



**Public Utilities  
Commission**

John R. Kasich, Governor  
Thomas W. Johnson, Chairman

**Commissioners**

Steven D. Lesser  
Asim Z. Haque  
Lynn Slaby  
M. Beth Trombold

July 21, 2014

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

RECEIVED-DOCKETING DIV  
2014 JUL 21 AM 8:36  
PUCO

RE: *In the Matter of the Application of the Pike Natural Gas for Approval of an Adjustment to its Uncollectible Expense Rider Rate.*

Enclosed please find the Staff Report regarding the Pike Natural Gas application to adjust the Uncollectible Expense Rider Rate in Case Nos. 14-314-GA-UEx.

Respectfully submitted,

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

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.  
Technician And Date Processed 7/21/14

180 East Broad Street  
Columbus, Ohio 43215-3793

(614) 466-3016  
www.PUCO.ohio.gov

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Pike Natural Gas Company	)	
For Approval of an Adjustment	)	Case No. 14-314-GA-UEX
To its Uncollectible Expense Rider Rate.	)	
	)	

---

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

---

Date submitted: July 21, 2014

Application of Pike Natural Gas Company  
Case No. 14-314-GA-UEx

Background

In Case No. 03-1127-GA-UNC, the Commission authorized the concept of an uncollectible accounts expense recovery mechanism for five gas companies. The mechanism approved allows for recovery of actual bad/uncollectible debt through a rider, rather than through base rates. Subsequently, Pike Natural Gas Company (Pike) was authorized in Case No. 04-1339-GA-UEx to begin to defer its uncollectible expenses for future recovery. In that same proceeding, the Commission directed that establishment of a rider to recover those deferrals would be considered in conjunction with Pike's base rate revision in Case No. 05-824-GA-AIR. On June 28, 2006, the Commission issued its Opinion and Order in that case and authorized an initial uncollectible rider rate of \$0.0787.

Since that time Pike has filed annual updates to adjust the rider when appropriate, and the Commission has authorized such subsequent revisions. The history of Pike's rider is as follows.

July 2006-June 2007	\$0.0787 per MCF
July 2007-June 2009	\$0.0155 per MCF
July 2009-June 2010	\$0.0597 per MCF
July 2010-June 2011	\$0.0405 per MCF
July 2011-June 2012	\$0.0000 per MCF
July 2012-July 2013	\$0.0000 per MCF
August 2013-Current	(\$0.0109) per MCF

On June 19, 2014 Pike filed the pending application to revise its current uncollectible expense rider rate. Staff has reviewed the application and makes its finding and recommendations in this staff report.

Application

Pike's application requests an increasing in the existing rider rate of (\$0.0109) per MCF to \$0.00203 per MCF. The calculation for the revised rider rate is found on page 1 of Attachment 1 in the application. Pike's ending uncollectible balance as of December 31, 2013 is an over-collected balance of (\$9,247). This balance, if passed back to customers over a two year period would result in a rate of (\$0.0100) per MCF. Pike then projected its uncollectible expense for the next 12 months to be \$28,040. A recovery rate of \$0.0303 is required in order to keep rider revenues equal to uncollectibles. The sum of these rates results in a revised rider rate of \$0.0203 per MCF.

The Company provided to staff a month-by-month balance reconciliation for the calendar year 2013. The balance reconciliation reflects the beginning balance carried over from the previous year, the amount of bad debt written off, collection expenses, the amount recovered through the bad debt rider and the ending balance for 2013.

In the Opinion and Order from Case No. 13-307-GA-UEx, the Commission ordered the Company to include collection agency remittances net of fees in its calculation. This amount should have been

included in its calculation of the Actual Annual Bad Debt Write-Off located on Attachment 1, page 1, line 6. The Company erred in its filing by omitting collection agency recoveries in the amount of \$7,192. Staff's calculations would result an uncollectible expense for the next 12 months of \$20,849, a recovery rate of \$.0226 per MCF and a revised rider rate of \$.0123 per MCF.

#### Recommendation

Staff has performed a review of the annual balance reconciliation covering the calendar year 2013. As noted in the application, the Company has experienced issues related to customer billing and has not classified any accounts as uncollectible during this period. According to the Company, the billing issues are unlikely to be resolved by the fourth quarter of 2014 and the company will continue to accumulate unpaid balances until that time. Since the over-collection and the uncollectible expense amounts are distorted for the period, Staff recommends establishing a rider at the rate of \$0.0000. The company agrees with this approach and has filed a letter in the docket expressing its willingness to accept Staff's recommendation.

Staff will be closely examining the monthly uncollectible expense balances, write-offs and recoveries for both the 2013 and 2014 periods during Pike's GCR audit in 2015. Any required adjustments and/or corrections will be incorporated into the next uncollectible expense rider application.