

FILE

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application of The East )  
Ohio Gas Company d/b/a Dominion East Ohio ) Case No. 11-319-GA-UEx  
for Approval of an Adjustment to its )  
Uncollectible Expense Rider Rate. )

APPLICATION

The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO") respectfully requests approval of an adjustment to its Uncollectible Expense Rider ("UEX Rider") rate. In support of this Application, DEO states as follows:

1. DEO is an Ohio corporation engaged in the business of supplying natural gas to consumers within the State of Ohio and is a public utility subject to the jurisdiction of the Commission. DEO's principal office is located at 1201 East 55th Street, Cleveland, Ohio 44103.
2. In its Finding and Order dated December 17, 2003 (the "2003 Order"), in Case No. 03-1127-GA-UNC, the Commission approved a UEX Rider for DEO and several other natural gas companies.
3. In the 2003 Order, the Commission directed DEO and the other companies subject to that order to file a yearly report that identifies amounts recovered, deferred, and/or amortized pursuant to the UEX Rider. The Commission Staff, in its report filed March 9, 2004, in Case No. 03-2573-GA-ATA, recommended that the information be provided in the format of Attachment C to that report. DEO's annual report, in that format, is Attachment 1 to this Application.
4. By Entry dated March 17, 2004, in Case No. 03-2573-GA-ATA, the Commission

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approved DEO's initial UEX Rider tariffs, and DEO filed final tariffs consistent with that Entry on April 2, 2004, effective as of that date.

5. The Commission approved subsequent adjustments to the UEX Rider, and DEO filed final tariffs consistent with the Entries, as follows:

<u>Case No.</u>	<u>Date of Entry</u>
04-570-GA-UEX	May 19, 2004
05-672-GA-UEX	June 14, 2005
06-729-GA-UEX	June 28, 2006
07-659-GA-UEX	August 1, 2007
08-655-GA-UEX	July 2, 2008
09-457-GA-UEX	July 1, 2009
10-319-GA-UEX	June 30, 2010

6. DEO is proposing an updated UEX Rider rate of \$0.0261 per Mcf for all customers in its service territory subject to the UEX Rider. The rate comprises (1) the balance of deferred uncollectible accounts expense net of recoveries and late payment charges as of March 31, 2011, and (2) an estimate of uncollectible accounts expense, net of customer recoveries and late payment charges, for the 12 months ending March 31, 2012. The UEX Rider rate components are further described in paragraphs 8, 9, 10, and 11 below. The calculation of the revised rates is shown on Attachment 2 to this Application.

7. The proposed UEX Rider rate reflects a decrease of \$0.1111 from the currently effective rate of \$0.1372. This decrease is attributable to (a) an over-recovery of previously deferred uncollectible expenses during the twelve months ended March 31, 2011, and (b) a decrease in the estimated net uncollectible expense for the 12 months ending March 31, 2012, compared with the estimate included in the prior year's calculation.

8. The UEX Rider states that "East Ohio shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over- or under-collections." The portion of the proposed UEX Rider rate that is attributable to over-collection as of March 31, 2011 (-\$0.1329 is calculated by dividing the deferred uncollectible accounts expense balance at that date by applicable annual volumes), changed by more than 10% of the current UEX Rider rate.

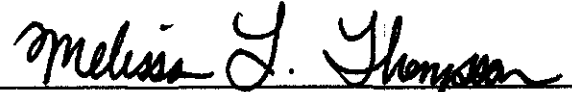
9. The portion of the proposed UEX Rider rate attributable to estimated uncollectible expense net of customer arrearage payments for the twelve months ending March 31, 2012, is \$0.1590, calculated by dividing the net estimated dollar amount by annual volumes.

10. The proposed UEX Rider calculation reflects a reduction in deferred uncollectible expense in the amount of \$8,895,471.86 from late payment charges billed to customers for the period from April 2010 through March 2011, as agreed to in the Stipulation and Recommendation filed in DEO's last base rate case, Case No. 07-829-GA-AIR. In addition, the same amount was used as the estimate of late payment charges to be credited to uncollectible expense for the twelve months ending March 31, 2012.

11. The resulting rate of \$0.0261 per Mcf for all DEO customers subject to the UEX Rider is just and reasonable and should be approved. Copies of the proposed and scored current tariff sheets are Attachment 3 to this Application.

WHEREFORE, DEO respectfully requests that the Commission approve the adjustment of DEO's Uncollectible Expense Rider as proposed in this Application.

Respectfully submitted,



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EAST OHIO

860-014/282236

DOMINION EAST OHIO  
Uncollectible Expense Rider  
Annual Balance Reconciliation - 2011

Attachment 1  
Page 1 of 2

	<u>January</u>	<u>February</u>	<u>March</u>	<u>YTD Q1 Total 2011</u>
(1) Balance - Beginning of Month	\$ (6,439,693.39)	\$ (11,050,890.94)	\$ (16,519,580.93)	\$ (6,439,693.39)
(2) Bad Debts Written Off	3,965,591.04	2,420,179.87	2,919,001.25	9,304,772.16
(3) Commission-Ordered UEX Audit	-	-	-	-
(4) Recovery - Base Rates	-	-	-	-
(5) Recovery - Bad Debt Rider	4,311,425.58	4,089,889.59	3,199,243.73	11,600,558.90
(6) Recovery - Other	<u>4,263,439.99</u>	<u>3,796,319.41</u>	<u>4,483,385.83</u>	<u>12,543,145.23</u>
(7) Incremental Bad Debt (2)+(3)-[(3)+(4)+(5)]	<u>(4,609,274.53)</u>	<u>(5,466,029.13)</u>	<u>(4,763,628.31)</u>	<u>(14,838,931.97)</u>
(8) Balance Subtotal (1) + (7)	(11,048,967.92)	(16,516,920.07)	(21,283,209.24)	(21,278,625.36)
(9) Carrying Charges $[(1)+(8)]/2 \times (d)$ (1)	<u>(1,923.02)</u>	<u>(2,660.86)</u>	<u>(3,971.50)</u>	<u>(8,555.38)</u>
(10) Cumulative Balance for Recovery	<u>\$ (11,050,890.94)</u>	<u>\$ (16,519,580.93)</u>	<u>\$ (21,287,180.74)</u>	<u>\$ (21,287,180.74)</u>
(d) Monthly Carrying Charge Rate	0.02199%	0.01930%	0.02101%	
Annualized short-term debt rate	0.405999%	0.356383%	0.387908%	

	January	February	March	April	May	June	July	August	September	October	November	December	Total 2010
(1) Balance - Beginning of Month	\$ 1,410,321.72	\$ 978,523.86	\$ (6,058,579.95)	\$ (10,805,897.23)	\$ (11,946,144.20)	\$ (10,611,610.35)	\$ (7,013,227.56)	\$ (529,414.31)	\$ 6,531,876.89	\$ 10,025,603.71	\$ 8,939,946.82	\$ 4,285,154.30	\$ 1,410,321.72
(2) Bad Debts Written Off	11,133,892.29	2,574,158.70	3,784,616.81	3,337,677.03	4,876,195.51	6,350,907.42	8,732,208.53	9,201,487.07	5,865,603.50	2,076,707.05	(162,820.54)	(3,439,647.65)	54,330,985.72
(3) Commission-Ordered UEX Audit	-	-	30,686.82	31,575.18	-	-	-	-	-	-	-	-	62,262.00
(4) Recovery - Base Rates	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Recovery - Bad Debt Rider	6,629,836.42	6,132,287.38	4,127,344.89	2,147,928.08	1,441,326.07	799,623.69	472,690.29	397,092.69	458,376.56	822,861.38	1,854,050.27	3,586,241.14	28,869,658.86
(6) Recovery - Other	4,936,188.14	3,478,564.23	3,750,208.45	2,359,604.85	2,099,110.20	1,952,073.97	1,774,828.87	1,743,661.20	1,914,377.72	2,341,345.54	2,639,262.16	3,698,719.83	32,687,945.16
(7) Incremental Bad Debt. [(2)-(3)-(4)+(5)]	(432,132.27)	(7,036,692.91)	(4,062,249.71)	(1,138,280.72)	1,335,759.24	3,599,209.76	6,484,689.37	7,060,733.18	3,492,849.22	(1,087,499.87)	(4,656,132.97)	(10,724,608.62)	(7,164,356.30)
(8) Balance Subtotal (1) + (7)	978,189.45	(6,058,169.05)	(10,120,829.66)	(11,944,177.95)	(10,610,384.96)	(7,012,400.59)	(528,538.19)	6,531,318.87	10,024,726.11	8,938,103.84	4,283,813.85	(6,439,454.32)	(5,754,034.58)
(9) Carrying Charges [(1)+(8))/2] x (d)]	334.41	(410.90)	(1,244.78)	(1,966.25)	(1,225.39)	(826.97)	(876.12)	558.02	877.60	1,842.98	1,340.45	(239.07)	(1,836.02)
(10) Cumulative Balance for Recovery	\$ 978,523.86	\$ (6,058,579.95)	\$ (10,122,074.44)	(11,946,144.20)	(10,611,610.35)	(7,013,227.56)	(529,414.31)	6,531,876.89	10,025,603.71	8,939,946.82	4,285,154.30	(6,439,693.39)	(5,755,870.60)
(11) Reconciliation Adjustment (*)	\$ -	\$ -	\$ (683,822.79)	-	-	-	-	-	-	-	-	-	(683,822.79)
(12) Cumulative Balance for Recovery	\$ 978,523.86	\$ (6,058,579.95)	\$ (10,805,897.23)	\$ (11,946,144.20)	\$ (10,611,610.35)	\$ (7,013,227.56)	\$ (529,414.31)	\$ 6,531,876.89	\$ 10,025,603.71	\$ 8,939,946.82	\$ 4,285,154.30	\$ (6,439,693.39)	\$ (6,439,693.39)
(d) Monthly Carrying Charge Rate	0.02800%	0.01618%	0.01539%	0.01729%	0.01087%	0.00938%	0.02323%	0.01859%	0.01060%	0.01944%	0.02027%	0.02219%	
Annualized short-term debt rate	0.516949%	0.298676%	0.284071%	0.319120%	0.200585%	0.173254%	0.428930%	0.343288%	0.195714%	0.358835%	0.374278%	0.409742%	

(\*) Adjustment was described in the May 2010 filing in Case No. 10-319-GA-UEx.

**DOMINION EAST OHIO**  
**Uncollectible Expense Rider Calculation**  
**2011**

**Attachment 2**

	<u>Amount</u>	<u>Unit Rate/ Mcf</u>
<b>Balance of Deferred Uncollectible Accounts Expense @3/31/2011</b>	\$ (21,287,180.74)	\$ (0.1329)
<b><u>Estimated Uncollectible Accounts Expense for Twelve Months Ending 3/31/2012</u></b>		
Charge-offs, Net of Customer Recoveries	\$ 34,369,188.82	
Late Payment Charges	\$ (8,895,471.86)	
Net Amount	<u>\$ 25,473,716.96</u>	<u>\$ 0.1590</u>
 Total to be Collected	 <u>\$ 4,186,536.22</u>	
 Revised UEX Rider Rate		 <b>\$ 0.0261</b>
 Approved Rate Implemented Effective July 16, 2010		 <u>\$ 0.1372</u>
 Uncollectible Expense Rider Adjustment		 <u>\$ (0.1111)</u>
	 % Change	 -81.0%

Applicable volumes:

Apr-Dec 2010	75,613,784
Jan-Mar 2011	<u>84,552,179</u>
	<u>160,165,963</u>

## **ATTACHMENT 3**

### **Proposed and Scored Tariff Sheets**



## **Uncollectible Expense Rider**

### **Applicability**

Applicable to all Customers responsible for payment of East Ohio's Interim Emergency and Temporary PIP Plan Rider.

An additional charge of \$0.0261 per Mcf shall be applied to all volumes for service rendered under the applicable rate schedules to recover the cost associated with uncollectible accounts arising from those Customers responsible for paying the Uncollectible Expense Rider. East Ohio shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over- or under-collections.

Issued:

Effective: With bills rendered on or after

Filed under authority of the Public Utilities Commission of Ohio in Case No. 11-319-GA-UEx  
Anne E. Bomar, Senior Vice President

## **Uncollectible Expense Rider**

### **Applicability**

Applicable to all Customers responsible for payment of East Ohio's Interim Emergency and Temporary PIP Plan Rider.

An additional charge of ~~\$0.4372~~\$0.261 per Mcf shall be applied to all volumes for service rendered under the applicable rate schedules to recover the cost associated with uncollectible accounts arising from those Customers responsible for paying the Uncollectible Expense Rider. East Ohio shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over- or under-collections.