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July 21, 2014

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

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PUCO

RE: *In the Matter of the Application of the Southeastern Natural Gas for Adjustment to its Interim Emergency and Temporary Percentage of Income Payment Plan Rider.*

Enclosed please find the Staff Report regarding the Southeastern Natural Gas application to adjust the Interim Emergency and Temporary PIP Plan Rider in Case Nos. 14-415-GA-PIP.

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)
Southeastern Natural Gas for)
Adjustment of its Interim, Emergency) Case No. 14-415-GA-PIP
And Temporary Percentage of)
Income Payment Plan Rider.)

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

Date submitted: July 21, 2014

Application of Southeastern Natural Gas Company
Case No. 14-415-GA-PIP

Background

On December 2, 1993 in Case No. 88-1115-GE-PIP et al., the Commission approved a Finding and Order (1993 Order) adopting a Stipulation and Recommendation in which the parties agreed to provisions of the Interim Emergency and Temporary Percentage of Income Payment Plan (PIPP) riders. The provisions to the PIPP rider allowed for the recovery of certain costs incurred in providing income-eligible customers with utility service. The 1993 Order also established a procedure that permits a utility to implement a new PIPP rate on the forty-sixth day (automatic approval process) after the filing of an application, absent action by the Commission.

Since that time Southeastern Natural Gas (Southeastern or the Company) has filed several PIPP applications, and through the utilization of the automatic approval process has implemented the following rates:

December 2002 – September 2006	\$0.0864 per MCF
October 2006 – September 2008	\$0.1212 per MCF
October 2008 – June 2009	\$0.0160 per MCF
July 2009 – June 2013	\$0.0000 per MCF
July 2013 – Current	\$(0.0016) per MCF

On June 19, 2014, Southeastern filed a pending application to revise its PIPP rider rate. Staff has reviewed the application and makes its findings and recommendations in these comments.

Application

Southeastern's application would increase the existing PIPP rider rate of \$(0.0016) per MCF to \$0.0721 per MCF.

The Company provided the annual balance reconciliation to Staff. The calculation indicates Southeastern's ending PIPP balance as of April 30, 2014 was an under-collected balance of \$1,789, and if collected from customers over 12 months would produce a rate of \$0.0064 per MCF. Southeastern then projected its PIPP expense for the next 12 months to be \$9,185, and if collected over the next 12 months would produce a rate of \$0.0657 per MCF. The final step in

Southeastern's calculation was to add the rates together to arrive at the proposed rider rate of \$0.0721per MCF.

Exhibit 2 of the amended application contains a copy of the proposed tariff sheets.

Recommendation

Staff has performed a review of the annual balance reconciliation covering the period May 2013 through April 2014. The company has experienced issues related to customer billing in 2013 and the first part of 2014 related to installation of a new billing system. According to the Company, the billing issues are unlikely to be resolved by the fourth quarter of 2014 any over- or under-collection for PIPP would be distorted for the period. Therefore, Staff recommends establishing a rider at the rate of \$0.0000 at this time. The company agrees with this approach and has filed a letter in the docket expressing its willingness to accept Staff's recommendation.

Staff also recommends that in the next audit of Southeastern's riders in 2015, the auditors examine the PIPP expenses and recoveries for 2014 and the first quarter of 2015, and that any required adjustments/corrections be incorporated into the 2016 PIPP rider application.