

FILE



**Public Utilities
Commission**

John R. Kasich, Governor
Todd A. Snitchler, Chairman


Commissioners

Cheryl Roberto
Steven D. Lesser
Andre T. Porter
Lynn Slaby

June 13, 2013

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

RECEIVED - DOCKETING DIV
2013 JUN 13 AM 9:25
PUCO

RE: *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Adjustment to its Uncollectible Expense Rider Rate, Case No. 13-320-GA-UEX*

Enclosed please find Staff's Comments regarding Vectren Energy Delivery of Ohio, Inc.'s application for an adjustment to its existing uncollectible expense rider in Case No. 13-320-GA-UEX.

Respectfully submitted,



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

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 JUN 13 2013

180 East Broad Street
Columbus, Ohio 43215-3793

(614) 466-3016
www.PUCO.ohio.gov

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Vectren Energy Delivery of Ohio, Inc.)	
For Approval of an Adjustment to its)	Case No. 13-320-GA-UEX
Uncollectible Expense Rider Rate.)	

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

Date submitted: June 13, 2013

Application of Vectren Energy Delivery of Ohio, Inc.
Case No. 13-320-GA-UEx

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, Vectren Energy Delivery of Ohio, Inc. (Vectren) was authorized in Case No. 04-1339-GA-UEx to establish a rider recovery mechanism consistent with that which was approved in Case No. 03-1127-GA-UNC. Vectren implemented its first uncollectible expense rider in conjunction with its base rate revision in Case No. 04-737-GA-AIR in April of 2004. Since that time VEDO has filed annual updates to adjust its rider rate and the Commission has authorized such subsequent revisions. The history of Vectren's rider is as follows:

July 2004 – June 2005	\$0.1567 per Mcf
July 2005 – June 2006	\$0.0923 per Mcf
July 2006 – July 2007	\$0.1468 per Mcf
August 2007 – July 2008	\$0.1882 per Mcf
August 2008 – July 2009	\$0.1165 per Mcf
August 2009 – June 2010	\$0.2115 per Mcf
July 2010 – June 2011	\$0.1354 per Mcf
July 2011 – June 2012	\$0.1667 per Mcf
July 2012 - current	\$0.0815 per Mcf

Vectren filed the current application for an increase in its uncollectible expense rider on May 30, 2013. Vectren is requesting that the current rate of \$0.0815 per Mcf be decreased to \$0.0179 per Mcf. Staff has completed its review of the application and herewith provides a brief description of the application, its attachments and recommendation.

Application

Vectren's application would decrease the existing rider rate of \$0.0815 per Mcf to \$0.0179 per Mcf, a decrease of 122%. The proposed rate is based upon actual arrearages as of April 30, 2013, and projected uncollectible expense and recoveries for May 2013 through April 2014.

Attachment 1 provides Vectren's annual balance reconciliation for calendar year 2012 and preliminary information for the first four months of 2013. Attachment 2 demonstrates the calculation of the proposed rider rate. The proposed rate is calculated so that past over-recoveries are eliminated and estimated ongoing bad debts are recovered as incurred, with

the intent of arriving at a zero dollar balance as of April 2014. Staff has reviewed Vectren's calculation and believes that the proposed rate of \$0.0179 per Mcf is appropriate.

Attachment 3 contains the aging of write-offs along with credits from customers and collections agencies.

Attachment 4 provides the proposed tariff sheets.

Recommendation

Staff has performed a preliminary review of the annual balance reconciliation covering calendar year 2012 and the first quarter of 2013, and at this time, Staff does not propose any adjustment to the reconciliation. The proposed rate to \$0.0179 per Mcf decreases the rate to a level reflective of the anticipated bad debt write-offs through March 2014.

Staff believes VEDO's application appropriately calculates the rider and recommends the proposed rate of \$0.0179 per Mcf be approved. Staff also recommends that in the next audit of VEDO's riders in 2014, the auditors examine the monthly uncollectible expense balances and write-offs and recoveries for 2013 and first quarter of 2014 and any required adjustments/corrections be incorporated into the 2014 uncollectible expense rider application.