

June 3, 2013

Docketing Division
Public Utilities Commission of Ohio
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Columbus, Ohio 43215

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RE: *In the Matter of the Application of Ohio Gas Company for Approval of an Adjustment to its Uncollectible Expense Rider Rate, Case No. 13-311-GA-UEX.*

Enclosed please find the Staff's Comments regarding Ohio Gas' Uncollectible Accounts Expense Rider balance reconciliation statement and rate proposal in Case No. 13-311-GA-UEX.

Respectfully submitted,



Wm. Ross Willis
Chief, Rates Division
Public Utilities Commission of Ohio

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Ohio Gas Company for Approval of an) Case No. 13-311-GA-UEX
Adjustment to its Uncollectible Expense)
Rider Rate.)

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

Date submitted: June 3, 2013

Application of Ohio Gas Company
Case No. 13-311-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, Ohio Gas Company (Ohio Gas or Company) was authorized in Case No. 05-1439-GA-UEx to establish a rider recovery mechanism consistent with that which was approved in Case No. 03-1127-GA-UNC. On January 25, 2006, the Commission issued its Opinion and Order in that case and authorized an initial uncollectible rider rate of \$0.0282 per Mcf

Since that time the Company has filed annual updates to adjust the rider rate and the Commission has authorized such subsequent revisions. The history of Waterville's rider is as follows:

February 2006 – June 2006	\$0.0282 per Mcf
July 2006 – June 2007	\$0.0658 per Mcf
July 2007 – July 2008	\$0.0384 per Mcf
August 2008 – June 2009	\$0.0094 per Mcf
July 2009 – June 2010	\$0.0744 per Mcf
July 2010 – July 2011	\$0.0332 per Mcf
August 2011 – June 2012	(\$0.0200) per Mcf
July 2012 – Present	(\$0.0056) per Mcf

On May 7, 2013, Ohio Gas filed the pending application to revise its current uncollectible expense rider rate. On May 22, 2013, Ohio Gas filed a correction to its application. The Company amended the application to correct typographical errors made in the fourth paragraph of the application. The Company also corrected data contained in Attachment 1 of the Application. No other changes were made to the application. Staff has reviewed the application and makes its findings and recommendations in this staff report.

Application

Ohio Gas' present application would result in a decrease to the existing rate by (\$0.0144) per Mcf and reflects a proposed rate of (\$0.0200) per Mcf. Page 2 of Attachment 1 to the application shows an ending balance of (\$36,578) to the Company's Annual Balance Reconciliation (ABR) for calendar year 2012. Page 1 of Attachment 1 indicates an ending balance of (\$81,327) for the Company's ABR for January 1, 2013 through March 31, 2013.

In Attachment 2 to the application, Ohio Gas provides its uncollectible expense rider calculation utilizing the 12 months ending March 31, 2014. With the combination of the balance of Deferred Uncollectible Accounts Expense as of March 31, 2013, and the projected net amount to be collected from April 1, 2013 through March 31, 2014, there is an over-collection of \$107,092. This total to be collected against applicable volumes results in the proposed rate of (\$0.0200) per Mcf.

In Attachment 3 to the application, Ohio Gas incorporates the proposed uncollectible expense rider rate in its tariffs.

Recommendation

Staff has performed a preliminary review of Ohio Gas' ABR covering calendar year 2012 and the first quarter of 2013. Staff believes Ohio Gas' application appropriately calculates the rider and recommends the proposed rate of (\$0.0200) per Mcf be approved.