

Ohio

FILE

**Public Utilities
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June 17, 2014

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
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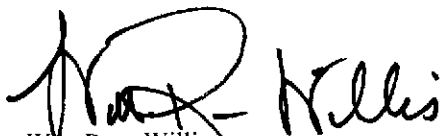
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RE: *In the Matter of the Application of Suburban Natural Gas Company for Approval of an Adjustment to its Uncollectible Expense Rider Rate.*

Enclosed please find the Staff's Comments regarding Suburban Natural Gas Company's application to adjust the Uncollectible Expense Rider in Case No. 14-316-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)
Suburban Natural Gas Company)
for Approval of an Adjustment) Case No. 14-316-GA-UEX
to its Uncollectible Expense Rider Rate.)
)

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

Date submitted: June 17, 2014

Application of Suburban Natural Gas Company
Case No. 14-316-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. In Case No. 07-689-GA-AIR, Suburban Natural Gas (Suburban) filed and Application to Increase Rates (Application) with the Public Utilities Commission of Ohio (Commission). The application, among other things, sought approval to establish and implement an Uncollectible Expense Rider (UEX Rider). On March 19, 2008, the Commission issued an Opinion and Order authorizing Suburban to establish and implement an initial UEX Rider of \$.0701 per Mcf, which became effective on April 17, 2008.

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

| | |
|----------------------------|------------|
| April 2008 - July 2009 | \$0.0701 |
| August 2009 - October 2011 | \$0.0864 |
| November 2011 - July 2012 | \$0.0569 |
| August 2012 - July 2013 | \$(0.0414) |
| August 2013 - Current | \$(0.0256) |

On May 30, 2014, Suburban filed the pending application to revise its current uncollectible expense rider rate. Staff has reviewed the application and makes its findings and recommendations in this staff comments.

Application

Suburban's application would increase the existing rider rate of \$(0.0256) per Mcf to \$0.0013 per Mcf, a rate increase of .0270 cents or 105 percent. Suburban proposes this increase in the UEX rate based on its actual deferred uncollectible accounts expense net of recoveries as of December 31, 2013.

Page 1 of Attachment 1 to the application provides the calculation for the revised rider rate. Suburban's ending uncollectible balance as of December 31, 2013 was an over-collected balance of \$24,050 and if passed back to customers over 12 months would produce a rate of

\$(0.01391) per Mcf. Suburban then projected its uncollectible expense for the next 12 months to be \$26,350, divided by 12 months of volumes to arrive at an uncollectible expense rider rate of \$0.01525 per Mcf. The final step in Suburban's calculation was to add the rates together to arrive at the new rider rate of \$(0.00133) per Mcf.

Page 2 of Attachment 1 provides Suburban's month-by-month balance reconciliation for the calendar year 2013. The balance reconciliation reflects the beginning balance, the incremental bad debt written off, the incremental uncollectible expense rider recoveries and the ending balance as of December 31, 2013.

Recommendation

Staff has performed a preliminary review of the annual balance reconciliation covering calendar year 2013. At this time, Staff does not propose any adjustments. The proposed rate of \$0.00133 increases the rate to a level reflective of the anticipated bad debt write-offs through December 2014.

Staff believes Suburban's application appropriately calculates the rider and recommends the proposed rate of \$0.00133 per Mcf be approved. The next detailed audit is scheduled to take place in 2014 which will cover the period of January 2012 to December 2013. A minor discrepancy was discovered with regard to the bad debt tracker used in the Company's filing. Staff recommends that in the upcoming 2014 audit of Suburban's rider, Staff examine the monthly uncollectible expense balances and write-offs and recoveries for 2012-2013 and any required adjustments/corrections be incorporated into subsequent uncollectible expense rider applications.