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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Five-Year Review of Natural Gas Company Uncollectible Riders.	))	Case No. 08-1229-GA-COI

INITIAL COMMENTS OF THE OHIO GAS COMPANY

Joseph M. Clark (Counsel of Record)
McNEES WALLACE & NURICK LLC
21 East State Street, 17th Floor
Columbus, OH 43215-4228
Telephone: (614) 469-8000
Telecopier: (614) 469-4653
jclark@mwncmh.com

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Attorney for The Ohio Gas Company

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I. INTRODUCTION

On December 17, 2003, the Public Utilities Commission of Ohio ("Commission") issued its Finding and Order in Case No. 03-1127-GA-UNC regarding the approval of an adjustment mechanism for local distribution companies ("LDCs") to recover uncollectible expenses. In its Finding and Order, the Commission stated that, 60 months after implementation of its order, it would undertake an investigation of the uncollectible expense recovery mechanism that was approved in that proceeding. The Commission also noted that the investigation would identify amounts recovered pursuant to the mechanism, address the impact of any changes to LDCs' credit and collection policies and procedures, and include recommendations from the Staff.

On February 5, 2009, in the above-captioned proceeding and pursuant to the Commission's Finding and Order in Case No. 03-1127-GA-UNC,[1] Staff filed a Staff Report detailing the results of its investigation of uncollectible expense riders ("Staff Report") and recommending, among other things, that the uncollectible expense

[1] *In the Matter of the Joint Application of The East Ohio Gas Company d.b.a. Dominion East Ohio, Columbia Gas of Ohio Inc., Vectren Energy Delivery of Ohio, Northeast Ohio Natural Gas Corp., and Oxford Natural Gas Company for Approval of an Adjustment Mechanism to Recover Uncollectible Expenses*, Case No. 03-1127-GA-UNC, Finding and Order at 15 (December 17, 2003) (hereinafter "03-1127 Case").

recovery mechanism continue without a subsequent Staff investigation and report on the amounts collected and any impacts on the utilities' collection practices for a period not to exceed five years.[2] On February 25, 2009, the Attorney Examiner in this proceeding issued an Entry permitting initial and reply comments on the Staff Report by March 16, and 26, 2009, respectively. In accordance with that schedule, The Ohio Gas Company ("Ohio Gas" or "Company") respectfully submits its initial comments for the Commission's review.

II. COMMENTS

The Staff Report recommends requiring LDCs to file annual reports no later than January 31st of each year detailing: (1) the beginning year uncollectible balance; (2) additions to the uncollectible balance including the vintage of the additions (e.g., one to six months, six months to one year, etc.); and, (3) credits to the uncollectible balance disaggregated by collections from the rider, customers, collection agencies, and third parties.[3]

The Finding and Order in the 03-1127 Case specified that LDCs must annually file a report that identifies amounts recovered, deferred and, as applicable, amortized pursuant to the mechanism each May.[4] It is not clear to Ohio Gas that despite indicating that LDCs should file annual reports no later than January 31st of each year, Staff intended to create a requirement to file information twice per-year, once in January and once in May. Rather, it appears that LDCs could comply with the Staff recommendation by filing one annual report regardless of whether or not an adjustment

[2] Staff Report at 5.

[3] *Id.*

[4] 03-1127 Case, Finding and Order at 13.

to the UEX rider rate needs to be made that contains all of the information required. If Ohio Gas' understanding of Staff's intent is correct, Ohio Gas respectfully requests that the Commission clarify the annual reporting requirement in its opinion and order by consolidating Staff's suggested January 31st report with the currently-required report regarding uncollectible expenses that is due in May of each year.

Regardless of whether the Commission clarifies that LDCs need only file one report per-year, Ohio Gas respectfully requests that the Commission exempt smaller[5] LDCs such as Ohio Gas from the additional reporting requirements that may be ordered by the Commission. Ohio Gas is not requesting an exemption from any and all reporting requirements but, rather, a limited exemption from additional requirements that may be imposed inasmuch as additional reports would be redundant and may have a greater impact on smaller LDCs, like Ohio Gas, who have fewer customers over which to spread the costs that result from gathering the data and diverting resources from other projects and duties.[6]

Granting Ohio Gas and other smaller LDCs an exemption from the expanded reporting requirements would be consistent with Governor Ted Strickland's Executive Order entitled "Implementing Common Sense Business Regulation"[7] as well as the

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[5] As the Commission is aware, Ohio Gas is uniquely situated among Ohio's LDCs. Ohio Gas serves approximately 45,000 distribution customers in northwest Ohio. By comparison, the smallest of the large LDCs, Vectren Energy Delivery of Ohio, Inc., serves approximately 315,000 customers in west central Ohio. Thus, Ohio Gas is seven times smaller than the next largest LDC. On the other hand, Ohio Gas believes the next largest LDC with a PIPP rider is Pike Natural Gas Company with approximately 7,200 customers. Thus, Ohio Gas has a customer base too small to justify the types of technology systems often required to comply with regulatory rules, but too large to qualify for available small LDC exemptions.

[6] *In the Matter of the Commission's Review of Chapters 4901:1-17 and 4901:1-18 and Rules 4901:1-5-07, 4901:1-10-22, 4901:1-13-11, 4901:1-15-17, 4901:1-21-14, and 4901:1-29-12 of the Ohio Administrative Code*, Case No. 08-723-AU-ORD, Finding and Order at 51 (December 17, 2008).

[7] Executive Order, *Implementing Common Sense Business Regulation* (February 12, 2008) (hereinafter "*Executive Order*").

Regulatory Reform Task Force Report released by a bipartisan committee in the last General Assembly.[8] Pursuant to the Executive Order, administrative agencies should "make exceptions to rules and provide exemptions for small businesses"[9] and must strike "a reasonable balance between the underlying regulatory objectives and the burdens imposed by regulatory activity."[10] Granting Ohio Gas' request would achieve a proper balance between the regulatory objectives sought to be achieved by such changes while also acknowledging the magnitude of the burdens imposed by the proposed rule modifications upon smaller gas companies.

III. CONCLUSION

Ohio Gas appreciates the opportunity to make these comments and respectfully urges the Commission to clarify that only one annual report is required and exempt Ohio Gas from any new and additional reporting requirements as discussed herein.

Respectfully submitted,

Joseph M. Clark

Joseph M. Clark (Counsel of Record)
McNees Wallace & Nurick LLC
21 East State Street, 17th Floor
Columbus, OH 43215-4228
Telephone: (614) 469-8000
jclark@mwncmh.com

Attorney for The Ohio Gas Company

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[8] Regulatory Reform Task Force Report at 5 (December 17, 2008). The General Assembly also recognized the need to spare LDCs with less than 15,000 gas cost recovery ("GCR") customers the costs associated with some aspects of Commission regulation, prohibiting the Commission from charging such LDCs the costs associated with GCR audits. *See* Sections 4905.302(C)(2) and (C)(3), Revised Code.

[9] *Executive Order* at 3 (paragraph 4g). Ohio Gas meets the definition of "small business" referenced by the Regulatory Reform Task Force Report and as proposed in recently-introduced Senate Bill 3, as "an independently owned and operated business entity, including its affiliates, having fewer than five hundred employees." *See* http://www.legislature.state.oh.us/bills.cfm?ID=128_SB_3.

[10] *Executive Order* at 2 (paragraph 4c).