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 to File Revised Tariffs Extending its Low Income Pilot Program.	)))))	Case No. 10-200-GA-ATA

ENTRY

The Commission finds:

(1) The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission.

(2) In its October 15, 2008, Finding and Order in Case No. 07-829-GA-AIR, et al. (07-829), the Commission directed DEO to establish a low-income pilot program for one year aimed at helping low-income, low-use customers pay their bills. In accordance with the Commission's directive, DEO filed tariffs for General Sales Service – Low Usage Heat Pilot Program (GSS-LU) and Energy Choice Transportation Service – Low Usage Heat Pilot Program (ECTS-LU), which became effective with bills rendered on or after March 13, 2009. In the October 15, 2008, Finding and Order, the Commission also indicated its intent to evaluate the program after completion of the pilot period.

(3) On February 17, 2010, DEO filed an application requesting approval of proposed revisions to its tariffs GSS-LU and ECTS-LU, which would extend the pilot program past its initial one-year term, and requesting authority to continue the program until such time as the Commission directs the program be modified or terminated. The Commission granted DEO's application to extend the pilot program on March 10, 2010. In addition, the Commission directed Staff to review the pilot program and file its results with the Commission, after which a procedural process for review of the pilot program would be established.

(4) On April 29, 2010, Staff filed a report (staff report) of its review of the DEO low-income program. Upon review, Staff found that the statistics from the first year of the program were not instructive in terms of evaluating the program's overall effectiveness; however,

Staff noted that the number of disconnects for nonpayment in the first year, 87 or 1.7 percent of the initial program participants, compared favorably with the 6.9 percent disconnect rate in 2009 for DEO customers. Thus, Staff found that this evidence, while inconclusive, seemed to support the effectiveness of the program. Staff then evaluated the impact on participants should the program be eliminated and found that the elimination of the program would impact low-usage customers much harder than higher-usage customers. Overall, Staff concluded that "(g)iven the economic upheavals that occurred concurrent with the implementation of this program, it is not realistic to reach any firm conclusions regarding the impact of the program in reducing disconnections or movement to the [percentage of income payment program] PIPP program." Staff recommended a continuation of the low-income program based primarily on the significant impact its elimination would have on the current program participants. However, Staff recognized that the low-income program is funded by shareholder dollars and concluded that the program should be phased-out through attrition. To achieve this goal, Staff recommended that the Commission eliminate the requirement that DEO "...promote this program such that, to the fullest extent practicable, the program is fully enrolled with 5,000 customers," According to the staff report, this would enable the program to be phased-out over time without eliminating the benefits to existing program participants.

(5) On June 3, 2010, the Office of the Ohio Consumers' Counsel (OCC), Ohio Partners for Affordable Energy (OPAE), and DEO filed comments on the staff report. OCC and DEO filed reply comments on June 17, 2010.

(6) In it comments, OPAE disagrees with Staff's assertion in the report that the only intent of the program was to mitigate the initial impact of the straight fixed variable (SFV) rate design. Instead, OPAE asserts that the Commission's concern for low-income, low-use customers continues throughout the time that the SVF rate design is in effect. In addition, OPAE argues that, because the SVF rate design has not yet been fully implemented, the program must be continued to avoid placing a greater burden on low-income, low-use customers when the SVF rate design is fully implemented. OPAE also advocates expanding the program to encompass 20,000 participants in a fully subscribed program.

(7) OCC also argues that the Commission was not only concerned with mitigating the initial impacts of the SVF rate design and further asserts that the need for the low-income, low-use program will not diminish with time. Based on this belief, OCC opposes the phase-out of the program. Instead, OCC argues that the staff report should not serve as the basis for the Commission to modify the program, since the staff report itself admits that Staff could not determine the effectiveness of the pilot program based only on its first year. Moreover, OCC criticized the staff report as lacking any analysis of the effect of decreased commodity prices during the time of the pilot program. Accordingly, OCC asks the Commission to continue the program, without modification, as it appears to be somewhat effective at keeping participants from being disconnected and is necessary to mitigate the effects of the SVF rate design. OCC requests that Staff be required to reevaluate the program again in three years to get a more accurate reflection of the impact of the program.

(8) In its June 3, 2010, comments, DEO states that Staff's recommendation that the program continue at shareholder expense until all current participants are phased out over time is unfair to DEO and contrary to the letter and spirit of the October 15, 2008, *Finding and Order* which limited the duration of the pilot program to one year. In contrast, DEO recommends the Commission order the pilot program to end at a date certain of March 13, 2011. In support of its position, DEO argues that the Commission did not and should not order that the pilot program continue indefinitely. In the alternative, DEO suggests that, should the Commission decide to continue the program, it should specify an end date for shareholder funding of the program of March 2011 and allow DEO to recover the cost of the program from that point forward through the Transportation Migration Rider – Part B or one of DEO's other existing cost recovery mechanisms.

(9) In its reply comments, OCC disagrees with DEO's assertion that the Commission established the pilot program for a finite period of time. OCC reiterates its belief that the impact of the SVF rate design will not diminish over time. OCC also points out that similar low-income programs were approved by the Commission for Duke Energy Ohio (Duke), Vectren Energy Delivery of Ohio (Vectren), and Columbia Gas of Ohio (Columbia) in their rate cases where the SFV rate design was also approved. OCC states that all of these programs are ongoing programs funded by shareholders,

and OCC argues that the DEO program should likewise be continued and should be funded by shareholders. Finally, OCC agrees with OPAE's recommendation that the Commission should order an expansion of the DEO program to encompass 20,000 participants.

(10) In its reply comments, DEO reiterates that nothing in the October 15, 2008, Finding and Order suggests that the Commission intended to continue the pilot program beyond the one-year period, or even to leave that option to continue the program open. DEO further asserts that the Commission cannot order DEO to continue the program but at the same time deny recovery of the costs of the program. DEO claims that, should the Commission determine to continue the program beyond March 2011, or to expand the program beyond 5,000 customers, the Commission must also approve a cost recovery mechanism.

(11) The Commission has reviewed the staff report, the comments and reply comments on the staff report, and the original Commission order in 07-829. In the order in 07-829, we recognized that because low-use customers had not been paying the entirety of their fixed costs under the prior rate design, the adoption of the SVF rate design would have greater impact on low-use customers. Moreover, we recognized that an incentive may be necessary to encourage conservation among low-use, low-income customers who wished to stay off PIPP. In essence, this Commission wanted to assure that the transition to the SVF rate design did not create an unexpected, unmitigated hardship for low-income, low-use customers. In considering the original goals of the low-use, low-income program, the Commission still has some unresolved questions regarding the effectiveness and necessity of this program. Therefore, prior to making our determination in this case, we believe that it is necessary to obtain additional information on the record and to allow comment on the additional information. Accordingly, we direct Staff to supplement the staff report with additional information, including at least the following:

(a) A comparison of the total annual bill incurred by customers consuming between 10 and 70 thousand cubic feet (Mcf) at 10 Mcf intervals under: (1) the distribution and commodity rates in effect prior to the base rate proceeding, (2) the distribution and commodity rates currently in effect, and (3) the distribution and estimated commodity rates that will become effective October 2010.

(b) The number of DEO customers at various consumption levels between 10 and 70 Mcf at 10 Mcf intervals and at any other consumption level Staff believes is pertinent to our review.

Staff should file the supplement to its report by September 22, 2010. Interested parties wishing to comment on Staff's supplemental report may file comments by October 13, 2010, and reply comments may be filed by October 27, 2010.

It is, therefore,

ORDERED, That the procedural schedule set forth in finding (11) be adopted. It is, further, ORDERED, That a copy of this Entry be served upon all parties of record in this proceeding.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Alan R. Schriber, Chairman

Paul A. Centolella

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Steven D. Lesser

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KLS/dah

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Reneé J. Jenkins
Secretary