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The Public Utilities Commission of Ohio

Monitoring marketplaces and enforcing rules to assure safe,
adequate, and reliable utility services.

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June 2, 2009

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

PUCO

2009 JUN -2 AM 10:02

RECEIVED-DOCKETING DIV.

RE: *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of an
Adjustment to its Uncollectible Expense Rider Rate, Case No. 09-372-GA-UEX*

Dear Docketing Division:

Enclosed please find the Staff's Comments regarding Columbia Gas of Ohio, Inc.'s
application for a continuation of its existing uncollectible expense rider in Case No. 09-372-
GA-UEX.

Respectfully submitted,

A handwritten signature in cursive script that reads "Steve Puican".

Steve Puican
Co-Chief, Rates & Tariffs/Energy & Water Division
Public Utilities Commission of Ohio

Enclosure
cc: Parties of Record

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Columbia	:	
Gas of Ohio, Inc. for Approval of an Adjustment	:	Case No. 09-372-GA-UEX
to its Uncollectible Expense Rider Rate.	:	

**COMMENTS
OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Date submitted: June 2, 2009

Application of Columbia Gas of Ohio, Inc.
Case No. 09-372-GA-UEx

In Case No. 03-1127-GA-UNC, the Commission authorized the concept of an uncollectible accounts expense recovery mechanism for five gas companies, including Columbia Gas of Ohio, Inc. (Columbia). The mechanism approved allows for recovery of actual bad debts through a rider, rather than through base rates. Columbia implemented its first uncollectible expense rider in April of 2004.

Columbia filed the current application to revise its uncollectible expense rider on April 30, 2009. Staff has completed its review of the application and herewith provides a brief description of the application, its attachments, our review and recommendation.

Application

Columbia's application proposes a decrease in the rider rate from \$0.2157 to \$0.1866 per thousand cubic feet (Mcf). The proposed rate is based upon actual arrearages as of March 31, 2009, and projected uncollectible expense and recoveries for April 2009 through March 2010.

Attachment 1 provides Columbia's annual balance reconciliation for calendar year 2008 and preliminary information for the first 3 months of 2009. Staff notes that the previously-approved rate of \$0.2265/Mcf, approved by Entry dated June 25, 2008 in Case No. 08-564-GA-UEx, was inclusive of the Gross Receipts Tax. The Commission subsequently reduced that rate to \$0.2157/Mcf in its Opinion and Order dated December 3, 2008 due to the removal of the Gross Receipts Tax from the previously-approved uncollectible rate.

Attachment 2 shows that an adjustment of -\$0.0007/Mcf would be necessary to pass back the prior period over-collections, based on the March 31, 2009 actual balance of -\$121,201.

Attachment 3 shows that an over-collection of \$5,085,092 is projected during the twelve months ending March 31, 2010 absent further adjustment to the Uncollectible Expense Rider.

Attachment 4 details the calculation of the proposed Uncollectible Expense Rider consisting of: Columbia's deferred uncollectible expenses as of March 31, 2009; Columbia's estimated uncollectible accounts expense for the twelve-month period ending March 31, 2010; and, a portion of the deferred accounts receivable balance.

Attachment 5 provides copies of the proposed tariff sheets.

Recommendation

Staff has reviewed the application, as well as authoritative documents from prior affiliated cases. It is our opinion that the proposal appropriately calculates the rider to recover Columbia's bad

debts written off. Staff recommends that the proposed Uncollectible Expense Rider of Columbia Gas of Ohio, Inc. of \$0.1866 per Mcf be approved.

Staff notes that the Finding and Order in Case No. 03-1127-GA-UNC ordered that the uncollectible expense rider was to be evaluated as part of the financial audit in gas cost recovery (GCR) proceedings. The 2008 annual balance reconciliation will be addressed by Columbia's independent auditor as part of the upcoming Gas Cost Recovery (GCR) financial review scheduled later this year, and then reviewed by Staff when filed. During that audit, the independent auditor should review, evaluate and report on Columbia's filed balance reconciliations covering 2008. Any required adjustment to those balance reconciliations will be considered in future bad debt rider revisions. Columbia's independent auditor shall randomly sample customers whose balances have been written-off to determine if the write-offs were timely and how subsequent payments were accounted for.

Staff has performed a preliminary review of the filed balance reconciliation covering calendar year 2008 and the application. At this time, Staff does not propose any adjustment to the balance reconciliation and believes that the application appropriately calculates the rider. Staff recommends that the new Uncollectible Expense Rider of Columbia Gas of Ohio, Inc. of \$0.1866 per Mcf be approved.