



**Public Utilities  
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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 Pike Natural Gas for Adjustment to its Interim  
Emergency and Temporary Percentage of Income Payment Plan Rider.*

Enclosed please find the Staff Report regarding the Pike Natural Gas application to adjust  
the Interim Emergency and Temporary PIP Plan Rider in Case Nos. 14-414-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            )  
Pike Natural Gas for Adjustment            )  
Of its Interim, Emergency and            ) Case No. 14-414-GA-PIP  
Temporary Percentage of Income            )  
Payment Plan Rider.                         )

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

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Date submitted: July 21, 2014

Application of Pike Natural Gas Company  
Case No. 14-414-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 Pike Natural Gas (Pike or the Company) has filed several PIPP applications, and through the utilization of the automatic approval process has implemented the following rates:

September 1987 - December 1996	\$0.08200 per MCF
January 1997 - November 2002	\$(0.0295) per MCF
December 2002 - September 2006	\$0.1056 per MCF
October 2006 - September 2008	\$0.3456 per MCF
October 2008 - June 2009	\$0.3030 per MCF
June 2009 - August 2013	\$0.1972 per MCF
August 2013 - Current	\$(0.0827) per MCF

On June 19, 2014, Pike 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

Pike's application would increase the existing PIPP rider rate of \$(0.0827) per MCF to \$(0.0353) per MCF.

The Company provided the annual balance reconciliation to Staff. The calculation indicates Pike's ending PIPP balance as of March 31, 2014 was an over-collected balance of \$(303,648.79) , and if collected from customers over 12 months would produce a rate of \$(0.1447) per MCF. Pike then projected its PIPP expense for the next 12 months to be \$114,746, and if collected over the next 12 months would produce a rate of \$0.1094 per MCF. The final step in Pike's calculation was to add the rates together to arrive at the proposed rider rate of \$(0.0353) per 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 April 2013 through March 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 and 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 Pike'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.