

A report by the Staff of the
Public Utilities Commission of Ohio

Glenwood Energy of Oxford, Inc.

Audit of the Percentage of Income Payment Plan Mechanisms
for the period January 2019 through December 2020.

Case No. 21-410-GA-PIP

November 19, 2021

Certificate of Accountability

As ordered by the Public Utilities Commission of Ohio (PUCO or Commission), the Staff has completed the required audits of Glenwood Energy of Oxford, Inc.'s (Glenwood or Company) rates for January 1, 2019 through December 31, 2020 (Audit Period). The Staff audited the material as set forth in the Commission Entry in Case No. 21-410-GA-PIP.

Staff's audit has revealed certain findings, as discussed in this audit report, which should be addressed in this proceeding. The Staff notes that at the time of preparing this report, unless otherwise noted, the Company accurately calculated their percentage of income payment plan (PIPP) rider rates for the Audit Period. Staff has performed its investigation and respectfully submits its findings and recommendations.



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

Glenwood Energy of Oxford, Inc. Percentage of Income Payment Plan

Commission Entry

On January 27, 2021, the Commission initiated the financial audit of Glenwood's PIPP rider rates that were in effect during the Audit Period. Staff has conducted its audit of Glenwood's PIPP arrearages, arrearage credits, write-offs and the arrearage forgiveness program and presents its findings and recommendations in this report.

Background

On December 2, 1993, in Case No. 88-1115-GA-PIP, the Commission adopted a Stipulation and Recommendation (Stipulation) between regulated gas and electric companies and interested parties. The Stipulation was applicable to gas, electric and combination companies with PIPP riders, and contained provisions associated with the accounting of the PIPP program. One of those provisions allowed for the Companies to initiate not more than annually a proceeding before the Commission to adjust their PIPP riders to "true-up" the recoveries with the costs of offering the program.

In 2009, the Commission initiated an investigation to establish certain benchmarks as well as the development of best practices to be employed by natural gas companies to minimize uncollectible expenses. A report was filed on May 3, 2010, that presented findings and recommendations to enhance utility companies' collection practices for uncollectible expense (UEX) and PIPP. As a result, the Commission ordered that natural gas companies with UEX and PIPP riders file annual applications that reflect the level of arrearage (write-offs) and collections.

On November 22, 2013, in Case No. 13-2254-GA-PIP, Glenwood filed its first application to adjust its PIPP rider. In that application, the balance of Glenwood's PIPP arrears was \$32,810.65 as of July 31, 2013. In order to recover the outstanding balance, the Company requested to adjust its PIPP Rider rate from \$0.0000 per Mcf to \$0.0293 per Mcf, effective January 7, 2014. Per an ordinance with the city of Oxford, Glenwood has continued this PIPP rider rate through 2020 and has not filed to adjust this rate since the 2013 filing.

Staff's Review

Prior to the on-site audit, Staff issued a data request for the Company's 2019 and 2020 monthly transfers of PIPP customers from accounts receivable to the PIPP regulated asset accounts, including the details that support these transfers; the 2019 and 2020

sales volumes that were used to calculate the PIPP rate; support for the monthly collections or refunds generated by Glenwood's PIPP rider; spreadsheets that support the Company's calculations of its PIPP balances; Customer Billing Histories of PIPP customers; the Company's policies and procedures for administering its PIPP program; and any documents or records that are utilized by the Company in assessing a PIPP customer's annual eligibility.

PIPP Arrearages

Due to the small number of PIPP customers in Glenwood's service territory, Staff was able to review arrearages by month for each PIPP customer who was active or became inactive at some point during the Audit Period. Staff compared the Customer History Reports to the Company's Glenwood Energy Oxford (GEO) Reports¹ to determine the accuracy of customers' monthly and accumulated arrearage balances. The monthly arrearage balance is calculated as the gas billing charge minus customer payments, deposits, and Home Energy Assistance Program (HEAP) payments. During this review, Staff found three instances where some customers' billings and/or payments were not recorded or were recorded incorrectly in the Company's GEO Report. Staff included all applicable billings and payments from the Customer History Reports in its calculations of the year ending balances. In total, Staff adjusted the monthly balances by \$460.79, excluding carrying costs.

Staff also examined the bills of new PIPP customers to ensure that their account balances were properly accounted for in the GEO Report. No discrepancies were noted.

In Glenwood's previous PIPP audit, Staff noted that the Company transferred "valid PIPP balances²" to their UEX rider in error. Staff reviewed all account write-offs to determine whether the Company has continued this practice. During this review, Staff noted that eight customers' balances from the GEO Report were improperly written off and transferred to the Company's UEX Rider calculation. Staff removed these eight balances from the UEX Rider calculation and notes that this error did not affect the PIPP rider calculation as these arrearage balances were already accounted for.

The above-mentioned Staff findings resulted in \$460.79 in adjustments to the Company's PIPP write-off adjustments and a year ending balance for 2020 of \$(15,362.41) as shown on Attachment B.

¹ Company generated excel spreadsheets that track PIPP customers by month and the differences between the amount billed and any payments received.

² Valid PIPP balances represent the accounts of customers who were billed and who made payments while enrolled in PIPP.

PIPP Arrearage Forgiveness and Credits

On October 15, 2010, in Case No. 10-1443-GA-WVR, Glenwood was granted a waiver, by the Commission of the monthly arrearage crediting program for PIPP and an exemption from the graduate PIPP rules. Glenwood was also granted authority to adopt an alternative arrearage forgiveness program for its PIPP customers. Glenwood's PIPP Recovery Adjustment (PRA) program allows an active PIPP customer to eliminate 75% or 100% of their accumulated arrearages during a 12-month period beginning August 1 through July 31, provided that they make at least nine timely payments during this time period. If a customer makes at least nine timely payments, they will receive a 75% credit of their accumulated arrearages and will receive a 100% credit of accumulated arrearages if they make 12 timely payments. According to the Company's policy, it will evaluate a customer's July ending balance in order to determine the credit and will apply the credit to the customer's September bill.

Staff examined the Company's GEO Report and Customer Billing History Reports to determine first, whether a customer was eligible for an arrearage credit and secondly, whether the credits were properly applied to the customer's account balance in accordance with the Company's PRA program. Staff found that the Company had correctly calculated and applied PRA adjustments to all eligible customers.

Conclusions and Recommendations

Based upon Staff's review, Staff has adjusted the monthly PIPP arrearage balances to account for the three instances where a customer's billings and/or payments were incorrectly recorded in the Company's GEO Report. Staff recommends that the Commission order the Company to reduce its PIPP arrearage balance on December 31, 2020 to \$(15,362.41) as shown on attachment B below.

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Summary: Staff Report of Investigation regarding the Audit of the Percentage of
Income Payment Plan Mechanisms for the period January 2019 through December
2020 electronically filed by Zee Molter on behalf of PUCO Staff