



The Public Utilities Commission of Ohio

Monitoring marketplaces and enforcing rules to assure safe, adequate, and reliable utility services.

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June 20, 2008

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

RECEIVED-DOCKETING DIV
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PUCO

RE: Case No. 08-655-GA-UEx,
*In the Matter of the Application of The East Ohio Gas Company d/b/a
Dominion East Ohio for Approval of an Adjustment to its Uncollectible
Expense Rider Rate*

Dear Docketing Division:

Enclosed please find the Staff's Comments regarding The East Ohio Gas Company d/b/a/ Dominion East Ohio's application for an adjustment to its uncollectible expense rider in Case No. 08-655-GA-UEx.

Respectfully submitted,

Steve Puican

Steve Puican
Co-Chief, Rates & Tariffs/Energy & Water Division
Public Utilities Commission of Ohio

Enclosure
cc: Parties of Record

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.

Technician SM Date Processed 6/20/08

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
The East Ohio Gas Company d/b/a)	
Dominion East Ohio for Approval)	Case No. 08-655-GA-UEX
of an Adjustment to its)	
Uncollectible Expense Rider Rate)	

**COMMENTS
OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Date submitted: June 20, 2008

Application of East Ohio Gas d/b/a Dominion East Ohio
Case No. 08-655-GA-UEX

The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) is the surviving entity resulting from a Commission approved merger between The East Ohio Gas Company and The West Ohio Gas Company in Case No. 96-991-GA-UNC. The Commission's merger order required that the existing base rates for each of the service territories were to continue until a combined rate proceeding established a combined base rate.

Subsequently, by Finding and Order dated December 17, 2003 in Case No. 03-1127-GA-UNC, the Commission approved, in concept, an uncollectible accounts recovery mechanism for five natural gas companies including DEO. DEO implemented the uncollectible accounts recovery mechanism in Case No. 03-2573-GA-ATA by removing the uncollectible accounts expense recovery from the base rates of each territory and establishing uncollectible expense riders in identical amounts. Presently, the uncollectible expense riders are \$.5674 and \$.5672 per Mcf for the East Ohio and West Ohio service territories, respectively. DEO filed the current application to revise its uncollectible expense riders on May 30, 2008. DEO is proposing a 17.8% decrease of \$.1012 per Mcf to the existing rider rates for both East Ohio and West Ohio.

Attachment 1 to the application provides DEO's required annual uncollectible accounts balance reconciliation covering all of 2007, and the first three months of 2008. Balances are combined rather than maintained separately for each service territory. The balance reconciliations are reviewed and tested by DEO's independent accountant (Deloitte & Touche LLP) as part of the financial audit performed annually in gas cost recovery proceedings. Deloitte & Touche LLP provided a report of its review on November 28, 2007 in Case No. 07-219-GA-GCR.

Attachment 2 to the application provides DEO's calculation of the proposed rider rates. The proposed rates vary slightly between the two service territories due to differences in the applicable effective gross receipts tax rates utilized in the calculations. Since the two territories have not had a combining base rate proceeding since their merger, the appropriate effective gross receipts tax rates used to gross-up these revenues are those from the last base rate case of each.

The proposed rider rates are calculated to recover (1) the accumulated unrecovered uncollectible accounts balance from prior periods as of March 31, 2008, (2) uncollectible accounts envisioned being written off during the upcoming year net of recoveries, and (3) an amortization over 60 months of the incremental unrecovered uncollectible accounts balance related to the 2001 disconnection moratorium.

Attachment 3 provides copies of the proposed uncollectible expense rider tariff sheets for both the East Ohio and West Ohio service territories. The proposed rates are \$.4662 per Mcf in the East Ohio territory, and \$.4660 per Mcf in the West Ohio service territory.

Staff has reviewed the application and attachments thereto, as well as previously filed subject matter reconciliations, and recommends that the application be approved.