FIL

23

OCC EXHIBIT NO. _____

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 Authority to Increase Rates for its Gas Distribution Service.	))))	Case No. 07-829-GA-AIR
In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of an Alternative Rate Plan for its Gas Distribution Service.	))))	Case No. 07-830-GA-ALT
In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval to Change Accounting Methods.	))))	Case No. 07-831-GA-AAM
In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of Tariffs to Recover Certain Costs Associated with a Pipeline Infrastructure Replacement Program Through an Automatic Adjustment Clause and for Certain Accounting Treatment.	)))))))	Case No. 08-169-GA-ALT
In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of Tariffs to Recover Certain Costs Associated with Automated Meter Reading and for Certain Accounting Treatment.	))))))	Case No. 06-1453-GA-UNC

DIRECT TESTIMONY
OF
WILSON GONZALEZ

ON BEHALF OF THE
OFFICE OF THE OHIO CONSUMERS' COUNSEL
10 West Broad St., Suite 1800
Columbus, OH 43215

June 23, 2008

TABLE OF CONTENTS

SCHEDULES:

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.

A1. My name is Wilson Gonzalez. My business address is 10 West Broad Street, Suite 1800, Columbus, Ohio, 43215-3485. I am employed by the Office of the Ohio Consumers' Counsel ("OCC" or "Consumers' Counsel") as a Senior Regulatory Analyst.

Q2. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE?

A2. I have a Bachelor of Arts degree in Economics from Yale University and a Master of Arts degree in Economics from the University of Massachusetts at Amherst. I have also completed coursework and passed my comprehensive exams towards a Ph.D. in Economics at the University of Massachusetts at Amherst. I have been employed in the energy industry since 1986, first with the Connecticut Energy Office (Senior Economist, 1986-1992), then Columbia Gas Distribution Companies ("Columbia Gas"), (Integrated Resource Planning Coordinator, 1992-1996) and American Electric Power ("AEP") (Marketing Profitability Coordinator and Market Research Consultant, 1996-2002). I have been spearheading the Resource Planning activities within OCC since 2004.

Q3. DESCRIBE YOUR EXPERIENCE DIRECTLY RELATED TO UTILITY DEMAND-SIDE MANAGEMENT ("DSM") PROGRAMS AND RATE DESIGN, COST-BENEFIT ANALYSIS AND PROGRAM MONITORING AND EVALUATION.

A3. I have been involved with many aspects of DSM programs since 1986. While at the Connecticut Energy Office I represented the office in one of the first DSM collaborative processes in the country (Connecticut Department of the Public Utilities Commission Docket No. 87-07-01). There I analyzed the performance and cost-effectiveness of many efficiency programs for Connecticut's electric and gas utilities that led to demonstration projects, policy recommendations, DSM programs (including rate design) and energy efficiency standards. At Columbia Gas, I was responsible for coordinating the Company's Integrated Resource Plan within the corporate planning department and DSM program development activities in the marketing department. I designed and managed residential DSM programs in Maryland and Virginia. At AEP, I conducted numerous cost benefit analyses of programs being sponsored by AEP's corporate marketing department, including their residential load control water heater program. For the past 4 years at OCC I have:

- Been involved in DSM negotiations resulting in over $140 million in Energy Efficiency programs with Ohio's investor owned utilities;
- Prepared Demand Side Management testimony in six Public Utility Commission of Ohio Cases;
- Testified before the Ohio House Alternative Energy Committee in support of Energy Efficiency; and
- Assisted in the preparation of Energy Efficiency and Renewable Energy testimony and amendments for SB 221, HB 357, and HB 487.

Q4. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO?

A4. Yes. I submitted testimony in the following cases before the Public Utilities Commission of Ohio ("Commission" or "PUCO"): Vectren Energy Delivery of Ohio, Case No. 04-571-GA-AIR; Dominion East Ohio, Case No. 05-474-GA-ATA; Vectren Energy Delivery of Ohio, Case No. 05-1444-GA-UNC; Columbus Southern Company/Ohio Power Company, Case No. 06-222-EL-SLF; Duke Energy of Ohio, Case No. 07-589-GA-AIR, and FirstEnergy Companies, Case No. 07-551-EL-AIR.

Q5. WHAT DOCUMENTS HAVE YOU REVIEWED IN THE PREPARATION OF YOUR TESTIMONY?

A5. I have reviewed the DSM discussion in the Dominion East Ohio ("DEO" or "the Company) Rate Case Application, the testimony of Company witness Jeffrey Murphy and the May 23, 2008, Staff Report of Investigation ("Staff Report") on this topic. I have also reviewed the relevant Company responses to OCC discovery and Commission Staff data requests pertaining to DSM.

II. PURPOSE OF TESTIMONY

Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A6. My testimony will support certain OCC objections to the Staff Report and address the issues raised by those objections. Specifically, I recommend that DEO increase its investment in cost-effective energy efficiency programs beyond the DSM budget increases proposed by the Company and supported by the PUCO Staff. An increased investment in energy efficiency programs for areas served by DEO would provide Ohio customers with many benefits in light of current high natural gas costs. I also agree with the Company and Commission Staff recommendation that the Commission require meetings of all energy efficiency stakeholders at which stakeholders could:

A. Analyze the potential for direct investment by DEO in energy efficiency resources in a collaborative setting;

B. Discuss which programs would be designed to harness energy efficiency potential on a comprehensive basis across all sectors; and

C. Determine which programs to implement based on program benefits and cost-effectiveness.

To encourage development of energy efficiency programs, I recommend that DEO be allowed to recover energy efficiency investments partly in base rates and partly in a DSM Rider.

Finally, the Company has proposed a revenue decoupling mechanism in this case and Commission Staff has recommended a modified straight fixed variable ("SFV") rate design instead of revenue decoupling. I recommend that the Commission approve the revenue decoupling mechanism with appropriate consumer protections. I also recommend that the Commission reject the Staff's SFV rate design proposal.

III. DEO'S DSM PROPOSAL

Q7. DESCRIBE DEO'S DSM PROPOSAL.

A7. DEO has proposed a DSM program of $6 million[1] per year to be funded in part from the over-accrued Depreciation Reserve balance (to replace the current $2.5 million per year in rates), and from continuation of the current $1 million per year Company contribution.

Q8. DESCRIBE THE STAFF'S DSM RECOMMENDATION.

A8. Staff recommends a slightly lower DSM level of $5.27 million, of which $4.27 million is to be recovered in rates and not from the Depreciation Reserve balance and the remaining $1 million coming from shareholders.[2]

[1] Rate Case Application (August 30, 2007) at 31; The Staff Report states that DEO's DSM funding proposal is $5.27 million on page 51.

[2] Staff Report at 51.

Q9. WHY ARE YOU RECOMMENDING AN INCREASE IN THE ENERGY EFFICIENCY INVESTMENTS BY DEO?

A9. According to the Energy Information Administration ("EIA"), natural gas prices in Ohio have doubled in the last six years.[3] I have serious concerns about the impact of increasing residential bills due to the increasing cost and volatility of natural gas. Because of these concerns, I am interested in promoting programs and policies that mitigate those increases and their impacts on residential customers. To illustrate these concerns, natural gas, the fuel used to heat approximately 69 percent of all homes in Ohio,[4] "will cost about 52 percent more this year and in 2009 compared to 2007. The EIAS' new forecast was up from the 35 percent price increase for 2008 that the government had projected just last month."[5] Natural gas prices are expected to further escalate with the future passage of Federal Greenhouse Gas Legislation as natural gas is a cleaner fuel than coal for generating electricity.[6] The Staff Report is also correct and very clear on this point when it states, "given this environment, conservation and energy efficiency have a positive role to play in controlling energy costs."[7]

[3] EIA, "Natural Gas Prices," http://tonto.eia.doe.gov/dnav/ng/ng_pri_sum_dcu_SOH_a.htm

[4] U. S. Census Bureau American Community Survey, Selected Housing Characteristics, Ohio (2006).

[5] See "Add natural gas to worries," Cincinnati Enquirer, June 11, 2008.

[6] Ken Costello, "Natural Gas in a Carbon-Constrained World," National Regulatory Research Institute (March 2008). For example, Mr. Costello cites on page 3, a recent Natural Gas Council Study that estimates that the passage of the McCain-Lieberman Bill will sharply increase the demand for natural gas and increase the price of natural gas by $4.00 per Mcf by 2030.

[7] Staff Report at 51.

Q10. IS THERE SUPPORT FOR NATURAL GAS DSM IN OHIO AND REGIONALLY AT THIS TIME?

A10. Yes. Given the impact of rising natural gas costs around the country, Ohio and many other states are promoting DSM as a low cost solution for providing energy services.[8] In Ohio, the PUCO approved significant DSM funding as part of Duke Energy (Case No. 06-91-EL-UNC), and Columbia Gas (Case No. 05-221-GA-GCR), cases that together stand to increase natural gas DSM funding to over $52.8 million over the next three years.

On January 17, 2007 Governor Strickland's Executive Order 2007-02S, Coordinating Ohio Energy Policy and State Energy Utilization, was also issued that further recognized the need for energy efficiency programs. The Governor's Order sets forth a number of actions that state agencies, commissions, and boards are required to undertake to reduce and improve the energy consumption of the state. The Governor's Order states that "it is the responsibility of state government to lead by example in reducing energy consumption in this era of steep energy prices, mounting environmental concerns, and persistent energy security risk."[9] It further states that "by improving energy efficiency and adopting advanced energy utilization technologies, we can make the most of our existing

[8] See Midwest Natural Gas Energy Efficiency Initiative at http://www.mwnaturalgas.org/

[9] Id. at 2.

energy resources and also stimulate activity and investment in the energy efficiency services sector."[10]

More recently, continuing state support for energy efficiency is demonstrated by the signing into law of Senate Bill 221 with its aggressive energy efficiency requirements on electric utilities and its natural gas revenue decoupling language provisions to remove the disincentive of making energy efficiency investments by Ohio's gas utilities.

Finally, OCC's recommendation for increased DSM funding in this case is consistent with the Energy Security and Climate Stewardship Platform for the Midwest ("MESCSP")[11] that Governor Strickland agreed to on November 15, 2007. The MESCSP recommends that 22 percent of Ohio's energy needs by 2025 be met through the use of energy efficiency.

Q11. WHAT OHIO STATUTORY OR REGULATORY MANDATES DO THE ENERGY EFFICIENCY PROGRAMS SUPPORT?

A11. Based on my experience with energy efficiency programs, my review of the related Ohio regulations, and discussions with OCC counsel, it is my

[10] Id. at 2.

[11] The State's energy efficiency commitment is as follows: "Meet at least 2 percent of regional annual retail sales of *natural gas* and electricity through energy efficiency improvements by 2015, and continue to achieve an additional 2 percent in efficiency improvements every year thereafter." (emphasis added) See http://www.midwesterngovernors.org/Publications/MGA_Platform2WebVersion.pdf

understanding that the energy efficiency programs I propose support the following:

- R.C. 4905.70: "The public utilities commission shall initiate programs that will promote and encourage conservation of energy and a reduction in the growth rate of energy consumption, promote economic efficiencies, and take into account long-run incremental costs."

- R.C. 4929.02 (A)(4): "Encourage innovation and market access for cost-effective supply-and demand-side natural gas services and goods;"

- R.C. 4935.01(A)(1): In its forecasting duties, "the commission will [estimate needs for energy that] reasonably balance requirements of state and regional development, protection of public health and safety, preservation of environmental quality, maintenance of a sound economy, and conservation of energy and material resources."

Q12. WHAT IS THE ECONOMICAL NATURAL GAS ENERGY EFFICIENCY POTENTIAL IN OHIO?

A12. According to a Market Assessment Study conducted by the Quantec Consulting Firm in 2005, about 24 percent of the Midwest natural gas load is economically viable to be offset by energy efficiency. Economically viable means the energy efficiency programs help consumers avoid having to purchase gas at a lower cost than they could be supplied by traditional supply side sources.[12] An American Council for an Energy-Efficient Economy ("ACEEE") Midwest study

[12] See "Midwest Residential Market Assessment and DSM Potential Study" by Quantec and commissioned by the Midwest Energy Efficiency Alliance, March 2006. A major project task of the study was to collect primary data to characterize the five Midwest states (Indiana, Kentucky, Michigan, Missouri, and Ohio) for which publicly accessible in-depth market assessments had not been conducted.

recommends the following percentage natural gas savings as a percentage of utility energy demand by sector targets for Ohio.[13]

(Percentage Natural Gas Savings by Sector)

	2006	2010	2015	2020
Residential	1.8%	3.6%	5.9%	8.2%
Commercial	1.6%	3.2%	5.2%	7.2%
Industrial	1.4%	3.5%	6.0%	8.6%
Total	1.6%	3.5%	5.8%	8.1%

ACEEE's natural gas savings estimate for Ohio is based on realistic savings that could be achieved through the implementation of aggressive energy efficiency programs similar to those that have been deployed in recent years in response to recent regional energy shortages. ACEEE then applied those estimates to the end-use estimates in Ohio to develop sector-specific estimates of energy savings.

Q13. WHAT ENERGY SAVINGS TARGET DO YOU RECOMMEND?

A13. I recommend DEO obtain a verified energy usage reduction of one percent of its retail sales cumulative over 3 years starting in 2009 (i.e., by 12/31/2011) from its

[13] See Martin Kushler, Ph.D., Dan York, Ph.D., and Patti Witte, M.A. "Examining the Potential for Energy Efficiency to Help Address the Natural Gas Crisis in the Midwest." January 2005, URL: http://aceee.org/pubs/u051 .htm.

energy efficiency programs. The DSM budget recommended is consistent with the above savings target as demonstrated in Schedule WG-2.

Q14. WHAT DOLLAR LEVELS OF ENERGY EFFICIENCY INVESTMENTS WILL MEET YOUR RECOMMENDED COST SAVINGS TARGET FOR DEO?

A14. Given the cost-effective energy efficiency potential available, I recommend that the level of DSM funding be increased to average $15.6 million annually, or $46.8 million over three years. This figure is derived by taking the average per customer existing or proposed energy efficiency spending levels of Vectren Energy Delivery of Ohio, Duke Energy of Ohio, and Columbia Gas of Ohio, and multiplying that figure by the number of customers in DEO's service territory. This is illustrated in Schedule WG-1. As part of this recommendation, I agree with Staff that the shareholder contribution should continue to be $1 million (as part of the total $15.6 million) annually. This level of spending should enable DEO to meet my recommended savings target.

Q15. HOW SHOULD DEO RECOVER ITS DSM COST?

A15. The Company should recover a minimum base amount of its DSM costs in rates to get the programs started the first year and begin to build an energy efficiency infrastructure in its service territory. This will entail the training of Heating Ventilation and Air Conditioning contractors, insulation contractors, and building contractors and assist, in equipping them with new heat loss detecting equipment.

Based on my experience in developing DSM budgets in other states and with other companies, I recommend that approximately $11.7 million be placed in rates the first year. For the next two years, in addition to the annual base rate amount of $10.7 million , plus the shareholder contribution of $1 million, I recommend that a DSM rider be established to recover an additional $3.9 million in year two and $7.8 million in year three to better accommodate the ramping up of the programs. Furthermore, to ensure that the majority of the DSM dollars go to customers, program administration and marketing/education costs should not exceed 20 percent of total budget. Finally, all programs should pass the total resource cost test.[14]

Q16. DO YOU SUPPORT DEO'S PROPOSED PER CUSTOMER DECOUPLING MECHANISM?

A16. Yes, as a quid pro quo to my higher level of DSM savings and with other consumer safeguards. The Company's proposed Sales Reconciliation Rider ("SRR") is a superior mechanism than an SFV rate design for the reconciliation of base case revenues to actual revenues because it removes the conservation disincentive from the Company and maintains it for the customer.

Q17. WHAT CONSUMER SAFEGUARDS DO YOU RECOMMEND FOR THE DECOUPLING MECHANISM?

[14] See "California Standard Practice Manual: Economic Analysis of Demand-Side Programs and Projects," (2002) at http://drrc.lbl.gov/pubs/CA-SPMannual-7-02.pdf.

A17. When considering whether to approve a utility request for decoupling, the following safeguards, principles or preconditions should be adhered to:

1. In exchange for the significant risk reduction in utility revenue collection the Commission must include a significant DSM program as I have already suggested (a greater DSM funding commitment would hold true if the Commission approved a SFV rate design given the added reduction of the Company's weather risk).
2. Any mechanism adopted should contain consumer protections that guard against rate shock and utility over-earning. This consumer protection can take the form of a rate cap on the decoupling revenues. The rate cap could take the following forms:
   a. A dollar cap on decoupled revenues;
   b. A cap on the percentage amount that a rider could increase annually; and
   c. Permitting decoupled revenues to be recovered at less than 100 percent as in other jurisdictions.[15]
3. Another important protection is that the Company should utilize an appropriate weather normalization methodology for its calculations.
4. The PUCO should make a downward adjustment in the Company's return on equity ("ROE") as recommended by OCC's rate of return witness Dr. Woolridge.[16]

[15] See *Indiana Gas Company and South Indiana Gas and Electric Company both d/ba/ Vectren Energy Delivery of Indiana,* Case No. 43046, where the Company's decoupling mechanism is capped at 85 percent.

[16] OCC Direct Testimony of Randall J. Woolridge (June 23, 2008) at 102.

Designing a decoupling mechanism based on the above principles should benefit residential customers with lower and more stable bills, while at the same time providing the benefits of more timely revenue recovery and less risk for the Company and its shareholders.

Q18. IF YOU GENERALLY SUPPORT REVENUE DECOUPLING WITH CONSUMER SAFEGUARDS, WHY DO YOU OPPOSE THE STAFF REPORT'S RECOMMENDED MOVE TO A SFV RATE DESIGN?

A18. While generally less complex to administer than a revenue decoupling mechanism, an SFV rate design introduces a host of analytical and other types of problems (as more completely discussed by OCC witness Radigan)[17], including:

1. The SFV rate design reduces the natural gas price signal;
2. The SFV rate design is regressive on low usage customers (a sizeable portion that are low or fixed income) and will produce significant rate shock;
3. The SFV rate design may cause very low usage customers to drop off the system with the remaining customers paying higher rates;
4. The SFV rate design penalizes those customers who have undertaken energy efficiency investments because of the declining block nature of an SFV rate design;

[17] OCC Direct Testimony of Frank W. Radigan (June 23, 2008).

5. The SFV rate design leads to reduced energy efficiency by lessening consumer payback periods for self-initiated efficiency;
6. The SFV rate design violates the "gradualism" doctrine of rate design; and
7. The SFV rate design has a more extreme impact on a sizeable portion of DEO's residential customers when compared to a revenue decoupling mechanism.

Although economic efficiency is an important consideration when structuring rates, it is not the only consideration. Fairness, rate stability, revenue stability, ease of administration, non-discrimination and environmental protection are equally significant and need to be reconciled by the Commission. In this regard, an SFV has been rejected by Commissions in six states.[18]

Q19. WHAT IS THE BEST APPROACH FOR THE OPTIMAL DESIGN AND IMPLEMENTATION OF ENERGY EFFICIENCY PROGRAMS FOR DEO?

A19. The most effective way for interested parties to have input in the DEO DSM Plan would be to work cooperatively with the Company in the plan design. This approach should significantly limit the areas of disagreement, and should lead to greater understanding of the complex issues by all parties involved. It should also require significantly less regulatory intervention and litigation, as the parties work

[18] David E. Dismukes, "Regulatory Issues for Consumer Advocates in Rate Design, Incentives and Energy Efficiency," NASUCA Mid-Year Meeting, (June 11, 2007) at 11. Of the six states where an SFV rate design was rejected, three did allow some increase to the customer service charge. Two states have approved an SFV rate design.

together to reach compromise on many, if not all, of their differences outside of the regulatory proceeding. My experience in Connecticut with the Northeast Utilities and United Illuminating Company collaboratives and in Maryland with the Columbia Gas or Maryland Collaborative, and with Duke and Columbia Gas in Ohio has demonstrated that a collaborative DSM process can be very effective in developing successful, cost-effective programs. I therefore recommend that a small group of interested stakeholders participate in a collaborative process starting in 2008 whose purpose is to analyze the potential for direct investment by DEO in energy efficiency resources; to design programs to harness that potential on a comprehensive basis, across all sectors; and to facilitate the implementation of such programs by the Company to the full extent that they are cost-effective.

Q20. HOW WOULD THE COLLABORATIVE PROCESS WORK AND HOW LONG WOULD THE PROCESS TAKE?

A20. The details of the process should be worked out among the key stakeholders that participate. The first task of the collaborative would be to establish the overall goals and objectives of the process. I recommend the Company be given four months after the Commission Order in this case to file their DSM programs, with program implementation commencing three months after PUCO approval of said filing.

This allows sufficient time for meaningful input from the stakeholders, and would allow the Company to begin implementing the new programs in 2009. Issues that

have not been agreed to by all parties of the collaborative can be brought before the Commission at that time.

IV. CONCLUSION

Q21. DOES THIS CONCLUDE YOUR TESTIMONY?

A21. Yes. However, I reserve the right to incorporate new information that may subsequently become available. I also reserve the right to supplement my testimony in the event the PUCO Staff fails to support the recommendations made in the Staff Report and/or changes positions made in the Staff Report.

Proposed DEO DSM Annual Funding Target (PRO FORMA Worksheet)

Schedule WG-1

Major Ohio Natural Gas Companies	Customers		Low Income EE	Regular EE	Total EE		Low Income as % of Total	Spending per Customer
VEDO	318,222	(1)	$ 1,100,000	$ 2,900,000	$ 4,000,000	(5)	28%	$ 12.57
COH	1,423,164	(2)	$ 7,100,000	$ 8,300,000	$ 15,400,000	(6)	46%	$ 10.82
Duke	424,000	(3)	$ 3,400,000	$ 3,000,000	$ 6,400,000	(7)	53%	$ 15.09
							Average Spending per Customer	$ 12.83
							Low Income as % of Total	
DEO Existing	1,220,869	(4)	$ 3,500,000	0	$ 3,500,000		100%	$ 2.87
DEO Proposal	1,220,869	(4)	$ 3,500,000	$ 2,500,000	$ 6,000,000		58%	$ 4.91
Staff Proposal	1,220,869	(4)	$ 3,500,000	$ 1,770,010	$ 5,270,010		66%	$ 4.32
OCC Proposal	1,220,869	(4)			$ 15,661,772		0%	$ 12.83

Notes:

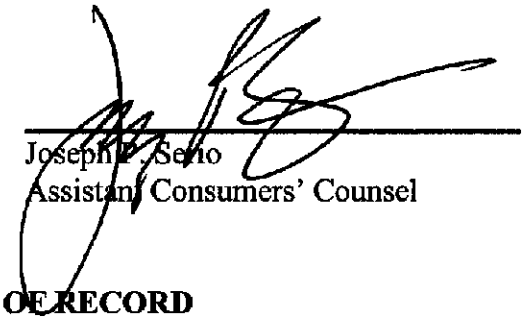
(1) Population figures from 2007 Annual Report filed with PUCO.
(2) Population figures from 2007 Annual Report filed with PUCO.
(3) Total customers per 07-589 Rate Case Application.
(4) Population figures from 2007 Annual Report filed with PUCO.
(5) VEDO funding from Case No. 04-571-GA-AIR and proposed in 07-1080-GA-AIR. Does not include Company shareholder contribution of $2 million for low income customers in Case No. 05-1444-GA-UNC.
(6) COH Budget Number is average over 3 years as per settlement agreement in Case No. 05-221-GA-GCR.
(7) Duke spending from Case No. 06-93-GA-UNC and includes $1,000,000 additional weatherization approved in Case No. 07-589-GA-AIR.

Schedule WG-1

Proposed DEO Savings Target As Percentage of Load				Schedule WG-2
DEO Estimates of Savings (MCF)				
	Year 1	Year 2	Year 3	3 Year Average
Program Savings*	168,121	755,552	1,157,736	693,803
DEO Annual Load**	79,073,000	86,018,000	61,462,000	75,517,667
% of Load Saving	0.009187294			
Three Year DEO DSM Expenditures	$46,985,315			
Funding adjustment factor#	1.17			
Adjusted % of Load Saving	0.010791697			
Notes:				
* Program Savings from a $40 million Residential funding source as modeled in Case No. 05-474-GA-ATA Gonzalez Testimony.				
** From three years total sales forecast prior to Phase 1 Exit.				
# Ratio of Three Year DEO DSM Expenditures over $40 million Expenditure level modeled.				

CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the foregoing the *Direct Testimony of Wilson Gonzalez on Behalf of the Office of the Ohio Consumers' Counsel* has been served via First Class US Mail (electronically upon DEO & DEO Counsel), this 23rd day of June, 2008.



Joseph P. Serio
Assistant Consumers' Counsel

PARTIES OF RECORD

Stephen Reilly
Anne Hammerstein
Attorney General's Office
Public Utilities Section
180 East Broad Street, 9th Floor
Columbus, Ohio 43215

Mark A. Whitt
Andrew J. Campbell
Dominion East Ohio
Jones Day
P.O Box 165017
Columbus, Ohio 43216-5017

David A. Kutik
Dominion East Ohio
Jones Day
North Point, 901 Lakeside Ave.
Cleveland, Ohio 44114-1190

John W. Bentine
Mark S. Yurick
Interstate Gas Supply
Chester, Willcox & Saxbe LLP
65 East State St., Ste. 1000
Columbus, Ohio 43215-4213

Barth E. Royer
Dominion Retail, Inc.
Bell & Royer Co., LPA
33 South Grant Avenue
Columbus, Ohio 43215-3900

M. Howard Petricoff
Stephen Howard
Integrys Energy Services, Inc.
Vorys, Sater, Seymour &Pease LLP
52 East Gay St., P.O. Box 1008
Columbus, Ohio 43216-1008

Joseph P. Meissner
Legal Aid Society of Cleveland
1223 West Sixth Street
Cleveland, Ohio 44113

David Rinebolt
Colleen Mooney
Ohio Partners for Affordable Energy
P.O. Box 1793
Findlay, Ohio 45839-1793

John M. Dosker
General Counsel
Stand Energy Corporation
1077 Celestial St., Ste. 110
Cincinnati, Ohio 45202-1629

Stephen M. Howard
Ohio Gas Marketers Group
Vorys, Sater, Seymour &Pease LLP
52 East Gay St., P.O. Box 1008
Columbus, Ohio 43216-1008

Todd M. Smith
Utility Workers Union Of America
Local G555
Schwarzwald & McNAir LLP
616 Penton Media Building
1300 East Ninth Street
Cleveland, Ohio 44114

David F. Boehm
Michael L. Kurtz
Ohio Energy Group
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202

W. Jonathan Airey
Gregory D. Russell
Ohio Oil & Gas Association
Vorys, Sater, Seymour &Pease LLP
52 East Gay St., P.O. Box 1008
Columbus, Ohio 43216-1008

Samuel C. Randazzo
Daniel J. Neilsen
Joseph M. Clark
Industrial Energy Users-Ohio
McNees, Wallace & Nurick
21 East State St., Ste. 1700
Columbus, Ohio 43215