

A report by the Staff of the
Public Utilities Commission of Ohio
Suburban Natural Gas Company

22-416-GA-PIP

Audit of the Percentage Income of Payment Plan Rider
for the period January 2020 through December 2021

July 15, 2022

Certificate of Accountability

As ordered by the Public Utilities Commission of Ohio (PUCO or Commission), the Staff of the PUCO (Staff) has completed the required audit of Suburban Natural Gas Company's (Suburban or Company) Percentage of Income Payment Plan (PIPP) rates for January 1, 2020, through December 31, 2021. The Staff audited the material as set forth in the Commission Entry in Case No. 22-416-GA-PIP.

Our audits have 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, Suburban accurately calculated its PIPP rider rates for the time period discussed in this report. The Staff has performed investigations into these specific areas and respectfully submits its findings and recommendations.

A handwritten signature in black ink, reading "Adam Burns", written over a horizontal line.

Adam Burns
Accounting and Finance Division
Public Utilities Commission of Ohio

Suburban Natural Gas Company Percentage of Income Payment Plan

Commission Entry

On February 9, 2022, the Commission initiated the financial audit of Suburban's PIPP encompassing the rider rates in effect for the calendar years 2020 and 2021 (audit period), arrearages, and recoveries. Staff has conducted its audit 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 intervenors. The Stipulation was applicable to gas, electric, and combination companies with PIPP riders, and contained provisions associated with the accounting for the PIPP program. One of those provisions allowed the companies to initiate not more than annually a proceeding before the Commission to adjust their PIPP riders in order to "true-up" the recoveries with the costs of offering the program.

In 2009, the Commission initiated an investigation of the large natural gas companies to evaluate whether their collection practices and policies were effective in minimizing uncollectible expenses (UEX). The investigation also sought 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' collections practices for uncollectible expenses 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.

In November of 2010, the Commission modified certain provisions of the Ohio Administrative Code 4901:1-18 (O.A.C.) thus creating the PIPP Plus program. The terms of the PIPP Plus program include a reduction of the PIPP installment payment from 10% of household income to 6% of household income, forgiveness of current billed amounts above the required PIPP installment payment (delta credit), and forgiveness of outstanding balances (arrearage credit). The arrearage credit will reduce outstanding balances 1/24th each month and will eliminate those balances if 24 on-time and in-full payments are made.

On May 27, 2021, Suburban filed its annual PIPP application for calendar year 2020 in Case No. 21-416-GA-PIP. On May 26, 2022, Suburban filed its annual PIPP application

for calendar year 2021 in Case No. 22-416-GA-PIP. The applications contained write-offs and recoveries for the calendar years 2020 and 2021 and were the basis for Staff's audit.

Audit Process and Documentation

On June 21, 2022, Staff initiated its audit of Suburban with the issuance of data requests (DRs) seeking documentation of the charge-offs, collections through the rider, and account balances as contained in the Company's 2020 and 2021 PIPP applications. Staff performed the audit at the Company's offices and were provided documents onsite and via email communications with Company personnel.

In review of the Company's documentation, Staff relied upon the Company's PIPP Customer Billing and Payment Activity reports (Activity Reports) which were prepared monthly to track account balances for active and inactive customers. These reports were generated from Suburban's customer billing system.

Additionally, Staff reviewed Suburban's monthly Aged Receivables PIPP reports (Aging Reports), which were generated from the Company's billing system. The Aging Reports were used to classify PIPP customers' outstanding account balances into time intervals of 1 to 30 days, 31 to 60 days, 61 to 90 days, 91 to 120 days and over 120 days. Within these intervals, the billing system credited payments, miscellaneous credits and PIPP arrearage credit (PAC) to the oldest outstanding balance, until the interval's balance reached zero, and then started with the next oldest balance. Through the Aging Report, Suburban was able to determine the portion of customers' account balances over 60 days, which were then removed from account 142, Customer Accounts Receivable, and placed into account 186, Miscellaneous Deferred Debits.

After reviewing the Activity and Aging Reports and recalculating the account balances using the monthly totals, Staff found that its calculations materially agreed with the Company's. Each month, Suburban calculated the activity in account 186 by utilizing the Activity and Aging Reports. Staff reviewed these reports and examined the increases and decreases (debits and credits) to account 186 and finds that the amounts reflected in account 186 match the total amounts contained in Suburban's 2020 and 2021 applications.

In the next phase of the audit, Staff verified customers' account balances. In order to confirm the accuracy of these account balances, Staff randomly selected customer accounts from the Activity Reports and requested billing histories of those accounts. Staff traced the beginning balance plus charges less payments to confirm the ending balance on the billing history matched the PIPP Activity Report. Staff found no discrepancies.

Along with its verification of customers' account balances, Staff also verified the current month billings, credits (customer payments, PAC, and HEAP - Heat Energy Assistance Program) and dates on which the credits were recognized. Staff found no discrepancies.

PIPP Arrearage Forgiveness

Staff examined and sampled 6 customers' account balances to determine if arrearage forgiveness, initiated in November 2010 under the PIPP Plus program, was being properly calculated and credited. Staff found that the Company's application of arrearage forgiveness for both the delta credit (customer's billed amount less installment payment) and the 1/24th arrearage credit were properly applied in the selected accounts. Staff also found that once a customer's account balance reached zero, the Company ceased applying the 1/24th arrearage credit.

Post PIPP Plus and Customer Move-outs with Credit Balance Accounts

Effective April 15, 2015, the Commission modified certain provisions of Ohio Administrative Code (O.A.C) 4901:1-18, for Post PIPP and credit account balances. Post PIPP customers who moved off-system could reduce or eliminate their arrearage by making payments equal to 1/60th of their balance. Each payment made by a customer, would reduce their account balance by 1/12th, allowing the customer to eliminate their entire balance by making twelve payments. O.A.C. 4901:1-18 was also modified to address the treatment of PIPP customer's credit account balances. The first change is to no longer allow incentive credits to a customer who has a credit balance until such time that their balance is no longer below zero. Secondly, if a customer has a credit balance, that customer can now request their balance to be refunded to them, less any incentive credits that the customer received in the prior 24 months. Customers with a credit balance that moved off-system will also be refunded their balance, less incentive credits. Prior to the rule change credit balances for customers that moved off-system would not be refunded but rather would be credited to the 186 account.

Staff reviewed the Company's records and note that the Company had zero Post PIPP customers for the audit period.

PIPP Rider Rate

Staff reviewed the PIPP Rider Rates for the audit period and found the Company correctly billed their customers. Therefore, Staff has no recommended adjustments.

Conclusions and Recommendations

Staff has completed its audit of Suburban's 2020 and 2021 PIPP applications and finds that the Company has properly accounted for charge-offs and recoveries for 2020 and

2021. Staff recommends no adjustment to the December 31, 2021, PIPP ending balance of \$190,484.

SUBURBAN NATURAL GAS COMPANY
CASE NO. 21-0416-GA-PIP
PIP ACCOUNT'S EXPENSE RIDER
2020

	January	February	March	April	May	June	July	August	September	October	November	December
1 Balance - Beginning of Month	(103,595)	(70,299)	(33,594)	(1,650)	19,705	36,555	45,052	51,269	56,007	57,456	64,100	77,948
2 PIP Balances to be Recovered (Transfer from AR -- JE #6)	743	1,014	1,091	669	561	469	724	684	394	431	333	402
3 PIP Balances to be Recovered -- Reclassified to PIP per GL			593			436			296			
4 Recovery - PIP Rider (Billed to All Customers -- JE #7)	(31,892)	(34,751)	(30,472)	(21,125)	(16,057)	(7,888)	(4,304)	(4,090)	(4,013)	(6,179)	(13,421)	(21,965)
5 Recovery - PIP Rider (Customer Payment -- JE #2)	225	124	256	103	192	112	276	177	651	149	80	130
6 Recovery - PIP Rider (Misc Charges -- JE #3)	112	219	491					5				100
7 Recovery - PIP Rider (Removal from PIP Program -- JE #4)		108	593	529		436	(1,198)		2,703	(183)	83	(51)
8 Recovery - PIP Rider (PIP Arrearage Crediting -- JE #5)	(998)	(1,391)	(1,042)	(280)	(424)	(252)	(267)	(146)	(100)		(257)	(400)
9 Recovery - Correct Balance to Aging			(86)	87								(33)
10 Incremental PIP [2-(3+4+5+6+7+8+9)]	33,296	36,705	31,944	21,355	16,850	8,497	6,217	4,738	1,449	6,644	13,848	22,621
11 Balance Subtotal (1 + 7)	(70,299)	(33,594)	(1,650)	19,705	36,555	45,052	51,269	56,007	57,456	64,100	77,948	100,569
12 Carrying Charges												
13 Balance - End of Month (8 + 9)	\$ (70,299)	\$ (33,594)	\$ (1,650)	\$ 19,705	\$ 36,555	\$ 45,052	\$ 51,269	\$ 56,007	\$ 57,456	\$ 64,100	\$ 77,948	\$ 100,569

SUBURBAN NATURAL GAS COMPANY
CASE NO. 22-0416-GA-PIP
PIP ACCOUNTS EXPENSE RIDER
2021

	January	February	March	April	May	June	July	August	September	October	November	December
1 Balance - Beginning of Month	100,569	136,107	174,568	190,068	200,389	207,027	212,628	215,142	213,527	211,637	208,749	203,970
2 PIP Balances to be Recovered (Transfer from AR - JE #6)	434	634	517	1,163	787	861	700	739	530	618	734	609
3 PIP Balances to be Recovered -- Reclassified to PIP per GL						1,373				(676)		
4 Recovery - PIP Rider (Billed to All Customers - JE #7)	(34,926)	(37,525)	(13,832)	(7,912)	(5,191)	(3,002)	(1,812)	2,404	2,381	2,999	5,772	14,548
5 Recovery - PIP Rider (Customer Payment - JE #2)	60	206	127	20	146	189	214	247	281	201	344	117
6 Recovery - PIP Rider (Misc Charges -- JE #3)	124		35	2		217	99			(123)	(205)	
7 Recovery - PIP Rider (Removal from PIP Program - JE #4)			(66)	226	122	(220)	(15)			(247)		
8 Recovery - PIP Rider (PIP Arrearage Crediting - JE #5)	(362)	(508)	(1,247)	(1,494)	(928)	(551)	(246)	(297)	(242)		(398)	(570)
9 Recovery - Correct Balance to Aging							(54)					
10 Incremental PIP [2-(3+4+5+6+7+8+9)]	35,538	38,461	15,500	10,321	6,638	5,601	2,514	(1,615)	(1,890)	(2,888)	(4,779)	(13,486)
11 Balance Subtotal (1 + 7)	136,107	174,568	190,068	200,389	207,027	212,628	215,142	213,527	211,637	208,749	203,970	190,484
12 Carrying Charges												
13 Balance - End of Month (8 + 9)	\$ 136,107	\$ 174,568	\$ 190,068	\$ 200,389	\$ 207,027	\$ 212,628	\$ 215,142	\$ 213,527	\$ 211,637	\$ 208,749	\$ 203,970	\$ 190,484

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7/15/2022 3:22:06 PM

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Case No(s). 22-0416-GA-PIP

Summary: Staff Report Filed electronically filed by Zee Molter on behalf of PUCO
Staff