

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

Glenwood Energy of Oxford, Inc.
11-210-GA-GCR
11-310-GA-UEX

June 30, 2011

RECEIVED-DOCKETING DIV
2011 JUN 30 AM 10:25

PUCO

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 RC Date Processed 6/30/2011

Ohio

**Public Utilities
Commission**

Glenwood Energy of Oxford, Inc.
Uncollectible Expense Rider

On August 31, 2007, Glenwood Energy of Oxford, Inc. (Glenwood or Company), formerly Oxford Natural Gas Company, the City of Oxford and the Staff of the Public Utilities Commission of Ohio filed a Joint Stipulation and Recommendation (joint stipulation) to resolve all of the issues in Case Nos. 06-350-GA-CMR and 06-521-GA-UNC. On September 19, 2007, the Commission approved the joint stipulation.

As part of the joint stipulation, Glenwood did not implement an uncollectible expense (UEX) rider, but could opt to do so, pursuant to the terms of the Commission Opinion and Order in Case No. 03-1127-GA-UNC. The parties to the joint stipulation acknowledged that the general service base rate (base rate) proposed by Glenwood implicitly included an allowance for uncollectible expense. A subsequent application to establish a UEX rider, Glenwood was to calculate its initial uncollectible expense and reduce its base rate by an equal amount. On May 29, 2009, Glenwood filed an application to establish its first uncollectible expense rider in Case No. 09-439-GA-UEX. The mechanism approved allows for recovery of actual bad or uncollectible debt through a rider, rather than through base rates.

On September 30, 2009, the Commission approved Glenwood's initial UEX rider at \$0.08 per MCF. Glenwood later received Commission approval to increase its UEX rider rate to \$0.26 per MCF in Case No. 10-899-GA-UEX.

On May 26, 2011, Glenwood submitted its UEX balance reconciliation statement in Case No. 11-310-GA-UEX (11-310) for calendar year 2010. Glenwood's current proposal for the UEX rider during next period did not change the current rate.

The UEX balance reconciliation statement submitted by Glenwood in the application encompasses the monetary amounts written off as bad debt or uncollectible and amounts recovered through calendar year 2010. The statement also included carrying charges and gas sales volumes necessary to calculate the amount of the UEX rider.

Staff performed an audit of Glenwood's bad debt write-off accounts and bad debt recoveries for the calendar years 2009 and 2010. Staff initiated its audit by verifying the monthly bad debt write-offs by collecting general ledger and post-transaction general reports to compare those records with the amount of monthly and quarterly write-off balances. Staff traced the bad debt write-off and recovery amounts from company records and individual customer account balances.

Staff then selected a random sample of customer billing and payment histories to insure the integrity of the bad debt write-off and recovery balances. Staff was able to verify that bad debt accounts were written off in an appropriate time frame (at least 60 days after the last dated payment). Staff was also able to verify that subsequent payments made by customers were credited to the customers' balances and duly reported on the bad debt recovery ledger.

Findings

Staff made several adjustments to Glenwood's bad debt write-off amounts to properly reflect current accounting procedures. The adjustments do not affect the rate of the UEX rider.

Staff believes that Glenwood appropriately calculates the UEX rider rate.

Recommendation

Staff recommends that Glenwood adjust its 2010 ending bad debt write-off balance to \$102, 911.75. Staff further recommends that the 2010 ending balance of \$102, 911.75 be the starting point for calendar year 2011 and incorporate this amount when calculating future UEX rider costs.

Staff also recommends that Glenwood receive Commission approval prior to any change in its UEX rate.