

**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 Adjustment of Its Interim)	Case No. 13-1208-GA-PIP
Emergency and Temporary Percentage of)	
Income Payment Plan Rider.)	

APPLICATION

The East Ohio Gas Company d/b/a Dominion East Ohio (“DEO”) respectfully requests approval of an adjustment to its Interim Emergency and Temporary Percentage of Income Payment Plan Rider (“PIPP Rider”). In support of this Application, DEO states as follows:

1. DEO is an Ohio corporation engaged in the business of providing natural gas service to approximately 1.2 million customers in northeast, western and southeast Ohio. As such, DEO is a “natural gas company” and “public utility” as defined by R.C. 4905.03(E) and 4905.02.

2. This Application is made pursuant to the provisions of the Commission’s December 2, 1993 Finding and Order in Case Nos. 88-1115-GE-PIP, 90-705-GE-PIP and 90-879-GE-ORD; December 19, 1996 Finding and Order in Case No. 96-991-GA-UNC; March 24, 2010 Finding and Order in Case No. 09-2011-GA-PIP; March 23, 2011 Finding and Order in Case No. 11-1022-GA-PIP; and July 2, 2012 Finding and Order in Case No. 12-1694-GA-PIP.

3. In Case No. 11-1022-GA-PIP, the Commission approved DEO’s proposal to submit its annual application based on 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 twelve months during which the proposed rate will be in effect. Consistent with this Order, DEO has proposed a PIPP Rider rate based on the actual unrecovered deferred balance as of March 31, 2013, and projected deferred balances over the period in which

the rate is proposed to be in effect. Because the proposed rider rate is anticipated to go into effect in July 2013, which is twelve months after the last rider rate adjustment, the unrecovered deferral balance at March 31, 2013, has been adjusted for projected deferrals and recoveries at the currently effective rate for the months April through June 2013.

4. In Case No. 12-1694-GA-PIP, the Commission approved the PIPP Rider rate of \$0.4443, which was calculated so that, as nearly as possible, it would refund to customers the accumulated over-recovered deferred PIPP balances through March 31, 2012, over a two-year period and recover an amount reflecting an average annual estimate of the additional unrecovered deferred PIPP balances and incentive credits that were projected to accumulate over the 24-month period during which the proposed rate was to be in effect. The PIPP Rider also included carrying charges on deferred PIPP balances that, because of the accumulated over-recovery, reduced amounts that would otherwise be recovered. The purpose of the two-year rate was to avoid the significant fluctuations in PIPP rates that were anticipated to result if the over-recovered balance were refunded over one year and a normal level of recovery were to resume thereafter.

5. Under the approved rate, the over-recovery that existed as of March 31, 2012, was projected to be reduced to approximately \$35.8 million by March 31, 2013, and to be fully refunded to customers by March 31, 2014, along with recovery of new deferrals during each 12-month period. Contrary to those projections, the deferred PIPP balance at March 31, 2013, reflects an over-recovery of \$90,665,461.51. A comparison of actual deferred PIPP components with last year's projections shows that new deferred PIPP arrearages for the twelve months ended March 31, 2013, were approximately \$50 million less than expected. Also, recoveries through the rider for that period exceeded projected recoveries by more than \$5 million,

primarily because the previous rate of \$0.7149 remained in effect until June 2012. The average number of actual number of PIPP customers during the 12-month period ended March 31, 2013, was 1.6 percent less than projected; average actual gas costs used in the projections were 0.4 percent less than projected.

6. DEO believes that the primary reason for the decrease in PIPP deferrals over the past year is that the new PIPP rules implemented November 1, 2010, are having the effect intended by the Commission, namely, encouraging PIPP customers to make the required income-based payments in order to receive the incentive credits. The rules reward on-time PIPP payments with more immediate credit benefits, while imposing more stringent consequences on PIPP customers who do not make their payments or who do not timely re-verify their PIPP eligibility, including removal from the program. The rules also require customers who are dropped from PIPP or disconnected to restore missed monthly payments before rejoining PIPP or being reconnected. (Relatedly, the Winter Reconnect Order for the past two years has also required payment of delinquent arrears to continue in the program.) Indirect rule impacts also appeared to have contributed to the reduced deferrals. For example, under the new rules, customers who are dropped at their anniversary date based on missed payments owe the entire account balance, not simply the missed-PIPP-payment balance. Higher balances receive a higher disconnect priority, so this change indirectly increased the incentive to make additional payments. Given that the past year was the second full year in which the new rules had been in effect, it is likely that customers have gained a better understanding of the new rules, both through formal educational materials and through experience as DEO has applied the new rules. With the benefit of hindsight, the impact of the new rules appears to have been greater than assumed by the earlier projections. Accordingly, DEO has decreased the projection of

prospective 12-month deferrals in determining the rider rate adjustment proposed in this Application.

7. The proposed PIPP Rider rate is a credit of \$(0.2255) per Mcf (*see* Attachment 1) and would supersede the current rate of \$0.4443 per Mcf approved in Case No. 12-1694-GA-PIP, which has been effective since July 12, 2012. The proposed PIPP Rider rate has been calculated so that, as nearly as possible, it refunds to customers over a 12-month period the accumulated over-recovered deferred PIPP balances through March 31, 2013, adjusted for continuing recoveries at the existing rate through June, net of deferrals during those months, and recovers an amount reflecting an average annual estimate of the additional unrecovered deferred PIPP balances and incentive credits that are projected to accumulate over the 12-month period during which the proposed rate will be in effect. The proposed PIPP Rider also reflects carrying charges on deferred PIPP balances that, during periods of over-recovery, reduce amounts that would otherwise be recovered. Information supporting the development of the proposed rate is included in Attachment 2.

8. For purposes of the PIPP Rider calculation, unrecovered deferred PIPP balances include the following: pre-PIPP arrearage balances; post-PIPP balances in arrears over twelve months; amounts forgiven under the incentive program effective November 1, 2010, as provided by Ohio Adm. Code 4901:1-18-14; charge-offs of uncollectible PIPP account balances; costs paid to the Ohio Department of Development for income reverification; and carrying costs incurred on the unrecovered deferred PIPP balances. Such amounts accumulated and estimated for recovery through the PIPP Rider have been reduced by revenue sharing from DEO's firm receipt point option and commodity exchange revenues as approved in DEO's last base rate case. *See* Case No. 07-829-GA-AIR. The last installment of the Tennessee Gas Pipeline Company

refunds described in DEO's Supplement to Application filed February 3, 2010, in Case No. 09-2011-GA-PIP was received by DEO in April 2012 and, therefore, no further refunds are included in the proposed rate calculation.

9. DEO 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, which will be a credit during periods of over-recovery, will be recorded on DEO's books each month based on DEO's actual cost of short-term debt and average deferred PIPP balance (*i.e.*, average of the beginning-of-month and end-of-month balances) 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. The net carrying charges will be tracked separately so that they may be readily distinguished from the unrecovered deferred PIPP balance.

10. Attachment 3 shows deferred PIPP activity and the average number of PIPP customers for 2012 and through March 2013 compared with 2011.

11. Clean and scored versions of the PIPP Rider tariff reflecting the proposed rider rate is included as Attachment 4.

12. In accordance with the procedures adopted by the Commission in Case Nos. 88-1115-GE-PIP, 90-705-GE-PIP, and 90-879-GE-ORD, DEO's application will be approved by operation of law on the 46th day after filing unless the Commission rejects or modifies the application or suspends the 45-day waiting period. To coincide with the timing of the monthly Standard Service Offer ("SSO") and Standard Choice Offer ("SCO") rate changes and to allow timely adjustment of the existing rider rate, DEO requests that the Commission approve this Application before the expiration of the 45-day period to ensure that the new PIPP Rider rate may be implemented no later than July 15, 2013.

WHEREFORE, DEO respectfully requests that the Commission approve the adjustment of DEO's Interim Emergency and Temporary Percentage of Income Payment Plan Rider and grant any other necessary and proper relief.

Dated: May 17, 2013

Respectfully submitted,

/s/ Andrew J. Campbell

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ATTORNEYS FOR THE EAST OHIO GAS
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**DOMINION EAST OHIO
CALCULATION OF RECOMMENDED PIPP RIDER RATE**

		Rate Effective July 2013	
1.	Balance of Accumulated Deferred PIPP as of March 31, 2013	\$ (90,665,461.51)	
2.	Projected Deferrals Net of Recoveries at Existing Rate - April through June 2013	443,355.03	
3.	Carrying Costs Through June 2014	<u>(137,839.34)</u>	
4.	Net Deferred PIPP Balance to be Recovered	\$ (90,359,945.82)	
5.	Estimated Billed Volumes Subject to PIPP Rider for the 12 Months Ending June 30, 2014	160,528,465	
6.	Deferred PIPP Balance Rate (4)/(5)	\$ (0.5629)	/ MCF
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7.	Estimated New Deferred PIPP Balances for the 12 Months Ending June 30, 2014	\$ 58,805,950.32	
8.	Estimated Revenue Sharing for the 12 Months Ending June 30, 2014	<u>(4,636,192.00)</u>	
9.	Estimated Annual Deferrals, Net	\$ 54,169,758.32	
10.	Estimated Billed Volumes Subject to PIPP Rider for the 12 Months Ending June 30, 2014	160,528,465	
11.	Current PIPP Balance Rate (9)/(10)	\$ 0.3374	/ MCF
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12.	Deferred PIPP Balance Rate (6)	\$ (0.5629)	/ MCF
13.	Current PIPP Balance Rate (11)	<u>0.3374</u>	/ MCF
14.	Total Recommended PIPP Rider Rate (12) + (13)	<u>\$ (0.2255)</u>	/ MCF

DOMINION EAST OHIO
PIPP RATES ASSUMING RECOVERY OF ACCUMULATED DEFERRED BALANCE OVER ONE YEAR

MONTH/YEAR	Deferred PIPP Balances	PIPP Recoveries	Firm Receipt Pt & Commodity Exchange Rev Sharing	Pipeline Refund	Other Charges	Net Incremental Deferral	Billed PIPP Running Balance	Carrying Charges on Monthly Avg Balance	Carrying Charges Recovery	Carrying Charges Running Balance	Total PIPP Running Balance
(A)	(B)	(C)	(D)	(E)	(F)	(G = Sum (B to F))	(H)	(I)	(J)	(K)	(L) = (G) + (K) + prior (L)
		Total Rate									
Rate Effective - July 2012		0.4443									
Proposed Rate - July 2013		(0.2255)									
Balance @12/31/11	1,062,271,689.23	(1,069,300,490.29)	(31,692,970.28)	(5,526,869.81)	781,932.88		(43,466,708.27)	12,496,634.06	(12,507,211.80)	(10,577.74)	(43,477,286.01)
January 2012	7,557,378.27	(19,358,437.50)	(425,826.55)	(801,278.54)	21,568.00	(13,006,596.32)	(56,473,304.59)	(12,782.33)	10,577.74	(12,782.33)	(56,486,086.92)
February	8,297,092.95	(17,912,056.82)	(391,636.74)	0.00	22,296.00	(9,984,304.61)	(66,457,609.20)	(14,106.32)	12,782.33	(14,106.32)	(66,471,715.52)
March	9,948,252.62	(12,716,892.33)	(368,185.92)	0.00	46,696.20	(3,090,129.43)	(69,547,738.63)	(16,109.83)	14,106.32	(16,109.83)	(69,563,848.46)
April	4,773,474.07	(8,110,953.10)	(294,929.06)	(801,278.54)	28,815.81	(4,404,870.82)	(73,952,609.45)	(16,481.01)	16,109.83	(16,481.01)	(73,969,090.46)
May	2,175,117.36	(5,206,759.96)	(302,280.04)	0.00	11,684.44	(3,322,238.20)	(77,274,847.65)	(17,958.26)	16,481.01	(17,958.26)	(77,292,805.91)
June	796,487.68	(2,616,611.78)	(212,589.60)	0.00	8,606.56	(2,024,107.14)	(79,298,954.79)	(18,350.45)	17,958.26	(18,350.45)	(79,317,305.24)
July	458,620.16	(1,529,613.19)	(134,067.81)	0.00	0.00	(1,205,060.84)	(80,504,015.63)	(20,518.70)	18,350.45	(20,518.70)	(80,524,534.33)
August	557,798.98	(1,206,092.63)	(216,079.92)	0.00	20,024.00	(844,349.57)	(81,348,365.20)	(21,146.01)	20,518.70	(21,146.01)	(81,369,511.21)
September	(489,225.64)	(1,447,775.10)	(209,109.60)	0.00	8,216.00	(2,137,894.34)	(83,486,259.54)	(20,719.71)	21,146.01	(20,719.71)	(83,506,979.25)
October	1,049,352.74	(2,755,010.21)	(226,165.91)	0.00	0.00	(1,931,823.38)	(85,418,082.92)	(22,455.83)	20,719.71	(22,455.83)	(85,440,538.75)
November	2,148,597.32	(5,924,570.96)	(659,532.00)	0.00	11,143.90	(4,424,361.74)	(89,842,444.66)	(22,906.55)	22,455.83	(22,906.55)	(89,865,351.21)
December	10,194,105.87	(8,976,426.06)	(1,905,068.54)	0.00	24,228.24	(663,160.49)	(90,505,605.15)	(24,374.04)	22,906.55	(24,374.04)	(90,529,979.19)
Year-to-Date 2012	47,467,052.38	(87,761,199.64)	(5,345,471.69)	(1,602,557.08)	203,279.15	(47,038,896.88)		(227,909.04)	214,112.74		
Balance @12/31/12	1,109,738,741.61	(1,157,061,689.93)	(37,038,441.97)	(7,129,426.89)	985,212.03		(90,505,605.15)	12,268,725.02	(12,293,099.06)	(24,374.04)	(90,529,979.19)
January 2013	2,211,409.61	(12,561,159.01)	(179,617.41)	0.00	27,690.40	(10,501,676.41)	(101,007,281.56)	(23,249.66)	24,374.04	(23,249.66)	(101,030,531.22)
February	7,367,103.18	(12,727,610.37)	(166,564.54)	0.00	35,466.17	(5,491,605.56)	(106,498,887.12)	(20,335.60)	23,249.66	(20,335.60)	(106,519,222.72)
March	27,291,454.85	(11,278,196.44)	(184,178.41)	0.00	24,858.43	(15,853,938.43)	(90,644,948.69)	(20,512.82)	20,335.60	(20,512.82)	(90,665,461.51)
April	4,461,228.05	(5,789,335.97)	(393,951.00)	0.00	0.00	(1,722,058.92)	(92,367,007.61)	(19,042.39)	20,512.82	(19,042.39)	(92,386,050.00)
May	5,160,267.86	(3,318,912.38)	(403,194.00)	0.00	0.00	1,438,161.48	(90,928,846.13)	(19,071.93)	19,042.39	(19,071.93)	(90,947,918.06)
June	2,801,773.86	(1,739,196.53)	(393,952.00)	0.00	0.00	668,625.33	(90,260,220.80)	(18,852.72)	19,071.93	(18,852.72)	(90,279,073.52)
July	898,307.86	784,652.38	(385,286.00)	0.00	0.00	1,297,674.24	(88,962,546.56)	(18,648.13)	18,852.72	(18,648.13)	(88,981,194.69)
August	504,560.86	756,028.37	(385,286.00)	0.00	0.00	875,303.23	(88,087,243.33)	(18,422.03)	18,648.13	(18,422.03)	(88,105,665.36)
September	479,681.86	870,895.06	(376,621.00)	0.00	0.00	973,955.92	(87,113,287.41)	(18,229.62)	18,422.03	(18,229.62)	(87,131,517.03)
October	752,704.86	1,799,301.64	(417,973.00)	0.00	0.00	2,134,033.50	(84,979,253.91)	(17,906.23)	18,229.62	(17,906.23)	(84,997,160.14)
November	2,821,270.86	3,471,517.59	(406,000.00)	0.00	0.00	5,886,788.45	(79,092,465.46)	(17,071.66)	17,906.23	(17,071.66)	(79,109,537.12)
December	6,040,241.86	5,782,221.05	(443,205.00)	0.00	0.00	11,379,257.91	(67,713,207.55)	(15,275.13)	17,071.66	(15,275.13)	(67,728,482.68)
Year-to-Date 2013	60,790,005.57	(33,949,794.61)	(4,135,828.36)	0.00	88,015.00	22,792,397.60		(226,617.92)	235,716.83	(253,185.96)	Through June-2013
Balance @12/31/13	1,170,528,747.18	(1,191,011,484.54)	(41,174,270.33)	(7,129,426.89)	1,073,227.03		(67,713,207.55)	12,042,107.10	(12,057,382.23)	(15,275.13)	(67,728,482.68)
January 2014	10,065,521.86	6,407,812.55	(406,273.00)	0.00	0.00	16,067,061.41	(51,646,146.14)	(12,419.34)	15,275.13	(12,419.34)	(51,658,565.48)
February	10,651,343.86	5,709,493.59	(383,348.00)	0.00	0.00	15,977,489.45	(35,668,656.69)	(9,085.11)	12,419.34	(9,085.11)	(35,677,741.80)
March	10,017,156.86	4,983,074.32	(392,492.00)	0.00	0.00	14,607,739.18	(21,060,917.51)	(5,902.71)	9,085.11	(5,902.71)	(21,066,820.22)
April	8,888,472.86	2,928,744.68	(344,043.00)	0.00	0.00	11,473,174.54	(9,587,742.97)	(3,188.99)	5,902.71	(3,188.99)	(9,590,931.96)
May	4,958,688.86	1,675,366.53	(351,622.00)	0.00	0.00	6,282,433.39	(3,305,309.58)	(1,341.52)	3,188.99	(1,341.52)	(3,306,651.10)
June	2,727,997.86	873,717.88	(344,043.00)	0.00	0.00	3,257,672.74	(47,636.85)	(348.87)	1,341.52	(348.87)	(47,985.72)
July	920,279.86	804,994.59	(336,937.00)	0.00	0.00	1,388,337.45	1,340,700.60	134.54	348.87	134.54	1,340,835.14
August	730,094.86	776,567.26	(336,937.00)	0.00	0.00	1,169,725.12	2,510,425.72	400.71	(134.54)	400.71	2,510,826.43
September	704,810.86	891,933.83	(329,832.00)	0.00	0.00	1,266,912.69	3,777,338.41	654.24	(400.71)	654.24	3,777,992.65
October	991,523.86	1,822,302.28	(363,177.00)	0.00	0.00	2,450,649.14	6,227,987.55	1,041.05	(654.24)	1,041.05	6,229,028.60
November	3,208,148.86	3,498,237.43	(303,572.00)	0.00	0.00	6,402,814.29	12,630,801.84	1,962.26	(1,041.05)	1,962.26	12,632,764.10
December	6,618,227.86	5,816,705.53	(323,579.00)	0.00	0.00	12,111,354.39	24,742,156.23	3,888.66	(1,962.26)	3,888.66	24,746,044.89
Year-to-Date 2014	60,482,268.32	36,188,950.47	(4,215,855.00)	0.00	0.00	92,455,363.79		(24,205.08)	43,368.87	(137,839.34)	Through June-2014
Balance @12/31/14	1,231,011,015.49	(1,154,822,534.07)	(45,390,125.33)	(7,129,426.89)	1,073,227.03		24,742,156.23	12,017,902.02	(12,014,013.36)	3,888.66	24,746,044.89

DOMINION EAST OHIO
Accumulated Deferred PIPP Balances

	Deferred PIPP Balances	Total PIPP Recoveries	Firm Receipt Point & Commodity Exchange Revenue Sharing	Pipeline Refund	Other Charges	Net Incremental PIPP	Billed PIPP Running Balance	Carrying Charges	Total Running Balance with Accumulated Carrying Charges	Average Number of PIPP Customers
2011	\$ 98,427,457.80	\$ (201,429,310.35)	\$ (6,619,351.68)	\$ (3,205,114.16)	\$ 336,685.57	\$ (112,489,632.82)	\$ (55,973,920.07)	\$ 22,583.51	\$ (43,477,286.01)	107,986
2012	\$ 47,467,052.38	\$ (87,547,086.90)	\$ (5,345,471.69)	\$ (1,602,557.08)	\$ 203,279.15	\$ (46,824,784.14)	\$ (102,798,704.21)	\$ (227,909.04)	\$ (90,529,979.19)	101,049
YTD March 2013	\$ 36,869,967.64	\$ (36,499,006.52)	\$ (530,360.36)	\$ -	\$ 88,015.00	\$ (71,384.24)	\$ (102,870,088.45)	\$ (64,098.08)	\$ (90,665,461.51)	100,648

Breakdown of Deferred Balances

	Pre-PIPP Arrearages	PIPP Repayment Plan/Grad PIPP Arrearages	PIPP Arrearages Over 12 Months Old	PIPP Plus Credit Balance Transfers	PIPP Charge-Offs	DEO Arrearage Credits	PIPP Plus Arrearage Credits	PIPP Plus Delta Credits	Total Deferred Balances
2011	\$ (4,305,003.56)	\$ (3,060,815.78)	\$ (86,287,362.51)	\$ (118,030.01)	\$ 76,859,142.32	\$ 3,188.40	\$ 75,332,988.78	\$ 40,003,350.16	\$ 98,427,457.80
2012	\$ 4,210,958.98	\$ (4,420,962.57)	\$ (67,025,825.75)	\$ (246,076.40)	\$ 49,606,488.83	\$ (523.33)	\$ 48,094,045.13	\$ 17,248,947.49	\$ 47,467,052.38
YTD March 2013	\$ 4,434,930.28	\$ 306,879.75	\$ 1,005,677.48	\$ (87,356.16)	\$ 10,624,468.55	\$ -	\$ 10,014,753.89	\$ 10,570,613.85	\$ 36,869,967.64

**INTERIM EMERGENCY AND TEMPORARY
PERCENTAGE OF INCOME PAYMENT RIDER**

An additional charge of **\$(0.2255)** per thousand cubic feet shall be applied to all volumes sold each month pursuant to the Company's Rate Schedules incorporating this Rider by reference.

Issued:

Effective: With bills rendered on or after

Filed under authority of The Public Utilities Commission of Ohio in Case No. 13-1208-GA-PIP
Scott C. Miller, Vice President

**INTERIM EMERGENCY AND TEMPORARY
PERCENTAGE OF INCOME PAYMENT RIDER**

An additional charge of ~~\$0.4443~~^(0.2255) per thousand cubic feet shall be applied to all volumes sold each month pursuant to the Company's Rate Schedules incorporating this Rider by reference.

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5/17/2013 11:41:03 AM

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Case No(s). 13-1208-GA-PIP

Summary: Application for Adjustment of Its Interim Emergency and Temporary Percentage of Income Payment Plan Rider electronically filed by Mr. Andrew J Campbell on behalf of The East Ohio Gas Company d/b/a Dominion East Ohio