annual ending balances. Staff in the course of its audit verified the amounts for each component of Waterville's ABRs.

Staff obtained the Company's Bad Debts Written – Off Report (BDR) in order to verify the monthly write-offs. The BDR is generated monthly by Waterville's billing system and contains flagged accounts in which no payment has been received in the last 60 days and also represents the monthly write-off amounts in Waterville's ABR. Staff examined the BDR for all months of the audit period and found no discrepancies.

Staff then requested the billing histories of all customer accounts that had been included in the BDR. For each account, Staff was able to verify the customer's last payment, monthly balance, final balance, and the number of days between the final payment and placement into the BDR. Staff confirmed that these customers had not made a payment on their accounts for at least 60 days prior to service disruption and account being placed into the BDR.

Staff examined sales volumes and Commission approved rider adjustments, if applicable, in order to verify the recoveries from the UEX rider. Using this information, Staff was able to recalculate recoveries placed in "Recovery – Rider" in the ABR. No errors were found.

## **Conclusions**

Staff determined that Waterville accurately applied the UEX rider rates and sales volumes for the audit period and verified the amounts for each component of Waterville's ABRs.

## **Recommendations**

Staff has no recommendations.

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Summary: Staff Report of Investigation electronically filed by Zee Molter on behalf of PUCO Staff