

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Uncollectible Expense)	
Rider of Northeast Ohio Natural Gas)	Case No. 13-309-GA-UEX
Corporation)	

ANNUAL UNCOLLECTIBLE EXPENSE RIDER REPORT

Northeast Ohio Natural Gas Corporation (hereinafter, "Northeast") submits herewith its Annual Report for May 1, 2012 through April 30, 2013, plus the information required in Paragraph 12 of the Commission's Finding and Order Dated August 19, 2009 in Case No. 08-1229-GA-COI, *In the Matter of Five-Year Review of Natural Gas Company Uncollectible Riders* for calendar year 2012. In case No. 11-3505-GA-UEX, the Commission approved Northeast's current UEX Rider rate of \$0.00 per Mcf. The report is as follows:

1. Attached hereto and marked Attachment 1, is Northeast's Annual Uncollectible Expense Report for calendar year 2012, Page 1 of Attachment 1 shows actual uncollectible balances for January through December 2012. Consistent with Staff's recommendations set forth in the report in 12-309-GA-UEX, Northeast reports a beginning Uncollectible Account balance of (\$75,655.82) on January 1, 2012. The ending balance is (\$63,136.94) as of December 31, 2012.

2. Attachment 1, page 2 of 3, shows actual balances for January 1, 2013 through June 30, 2013 and additionally shows estimated balances by month through December 31, 2013, estimated bad debt expense by month, and the estimated monthly sales volume, as applicable. On December 31, 2013, the estimated Uncollectible account balance is (\$31,811.73).

3. Attachment 1, page 3 of 3, shows estimated balances for January, 2014 through June 30, 2014 assuming the modification in Uncollectible Expense Rider applied for herein effective November 1, 2013. The estimated balance assuming a change to the Uncollectible Expense Rider is \$4,848.44 as of June 30, 2014.

4. Northeast believes it is appropriate and reasonable to consider the prospective application of the Uncollectible Expense Rider in the development of the appropriate Uncollectible Expense Rider rate since it better matches expenses with recoveries. The Commission has found this procedure to be reasonable in applications for an adjustment in the Uncollectible Expense Rider rates of Columbia Gas of Ohio, Inc. in Case No. 10-578-GA-UEx, and Duke Energy Ohio in Case No. 10-726-GA-UEx.

5. Attachment 2 details the calculation showing the potential change in Northeast's Uncollectible Expense Rider Rate based on its Actual Bad Debt Deferral as of June 30, 2013, Actual Volume from July of 2012 through June of 2013 and the (0.030 recovery rate, estimated bad debt write-offs, UEX Rider recoveries and sales volumes through June 2014. The revised Rider rate proposed to be effective on and after November 1, 2013 is calculated to be a credit to customers of \$0.014 per Mcf, which is a decrease of \$0.014 per Mcf from the currently effective rate of \$0.00 per Mcf. Northeast's tariff provides, pursuant to the Commissions guidelines adopted in Case No. 03-1127-GA-UNC, that an annual adjustment in an Uncollectible Expense Rider rate is appropriate when the over- or under-collection balance would exceed plus/minus ten percent absent adjustment, which is the case in this instance.

6. Such a change is based on actual experience for the twelve (12) months ended June 2010 as adjusted for estimated uncollectible accruals and projected sales

volumes through June 2014 and should be approved no later than October 31, 2013, subject to adjustment when Northeast files its next Annual Report of Uncollectible Expense Rider Balance as of the twelve months ending June, 2014.

7. For this reason, Northeast Ohio Natural Gas Corporation submits that the proposed decrease from its currently effective Uncollectible Expense Rider rate of \$0.00 per Mcf to a credit in the amount of \$0.014 per Mcf is appropriate.

8. Attachment 3 also includes redlined and clean proposed revisions to Northeast's tariff reflecting the decreased Uncollectible Expense Rider Rate proposed herein.

Respectfully submitted this 29 day of October, 2013


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ATTACHMENT 1 P. 1 OF 3

Northeast Ohio Natural Gas Corp. Bad Debt Rider Annual Balance Reconciliation 2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(1) Balance - Beginning of Month	\$ (75,655.82)	\$ (73,871.34)	\$ (73,987.39)	\$ (74,327.44)	\$ (72,017.07)	\$ (72,201.67)	\$ (71,309.02)	\$ (70,763.44)	\$ (69,129.17)	\$ (67,343.85)	\$ (67,072.29)	\$ (68,945.95)
(2) Bad Debts Written Off	2,237.46	331.88	109.25	2,753.71	252.30	1,327.41	975.97	2,058.07	2,198.75	678.76	(1,461.60)	6,209.15
(3) Recovery - Base Rates												
(4) Recovery - Bad Debt Rider												
(5) Recovery - Other												
(6) Incremental Bad Debt	2,237.46	331.88	109.25	2,753.71	252.30	1,327.41	975.97	2,058.07	2,198.75	678.76	(1,461.60)	6,209.15
(7) Balance Subtotal	(73,418.36)	(73,539.46)	(73,878.14)	(71,573.73)	(71,764.77)	(70,874.26)	(70,333.05)	(68,705.37)	(66,930.42)	(66,665.09)	(68,533.89)	(62,736.80)
(8) Carrying Charges	(452.98)	(447.93)	(449.31)	(443.34)	(436.90)	(434.75)	(430.40)	(423.79)	(413.43)	(407.20)	(412.06)	(400.13)
(9) Balance - End of Month	\$ (73,871.34)	\$ (73,987.39)	\$ (74,327.44)	\$ (72,017.07)	\$ (72,201.67)	\$ (71,309.02)	\$ (70,763.44)	\$ (69,129.17)	\$ (67,343.85)	\$ (67,072.29)	\$ (68,945.95)	\$ (63,136.94)

MEMO ONLY

Net Monthly Carrying Charge R:	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%
Sales Volumes	277,969.5	297,932.1	243,633.3	131,410.9	115,281.5	60,584.1	49,605.10	56,684.10	55,973.00	77,091.0	164,741.7	229,517.5

- (2) Bad Debts Written Off
(5) Recovery - Other

ATTACHMENT 1 P. 2 OF 3

Northeast Ohio Natural Gas Corp. Bad Debt Rider Annual Balance Reconciliation 2013

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
(1) Balance - Beginning of Month	\$ (63,136.94)	\$ (63,659.95)	\$ (63,890.49)	\$ (64,792.80)	\$ (64,399.51)	\$ (64,061.53)	\$ (64,450.84)	\$ (61,833.41)	\$ (62,209.19)	\$ (50,550.79)	\$ (46,845.84)	\$ (40,804.99)
(2) Bad Debts Written Off	(138.89)	155.86	(512.47)	784.66	727.15	-	3,000.00	-	12,000.00	4,000.00	4,000.00	6,000.00
(3) Recovery - Base Rates	-	-	-	-	-	-	-	-	-	-	-	-
(4) Recovery - Bad Debt Rider	-	-	-	-	-	-	-	-	-	-	-	-
(5) Recovery - Other	-	-	-	-	-	-	-	-	-	-	2,306.38	3,213.25
(6) Incremental Bad Debt	(138.89)	155.86	(512.47)	784.66	727.15	-	3,000.00	-	12,000.00	4,000.00	6,306.38	9,213.25
(7) Balance Subtotal	(63,275.83)	(63,504.09)	(64,402.96)	(64,008.14)	(63,672.36)	(64,061.53)	(61,450.84)	(61,833.41)	(50,209.19)	(46,550.79)	(40,539.46)	(31,591.74)
(8) Carrying Charges	(384.12)	(386.40)	(389.84)	(391.38)	(389.16)	(389.32)	(382.57)	(375.78)	(341.60)	(295.06)	(265.53)	(219.99)
(9) Balance - End of Month	\$ (63,659.95)	\$ (63,890.49)	\$ (64,792.80)	\$ (64,399.51)	\$ (64,061.53)	\$ (64,450.84)	\$ (61,833.41)	\$ (62,209.19)	\$ (50,550.79)	\$ (46,845.84)	\$ (40,804.99)	\$ (31,811.73)

MEMO ONLY

Net Monthly Carrying Charge R:	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%
Sales Volumes	324,822.3	342,467.6	333,966.1	281,261.3	130,559.3	85,745.1	49,605.10	56,684.10	55,973.00	77,091.0	164,741.7	229,517.5

- (2) Bad Debts Written Off
(5) Recovery - Other

ATTACHMENT 1 P. 3 OF 3

Northeast Ohio Natural Gas Corp. Bad Debt Rider Annual Balance Reconciliation 2014

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
(1) Balance - Beginning of Month	\$ (31,811.73)	\$ (22,428.53)	\$ (13,743.57)	\$ (6,128.24)	\$ (209.79)	\$ 2,625.36						
(2) Bad Debts Written Off	5,000.00	4,000.00	3,000.00	2,000.00	1,000.00	1,000.00						
(3) Recovery - Base Rates												
(4) Recovery - Bad Debt Rider	4,547.51	4,794.55	4,675.53	3,937.66	1,827.83	1,200.43						
(5) Recovery - Other												
(6) Incremental Bad Debt	9,547.51	8,794.55	7,675.53	5,937.66	2,827.83	2,200.43						
(7) Balance Subtotal	(22,264.22)	(13,633.99)	(6,068.04)	(190.59)	2,618.04	4,825.79						
(8) Carrying Charges	(164.32)	(109.58)	(60.20)	(19.20)	7.32	22.64						
(9) Balance - End of Month	\$ (22,428.53)	\$ (13,743.57)	\$ (6,128.24)	\$ (209.79)	\$ 2,625.36	\$ 4,848.44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MEMO ONLY

Net Monthly Carrying Charge R:	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%
Sales Volumes	324,822.3	342,467.6	333,966.1	281,261.3	130,559.3	85,745.1						

- (2) Bad Debts Written Off
- (5) Recovery - Other

ATTACHMENT 2

Northeast Ohio Natural Gas Corporation
Revised Rider Rate Calculation
June 30, 2013

Actual Bad Debt Deferral as of 6/30/13	(64,451)
Actual Volumes 7/12-6/13	2,132,434
Recovery Rate	(0.030)
Estimated Uncollectible accounts 7/13-6/14	35,000
Projected Volumes 7/13-6/14	2,132,434 Mcf
Projected Recovery Rate	0.02
Total Bad Debt Rate	(0.014)
Current Rider Rate 10-309-GA-UEX	0.00
Change	(0.014)

P.U.C.O. NO. 1

NORTHEAST OHIO NATURAL GAS CORP.

Third Revised Sheet No. 57

RULES AND REGULATIONS GOVERNING THE TRANSPORTATION
OF NATURAL GAS IN THE STATE OF OHIO

71. **MCF TAX RIDER.** Applicable to all distribution and transportation services to provide for recovery of Northeast Ohio Natural Gas Corp.'s excise tax liability. In addition to all other rates, each Mcf delivered is subject to the following excise tax:

First 100 Mcf per month	\$.1593 per Mcf
Next 1,900 Mcf per month	\$.0877 per Mcf
Over 2,000 Mcf per month	\$.0411 per Mcf
Flex Customer	\$.0200 per Mcf

All bills rendered to a Flex Customer as defined by O.R.C. 5727.80(N) shall be assessed using the Flex Customer rate above (\$.02 per Mcf) with a corresponding reduction to the flexed base rate billed to that customer.

72. **Uncollectible Expense Rider.** Applicable to all customers served under rate schedules SGS, GS, AND LGS. ~~An additional charge of \$0.00 per Mcf shall be applied to all volumes for service rendered under applicable rate schedules to recover costs associated with uncollectible accounts arising from those customers responsible for paying the Uncollectible Expense Rider.~~ The Company shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over or under collections.
73. **Interim, Emergency and Temporary PIP Plan Tariff Schedule Rider.** Applicable to all distribution and transportation services and in addition to all other rates and charges, the Interim Emergency and Temporary PIP Plan Rate base rate rider for gas service established in Case No. 09-0587-GA-PIP is \$.0313 per Mcf delivered.

Filed pursuant to Case No. 11-3505-GA-UEx

Issued: August 25, 2011

Effective: For Bills Rendered on or after
August 25, 2011

Issued by
Northeast Ohio Natural Gas Corporation
Thomas J. Smith, President

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Case No(s). 13-0309-GA-UEx

Summary: Annual Report Annual Uncollectible Expense Rider Report electronically filed by Mark Yurick on behalf of Northeast Ohio Natural Gas Corporation