

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION TO
MODIFY THE UNCOLLECTIBLE EXPENSE
RIDER OF PIKE NATURAL GAS COMPANY.

CASE NO. 18-314-GA-UEX

FINDING AND ORDER

Entered in the Journal on October 10, 2018

I. SUMMARY

{¶ 1} The Commission approves the application, as amended, of Pike Natural Gas Company to decrease its uncollectible expense rider rate, subject to Staff's recommendations.

II. DISCUSSION

{¶ 2} Pike Natural Gas Company (Pike or Company) is a natural gas company as defined in R.C. 4905.03 and a public utility as defined in R.C. 4905.02 and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} On January 26, 2005, the Commission authorized Pike to begin to defer its uncollectible expenses (UEX) for future recovery. *In re Pike Natural Gas Co.*, Case No. 04-1339-GA-UEX, et al., Finding and Order (Jan. 26, 2005). On June 28, 2006, the Commission approved the establishment of a rider to recover those deferrals and authorized an initial UEX rider rate of \$0.0787 per thousand cubic feet (Mcf). *In re Pike Natural Gas Co.*, Case No. 05-824-GA-AIR, Opinion and Order (June 28, 2006). Since that time, Pike has filed periodic updates to adjust the rider.

{¶ 4} On October 28, 2015, the Commission approved Pike's current UEX rider rate of \$0.3241 per Mcf. *In re Pike Natural Gas Co.*, Case No. 15-314-GA-UEX, Finding and Order (Oct. 28, 2015).

{¶ 5} In Case No. 17-214-GA-GCR, et al., the Commission approved a stipulation, which provided, in part, that Pike would file an application to adjust its UEX rider rate no later than 30 days from the date of the Commission's Opinion and Order. *In re Pike Natural Gas Co.*, Case No. 17-214-GA-GCR, et al., Opinion and Order (July 25, 2018).

{¶ 6} On July 26, 2018, as amended on August 6, 2018, and August 8, 2018, in the above-captioned case, Pike filed an application to decrease its UEX rider rate from \$0.3241 per Mcf to (\$0.0916) per Mcf.¹ Pike's proposed UEX rider rate is summarized below:

Current Rate	Proposed Rate	Proposed Decrease
\$0.3241 per Mcf	(\$0.0916) per Mcf	\$0.4157 per Mcf

Pike also proposes to add the following language to its UEX tariff: "Reconciliation. The Uncollectible Expense Rider is updated annually. The Company's actual uncollectible expense for the applicable Rate Schedules, including carrying charges, shall be reconciled annually, with any over or under collection being reflected as a charge or credit in a subsequent update of the Rider Rate. The charge or credit may include Customer refunds if the Commission or Supreme Court of Ohio determines, as a result of an audit of the audit period in which the Rider Rate was in effect, that the Company's charge was unlawful or unreasonable or included imprudent amounts."

{¶ 7} On September 7, 2018, Staff filed its review and recommendations. Staff believes that Pike's proposed amortization of a large over-collection over a five-year period is inappropriate. Taking into account that the rate charged to customers that

¹ Amounts shown in parentheses indicate negative numbers.

produced the over-collection was in effect for three years, Staff believes that amortization over three years is the appropriate period. Staff, therefore adjusted the recovery rate from five years to three years, which generated a UEX rider rate of (\$0.2127) per Mcf. Staff recommends that the Commission approve its calculated UEX rider rate. Staff's proposed decrease in the UEX rider rate is summarized below:

Current Rate	Proposed Rate	Proposed Decrease
\$0.3241 per Mcf	(\$0.2127) per Mcf	\$0.5368 per Mcf

{¶ 8} Staff also recommends that Pike's proposed tariff language be approved. In addition, to eliminate future occurrences of large over- or under-collections, Staff recommends that Pike follow its obligation to file annually a UEX application in May of each year if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over- or under-collections. If no adjustment to the rider will occur as a result of the ten percent threshold, Staff recommends that a separate filing be provided, as ordered in Case No. 03-1127-GA-UNC.

{¶ 9} The Commission has reviewed Pike's application, as amended, and Staff's review and recommendations, and finds that the amended application is reasonable, is in the public interest, and should be approved, in accordance with Staff's recommendations. Accordingly, the Commission finds that Pike should be authorized to include the revised UEX rider rate and tariff language in its tariff, which contains the terms, conditions, and rates that the Company applies to the gas service that it provides to customers.

{¶ 10} In accordance with Staff's recommendation, Pike should file an application to adjust its UEX rider in May of each year if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over- or under-collections. If there is no adjustment to the rider as a result of not meeting the ten percent threshold, a separate filing identifying the uncollectible amounts recovered, deferred, and, if applicable, amortized must be provided, consistent with the process adopted by the Commission for other natural gas companies in *In re The East Ohio Gas Co.*, Case No. 03-1127-GA-UNC, Finding and Order (Dec. 17, 2003) at 13-14.

III. ORDER

{¶ 11} It is, therefore,

{¶ 12} ORDERED, That Pike's application, as amended, be approved in accordance with Staff's recommendations and that Pike be authorized to decrease its UEX rider rate to (\$0.2127) per Mcf. It is, further,


{¶ 13} ORDERED, That Pike is authorized to file 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,

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

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

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

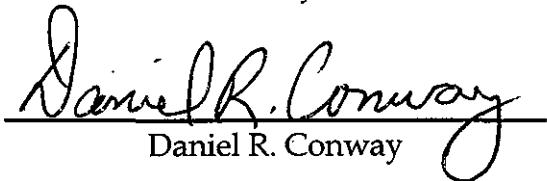
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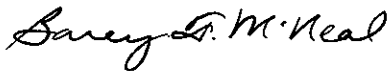

Lawrence K. Friedeman


Daniel R. Conway

LDJ/sc

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Barcy F. McNeal

Barcy F. McNeal
Secretary