

Ohio

**Public Utilities  
Commission**

Ted Strickland, Governor  
Alan R. Schriber, Chairman

Commissioners

Ronda Hartman Fergus  
Lemmie  
Paul A. Centolella  
Cheryl Roberto

RECEIVED-DOCKETING DIV

2010 MAY 10 AM 10:25

PUCO

FILT

FILE

May 10, 2010

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

RE: *In the Matter of the Application of Pike Natural Gas Company for Approval of an Adjustment to its Uncollectible Expense Rider Rate, Case No. 10-573-GA-ATA.*

Enclosed please find the Staff's Report regarding Pike Natural Gas Company's revision to its Uncollectible Expense Rider rate.

Respectfully submitted,

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



Enclosure  
cc: Parties of Record

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business  
Technician \_\_\_\_\_ Date Processed **MAY 10 2010**

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	:	
Pike Natural Gas Company for	:	
Approval of an Adjustment to its	:	Case No. 10-573-GA-UEx
Uncollectible Expense Rider Rate.	:	

---

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

---

Date submitted: May 10, 2010

Application of Pike Natural Gas Company  
Case No. 10-573-GA-UEx

Background

In Case No. 03-1127-GA-UNC, the Commission authorized the concept of an uncollectible accounts expense recovery mechanism for five natural gas companies. The mechanism approved allows for recovery of actual bad/uncollectible debt through a rider, rather than through base rates. Subsequently, Pike Natural Gas Company (Pike) was authorized in Case No. 04-1339-GA-UEx to begin to defer its uncollectible expenses for future recovery. In that same proceeding, the Commission directed that establishment of a rider to recover those deferrals would be considered in conjunction with Pike's base rate revision in Case No. 05-824-GA-AIR. On June 28, 2006, the Commission issued its Opinion and Order in that case and authorized an initial uncollectible rider rate of \$0.0787. Since that time Pike has filed annual updates to adjust the rider when appropriate, and the Commission has authorized such subsequent revisions. The history of Pike's rider is as follows:

July 2006 - June 2007	\$0.0787 per Mcf
July 2007 - June 2009	\$0.0155 per Mcf
July 2009 - Current	\$0.0597 per Mcf

On April 29, 2010 Pike filed the pending application to revise its current uncollectible expense rider rate. Staff has reviewed the application and makes its findings and recommendations in this report.

Application

Pike's application requests a decrease in the existing rider rate of \$0.0597 per Mcf to \$0.0405 per Mcf or a decrease of 32.16%. Page 1 of Attachment 1 to the application, provides the calculation for the revised rider rate. Pike's ending uncollectible balance as of December 31, 2009 is an under-collected balance of \$9,929 and if collected over two years would result in a charge of \$0.0060 per Mcf. Pike then projected its uncollectible expense for the next 12 months to be \$28,390 which would require a rate of \$0.0345 per Mcf to keep rider revenues current with that level of uncollectibles. The total of the two components is the total proposed rider rate of \$0.0405.

Page 2 of Attachment 1 provides Pike's month-by-month balance reconciliation for the calendar year 2009. The balance reconciliation reflects the beginning balance, the incremental bad debt written off, the incremental uncollectible expense rider recoveries and the ending balance for 2009. In reviewing the annual balance reconciliation, Staff notes that the beginning balance on January 1, 2009 was -15,639 and the ending balance on

December 31, 2009 was -\$9,929 which means Pike had been reducing its under-collections but there still remained an uncollected balance at the end of 2009. Pike's proposed rate would allow it to recover that uncollected amount over two years as well as to establish a rate that more closely matches rider revenues with actual bad debt incurred on a going-forward basis.

### Recommendation

Staff has performed a preliminary review of the annual balance reconciliation covering calendar year 2009 and, at this time, Staff does not propose any adjustment to the reconciliation. Staff believes Pike's application appropriately calculates the rider and recommends the proposed rate of \$0.0405 per Mcf be approved. Staff also recommends that in the next financial audit of Pike's GCR in 2010, Staff examine the monthly uncollectible expense balances and write-offs and recoveries for 2009 and any required adjustments/corrections be incorporated into the 2011 uncollectible expense rider application.