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September 11, 2013

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

RE: *In the Matter of the Application of Glenwood Energy of Oxford, Inc. for Approval of an Adjustment to its Uncollectible Expense Rider Rate, Case No. 13-310-GA-UEx*

Enclosed please find Staff's Comments regarding Glenwood Energy of Oxford, Inc.'s application for an adjustment to its existing uncollectible expense rider in Case No. 13-310-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.  
Date Processed: SEP 11 2013

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of            )  
Glenwood Energy of Oxford, Inc.            )  
For Approval of an Adjustment to its        )    Case No. 13-310-GA-UEx  
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: September 11, 2013

**Application of Glenwood Energy of Oxford, Inc.**  
**Case No. 13-310-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.

On August 31, 2007, Glenwood Energy of Oxford, Inc. (Glenwood or Company), formerly Oxford Natural Gas Company, the City of Oxford and the Staff of the Public Utilities Commission of Ohio filed a Joint Stipulation and Recommendation (joint stipulation) to resolve all of the issues in Case Nos. 06-350-GA-CMR and 06-521-GA-UNC. On September 19, 2007, the Commission approved the joint stipulation.

As part of the joint stipulation, Glenwood did not implement an uncollectible expense (UEX) rider, but could opt to do so, pursuant to the terms of the Commission Opinion and Order in Case No. 03-1127-GA-UNC. The parties to the joint stipulation acknowledged that the general service base rate (base rate) proposed by Glenwood implicitly included an allowance for uncollectible expense. A subsequent application to establish a UEX rider, Glenwood was to calculate its initial uncollectible expense and reduce its base rate by an equal amount.

On May 29, 2009, Glenwood filed an application to establish its first uncollectible expense rider in Case No. 09-439-GA-UEx. The mechanism approved allows for recovery of actual bad or uncollectible debt through a rider, rather than through base rates. The Commission approved Glenwood's initial rate application of \$0.03 per Mcf.

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

October 2009 – September 2010	\$0.08 per Mcf
October 2010 - Present	\$0.26 per Mcf

On September 5, 2013, Glenwood filed the pending application to revise its current uncollectible expense rider rate. Staff has reviewed the application and makes its findings and recommendation in this Staff Report.

### **Application**

Glenwood's present application would result in a decrease to the existing rate by (\$0.2141) per Mcf and reflect a proposed rate of \$0.0459. Attachments in support of the application were provided by the Company for Staff review.

Attachment A of the application is the Company's Annual Budget Reconciliation (ABR). The ABR illustrates Glenwood's actual write-off and revenue collected in 2012 and through June, 2013. Attachment A also includes estimated write-offs and revenue collected from July, 2013 through December, 2014.

Attachment B of the application provides the Company's calculation method in determining the proposed UEX rate. Glenwood's calculation includes the following components: Actual Annual Sales for 12 months ending December 31, 2012; Actual Bad Debt Deferred as of March 31, 2013; projected Bad Debt Write-Off and Collection expense for calendar year 2013.

In Attachment C to the application, Glenwood incorporates the proposed uncollectible expense rider rate in its tariffs

### **Findings**

On January 31, 2013, the Commission in this case authorized the Staff to conduct a biannual audit of Glenwood's UEX. The audit covered the period January 1, 2011 to December 31, 2012.

On June 3, 2013, Staff filed its audit report of Glenwood's UEX mechanisms. In its report, Staff determined and recommended the account balance for the account be set at \$11,765.05.

On July 31, 2013, Glenwood and Staff agreed in a Stipulation that the December 31, 2012 account balance would be \$11,765.05.

Attachment A of the proposed application for calendar year 2012 is consistent with Staff's accounting filed in the June 3, 2013 Staff Report. Staff determined the 2013 estimated write-offs and collection expense as projected in Attachment A is reasonable based on previous UEX rate applications. The calculations made by the Company in Attachment B are consistent with Staff's calculations.

Exhibits 1 and 2 of this Report provide details of Staff's review of the proposed application.

**Recommendation**

Staff has performed a review of Glenwood's ABR covering calendar year 2012 and the first six months of calendar year 2013. Staff believes the Company's application appropriately calculates the UEX rider and recommends the proposed rate of \$0.0459 per Mcf be approved.

**GLENWOOD ENERGY OF OXFORD, INC.  
UNCOLLECTIBLE ACCOUNTS EXPENSE RIDER**

	2012 ACTUAL											
	January	February	March	April	May	June	July	August	September	October	November	December
(1) Balance - Beginning of Month	\$69,423.64	\$49,845.94	\$34,305.26	\$30,697.33	\$25,410.28	\$22,599.62	\$29,573.72	\$28,439.75	\$26,232.37	\$43,515.85	\$37,628.33	\$24,071.47
(2) Bad Debts Written Off	\$0.00	\$0.00	\$3,640.09	\$0.00	\$0.00	\$9,348.51	\$0.00	\$0.00	\$19,635.33	\$0.00	\$0.00	\$3,241.50
(3) Recovery - Base Rates	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(4) Recovery - Bad Debt Rider (a)	\$19,782.62	\$15,884.96	\$7,520.76	\$5,526.56	\$3,019.90	\$2,599.22	\$1,380.60	\$2,041.52	\$2,411.76	\$5,175.30	\$12,122.24	\$13,598.78
(5) Recovery - Other (b)	\$270.56	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$400.00	\$230.56	\$1,045.26	\$1,695.02	\$2,112.90
(6) Incremental Bad Debt (2)-[(3)+(4)+(5)]	(\$20,053.18)	(\$15,884.96)	(\$3,880.67)	(\$5,526.56)	(\$3,019.90)	\$6,749.29	(\$1,380.60)	(\$2,441.52)	\$16,993.01	(\$6,220.56)	(\$13,817.26)	(\$12,470.18)
(7) Balance Subtotal (1)+(6)	\$49,370.46	\$33,960.98	\$30,424.59	\$25,170.77	\$22,390.38	\$29,348.91	\$28,193.12	\$25,998.23	\$43,225.38	\$37,295.29	\$23,811.07	\$11,601.29
(8) Carrying Charges [(1)+(7)]/(2)×(d)	\$475.48	\$344.28	\$272.74	\$239.51	\$209.35	\$224.81	\$246.63	\$234.14	\$290.47	\$333.04	\$260.40	\$163.77
(9) Balance - End of Month (7)+(8)	\$49,845.94	\$34,305.26	\$30,697.33	\$25,410.28	\$22,599.62	\$29,573.72	\$28,439.75	\$26,232.37	\$43,515.85	\$37,628.33	\$24,071.47	\$11,765.05

(a) Calculated: actual consumption times authorized rider rate

(b) Consists of customer payments, net-collection agency revenue, and other collections

(c) Net monthly carrying charge rate (c) 0.7500% 0.7500% 0.7500% 0.7500% 0.7500% 0.7500% 0.7500% 0.7500% 0.7500% 0.7500% 0.7500% 0.7500%

(d) Annual CC rate (Staff calc) 9.0000% 9.0000% 9.0000% 9.0000% 9.0000% 9.0000% 9.0000% 9.0000% 9.0000% 9.0000% 9.0000% 9.0000%

Plus Cost of Outside Collections \$30 \$30 \$30 \$30 \$30 \$30 \$30 \$30 \$30 \$30 \$30 \$30

Sales Volumes 76,087 61,096 28,926 21,256 11,615 9,997 5,310 7,852 9,276 19,905 46,624 52,303

Base Rate of Recovery (Comp calc) \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00

Rider Rate of Recovery \$0.26 \$0.26 \$0.26 \$0.26 \$0.26 \$0.26 \$0.26 \$0.26 \$0.26 \$0.26 \$0.26 \$0.26

**GLENWOOD ENERGY OF OXFORD, INC.  
UNCOLLECTIBLE ACCOUNTS EXPENSE RIDER**

	2013											
	ACTUAL						ESTIMATED					
	January	February	March	April	May	June	July	August	September	October	November	December
	\$11,765.05	(\$8,982.36)	(\$27,209.83)	(\$39,868.90)	(\$48,803.81)	(\$52,759.30)	(\$49,453.56)	(\$1,869.74)	(\$4,298.29)	(\$29,450.08)	(\$30,246.25)	(\$32,079.65)
	\$0.00	\$0.00	\$4,660.58	\$0.00	\$0.00	\$5,526.07	\$0.00	\$0	\$25,500.00	\$0	\$0	\$20,000
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0	\$0	\$0	\$0	\$0
	\$20,754.50	\$17,942.60	\$16,397.42	\$8,653.58	\$3,605.94	\$1,868.36	\$2,067.52	\$2,061.80	\$368.79	\$603.03	\$1,630.45	\$2,740.68
	\$234.23	\$179.54	\$778.80	\$0.00	\$0.00	\$0.00	\$0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00
	(\$20,988.73)	(\$18,122.14)	(\$12,515.64)	(\$8,653.58)	(\$3,605.94)	\$3,657.71	(\$2,067.52)	(\$2,061.80)	\$25,131.21	(\$603.03)	(\$1,630.45)	\$17,259.32
	(\$9,223.68)	(\$27,104.50)	(\$39,725.47)	(\$48,522.48)	(\$52,409.75)	(\$49,101.59)	(\$51,521.08)	(\$53,931.54)	(\$29,167.08)	(\$30,053.11)	(\$31,876.69)	(\$14,820.33)
	\$241.32	(\$105.33)	(\$143.43)	(\$281.33)	(\$349.55)	(\$351.98)	(\$348.65)	(\$366.75)	(\$283.00)	(\$193.14)	(\$202.96)	(\$145.87)
	(\$8,982.36)	(\$27,209.83)	(\$39,868.90)	(\$48,803.81)	(\$52,759.30)	(\$49,453.56)	(\$51,869.74)	(\$54,298.29)	(\$29,450.08)	(\$30,246.25)	(\$32,079.65)	(\$14,966.21)
	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%
	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%
	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30
	79,825	69,010	63,067	33,283	13,869	7,186	7,952	7,930	8,035	13,138	37,140	62,430
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.26	\$0.26	\$0.26	\$0.26	\$0.26	\$0.26	\$0.26	\$0.26	\$0.0439	\$0.0439	\$0.0439	\$0.0439

**GLENWOOD ENERGY OF OXFORD, INC.  
UNCOLLECTIBLE ACCOUNTS EXPENSE RIDER**

2024 ESTIMATED

	January	February	March	April	May	June	July	August	September	October	November	December
	(\$14,966.21)	(\$18,599.25)	(\$21,929.86)	(\$20,948.33)	(\$22,541.95)	(\$23,291.97)	(\$18,206.52)	(\$18,663.47)	(\$19,123.76)	\$6,004.38	\$5,500.49	\$3,935.18
	\$0.00	\$0.00	\$4,650.58	\$0.00	\$0.00	\$5,526.07	\$0.00	\$0.00	\$25,500.00	\$0.00	\$0.00	\$20,000.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$3,504.32	\$3,029.54	\$2,759.86	\$1,461.04	\$608.67	\$315.47	\$349.09	\$349.01	\$352.74	\$576.76	\$1,630.45	\$2,740.68
	\$234.23	\$179.54	\$778.88	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	(\$3,738.55)	(\$3,209.08)	\$1,111.84	(\$1,461.04)	(\$608.67)	\$5,210.60	(\$349.09)	(\$349.01)	\$25,147.26	(\$576.76)	(\$1,630.45)	\$17,259.32
	(\$18,704.75)	(\$21,808.33)	(\$20,818.02)	(\$22,409.36)	(\$23,150.63)	(\$18,081.37)	(\$18,555.61)	(\$19,012.48)	\$6,023.50	\$5,427.62	\$3,870.04	\$21,194.51
	\$105.50	(\$121.53)	(\$130.30)	(\$132.59)	(\$141.35)	(\$125.15)	(\$107.86)	(\$111.28)	(\$19.13)	\$72.87	\$65.14	\$124.24
	(\$18,599.25)	(\$21,929.86)	(\$20,948.33)	(\$22,541.95)	(\$23,291.97)	(\$18,206.52)	(\$18,663.47)	(\$19,123.76)	\$6,004.38	\$5,500.49	\$3,935.18	\$21,318.74
	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%	0.7500%
	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%
	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30
	79,825	69,010	62,867	33,281	13,865	7,186	7,952	7,950	8,035	13,138	37,140	62,430
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.0439	\$0.0439	\$0.0439	\$0.0439	\$0.0439	\$0.0439	\$0.0439	\$0.0439	\$0.0439	\$0.0439	\$0.0439	\$0.0439



Exhibit 2

**GLENWOOD ENERGY OF OXFORD, INC.**  
**BAD DEBT TRACKER**  
**STAFF CALCULATIONS**

1	Actual annual sales for Twelve Months ended December 31, 2012		350,247	Mcf
2	Actual Bad debt deferral as of:	March 31, 2013	(\$39,868.90)	
3	Recover rate (Line 2/Line 1)		(\$0.1138)	per Mcf
4	Projected bad debt write-off and collection expense		\$55,686.65	
5	Recovery Rate (Line 5/Line 4)		\$0.1590	per Mcf
6	Total Bad debt tracker (Line 3 + Line 5)		\$0.0452	per Mcf
7	Rider Rate Approved Case No. 12-310-GA-UEx		\$0.2600	per Mcf
8	Change \$ (Line 6 - Line 7)		(\$0.2148)	per Mcf
9	Percent Change (Line 8/Line 7)		-82.63%	