

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Uncollectible Expense)
Rider of Pike Natural Gas Company, Inc.) Case No. 14-314-GA-UEX
and Related Matters.)

FINDING AND ORDER

The Commission finds:

- (1) Pike Natural Gas Company (Pike) is a public utility as defined in R.C. 4905.02 and, as such, is subject to the jurisdiction of this Commission.
- (2) In *In re Pike Natural Gas Company, Inc.*, Case No. 04-1339-GA-ATA, Finding and Order (Jan. 26, 2005), the Commission authorized Pike to begin to defer its uncollectible expenses (UEX) for future recovery. In *In re Pike Natural Gas Company*, Case No. 05-824-GA-AIR, Opinion and Order (June 28, 2006), the Commission approved the establishment of a rider to recover those deferrals. The Commission authorized an initial UEX rider rate of \$0.0787 per thousand cubic feet (Mcf). Since that time, Pike has filed periodic updates to adjust the rider when appropriate.
- (3) Pike's current UEX rider rate of (\$0.0109)¹ per Mcf was approved in *In re Pike Natural Gas Company, Inc.*, Case No. 13-314-GA-UEX (2013 UEX Case), Finding and Order (July 2, 2013).
- (4) On June 19, 2014, Pike filed an application to revise its current UEX rider rate. Pike proposes to increase the UEX rider rate to \$0.0203 per Mcf. The proposed rate is comprised of the balance of deferred uncollectible accounts expense net of recoveries as of December 31, 2013, amortized over a one-year period; and the actual bad debt write-offs and collection expenses for the year 2013.
- (5) On July 21, 2014, Staff filed comments on the proposed UEX rider adjustment. Staff notes that Pike's ending uncollectible balance, as of December 31, 2013, is an over-collected balance of

¹ Throughout this Order, numbers in parenthesis indicate negative numbers.

(\$9,247). If passed back to customers over a two-year period, the resulting rate would be (\$0.0100) per Mcf. Pike projects its UEX for the next 12 months to be \$28,040. To keep rider revenues equal to uncollectibles, the recovery rate would need to be set at \$0.0303. The sum of these rates equates to a revised rider rate of \$0.0203 per Mcf.

In the February 26, 2014 Opinion and Order in the *2013 UEX Case*, the Commission ordered Pike to include collection agency remittances net of fees in its calculation. Staff points out that this amount should have been included in its calculation of the actual annual bad debt write-off. Staff claims that Pike erred by omitting collection agency recoveries in the amount of \$7,192. Staff calculated an uncollectible expense for the next 12 months of \$20,849, a recovery rate of \$0.0226 per Mcf, and a revised rate of \$0.0123 per Mcf.

In its recommendation, Staff highlights that Pike has experienced customer billing issues for the calendar year 2013. Pike has not classified any accounts as uncollectible during this period. The billing issues are expected to continue into the fourth quarter of 2014, with the continued accumulation of unpaid balances. Since the over-collection and the uncollectible expense amounts are distorted for the period, Staff recommends a rider rate of \$0.0000.

Staff intends to examine the monthly UEX balances, write-offs, and recoveries for both the 2013 and 2014 periods during Pike's gas cost recovery audit in 2015. Any required adjustments or corrections will be incorporated into the next UEX rider application.

- (6) In a letter filed July 18, 2014, Pike agreed with Staff's recommendation.
- (7) The Commission reviewed the application, as well as Staff's comments, and finds that a UEX rider rate of \$0.0000 is reasonable and in the public interest, and that it should be approved.

It is, therefore,

ORDERED, That Staff's recommendation, as agreed to by Pike, to set Pike's UEX rider rate to \$0.0000 be approved. It is, further,

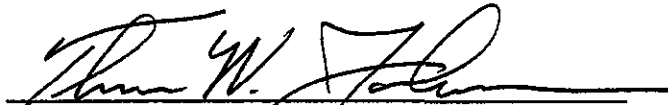
ORDERED, That Pike be authorized to file two complete copies of tariffs, in final form, consistent with this Finding and Order. Pike shall file one copy in this case docket and one copy in its TRF docket. It is, further,

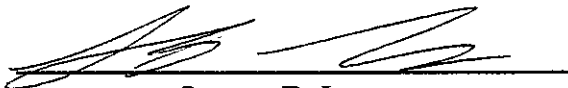
ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which final tariffs are filed with the Commission. It is, further,


ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this Finding and Order be served upon all parties and interested persons of record.


THE PUBLIC UTILITIES COMMISSION OF OHIO


Thomas W. Johnson, Chairman


Steven D. Lesser



Lynn Slaby


M. Beth Trombold


Asim Z. Haque

LDJ/vrm

Entered in the Journal
JUL 30 2014


Barcy F. McNeal

Barcy F. McNeal
Secretary