

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, :  
Approval of an Alternative :  
Rate Plan for its Gas :  
Distribution Service, :  
Approval to Change :  
Accounting Methods, :  
Approval of Tariffs to :  
Recover Certain Costs :  
Associated with a Pipeline :  
Infrastructure Replacement :  
Program Through an :  
Automatic Adjustment :  
Clause, and for Certain :  
Accounting Treatment, and :  
Approval of Tariffs to :  
Recover Certain Costs :  
Associated with Automated :  
Meter Reading Deployment :  
Through an Automatic :  
Adjustment Clause, and for :  
Certain Accounting :  
Treatment. :

Case Nos. 07-829-GA-AIR  
07-830-GA-ALT  
07-831-GA-AAM  
08-169-GA-ALT  
06-1453-GA-UNC

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PROCEEDINGS

before Ms. Christine M.T. Pirik and Mr. Scott Farkas,  
Attorney Examiners, at the Public Utilities  
Commission of Ohio, 180 East Broad Street, Room 11-C,  
Columbus, Ohio, called at 9 a.m. on Friday, August 1,  
2008.

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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**Application of California-American Water  
Company (U210W) For an Authorized Cost of  
Capital for Utility Operations for 2009**

**(Filed May 1, 2008)**

**APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY (U210W) FOR  
AN AUTHORIZED COST OF CAPITAL FOR UTILITY OPERATIONS FOR 2009**

**TESTIMONY**

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California-American Water Company**

**Dated: May 1, 2008**

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## **TESTIMONY INDEX**

Tab 1	Direct Testimony of Christopher Buls
Tab 2	Direct Testimony David P. Stephenson
Tab 3	Direct Testimony of Dr. Michael Vilbert

**Table 1. Cost of Equity Results**

Regulatory Capital Structure:				42.0% Equity / 58.0% Debt				2009 Tax Rate:		41.7%
METHODS										
RISK POSITIONING (using Long-Term Risk-Free Rate)				RISK POSITIONING (using Short-Term Risk-Free Rate)				DCF		
CAPM $\alpha = 0.5\%$ $\alpha = 1.5\%$				CAPM $\alpha = 1\%$ $\alpha = 2\%$ $\alpha = 3\%$				Simple	Multi-stage	
<b>[1] Water Sample*</b>										
<i>Full Sample</i>										
Cost of Equity	14.8%	14.8%	14.9%	12.2%	12.3%	12.4%	12.4%	17.6%	11.7%	
Average ATWACC	8.3%	8.4%	8.4%	7.3%	7.3%	7.3%	7.4%	9.5%	7.0%	
<i>Sub-sample</i>										
Cost of Equity	14.7%	14.7%	14.8%	12.1%	12.2%	12.3%	12.4%	16.6%	11.7%	
Average ATWACC	8.3%	8.3%	8.4%	7.2%	7.3%	7.3%	7.3%	9.1%	7.1%	
<b>[2] Gas LDC Sample**</b>										
Cost of Equity	12.3%	12.5%	12.8%	9.5%	9.8%	10.2%	10.5%	12.4%	12.2%	
Average ATWACC	7.3%	7.4%	7.5%	6.1%	6.3%	6.4%	6.5%	7.3%	7.3%	
<b>[3] Risk Positioning Security Market Line Parameters:</b>										
<i>Long-Term</i>				<i>Short-Term</i>				<i>Multi-Stage DCF Parameter:</i>		
Risk Free Rate Estimate:	4.3%			Risk Free Rate Estimate:	1.3%			GDP Growth		
Estimated MRP:	6.5%			Estimated MRP:	8.0%			Estimate: 4.8%		
<b>Sources and Notes:</b>										
* For the Water Sample, Risk Positioning data from Table No. MJV-12 and DCF data from Table No. MJV-8.										
** For the Gas LDC Sample, Risk Positioning data from Table No. MJV-22 and DCF data from Table No. MJV-19.										
[1] The full water sample consists of American States Water Co., Aqua America Inc., California Water Service Group, Connecticut Water Service Inc., Middlesex Water Co., SJW Corp., Southwest Water Co., and York Water Co. The subsample excludes Southwest Water Co. Results exclude companies whose estimated cost of equity is less than their cost of debt plus 25 basis points.										
[2] The gas LDC sample consists of AGIL Resources, Atmos Energy Corp., Laclede Group, New Jersey Resources, Nicor Inc., Northwest Natural Gas, Piedmont Natural Gas, South Jersey Industries, Southwest Gas, WGL Holdings, and Vectren Corp.										
[3] See Appendices C and D for details on Risk Positioning and DCF parameters used in estimates.										

## 1. The Water Sample Estimates

**Q51. How were the cost of equity estimates derived from the risk positioning approach for the water sample?**

**A51.** I derive two sets of risk-positioning estimates, one using long-term risk-free rates and market risk premium, and one using short-term values. The long-term interest rate I use is 4.3 percent and the corresponding estimated market risk premium is 6.5 percent. When using the short-term risk-free rate of 1.3 percent, the estimated MRP is 8.0 percent. Details on the derivation of these forecasts can be found in Appendix C.

For each estimated risk-free rate, the two risk positioning models (CAPM and ECAPM) are estimated utilizing the different values of the ECAPM parameter (0.5% and 1.5% for the long-term model and 1%, 2%, and 3% for the short-term model). I therefore obtain

Workpaper # 1 to Table No. MJV-10

Water Sample

Value Line Unadjusted Beta

Company	Value Line Betas [1]	Value Line Unadjusted Beta [2]
American States Water Co	1.00	0.97
Aqua America Inc	0.90	0.82
California Water Service Group	1.15	1.19
Connecticut Water Service Inc	0.85	0.75
Middlesex Water Co	0.90	0.82
SJW Corp	1.10	1.12
Southwest Water Co	1.00	0.97
York Water Co	0.50	0.22
Average	0.93	0.86
Subsample Average*	0.91	0.84

Sources and Notes:

[1]: Most recent Value Line Plus Edition dated as of January 25, 2008.

[2]: Value Line betas unadjusted using the formula:  $(\text{Beta} - 0.35) / 0.67$ .

\* Subsample average does not include Southwest Water Co because its regulated revenue was less than 85%.

Table No. MJV-10  
Risk Positioning Cost of Equity of the Water Sample  
Panel A: Using the Long-Term Risk-Free Rate

Company	US Long-Term Risk-Free Rate [1]	Value Line Unadjusted Beta [2]	Long-Term Market Risk Premium [3]	CAPM Cost of Equity [4]	ECAPM (0.5%) Cost of Equity [5]	ECAPM (1.5%) Cost of Equity [6]
American States Water Co	4.3%	0.97	6.50%	10.6%	10.6%	10.7%
Aqua America Inc	4.3%	0.82	6.50%	9.6%	9.7%	9.9%
California Water Service Group	4.3%	1.19	6.50%	12.1%	12.0%	11.8%
Connecticut Water Service Inc	4.3%	0.75	6.50%	9.2%	9.3%	9.5%
Middlesex Water Co	4.3%	0.82	6.50%	9.6%	9.7%	9.9%
SJW Corp	4.3%	1.12	6.50%	11.6%	11.5%	11.4%
Southwest Water Co	4.3%	0.97	6.50%	10.6%	10.6%	10.7%
York Water Co	4.3%	0.22	6.50%	5.8%	6.1%	6.9%

Sources and Notes:

[1]: Table No. MJV-9 - Interest Rate Estimate, Panel A, Row [A].

[2]: Workpaper # 1 to Table No. MJV-10, column [1].

[3]: Vilbert Direct Testimony, Appendix B.

[4]:  $[1] + ([2] \times [3])$ .

[5]:  $([1] + 0.5\%) + [2] \times ([3] - 0.5\%)$ .

[6]:  $([1] + 1.5\%) + [2] \times ([3] - 1.5\%)$ .

Table No. MJV-10  
Risk Positioning Cost of Equity of the Water Sample  
Panel B: Using the Short-Term Risk-Free Rate.

Company	US Short-Term Risk-Free Rate [1]	Value Line Unadjusted Beta [2]	Short-Term Market Risk Premium [3]	CAPM Cost of Equity [4]	ECAPM (1%) Cost of Equity [5]	ECAPM (2%) Cost of Equity [6]	ECAPM (3%) Cost of Equity [7]
American States Water Co	1.3%	0.97	8.0%	9.1%	9.1%	9.1%	9.2%
Aqua America Inc	1.3%	0.82	8.0%	7.9%	8.0%	8.2%	8.4%
California Water Service Group	1.3%	1.19	8.0%	10.9%	10.7%	10.5%	10.3%
Connecticut Water Service Inc	1.3%	0.75	8.0%	7.3%	7.5%	7.8%	8.0%
Middlesex Water Co	1.3%	0.82	8.0%	7.9%	8.0%	8.2%	8.4%
SJW Corp	1.3%	1.12	8.0%	10.3%	10.1%	10.0%	9.9%
Southwest Water Co	1.3%	0.97	8.0%	9.1%	9.1%	9.1%	9.2%
York Water Co	1.3%	0.22	8.0%	3.1%	3.9%	4.6%	5.4%

Sources and Notes:

[1]: Table No. MJV-9 - Interest Rate Estimate, Panel B, Row [1].

[2]: Workpaper # 1 to Table No. MJV-10, column [1].

[3]: Vilbert Direct Testimony, Appendix B.

[4]:  $\{1\} + \{2\} \times \{3\}$ .

[5]:  $\{1\} + 1\% + \{2\} \times (\{3\} - 1\%)$ .

[6]:  $\{1\} + 2\% + \{2\} \times (\{3\} - 2\%)$ .

[7]:  $\{1\} + 3\% + \{2\} \times (\{3\} - 3\%)$ .

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 : Case No.  
 Authority to Increase Rates for : 07-829-GA-AIR  
 its Gas Distribution Service. :  
 In the Matter of the Application :  
 of The East Ohio Gas Company :  
 d/b/a Dominion East Ohio for : Case No.  
 Approval of an Alternative Rate : 07-830-GA-ALT  
 Plan for its Gas Distribution :  
 Service. :

In the Matter of the Application :  
 of The East Ohio Gas Company :  
 d/b/a Dominion East Ohio for : Case No.  
 Approval to Change Accounting : 07-831-GA-AAM  
 Methods. :

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 : Case No.  
 Replacement Program Through an : 08-169-GA-ALT  
 Automatic Adjustment Clause, and :  
 for Certain Accounting Treatment. :

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 : Case No.  
 Automated Meter Reading : 06-1453-GA-UNC  
 Deployment Through an Automatic :  
 Adjustment Clause, and for :  
 Certain Accounting Treatment. :

DEPOSITION of CLIFF ANDREWS

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1 the increase in the customer charge from 5.70 a month  
2 to 17.50 a month, would it be your understanding some  
3 customers would be better off economically under that  
4 rate design than other customers?

5 MR. WHITT: Objection.

6 A. Again, I'm getting beyond the limit of my  
7 scope. I mean, I could imagine that there could be a  
8 difference one way or the other.

9 Q. But have you done any analysis yourself  
10 to identify what those differences might be?

11 A. No.

12 Q. Would Mr. Rice have performed those  
13 studies?

14 A. He may have looked at that.

15 MR. SAUER: Mark, I sent you some  
16 documents earlier. I wonder if I might have one  
17 marked as Deposition Exhibit 1. At the top it's the  
18 Class and Revenue Schedule, E-4, page 1 of 6.

19 (Discussion off record.)

20 (EXHIBIT MARKED FOR IDENTIFICATION.)

21 Q. (By Mr. Sauer) Mr. Andrews, I know the  
22 witness responsible says L. J. Rice, but have you  
23 seen this document before?

24 A. I have seen this.

1 Q. Okay. Do you know what this document is?

2 A. It's a summary of volume and revenue by  
3 rate class, yes.

4 Q. Okay. And if you look under the GSS rate  
5 code, there's Residential Sales by Mcf of  
6 \$34,891,292. Do you see that number?

7 A. Yes.

8 Q. And to the right of that number is  
9 Customer Bills under column C, 4,221,824, do you see  
10 that number, sir?

11 A. Yes.

12 Q. And subject to check, if I would divide  
13 the residential sales per Mcf, the 34,891,292 by the  
14 GSS number of customers bills, the 4,221,824, would  
15 you agree that would be -- subject to check that  
16 would be 8.26 Mcf per customer?

17 A. That would be Mcf per customer per month.

18 Q. Per month, yes.

19 A. Yes.

20 Q. Okay.

21 A. Subject to check. I don't know the  
22 exact.

23 Q. Yes, I understand you don't have a  
24 calculator there.

1           MR. SAUER: Mark, again, there's another  
2 document that I had faxed. This is a document that  
3 came off of the Dominion East Ohio webpage. It says  
4 Dominion East Ohio rates, Gas Rates in Effect as of  
5 June 17, 2008. It's a one-page document. Do you see  
6 that.

7           MR. WHITT: I have that.

8           MR. SAUER: Would you mark that as  
9 Deposition Exhibit 2.

10          MR. WHITT: It is so marked. I have  
11 handed it to the witness.

12                   (EXHIBIT MARKED FOR IDENTIFICATION.)

13          Q. Mr. Andrews, have you seen this document  
14 before? Are you familiar with the webpage from which  
15 this document came?

16          A. Yes.

17          Q. If you look about halfway down the page,  
18 there's an approximate total unit rate for the first  
19 100 Mcf, again for the General Sales Service, the GSS  
20 class, correct?

21          A. Yes.

22          Q. And there's a number that says \$17.0210  
23 per Mcf.

24          A. Yes.

1 Q. And if you know, is that \$17 per Mcf, is  
2 that a combination of the delivery rate of the first  
3 100 Mcf at \$3.0058 per Mcf, plus the standard service  
4 offer rate shown as \$13.356 per Mcf, plus the  
5 surcredit rider offset, which is \$0.0053 per Mcf,  
6 plus the gross receipts tax of \$0.6539 per Mcf?

7 A. Yes, that's my understanding.

8 Q. Is that how that dollar number was  
9 arrived at?

10 A. Yes.

11 Q. So it excludes the \$5.70 per month  
12 customer charge?

13 A. Yes. The rates, it's just the per Mcf  
14 rate so it does not include the service charge.

15 Q. Okay. So in doing the math, I know you  
16 don't have a calculator here, but using the average,  
17 the 8.26 average Mcf per month number we had talked  
18 about earlier, times the \$17.0210 shown on Deposition  
19 Exhibit 2, plus the \$5.70 a month customer charge,  
20 subject to check would you agree that would be a bill  
21 amount of \$146.29?

22 A. I would agree it's approximately 140-some  
23 dollars.

24 Q. Okay. As we discussed earlier, you are

1 aware that the staff is proposing to increase the  
2 customer charge to \$17.50; is that correct?

3 A. Yes, I'm aware of that.

4 Q. Okay. And are you aware that the staff  
5 is proposing to also decrease the delivery charge for  
6 the first 50 Mcf by 87 cents per Mcf?

7 A. Yes; subject to check on the cents.

8 Q. Okay. So the volumetric rate on  
9 Deposition Exhibit No. 2, the 17.021, would be  
10 reduced by approximately 87 cents.

11 A. Correct.

12 Q. Or it would be approximately \$16.15. Do  
13 you agree with that?

14 A. Yes, approximately.

15 Q. And, again, using the average 8.26 Mcf  
16 per month residential use times that \$16.15 would  
17 give you \$133.40, plus the staff proposed charge of  
18 17.50, would give you a billing amount of \$150.90.  
19 Subject to check would you agree with that?

20 A. Approximately, yes.

21 Q. Which is higher than the \$146.29 average  
22 bill we calculated a second ago.

23 A. That's correct.

24 Q. Approximately a 3.2 percent increase,

1 subject to check.

2 A. If that's -- that sounds reasonable.

3 Q. Okay.

4 MR. SAUER: Next if you would mark as  
5 Deposition Exhibit 3, looking for schedule E-3.2,  
6 pages 1-3 of 16. The witness responsible is  
7 C. Andrews. It says Cost of Service Study Allocation  
8 factors. Do you see that schedule, Mark?

9 MR. WHITT: Again, looking through --

10 MR. SAUER: It says Larry Sauer - E-3.2.  
11 I think it is just page 1. It has Allocation  
12 Factors, Allocator, Total Throughput to the left and  
13 then it comes across, GSS/ECTS.

14 MR. WHITT: Yes. You want just the first  
15 page?

16 MR. SAUER: The first page is all I'm  
17 looking at. There's more to it, but the first page  
18 is probably all we need.

19 MR. WHITT: Okay. I have handed that to  
20 the witness.

21 (EXHIBIT MARKED FOR IDENTIFICATION.)

22 Q. Mr. Andrews, since you are the witness  
23 identified on the schedule, I assume you are familiar  
24 with this document.

1           A.    Yes.  This looks like a printout of the  
2  cost of service study, first page of it.

3           Q.    Okay.  And there is a column that says  
4  Total Throughput.  Do you see that?

5           A.    Yes.

6           Q.    And then there's also -- that was line 1.  
7  Line 3 there's an October - April Throughput.  Do you  
8  see that?

9           A.    Yes.

10          Q.    You have those numbers for various rate  
11  schedules across the page.

12          A.    Correct.

13          Q.    And if we just focus on the GSS/ECTS  
14  column, the total throughput was 143,308,810; is that  
15  correct?

16          A.    Yes.

17          Q.    And the October through April throughput  
18  in line 3 is 123,713,181 for the GSS class.

19          A.    Yes.

20          Q.    And subject to check the difference  
21  between those two numbers is 19,595,629.

22          A.    Subject to check that sounds reasonable.

23          Q.    Okay.  And line 10 you have Number of  
24  Customers, 1,207,801 under GSS/ECTS class.  Do you

1 see that?

2 A. Yes.

3 Q. And for the five months May through  
4 September, that would be 6,039,005 bills rendered.  
5 Subject to check would you agree with that?

6 A. I'm not sure I followed that question.

7 Q. Okay. The number of customers, 1,207801,  
8 is what is shown on line 10 under GSS/ECTS class; is  
9 that correct?

10 A. Yes.

11 Q. And if I multiply that by five for five  
12 months May through September, it would be 6,039,005  
13 bills rendered, subject to check.

14 A. Subject to check. I agree with the  
15 equation you just walked me through.

16 Q. Okay. And the previous subtraction we  
17 had done from total throughput less the October  
18 through April throughput would leave you the May  
19 through September throughput. That answer would give  
20 you the May through September throughput of  
21 19,595,629, subject to check, correct?

22 A. Are you asking me if the approximate May  
23 through September usage for GSS is somewhere  
24 around 19 --



1 Q. 19 and a half million, yes, 19.6 million,  
2 subject to check.

3 A. Yes.

4 Q. And then what I was going to do next is  
5 divide that 19.6 million by the 6,039,005 billings  
6 over that five-month period to get an average of  
7 3.24 average Mcf per month during the May through  
8 September months. Would you agree with that?

9 A. Again, subject to check, that sounds  
10 reasonable.

11 Q. And I'm going to kind of run us through  
12 that same exercise we had done earlier, sir. This is  
13 for the periods of May through September, where if  
14 you look at what has been marked previously as  
15 Deposition Exhibit No. 2, multiplying that 17.0210  
16 times the average Mcf per month during the May  
17 through September months of 3.24 would give you  
18 \$55.15 volumetric charges. Subject to check would  
19 you agree with that?

20 A. You took --

21 Q. I took the 17.0210 from Deposition  
22 Exhibit No. 2.

23 A. Correct.

24 Q. And multiplied that by the average Mcf

1 per customer during the May through September period  
2 of 3.24 to come up with \$55.15 volumetric charge.  
3 Would you agree with that subject to check?

4 A. Yes.

5 Q. And then add to that the customer charge  
6 of 5.70 to come up with an average May through  
7 September billing of \$60.85. Would you agree with  
8 that?

9 A. Yes.

10 Q. And now I'm going to do the same  
11 calculation to try to use what the staff is  
12 proposing, so that the volumetric charge would be the  
13 17.0210 minus the 87 cents they are reducing the  
14 volumetric charge by, or the 16.15 we discussed  
15 earlier. Do you remember that?

16 A. Yes.

17 Q. Subject to check.

18 A. Yes.

19 Q. Multiplying that times the average use of  
20 3.24 Mcf per month coming up with \$52.33. Subject to  
21 check do you agree with that?

22 A. Yes.

23 Q. And then adding to that this \$17.50  
24 customer charge the staff is proposing, \$69.83.

1 Would you agree with that, subject to check?

2 A. Yes. I agree with the math you're doing,  
3 sounds reasonable.

4 Q. Okay. I'm comparing a \$69.83 average  
5 billing in the May-September period under the staff's  
6 proposal to what the current average billing would be  
7 at the \$60.85 we had just done, coming up with a  
8 14.8 percent change between those two billings.  
9 Would you agree, subject to check?

10 A. That would be the difference in the  
11 summer months.

12 Q. Yes.

13 A. Right. Subject to check, I agree that  
14 the one number is 14.8 percent, roughly, subject to  
15 check, higher than the first number.

16 Q. Mr. Andrews, would you agree that as part  
17 of your duties it's important to understand the  
18 economic conditions of the service territory that DEO  
19 serves when you make planning decisions?

20 A. I think in terms -- that question is  
21 vague. I'm really having a hard time following the  
22 intent of the question.

23 Q. When you're performing your cost of  
24 service study, do you factor in any way the economic

1

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO  
Case No. 07-0829-GA-AIR  
Proposed - East Ohio  
Class and Schedule Revenue Summary

Date: 3 Months Actual & 9 Months Estimated  
Type of Filing: Original  
Work Paper Reference Nos.: WPE-4a thru WPE-4e

Schedule E-4  
Page 1 of 6  
Witness Responsible:  
L. J. Rice

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales MCF (D)	Proposed Rate (E=F/D)	Proposed Annualized		% of Revenue To Total Exclusive of Gas Costs (G)	Annualized Gas Cost Revenue (H)	Proposed Revenue Total (I=F+H)
						Proposed Revenue Less Gas Cost Revenue (F)	Revenue (E)			
1	QSS	GENERAL SALES SERVICE								
2		Residential	4,221,824	34,891,298	\$4.1157	\$143,601,462.90		22.7%	\$318,364,954.65	\$461,966,417.55
3		Non Residential	277,255	9,917,998	\$3.5253	\$34,964,318.65		5.5%	\$90,236,432.02	\$125,200,750.67
4		Sub-Total	4,499,079	44,809,296	\$3.9850	\$178,565,781.55		28.3%	\$408,601,386.67	\$587,167,171.22
5										
6	ECTS	ENERGY CHOICE TRANSPORTATION SERVICE								
7		Residential	8,592,791	71,927,300	\$5.6647	\$263,590,233.18		41.7%	\$0.00	\$263,590,233.18
8		Non Residential	615,682	19,494,072	\$3.1192	\$60,808,398.06		9.6%	\$0.00	\$60,808,398.06
9		Sub-Total	9,208,473	91,422,272	\$5.5484	\$324,398,631.24		51.4%	\$0.00	\$324,398,631.24
10										
11	LVGSS	LARGE VOLUME GENERAL SALES SERVICE								
12		Residential	360	108,322	\$2.9340	\$317,814.15		0.1%	\$990,816.76	\$1,308,630.91
13		Non Residential	5,113	1,641,165	\$2.8617	\$4,696,556.33		0.7%	\$15,005,829.23	\$19,702,385.56
14		Sub-Total	5,473	1,749,487	\$2.8662	\$5,014,370.48		0.8%	\$15,996,645.99	\$21,011,016.47
15										
16	LVECTS	LARGE VOLUME ENERGY CHOICE TRANSPORTATION SERVICE								
17		Residential	3,900	1,531,012	\$2.4441	\$3,741,928.81		0.6%	\$0.00	\$3,741,928.81
18		Non Residential	16,547	5,421,982	\$2.4543	\$13,307,079.32		2.1%	\$0.00	\$13,307,079.32
19		Sub-Total	20,447	6,952,994	\$2.4520	\$17,049,008.13		2.7%	\$0.00	\$17,049,008.13
20										
21	GTS	GENERAL TRANSPORTATION SERVICE								
22		Residential	792	356,528	\$2.1571	\$769,052.26		0.1%	\$0.00	\$769,052.26
23		Non Residential	24,626	28,031,989	\$1.4124	\$39,593,239.31		6.3%	\$0.00	\$39,593,239.31
24		Sub-Total	25,418	28,388,517	\$1.4218	\$40,362,291.57		6.4%	\$0.00	\$40,362,291.57
25										
26	GTS-N	GENERAL TRANSPORTATION SERVICE - NEGOTIATED								
27		Residential	-	-	n/a	\$0.00		0.0%	\$0.00	\$0.00
28		Non Residential	2,148	13,065,854	\$0.5604	\$7,322,552.71		1.2%	\$0.00	\$7,322,552.71
29		Sub-Total	2,148	13,065,854	\$0.5604	\$7,322,552.71		1.2%	\$0.00	\$7,322,552.71
30										
31	TSS	TRANSPORTATION SERVICE FOR SCHOOLS								
32		Residential	-	-	n/a	\$0.00		0.0%	\$0.00	\$0.00
33		Non Residential	5,061	1,116,465	\$2.5958	\$2,898,153.39		0.5%	\$0.00	\$2,898,153.39
34		Sub-Total	5,061	1,116,465	\$2.5958	\$2,898,153.39		0.5%	\$0.00	\$2,898,153.39
35										
36	DTS	DAILY TRANSPORTATION SERVICE								
37		Residential	-	-	n/a	\$0.00		0.0%	\$0.00	\$0.00
38		Non Residential	228	12,823,612	\$0.5337	\$6,843,707.29		1.1%	\$0.00	\$6,843,707.29
39		Sub-Total	228	12,823,612	\$0.5337	\$6,843,707.29		1.1%	\$0.00	\$6,843,707.29
40										
41	DTS-N	DAILY TRANSPORTATION SERVICE - NEGOTIATED								
42		Residential	-	-	n/a	\$0.00		0.0%	\$0.00	\$0.00
43		Non Residential	588	31,204,141	\$0.2324	\$7,252,309.08		1.1%	\$0.00	\$7,252,309.08
44		Sub-Total	588	31,204,141	\$0.2324	\$7,252,309.08		1.1%	\$0.00	\$7,252,309.08
45										
46		Sub-Total - On System Only	13,766,915	231,532,632	\$2.5470	\$589,706,805.44		93.4%	\$424,598,035.66	\$1,014,304,841.10
47										
48	OFF	OFF SYSTEM TRANSPORTATION								
49		Other	120	6,341,061	\$0.2744	\$1,739,907.26		0.3%	\$0.00	\$1,739,907.26
50		Sub-Total	120	6,341,061	\$0.2744	\$1,739,907.26		0.3%	\$0.00	\$1,739,907.26
51										
52	FSS	FIRM STORAGE SERVICE								
53		Other	432	16,757,874	\$0.6590	\$11,042,773.85		1.7%	\$0.00	\$11,042,773.85
54		Sub-Total	432	16,757,874	\$0.6590	\$11,042,773.85		1.7%	\$0.00	\$11,042,773.85
55										
56		TOTAL OTHER REVENUE				\$29,157,465.00		4.6%	\$0.00	\$29,157,465.00
57										
58		Sub-Total before Migration Credit	13,767,035	237,873,693		\$631,646,951.33		100.0%	\$424,598,035.66	\$1,056,244,987.21
59										
60		Migration Rider B Credit Impact				(\$4,286,150.14)			\$0.00	(\$4,286,150.14)
61										
62		TOTAL COMPANY	13,767,035 (Excludes PSS)	237,873,693 (Excludes FSS)		\$627,360,801.41			\$424,598,035.66	\$1,051,958,837.07

(2)

## Dominion East Ohio Rates

Gas rates in effect as of June 17, 2008

### General Sales Service (GSS)

For communities in Ashland, Ashtabula, Belmont, Carroll, Columbiana, Coshocton, Cuyahoga, Geauga, Holmes, Knox, Lake, Mahoning, Medina, Monroe, Portage, Stark, Summit, Trumbull, Tuscarawas, Wayne and Washington counties.

Service Charge \$5.70 per month

Delivery Rate (a)	First 100 mcf	<i>a</i>	\$3.0058	per mcf
	Next 1,900 mcf		\$2.9342	per mcf
	Over 2,000 mcf		\$2.8876	per mcf

Standard Service Offer (SSO) Rate *b* \$13.3560 per mcf

Surcredit Rider Offset *c* \$0.0053 per mcf

Gross Receipts Tax (4.8957% of SSO Gas Cost) *d* \$0.6539 per mcf

#### Approximate Total Unit Rate

First 100 mcf	\$17.0210	per mcf = <i>a+b+c+d</i>
Next 1,900 mcf	\$16.9494	per mcf
Over 2,000 mcf	\$16.9028	per mcf

(a) Includes Interim Emergency and Temporary PIP Plan Rider of \$ 0.5653/mcf, Uncollectible Expense Rider of \$.5674/mcf, Transportation Migration Rider - Part B of \$0.4836/mcf, Surcredit Rider of (\$.0053)/mcf, and Excise Tax Rider of \$0.1593/mcf for the first 100 mcf, \$ 0.0877/mcf for the next 1,900 mcf, and \$0.0411/mcf for all volumes over 2,000 mcf.

Note: The minimum monthly charge for each location shall be the monthly service charge. The reconnection charge is \$ 20.00.

Supersedes Card Dated May 16, 2008.

<http://www.dom.com/customer/pdf/oh/gss.pdf>

3

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO  
CASE NO. 07-0829-GA-AIR  
COST OF SERVICE STUDY

Date: 3 Months Actual & 9 Months Estimated  
Type of Filing: Original  
Work Paper Reference Nos.: WPE-3.2a-h

Schedule E-3.2  
Page(s) 1-3 of 16  
Witness: C. Andrews

ALLOCATION FACTORS

#	Allocator	Basis	RATE SCHEDULE				DTS/Off-System	Storage	SYSTEM TOTAL
			CASSETS	LVGSS/VECTS	GTS/TS				
INPUT ALLOCATORS									
1	Total Throughput	Mcf	143,308,810 56.3%	8,994,640 3.5%	51,952,159 20.4%		50,368,814 19.8%	0 0.0%	254,624,423 100.0%
2	Winter Throughput	Mcf	104,878,988 64.3%	6,337,343 3.9%	27,989,383 17.2%		23,982,134 14.7%	0 0.0%	163,185,848 100.0%
3	October-April Throughput	Mcf	123,713,181 62.0%	7,579,939 3.8%	38,181,255 18.1%		31,952,268 16.0%	0 0.0%	199,428,833 100.0%
4	On-system Sales	Mcf	49,141,601 96.4%	1,821,342 3.6%	0 0.0%		0 0.0%	0 0.0%	50,962,943 100.0%
5	Peak Day Requirements	Mcf	1,738,191 72.1%	101,758 4.2%	337,307 14.0%		231,788 9.6%	0 0.0%	2,407,024 100.0%
6	Excess Peak Day Requirement	Mcf	1,343,564 78.6%	77,115 4.5%	194,972 11.4%		93,771 5.5%	- 0.0%	1,708,422 100%
7	Winter Storage Requirement	Mcf	34,209,378 63.4%	2,014,273 3.7%	1,018,477 1.9%		- 0.0%	16,757,874 31.0%	54,000,000 100.0%
8	Excess Peak Storage Requirement	Mcf	454,034 62.9%	28,550 3.7%	10,458 1.4%		- 0.0%	231,343 32.0%	722,384 100.0%
9	Gathering Throughput	Mcf	11,238,678 28.5%	706,385 1.8%	21,308,109 54.1%		6,155,948 15.6%	0 0.0%	39,409,118 100.0%
10	Number of Customers	# of Customers	1,207,801 99.6%	2,248 0.2%	2,910 0.2%		78 0.0%	0 0.0%	1,213,037 100.0%
11	Transportation Customers	# of Customers	791,547 99.4%	1,769 0.2%	2,910 0.4%		78 0.0%	0 0.0%	798,304 100.0%
12	Industrial Customers	# of Customers	633 39.5%	148 9.2%	757 47.2%		65 4.1%	0 0.0%	1,603 100.0%
13	Customers, Low Pressure	# of Customers	838,450 99.7%	1,882 0.2%	817 0.1%		0 0.0%	0 0.0%	840,949 100.0%
14	Customers, Regulated Pressure	# of Customers	389,351 99.3%	566 0.2%	2,093 0.6%		78 0.0%	0 0.0%	372,088 100.0%
15	Revenue @ Current Rates (excludes EC gas cost/sales tax)	Whole Dollars	\$916,063,064 98.8%	\$38,632,131 3.7%	\$69,808,971 6.6%		\$19,680,354 1.9%	\$10,714,409 1.0%	\$1,053,896,930 100.0%

THE EAST OHIO GAS COMPANY db/a DOMINION EAST OHIO  
CASE NO. 07-0829-GA-AIR  
COST OF SERVICE STUDY

Date: 3 Months Actual & 8 Months Estimated  
Type of Filing: Original  
Work Paper Reference Nos.: WPE-3.2a-h

Schedule E-3.2  
Page(s) 1-3 of 16  
Witness: C. Andrews

**ALLOCATION FACTORS**

			RATE SCHEDULE					SYSTEM TOTAL
			GSS/ECTS	LVGSS/ALVECTS	GTS/RTSS	DTS/OT-System	Storage	
INPUT ALLOCATORS								
16	Base Rate Revenue	Whole Dollars	\$257,319,653 79.5%	\$9,886,536 3.1%	\$41,685,124 12.9%	\$14,896,255 4.6%	\$0 0.0%	\$323,797,568 100.0%
17	Non-Tax Rider Revenue	Whole Dollars	\$152,230,959 86.2%	\$9,624,007 5.4%	\$14,337,592 8.1%	\$431,148 0.2%	\$0 0.0%	\$176,623,705 100.0%
18	Tax-related Rider Revenue	Whole Dollars	\$43,846,087 88.7%	\$1,650,724 3.3%	\$2,786,310 5.6%	\$1,173,805 2.4%	\$0 0.0%	\$49,456,928 100.0%
19	Other Revenue	Whole Dollars	\$13,594,079 34.6%	\$808,451 2.1%	\$10,987,948 28.0%	\$3,179,146 8.1%	\$10,714,409 27.3%	\$39,285,031 100.0%
20	Purchased Gas Cost/Revenue (SSO)	Whole Dollars	\$448,072,288 96.4%	\$16,661,412 3.6%	\$0 0.0%	\$0 0.0%	\$0 0.0%	\$464,733,700 100.0%
21	Non-Gas Cost Revenue	Whole Dollars	\$466,990,777 79.3%	\$21,970,719 3.7%	\$69,806,971 11.8%	\$19,680,354 3.3%	\$10,714,409 1.8%	\$588,163,230 100.0%
22	Uncollectible Expense (PIPP + UER)	Whole Dollars	\$122,657,303 87.2%	\$7,668,483 5.6%	\$10,287,164 7.3%	\$0 0.0%	\$0 0.0%	\$140,652,949 100.0%
23	PIP Rider Revenue	Whole Dollars	\$81,012,470 87.2%	\$5,084,670 5.5%	\$6,801,012 7.3%	\$0 0.0%	\$0 0.0%	\$92,898,153 100.0%
24	Gas Cost Riders	Whole Dollars	\$29,573,656 82.2%	\$1,925,624 5.4%	\$4,040,428 11.2%	\$431,148 1.2%	\$0 0.0%	\$35,970,756 100.0%
26	Revenue @ Proposed Rates (From Proposed Rate Design Calc)	Whole Dollars	\$992,055,913 87.9%	\$40,295,636 3.6%	\$65,908,072 5.8%	\$19,015,070 1.7%	\$11,629,816 1.0%	\$1,128,904,306 100.0%

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO  
CASE NO. 07-0829-GA-AIR  
COST OF SERVICE STUDY

Data: 3 Months Actual & 9 Months Estimated  
Type of Filing: Original  
Work Paper Reference Nos.: WPE-3.2a-h

Schedule E-3.2  
Page(s) 1-3 of 16  
Witness: C. Andrews

**ALLOCATION FACTORS**

# Allocator Base

**INTERNALLY GENERATED ALLOCATORS**

25	O&M @ Current Rates	Whole Dollars
27	Gross Plant	Whole Dollars
28	General Plant	Whole Dollars
28	Net Plant	Whole Dollars
30	Rate Base	Whole Dollars

		RATE SCHEDULE				SYSTEM TOTAL	
		GSS/ECTS	LVGSS/LVECTS	GTS/TSS	DTS/OT-System	Storage	TOTAL
		\$174,282,593 81.8%	\$5,322,976 2.5%	\$17,914,594 8.4%	\$10,259,949 4.8%	\$5,217,822 2.4%	\$212,997,934 100.0%
		\$1,474,812,059 76.0%	\$57,444,053 3.0%	\$226,801,702 11.7%	\$134,362,509 6.9%	\$46,096,945 2.4%	\$1,939,317,268 100.0%
		\$41,130,263 75.1%	\$1,879,775 3.1%	\$8,642,444 12.1%	\$3,937,984 7.2%	\$1,351,086 2.5%	\$54,741,551 100.0%
		\$620,836,057 75.5%	\$33,145,199 3.0%	\$130,193,969 12.0%	\$78,013,267 7.2%	\$24,943,273 2.3%	\$1,087,131,795 100.0%
		\$821,793,909 76.7%	\$38,574,890 3.6%	\$124,889,856 11.7%	\$65,189,401 6.1%	\$21,433,649 2.0%	\$1,071,881,705 100.0%





The East Ohio Gas Company d/b/a Dominion East Ohio  
Case No. 07-0829-GA-AIR

Response to Data Requests

Requesting Party:  
OCC

Data Request Set:  
Interrogatories - 3rd Set

Question Number:  
150

Subject:

Request Date:  
01/17/2008

Due Date:  
01/23/2008

Topic:  
Section E - Rates and Tariffs

Question:

Please identify the total number of customers that were on the budget payment plan in 2005, 2006,  
and 2007?

Answer:

December 2005 219,473  
December 2006 188,676  
December 2007 189,773

Preparer of Response:  
David Holt

Date Prepared:  
01/25/2008

Attachments:

☐ Yes ☒ No  
Attach here-->

OCC  
E46



The East Ohio Gas Company d/b/a Dominion East Ohio  
Case No. 07-0829-GA-AIR

Response to Data Requests

Requesting Party:  
OCC

Data Request Set:  
Interrogatories - 11th Set

Question Number: 408 Subpart:

Request Date: 04/23/2008 Due Date: 05/09/2008

Topic:  
Section E - Rates and Tariffs

Question:  
Referring to the Company's response to OCC Interrogatory No. 150, does the total number of customers that were on the budget payment plan for each year represent only residential accounts?

Answer:  
Yes.

Preparer of Response: David Holt Date Prepared: 05/08/2008

Attachments:  
☐ Yes ☒ No  
Attach here-->



The East Ohio Gas Company d/b/a Dominion East Ohio  
Case No. 07-0829-GA-AIR

Response to Data Requests

Requesting Party:

Blue Ridge Consulting

Data Request Set:

1

Question Number:

HS 01-13

Subject:

Request Date:

12/03/2007

Due Date:

12/17/2007

Topic:

Scope Area B: Operating Income and Other Analysis - Load Forecasting

Question:

Please provide in spreadsheet format with all formulas, macros and values intact any information detailing the number of customers for each customer class for the last twenty years.

Answer:

The attached worksheet provides Residential and Commercial customer counts back to 1985, Industrial count information is only available back to 1999.

Preparer of Response:

Larry Rice

Date Prepared:

12/12/2007

Attachments:

☒ Yes ☐ No



Attach here -> HS\_01\_13 LJR.xls

Domination East Ohio  
Monthly Customer Counts by Class

Residential

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
1985	1,000,715	1,002,775	1,001,981	999,353	993,346	987,879	983,801	980,122	979,919	984,567	993,282	1,001,487	992,419
1986	1,005,558	1,006,851	1,006,329	1,003,471	998,892	993,063	988,071	984,331	983,377	990,001	999,639	1,007,210	997,399
1987	1,010,317	1,011,850	1,011,329	1,009,569	1,004,522	998,595	994,574	992,264	991,912	997,720	1,007,171	1,011,200	1,003,594
1988	1,017,798	1,020,112	1,020,194	1,017,870	1,013,756	1,008,765	1,003,961	1,001,483	1,001,403	1,005,212	1,013,700	1,021,755	1,012,187
1989	1,025,755	1,027,702	1,028,385	1,027,090	1,022,737	1,017,713	1,012,598	1,008,240	1,007,668	1,013,539	1,022,869	1,031,935	1,020,531
1990	1,034,827	1,035,454	1,035,005	1,033,377	1,028,497	1,024,138	1,020,277	1,017,629	1,018,186	1,022,561	1,032,336	1,040,202	1,028,542
1991	1,044,185	1,045,823	1,045,690	1,043,204	1,037,654	1,032,252	1,027,540	1,024,857	1,025,291	1,033,495	1,042,271	1,049,440	1,037,475
1992	1,052,241	1,053,805	1,053,574	1,051,935	1,047,178	1,042,254	1,038,989	1,036,728	1,037,438	1,044,467	1,053,907	1,059,001	1,047,635
1993	1,061,395	1,063,234	1,063,718	1,061,520	1,057,035	1,052,439	1,048,713	1,046,277	1,046,846	1,053,554	1,062,625	1,067,968	1,057,112
1994	1,071,504	1,073,010	1,072,926	1,070,959	1,066,646	1,061,220	1,057,029	1,055,313	1,056,586	1,062,986	1,071,831	1,078,623	1,066,553
1995	1,082,332	1,084,159	1,083,592	1,082,443	1,078,968	1,075,492	1,072,413	1,069,740	1,071,018	1,076,333	1,085,959	1,091,250	1,079,472
1996	1,092,943	1,094,468	1,094,628	1,093,243	1,090,126	1,086,276	1,083,889	1,082,272	1,082,617	1,086,693	1,095,278	1,100,185	1,090,218
1997	1,102,723	1,104,108	1,104,532	1,103,414	1,100,720	1,098,137	1,094,255	1,092,387	1,092,910	1,097,227	1,105,407	1,109,980	1,100,483
1998	1,111,142	1,112,343	1,114,643	1,113,004	1,108,039	1,106,296	1,105,054	1,104,377	1,105,446	1,108,804	1,120,024	1,121,971	1,109,762
1999	1,123,977	1,125,167	1,121,763	1,120,709	1,116,750	1,113,571	1,109,888	1,107,994	1,107,438	1,107,223	1,119,499	1,123,233	1,116,160
2000	1,128,508	1,132,024	1,133,341	1,131,800	1,123,234	1,121,267	1,126,230	1,126,437	1,125,491	1,125,011	1,132,471	1,136,724	1,127,352
2001	1,137,960	1,137,960	1,128,180	1,128,180	1,130,948	1,129,329	1,126,643	1,126,737	1,125,276	1,122,310	1,132,403	1,136,894	1,130,558
2002	1,138,454	1,139,348	1,139,244	1,137,661	1,132,797	1,126,638	1,120,889	1,116,673	1,115,276	1,122,504	1,134,199	1,139,277	1,129,648
2003	1,139,539	1,141,096	1,139,868	1,136,326	1,131,287	1,127,118	1,122,208	1,119,167	1,120,781	1,127,975	1,136,976	1,142,431	1,132,756
2004	1,142,616	1,143,259	1,142,030	1,138,353	1,130,981	1,125,318	1,122,144	1,120,636	1,120,770	1,127,745	1,135,306	1,139,654	1,133,972
2005	1,144,875	1,145,737	1,145,305	1,141,137	1,135,167	1,128,008	1,123,622	1,120,574	1,120,770	1,127,745	1,135,306	1,134,725	1,133,972
2006	1,140,593	1,141,794	1,141,206	1,139,116	1,133,604	1,128,953	1,123,909	1,118,194	1,117,977	1,126,783	1,132,651	1,129,440	1,133,972
2007	1,137,331	1,138,835	1,137,123	1,134,087	1,126,637	1,122,293	1,115,009	1,110,959	1,109,088	1,115,578	1,125,786	1,129,440	1,125,786

Dominion East Ohio  
Case No. 07-0829-GA-AIR  
Percentage of Residential Customers on Budget

	Budget Customers /a	Average Residential Customers /b	Percentage on Budget
2005	219,473	1,133,992	19.35%
2006	188,676	1,131,632	16.67%
2007	189,773	1,125,180	16.87%

/a - OCC Interrogatory 3rd Set #150 and OCC Interrogatory 11th Set # 408

/b - Blue Ridge Consulting 1st Set Question HS 01-13

Note: The print out of HS\_01\_13 LJR.xls attached was updated from the initial response to include Nov. and Dec. 2007 information and an annual average. Only the residential portion of the response is included.