



**Public Utilities  
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July 10, 2012

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

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PUCO

RE: *In the Matter of the Annual Uncollectible Expense Rider of Orwell Natural Gas Company, Case No. 12-312-GA-UEX.*

Enclosed please find the Staff's Comments regarding Orwell's Uncollectible Accounts Expense Rider balance reconciliation statement and rate proposal in Case No. 12-312-GA-UEX.

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.  
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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Uncollectible Expense     )  
Rider of Orwell Natural Gas Company.         )     Case No. 12-312-GA-UEX

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

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Date submitted: July 10, 2012

## **Application of Orwell Natural Gas Company Case No. 12-312-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.

In Case No. 07-163-GA-ATA, Orwell Natural Gas Company (Orwell or Company) filed an application for Tariff Approval with the Commission. In its application the Company, among other things, sought approval to establish and implement an Uncollectible Expense Rider (UEX Rider). On January 29, 2007, the Commission issued an Opinion and Order authorizing Orwell to establish and implement an initial UEX Rider of \$0.10 per MCF. Since that time the Company has filed updates to adjust the rider rate and the Commission has authorized such subsequent revisions. The history of Orwell's rider is as follows:

June 2007 - August 2010	\$0.10000 per Mcf
Sept 2010 - June 2011	\$0.05331 per Mcf
July 2011 - Current	\$0.17081 per Mcf

On May 30, 2012, Orwell 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 staff report.

### **Application**

Orwell is proposing in this application to decrease its UEX rate from \$0.17081 per Mcf to \$0.06737, a reduction of \$0.1035 per Mcf. Orwell proposes this decrease in the UEX rate based on its actual deferred uncollectible accounts expense as of April 2012 plus estimated bad debt write-offs, UEX rider recoveries and sales volumes through April 2013.

Page 1 of Attachment 1 to the application, shows the actual uncollectible balances for calendar year 2011. Orwell's ending uncollectible balance as of December 31, 2011 is an under-collected balance of \$41,916.82.

Page 2 of Attachment 1 to the application provides Orwell's actual uncollectible balances for January through April 2012. Estimates of the uncollectible balances are provided for May through December, 2012. Orwell has reported the actual Uncollectible Account balance as of April 2012 to be \$1,418.08.

Page 3 of Attachment 1 to the application shows Orwell's estimated balances January through April 2013. This includes account balances based on estimated bad debt and estimated sales volumes by month.

Orwell's proposed rate would eliminate the current under-collected balance and more closely match rider revenues with actual bad debt incurred on a going-forward basis.

### **Recommendation**

Staff performed a review of the annual balance reconciliation for calendar year 2011 and 2012 (as of April), and performed a review of the estimated balance reconciliations for May 2012 through April 2013 provided by Orwell in its application. Staff believes Orwell's application appropriately calculates the rider and recommends the new proposed rate of \$0.06737 per Mcf be approved.

At the next financial audit of Orwell's GCR , Staff will examine the monthly uncollectible expense balances and write-offs and recoveries for 2010 and 2011 and any required adjustments/corrections be incorporated into the 2013 uncollectible expense rider application.