

FILE



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August 21, 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 Application of Duke Energy Ohio, Inc. for Approval to revise its Uncollectible Expense Rider Rate, in Case No. 12-318-GA-UEX.*

Please find enclosed, amended Staff Comments regarding Duke's application to revise its uncollectible expense rider in Case No. 12-318-GA-UEX. These amended comments correct certain inadvertent references to units in Ccf being shown as in Mcf.

Respectfully submitted,

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	)	
Duke Energy Ohio, Inc. for Approval	)	Case No. 12-318-GA-UEx
of an Adjustment to its	)	
Uncollectible Expense Rider Rate.	)	

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

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Date submitted: August 21, 2012

Application of Duke Energy Ohio, Inc.  
Case No. 12-318-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, Duke Energy Ohio, Inc. (Duke) was authorized in Case No. 05-974-GA-AAM to establish a rider recovery mechanism consistent with that which was approved in Case No. 03-1127-GA-UNC. On November 18, 2009, the Commission issued its Finding and Order in Case No. 09-773-GA-UEx which authorized an initial uncollectible rider rate for Duke. Since that time Duke has filed annual updates to adjust its rider rate and the Commission has authorized such subsequent revisions. The history of Duke's rider is as follows:

December 2009 – June 2010	\$0.1569 per Mcf
July 2010 – June 2011	\$0.26073 per Mcf
July 2011 – June 2012	\$(0.020632) per Ccf

On July 26, 2012, Duke filed an application in Case No. 12-318-GA-UEx to revise its current uncollectible expense rider rate.

Application

Duke's attachments indicate an increase from the existing rider rate of \$(0.020632) per Ccf to \$0.002926 per Ccf, or an increase of \$0.023558 per Ccf. In updated Attachment 1, page 1 of 5, Duke provides its calculation for the updated rider rate. Page 2 details Duke's Uncollectible Tracker Balance through April 30, 2012, with an ending balance of \$(4,221,222). Page 3 details uncollectible expense revenue recovered through base rates for the same period as shown on Page 2. Page 4 shows 12 months of projected bad debt expenses at \$1,571,589 and a beginning balance as of May 2012 of \$(4,221,222). Page 5 shows 12 months of projected sales volumes.

As shown on Attachment 1, pages 1-5, Duke started with an April 30, 2012 projected uncollectible tracker balance of \$(4,221,222) from which is subtracted the project uncollectible expenses for the 12 month period May, 1, 2012 through April 30, 2013 of \$5,792,811, resulting in a difference of \$1,571,589. Dividing this number, by the 12 month projected sales volumes of 537,195,638 Ccf results in the proposed uncollectible expense rider of \$0.002926 per Ccf.

In updated Attachment 2 to the application, Duke incorporates the proposed uncollectible expense rider rate in its tariffs.

### Recommendation

Staff has reviewed of the application and updated attachments. At this time, Staff does not propose any adjustment to the updated reconciliation. Staff believes Duke's updated attachments appropriately calculates the rider and recommends the proposed rate of \$0.002926 per Ccf 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 uncollectible tracker balances for 2010 were addressed by Duke's independent auditor and filed in Case No. 11-318-GA-UEX and has been reviewed by Staff. In the course of the audit, the independent auditor reviewed, evaluated, and reported on Duke's filed uncollectible tracker balances covering 2010. Duke's independent auditor randomly sampled customers whose balances had been written-off and determined the write-offs were timely and subsequent payments were properly accounted for. No adjustments, differences, or exceptions were noted by the independent audits in their report.