

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE UNCOLLECTIBLE
EXPENSE RIDER OF EASTERN NATURAL
GAS COMPANY.

CASE NO. 21-307-GA-UEX

FINDING AND ORDER

Entered in the Journal on January 26, 2022

I. SUMMARY

{¶ 1} The Commission approves the amended application of Eastern Natural Gas Company to adjust its uncollectible expense rider rate, subject to Staff's recommendation.

II. DISCUSSION

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

{¶ 3} On January 26, 2005, the Commission authorized Eastern to defer its uncollectible expenses (UEX) for future recovery via a rider mechanism to be established through tariff amendments in the Company's then-current base rate case. *In re Eastern Natural Gas Co.*, Case No. 04-1619-GA-UEX, et al., Finding and Order (Jan. 26, 2005). Subsequently, on January 11, 2006, the Commission approved a stipulation and recommendation that established the anticipated rider to recover the approved deferrals and authorized an initial UEX rider rate of \$0.0088 per hundred cubic feet (Ccf). *In re Eastern Natural Gas Co.*, Case No. 04-1779-GA-AIR, Opinion and Order (Jan. 11, 2006). Since that time, Eastern has filed periodic updates to adjust the rider.

{¶ 4} In 2018, the Commission approved an application to adjust the UEX rider rate to (\$0.2256) per thousand cubic feet (Mcf).¹ *In re Eastern Natural Gas Co.*, Case No. 18-307-GA-UEX (2018 UEX Case), Finding and Order (Oct. 10, 2018). In the 2018 UEX Case, the Commission also approved the Company's proposal to add additional language to the tariff

¹ Amounts shown in parentheses indicate negative numbers.

providing for annual reconciliation of the rider. Further, the Commission instructed Eastern to 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 necessary to adjust for prior over- or under-collections. *2018 UEX Case* at ¶ 6-9.

{¶ 5} Most recently, the Commission approved and adopted a stipulation under which Eastern agreed to set its UEX rider at zero. *In re Eastern Natural Gas Co.*, Case No. 19-307-GA-UEx, et al., Opinion and Order (Oct. 9, 2019) at ¶ 45, 53.

{¶ 6} On January 27, 2021, in this case docket, the Commission initiated an audit of Eastern's UEX rider for the two-year period spanning January 1, 2019, to December 31, 2020. On September 23, 2021, the Commission issued an Opinion and Order adopting a stipulation and recommendation between the parties that resolved all issues relating to the audit. Amongst other terms of the adopted stipulation, Eastern agreed to file an application to adjust its UEX rider rate within 30 days of the Commission's Order. Opinion and Order (Sep. 23, 2021) at ¶ 46, 50.

{¶ 7} On November 4, 2021, Eastern filed the anticipated application to adjust its UEX rider, proposing a rate of (\$0.0707) per Ccf. In the application, Eastern states that the proposed rate is comprised of the balance of deferred uncollectible accounts expense net of recoveries as of September 30, 2021, amortized over a two-year period and the average annual bad debt write-offs and collection expenses for the period of October 2020 through September 2021.

{¶ 8} Subsequently, on November 18, 2021, Eastern filed an amended application reflecting a change in the actual annual sales for the 12-month period ending September 30, 2021. The amended application proposes a rate of (\$0.00699) per Ccf.

{¶ 9} On December 8, 2021, Staff filed its review and recommendation. Staff states that it reviewed Eastern's amended calculation of the revised rider rate (Attachment 1) and the proposed tariffs included with the amended application. Continuing, Staff notes that

any prudence review of the rate will occur in a future UEX audit proceeding. Based on its review, Staff found that the Company erroneously calculated the actual bad debt write-offs, collection expense, and collection recovery listed on Attachment 1 at line 6. Specifically, Eastern's calculation used a negative value for actual write-offs when actual write-offs were positive, which resulted in an understatement of the UEX rate. Using values otherwise listed on the second page of Attachment 1, Staff recommends a value of \$129,680 for actual bad debt write-offs, collection expense, and collection recovery instead of the amount shown in the amended application. With this value, Staff recommends a UEX rider rate of \$0.2630 per Mcf.²

{¶ 10} The Commission has reviewed the applications and Staff's review and recommendation. Based on this review, the Commission finds that the amended application, subject to Staff's recommendation, is reasonable, is in the public interest, and should be approved. Accordingly, the Commission finds that Eastern should be authorized to adjust its UEX rider rate to \$0.0263 per Ccf and that the Company should file revised tariffs consistent with this Finding and Order. Consistent with our Order in the *2018 UEX Case*, the Commission further finds that Eastern 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.

III. ORDER

{¶ 11} It is, therefore,

² \$0.2630 per Mcf is equivalent to \$0.02630 per Ccf.

{¶ 12} ORDERED, That Eastern's amended application be approved, subject to Staff's recommendation, and that the Company be authorized to adjust its UEX rider rate accordingly. It is, further,

{¶ 13} ORDERED, That Eastern be authorized to file two complete copies of tariffs in final form consistent with this Finding and Order. Eastern 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 of record.

COMMISSIONERS:

Approving:

Jenifer French, Chair
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis Deters

PAS/hac

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Case No(s). 21-0307-GA-UEX

Summary: Finding & Order approving the amended application of Eastern Natural Gas Company to adjust its uncollectible expense rider rate, subject to Staff's recommendation electronically filed by Heather A. Chilcote on behalf of Public Utilities Commission of Ohio