



Public Utilities Commission

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July 1, 2021

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

RE: *In the Matter of the Application of Northeast Ohio Natural Gas Corporation for Approval of an Adjustment to its Uncollectible Expense Rider Rate, Case No. 21-0309-GA-UEX.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations regarding the application filed by the Northeast Ohio Natural Gas Corporation to update its Gas Uncollectible Expense Rider, in Case No. 21-0309-GA-UEX.

Respectfully submitted,

David Liphtratt
Chief, Accounting and Finance Division
Public Utilities Commission of Ohio

Adam Burns
Accounting and Finance Division
Public Utilities Commission of Ohio

Enclosure
cc: Parties of Record

Northeast Ohio Natural Gas Corporation
Case No. 21-0309-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, Northeast Ohio Natural Gas Corporation (Northeast) and Orwell Natural Gas Company (Orwell) was authorized in Case Nos. 04-964-GA-AIR and 07-163-GA-AIR respectively to establish a rider recovery mechanism consistent with that which was approved in Case No. 03-1127-GA-UNC. On November 20, 2004, the Public Utilities Commission of Ohio (Commission) issued its Opinion and Order in Case No. 04-964-GA-AIR and authorized an initial Uncollectible Expense (UEX) rider rate of \$0.0100 per Mcf for Northeast. On June 27, 2007, the Commission issued its Opinion and Order in Case No. 07-163-GA-AIR and authorized an initial UEX rider rate of \$0.1000 per Mcf for Orwell.

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

November 2007 – July 2011	\$0.0810 per Mcf
August 2011 – October 2013	\$0.0000 per Mcf
November 2013 – September 2014	(\$0.0091) per Mcf
October 2014 – December 2015	\$0.0164 per Mcf
January 2016 – Current	\$0.0232 per Mcf

On September 27, 2017, the Commission's Finding and Order in Case No. 17-309-GA-UEx authorized Northeast to increase its UEX rider rate from \$0.0232 per Mcf to \$0.0239 per Mcf; however, subsequently Northeast did not update its tariff or charge customers the \$0.0239 per Mcf rate and continued to bill customers at the \$0.0232 per Mcf rate.

The recent history of Orwell's rider rate is as follows:

August 2012 – December 2013	\$0.0674 per Mcf
January 2014 – August 2014	(\$0.0083) per Mcf
September 2014 – December 2015	\$0.0077 per Mcf
January 2016 – April 2017	\$0.0876 per Mcf
May 2017 – Current	\$0.1465 per Mcf

In its application filed on June 22, 2021 (Application), Northeast is requesting authority to combine Northeast's rates of \$0.0232 per Mcf and Orwell's of \$0.1465 per Mcf into a single rate that would be applied to all of Northeast's customers. Northeast proposes to modify its existing UEX rider rate of \$0.0232 per Mcf and \$0.1465 per Mcf to a credit in the amount of (\$0.0237) per Mcf, a decrease of \$0.0469 per Mcf for Northeast area customers and a decrease of \$0.1702 per Mcf for

Orwell area customers. Staff has reviewed Northeast's application and makes its findings and recommendations herein.

STAFF REVIEW

Staff's review of Northeast's Application included examination of Northeast's Bad Debt Rider Annual Balance Reconciliation (Attachment 1, pages 3 and 4), Orwell's Bad Debt Rider Annual Balance Reconciliation (Attachment 2, pages 5 and 6), Northeast's Combined Areas Bad Debt Rider Annual Balance Reconciliation (Attachment 3, pages 7 and 8), Northeast's Bad Debt Rider Revised Rate Calculation (Attachment 4, page 9), and Uncollectible Expense Rider (Attachment 5, pages 10 and 11). Staff notes that a prudence review of this rate, if approved, will occur in a future uncollectible expense audit proceeding.

STAFF RECOMMENDATION

In this Application, the Company proposes to combine Northeast's rates of \$0.0232 per Mcf and Orwell's of \$0.1465 per Mcf into a single rate that would be applied to all of Northeast's customers, which Staff supports.

Staff completed its review of the Company's UEX from January 1, 2020 through March 31, 2021 and finds the Company appropriately calculated the rider rate in the pending application and recommends the combined proposed rate of (\$0.0237) per Mcf be approved.

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in

Case No(s). 21-0309-GA-UEx

Summary: Staff Review and Recommendation regarding the application filed by the Northeast Ohio Natural Gas Corporation to update its Gas Uncollectible Expense Rider electronically filed by Zee Molter on behalf of PUCO Staff