Ohio | Public Utilities Commission

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May 16, 2014

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

RE: *In the Matter of the Application of Duke Energy Ohio, Inc.(Duke) for Approval of an Adjustment to its Uncollectible Expense Rider Rate, Case No. 14-318-GA-UEX.*

Enclosed please find Staff's Comments regarding Duke's application to implement an uncollectible expense rider in Case No. 14-318-GA-UEX.

Respectfully submitted,

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

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Enclosure
Cc: Parties of Record

Application of Duke Energy Ohio, Inc.

Case No. 14-318-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, including Duke Energy Ohio, Inc. (Duke). 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	$0.15690 per Mcf
July 2010 – June 2011	$0.26073 per Mcf
July 2011 – June 2012	$(0.20632) per Mcf
July 2012 – August 2013	$0.02926 per Mcf
September 2013 – current	$0.05240 per Mcf

On April 21, 2014, Duke filed an application in Case No. 14-318-GA-UEX to revise its current uncollectible expense rider rate.

Application

Duke's application would increase the existing rider rate of $ 0.05240 per Mcf to $ 0.09802 per Mcf .

Duke's application reflects an increase from the existing rider rate of $0.05240 per Mcf, to $0.09802 per Mcf, a proposed increase of $0.04562 per Mcf. Page 2 of 4 of Attachment 1, contains Duke's actual Annual Balance Reconciliation (ABR) through March 31, 2014, with an ending balance of $1,117,871. Page 3 of 4 of Attachment 1, depicts twelve months of projected bad debt expenses $4,284,204 as of March 2015. Page 4 of 4 of Attachment 1 shows 12 months of projected sales volumes ending March 2015.

Duke summarizes it attachments on page 1 of 4, Attachment 1. On this attachment, Duke proposed rider rate is calculated by adding the unrecovered ending balance as of March 31, 2014, of $1,117,871 to the projected 12 months of bad debt expense of $4,284,204 (April 2014 through March 2015) to sum to a total of $5,402,075. This total is then divided by 12 months of projected sales volumes to arrive at the proposed rider rate of $0.09802 per Mcf.

Attachment 2, contains Duke's proposed and scored tariff sheets.

Recommendation

Staff has reviewed the application and does not propose any adjustments to the proposed rider rate. Staff believes Duke's application and attachments appropriately calculate the rider and recommends the proposed rate of $0.09802 per Mcf be approved.