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July 19, 2019

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

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RE: *In the Matter of the Application of Waterville Gas & Oil Company for Approval of an Adjustment to its Uncollectible Expense Rider Rate, Case No. 19-317-GA-UEx.*

Enclosed please find the Staff's Review and Recommendations regarding Waterville Gas & Oil Company's Uncollectible Expense Rider Rate reconciliation statement and rate proposal in Case No. 19-317-GA-UEx.

Respectfully submitted,

Tara S. Turkenton
Director, Rates and Analysis Department
Public Utilities Commission of Ohio

David Lipthrott
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Enclosure
cc: Parties of Record

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Waterville Gas & Oil Company
Case No. 19-317-GA-UEx

OVERVIEW

In Case No. 03-1127-GA-UNC, the Commission authorized the concept of an uncollectible accounts expense recovery mechanism for five natural gas companies. The mechanism approved allows for recovery of actual bad/uncollectible debt through a rider, rather than through base rates. Subsequently, Waterville Gas & Oil Company (Waterville or Company) was authorized in Case 07-194-GA-AIR to establish a rider recovery mechanism consistent with that which was approved in Case No. 03-1127-GA-UNC. On November 20, 2007, the Commission issued its Opinion and Order in that case and authorized an initial Uncollectible Expense (UEX) rider rate of \$0.03 per Mcf.

Since that time Waterville has filed annual updates to adjust its rider rate and the Commission has authorized such subsequent revisions. The recent history of the Company's rider rate is as follows:

July 2015 – October 2016	(\$0.0007)	per Mcf
October 2016 – October 2017	(\$0.0005)	per Mcf
October 2017 – June 2018	\$0.0002	per Mcf
July 2018 - Present	\$0.0007	per Mcf

On May 22, 2019, Waterville filed the pending application to revise its current UEX rider rate. Waterville is proposing in its application to increase its UEX rate from \$0.0007 per Mcf to \$0.0021 per Mcf, a rate change of \$0.0014 per Mcf. Waterville proposes this increase in the UEX rider rate based on its balance of deferred uncollectible accounts expense net of recoveries as of May 1, 2019 and forecasted recoveries through April 30, 2020. On May 30, 2019, Waterville submitted a “Revised Rider Rate Calculation” attachment. Staff has reviewed the application and makes its findings and recommendations in this Staff letter.

STAFF REVIEW

Staff performed a review of Waterville’s annual balance of actual uncollectible accounts expense net of recoveries as of January 1, 2018 through April 30, 2019 (Attachment 1); uncollectible expense rider calculation (Attachment 2) and proposed tariff language sheets (Attachment 3). Staff also reviewed the Company’s “Revised Rider Rate Calculation” and notes that the correction did not change the proposed rate. Staff notes that a prudence review of this UEX rate occurred in the recent UEX audit in Case No. 19-317-GA-UEx.

CONCLUSION

Staff completed its review of Waterville’s UEX from January 1, 2018 through April 30, 2019 and believes that the Company appropriately calculated the rider rate in the pending application and recommends that the proposed rate of \$0.0021 per Mcf be approved.