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**Public Utilities  
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August 13, 2013

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

RE: In the Matter of the Application of Duke Energy Ohio, Inc. for Approval to revise  
Uncollectible Expense Rider Rate, in Case No. 13-318-GA-UEX.

Find enclosed the Staff's Comments regarding Duke Energy Ohio, Inc.'s Uncollectible Accounts  
Expense Rider balance reconciliation statement and rate proposal in Case 13-318-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   | ) |                        |
| Duke Energy Ohio, Inc. For Approval   | ) |                        |
| To Adjust its Gas Uncollectible Rider | ) | Case No. 13-318-GA-UEX |
| Rate.                                 | ) |                        |

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

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Date submitted: August 16, 2013

Application of Duke Energy Ohio, Inc.

Case No. 13-318-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     | \$(0.20632) per Mcf |
| July 2012 - current       | \$0.02926 per Mcf   |

On May 29, 2013, Duke filed an application in Case No. 13-318-GA-UEx to revise its current uncollectible expense rider rate. Staff has reviewed the application and makes its findings and recommendations in this staff comments.

**Application**

Duke's application would increase the existing rider rate of \$ 0.02926 per Mcf to \$ 0.05240 per Mcf or an increase of \$.02314.

In updated Attachment 1, page 1 of 4 Duke provides its calculation for the updated rider rate. Page 2 shows Duke's actual Annual Balance Reconciliation (ABR) through March 31, 2013, with an ending balance of \$442,448. Page 3 shows twelve months of projected bad debt expenses \$2,582,896 for the period ending March 31, 2014, and a beginning balance of \$442,341 as of April 2013. Page 4 shows 12 months of projected sales volumes.

As shown on Attachment 1, pages 1-4, Duke started with an April 30, 2013 projected Annual Balance Reconciliation (ABR) of \$442,341 from which is added to the projected uncollectible expenses for the 12 month period April 1, 2013 through March 31, 2014 of \$2,140,555, resulting in a sum of \$2,582,896. Dividing this number, by the 12 month projected sales volumes of 49,292,780 Mcf results in the proposed uncollectible expense rider of \$0.05240 per Mcf.

Also included in Attachment 1 to the application, Duke incorporates the proposed uncollectible expense rider rate in its tariffs.

### **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 \$0.05240 increases the rate to a level reflective of the anticipated bad debt write-offs through March 2014.

Staff believes Duke's application appropriately calculates the rider and recommends the proposed rate of \$0.05240 per Mcf be approved. Staff also recommends that in the next audit of Duke'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 2015 uncollectible expense rider application.