

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 the Adjustment of its Interim) Case No. 12-1694-GA-PIP
Emergency and Temporary Percentage of)
Income Payment Plan Rider.)

FINDING AND ORDER

The Commission finds:

- (1) The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) is a natural gas company as defined by Section 4905.03(A)(5), Revised Code, and a public utility by reason of Section 4905.02, Revised Code. As such, DEO is subject to the jurisdiction of the Commission, in accordance with Sections 4905.04 and 4905.05, Revised Code.
- (2) On May 30, 2012, DEO filed an application to adjust its Interim Emergency and Temporary Percentage of Income Payment Plan (PIPP) Rider. In its application, DEO explains that, in *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for the Adjustment of its Interim Emergency and Temporary Percentage of Income Payment Plan Rider*, Case No. 11-1022-GA-PIP (11-1022), the Commission approved DEO's proposal to submit its annual application based upon the actual unrecovered deferred balance as of March 31 of each year, plus additional unrecovered deferred PIPP balances and incentive credits that are estimated to accumulate over the 12 months during which the proposed rate will be in place.
- (3) DEO asserts that, consistent with the Commission's order in 11-1022, it is proposing a PIPP Rider rate based on the actual unrecovered deferred balance as of March 31, 2012, and projected deferred balances over the period that the rate is to be in effect. DEO proposes a PIPP Rider rate of \$0.4443 per thousand cubic feet (Mcf), to be recovered over a 24-month period, which would replace the current rate of \$0.7149 per Mcf approved in 11-1022. The proposed PIPP Rider rate would refund to customers the accumulated over-recovered deferred PIPP balances and recover an amount reflecting an average annual estimate of the additional unrecovered deferred PIPP balances and incentive credits that are projected to accumulate during the 24-month period the rate would be in effect. The proposed rate also reflects carrying charges on deferred PIPP

balances, in this case the over-recovery, which would reduce amounts that would otherwise be recovered. In support of its proposed 24-month recovery period, DEO explains that it believes a 24-month period is in the best interest of customers because it avoids significant fluctuations in the PIPP Rider rate, consistent with the regulatory concept of gradualism. DEO clarifies that, if calculated over a 12-month period, its PIPP Rider rate would be \$0.2125 per Mcf, due to the quicker refunding of the existing over-recovered deferred PIPP balances. However, DEO projects that the rate would increase to \$0.6811 per Mcf for the next 12-month period. DEO asserts that it is not opposed to setting a 12-month rate for its PIPP Rider, but expresses concern over the rate fluctuation that will occur and explains that customers will not be harmed by the 24-month recovery period because carrying costs on the over-recovered deferred PIPP balances will be passed back to customers. Regardless of what recovery period is approved, DEO explains, in its application, its commitment to filing an application to update the rate in May of 2013.

- (4) In addition to requesting the new PIPP Rider rate, DEO also requests authority to continue to accrue carrying costs on accumulated unrecovered deferred PIPP balances and to recover such carrying costs through the PIPP Rider. Actual carrying costs will be recorded on DEO's books each month based on DEO's actual cost of short-term debt and average deferred PIPP balance for each month. Deferred taxes will be provided for the carrying charges so that the net amounts recorded equal the effect of net of tax carrying charges, with carrying charges tracked separately so that they can be distinguished from unrecovered PIPP balances.
- (5) As a final matter, DEO requests that its application be approved by July 12, 2012, so that its implementation of the new rate for Rider PIPP can coincide with the timing of the monthly standard service offer and standard choice offer rate changes. In accordance with the Commission's finding and order issued December 2, 1993, in *In the Matter of the Review of the Interim Emergency and Temporary PIP Plan Riders Contained in the Approved Rate Schedules of Electric and Gas Companies*, Case Nos. 88-1115-GE-PIP et al., approval of proposed PIPP rider modifications are subject to a 45-day review process. Absent Commission action, applications proposing PIPP rider modifications are approved on the 46th day after filing, which in the present case would fall after DEO's requested approval date.

- (6) On June 4, 2012, Ohio Partners for Affordable Energy (OPAE) filed a motion to intervene in this case. In support of its motion, OPAE asserts that it is a corporation with the stated purpose of advocating for affordable energy policies for low and moderate income Ohioans. Some of OPAE's member agencies are also DEO customers. OPAE asserts that the interests of its members and clients may be directly impacted by this proceeding. Furthermore, OPAE asserts that its participation will not cause undue delay, will not unjustly prejudice any existing party, and will contribute to the just and expeditious resolution of this matter. The Commission finds that OPAE's motion is reasonable and should be granted.
- (7) In addition to its motion to intervene, OPAE also submitted comments on DEO's application in its June 4, 2012 filing. In its comments, OPAE explains that it does not believe that the proposed PIPP Rider rate to be recovered over a 24-month period is in the best interest of customers. Specifically, OPAE asserts that the potential fluctuation from a rate of \$0.2125 per Mcf to a rate of \$0.6811 per Mcf does not amount to a "significant fluctuation in the PIPP Rider rate," and points out that DEO's projection of \$0.6811 per Mcf for the second 12 months of the 24-month recovery period is just that, a projection. Instead, OPAE believes that passing back over-recovered deferred PIPP balances to customers in a quicker time frame is a more important consideration. Further, OPAE argues that DEO's application is also inconsistent with our finding and order in *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for the Adjustment of its Interim Emergency and Temporary Percentage of Income Payment Plan Rider*, Case No. 09-2011-GA-PIP (09-2011), in which we ordered DEO to file yearly updates to its PIPP Rider. In sum, OPAE recommends that the Commission reject DEO's proposed 24-month PIPP Rider rate and order DEO to implement a 12-month rate of \$0.2125 per Mcf.
- (8) In considering DEO's application in the present case, the Commission believes that DEO's proposed 24-month PIPP Rider rate is not inconsistent with the best interests of consumers. Specifically, we believe that minimizing rate fluctuations is in the best interest of consumers. Furthermore, the inclusion of carrying costs on over-recovered PIPP deferred balances protects customers from any negative effects of a longer refund period. Consistent with our decision in 09-2011, the Commission supports DEO's proposal that regardless of our approval of the implementation of a 24-month PIPP Rider rate, it file its annual update in May of 2013. The Commission

continues to believe that it is important to review and update DEO's PIPP Rider rate on an annual basis. Finally, the Commission supports DEO's request for authority to continue to accrue carrying costs on accumulated unrecovered deferred PIPP balances and to recover such carrying costs through the PIPP Rider. Accordingly, the Commission has reviewed DEO's application and concludes that DEO's application requesting authority to adjust its PIPP Rider rate is reasonable and should be approved.

It is, therefore,

ORDERED, That the motion for intervention filed by OPAE be granted. It is, further,

ORDERED, That the application be approved for a 24-month recovery period, in accordance with finding (8). It is, further,

ORDERED, That DEO be authorized to file in final form complete copies of the tariff pages consistent with this finding and order and to cancel and withdraw its superseded tariff pages. DEO shall file one copy in its TRF docket and one copy in this case docket. It is, further,

ORDERED, That the effective date of the approved tariffs shall be a date not earlier than both the date of this decision and the date upon which final tariffs are filed with the Commission. It is, further,

ORDERED, That nothing in this finding and order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

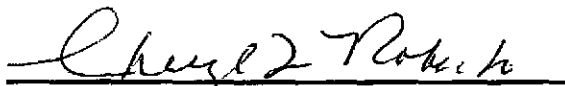
ORDERED, That a copy of this finding and order be served upon all parties of record.


THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Steven D. Lesser


Andre T. Porter



Cheryl L. Roberto


Lynn Slaby

KLS/ dah

Entered in the Journal

JUL 02 2012


Barcy F. McNeal
Secretary