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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Northeast  
Ohio Natural Gas Corporation for Approval  
of an Adjustment to its Uncollectible Expense  
Rider Rate. )

Case No. 07-934-GA-UEX

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**APPLICATION**

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Northeast Ohio Natural Gas Corporation (hereinafter, "Northeast Ohio" or "Applicant") submitted its annual Uncollectible Expense Rider Report for calendar year 2006 on May 30, 2007, in Case No. 04-964-GA-UEX. In that filing, Northeast Ohio indicated that it would file an application for adjustment in its Uncollectible Expense Rider Rate in the near future. After discussions with the Commission's Staff, Northeast Ohio now respectfully requests the approval of the Public Utilities Commission of Ohio to revise its Uncollectible Expense Rider ("Rider") rate as explained below. In support of its Application, Northeast Ohio states as follows:

1. On November 10, 2004, in its Opinion and Order in consolidated case numbers 03-2170-GA-AIR and 04-964-GA-UEX, the Commission approved the establishment of Northeast Ohio's Uncollectible Expense Rider and established the Uncollectible Rider rate at \$0.010 per Mcf, applicable to its customers served under Rate SGS, Rate GS and Rate LGS, based on test year expenses of the twelve months ended June 30, 2003. The establishment of the Uncollectible Rider was based on a stipulation adopted by the Commission, pursuant to which Northeast would file its first annual Uncollectible Expense Rider Report in May 2005. The stipulation further provided that Northeast Ohio would apply to adjust the rider only if the proposed adjustment would increase or reduce

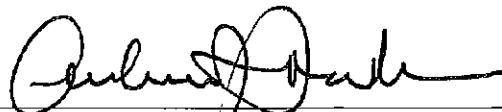
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the rider by ten percent or more. Northeast filed its compliance tariff consistent with the Commission's Opinion and Order on the consolidated cases on November 12, 2004.

2. On May 31, 2005 and May 31, 2006, Northeast filed its annual Uncollectible Expense Rider Reports for the preceding calendar years but requested no modification in its uncollectible rider rate.
  3. Northeast's annual Uncollectible Expense Rider Report for 2006, submitted as noted earlier on May 30, 2007 is attached hereto as and marked Attachment 1.
  4. Northeast Ohio seeks approval of a revised Uncollectible Expense Rider rate of \$0.081 per Mcf. The rate is calculated based on actual bad debt write-offs, rider recoveries and ending balance for 2006, and estimated experience through the end of 2007. The calculation of the revised rate is shown on Attachment 2 hereto.
  5. The resulting rate of \$0.081 per Mcf is just and reasonable and should be approved.
- Copies of the proposed and redlined current tariff sheets are included as Attachment 3 to this Application.

WHEREFORE, Northeast Ohio Natural Gas Corporation respectfully requests the Commission approve the revised Uncollectible Expense Rider rate proposed in this Application and authorize the filing in final form of First Revised Sheet No. 57 contained in Attachment 3.

Respectfully submitted this 21<sup>st</sup> day of August, 2007.



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Northeast Ohio Natural Gas Corporation

**ATTACHMENT 1**

Northeast Ohio Natural Gas Corp.  
Bad Debt Rider  
Annual Balance Reconciliation  
2006

|                                  | Jan          | Feb         | Mar         | Apr         | May         | Jun         | Jul         | Aug          | Sep          | Oct          | Nov          | Dec          | Total         |
|----------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|
| (1) Balance - Beginning of Month | \$ 10,349.42 | \$ 8,496.87 | \$ 6,922.15 | \$ 7,877.64 | \$ 6,555.60 | \$ 6,004.86 | \$ 5,466.43 | \$ 5,105.34  | \$ 16,435.54 | \$ 16,054.65 | \$ 41,961.99 | \$ 40,823.11 |               |
| (2) Bad Debts Written Off        |              |             | 2,750.10    |             |             | (24.21)     |             | 11,612.25    |              | 26,128.91    | (230.00)     | 7,076.41     |               |
| (3) Recovery - Base Rates        | -            | -           | -           | -           | -           | -           | -           | -            | -            | -            | -            | -            |               |
| (4) Recovery - Bad Debt Rider    | (1,907.65)   | (1,623.44)  | (1,889.44)  | (1,266.07)  | (889.59)    | (648.47)    | (393.12)    | (347.30)     | (479.32)     | (492.02)     | (1,053.39)   | (1,399.75)   | (\$12,009.66) |
| (5) Recovery - Other             | -            | -           | -           | -           | -           | -           | -           | -            | -            | -            | -            | -            |               |
| (6) Incremental Bad Debt         | (1,907.65)   | (1,623.44)  | 910.66      | (1,266.07)  | (889.59)    | (672.68)    | (393.12)    | 11,284.95    | (479.32)     | 25,631.89    | (1,283.39)   | 5,708.66     |               |
| (7) Balance Subtotal             | 8,441.77     | 6,873.43    | 7,932.81    | 6,611.57    | \$ 5,666.01 | 5,431.68    | 5,073.31    | 16,370.29    | 15,956.22    | 41,686.54    | 40,578.60    | 46,535.77    |               |
| (8) Carrying Charges             | 57.10        | 46.72       | 44.83       | 44.03       | 36.35       | 34.75       | 32.08       | 65.26        | 98.45        | 176.45       | 250.51       | 265.47       |               |
| (9) Balance - End of Month       | \$ 8,498.87  | \$ 6,922.15 | \$ 7,877.64 | \$ 6,555.60 | \$ 6,004.86 | \$ 5,466.43 | \$ 5,105.34 | \$ 16,435.54 | \$ 16,054.65 | \$ 41,961.99 | \$ 40,823.11 | \$ 46,801.24 |               |

|                                  |           |           |           |           |          |          |          |          |          |          |           |           |                |
|----------------------------------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|----------|-----------|-----------|----------------|
| <b>MEMO ONLY</b>                 |           |           |           |           |          |          |          |          |          |          |           |           |                |
| Net Monthly Carrying Charge Rate | 0.6077%   | 0.6077%   | 0.6077%   | 0.6077%   | 0.6077%  | 0.6077%  | 0.6077%  | 0.6077%  | 0.6077%  | 0.6077%  | 0.6077%   | 0.6077%   |                |
| Billing System Volumes           | 150,722.3 | 162,251.7 | 183,933.2 | 126,460.5 | 68,616.0 | 54,583.1 | 39,152.6 | 34,524.3 | 47,846.8 | 48,875.6 | 105,453.2 | 136,739.8 | 11,992,838 MCF |

Northeast Ohio Natural Gas Corp.  
Bad Debt Rider  
Annual Balance Reconciliation  
2007

|                                  | Jan          | Feb          | Mar          | Apr          | May          | Jun          |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (1) Balance - Beginning of Month | \$ 45,807.24 | \$ 45,408.50 | \$ 43,169.85 | \$ 41,161.67 | \$ 40,037.66 | \$ 39,261.55 |
| (2) Bad Debts Written Off        |              |              |              |              |              |              |
| (3) Recovery - Base Rates        | -            | -            | -            | -            | -            | -            |
| (4) Recovery - Bad Debt Rider    | (1,672.08)   | (2,506.99)   | (2,203.66)   | (1,370.00)   | (926.61)     | (458.22)     |
| (5) Recovery - Other             | -            | -            | -            | -            | -            | -            |
| (6) Incremental Bad Debt         | (1,672.08)   | (2,506.99)   | (2,203.66)   | (1,370.00)   | (926.61)     | (458.22)     |
| (7) Balance Subtotal             | 45,129.16    | 42,901.51    | 40,966.19    | 39,791.67    | 38,111.05    | 36,893.33    |
| (8) Carrying Charges             | 279.34       | 268.34       | 255.48       | 245.59       | 240.50       | 237.76       |
| (9) Balance - End of Month       | \$ 45,408.50 | \$ 43,169.85 | \$ 41,161.67 | \$ 40,037.66 | \$ 39,351.55 | \$ 39,131.09 |

MEMO ONLY

|                                  |           |           |           |           |          |          |
|----------------------------------|-----------|-----------|-----------|-----------|----------|----------|
| Net Monthly Carrying Charge Rate | 0.6077%   | 0.6077%   | 0.6077%   | 0.6077%   | 0.6077%  | 0.6077%  |
| Billing System Volumes           | 167,012.0 | 250,654.0 | 226,425.5 | 136,671.4 | 92,354.8 | 45,520.1 |

Northeast Ohio Natural Gas Corporation  
Uncollectible Expense Rider  
Uncollectible Expense Rider Calculation 2007

Attachment 2

|   |   |                 |
|---|---|-----------------|
| Balance of Deferred Uncollectible<br>Accounts Expense @ 6/30/07               |   | \$39,131.09     |
| Estimated Uncollectible Accounts Expense<br>For twelve months ending 06/30/08 | Finalized Accounts @ 12/31/06 net of<br>estimated recoveries through<br>06/30/07: | \$69,147.94     |
| Total to Be Collected   |   | \$108,279.03    |
| Applicable Volumes  |   | 1,331,351.9 Mcf |
| Calculated Revised Rider Rate   |   | \$.081/Mcf      |
| Current Rider Rate approved in<br>Case No. 04-964-GA-UEX                      |   | \$.01/Mcf       |
| Change  |   | \$.071/Mcf      |

## **ATTACHMENT 3**

Northeast Ohio Natural Gas Corp.

First Revised Sheet No. 57

RULES AND REGULATIONS GOVERNING DISTRIBUTION AND TRANSPORTATION  
OF NATURAL GAS IN THE STATE OF OHIO

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**71. MCF TAX RIDER.** Applicable to all distribution and transportation services to provide for recovery of Northeast Ohio Natural Gas Corp.'s excise tax liability. In addition to all other rates, each Mcf delivered is subject to the following excise tax:

|                          |                      |
|--------------------------|----------------------|
| First 100 Mcf per month  | \$ .1593 per Mcf     |
| Next 1,900 Mcf per month | \$ .0877 per Mcf     |
| Over 2,000 Mcf per month | \$ .0411 Per Mcf     |
| <br>Flex Customer        | <br>\$ .0200 per Mcf |

All bills rendered to a Flex Customer as defined by O.R.C. 5727.80(N) shall be assessed using the Flex Customer rate above (\$.02 per Mcf) with a corresponding reduction to the flexed base rate billed to that customer.

**72. Uncollectible Expense Rider.** Applicable to all customers served under rate schedules SGS, GS, and LGS. An additional charge of \$.04~~1~~.081 per Mcf shall be applied to all volumes for service rendered under applicable rate schedules to recover costs associated with uncollectible accounts arising from those customers responsible for paying the Uncollectible Expense Rider. The Company shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over or under collections.

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Filed under Authority of the Public Utilities Commission of Ohio in Case No. 04-675-GA-UNC-07-~~GA-~~

~~UEX~~ Issued March 29, 2001 and Case No. 04-694-GA-UEX

ISSUED: November 12, 2004 August 2007

EFFECTIVE: For Bills Rendered on and

2004

September 1, 2007 November 12,

Issued By  
Northeast Ohio Natural Gas Corp.  
Lawrence P. Haren Thomas J. Smith, President



**RULES AND REGULATIONS GOVERNING DISTRIBUTION AND TRANSPORTATION  
OF NATURAL GAS IN THE STATE OF OHIO**

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