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June 6, 2014

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

RE: *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio
for Approval of an Adjustment to its Uncollectible Expense Rider Rate, Case No. 14-319*
-GA-UEX

Enclosed please find the Staff's Comments regarding The East Ohio Gas Company's
application for an adjustment to its existing uncollectible expense rider in Case No. 14-319
-GA-UEX.

Respectfully submitted,

Wm. Ross Willis
Chief, Rates Division
Public Utilities Commission of Ohio

Enclosure
cc: Parties of Record

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**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 Approval)	Case No. 14-319-GA-UEx
of an Adjustment to its Uncollectible)	
Expense Rider Rate.)	

**COMMENTS
OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Date submitted: June 6, 2014

Application of The East Ohio Gas Company d/b/a Dominion East Ohio
Case No. 14-319-GA-UEx

Background

In Case No. 03-1127-GA-UNC, the Commission authorized the concept of an uncollectible accounts expense recovery mechanism for five natural gas companies, The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) being one of them. The mechanism approved allows for recovery of actual bad/uncollectible debt through a rider, rather than through base rates. In Case No. 03-2573-GA-ATA, DEO was authorized to reduce its base rates by \$0.0601 per MCF for the East Ohio Division and \$0.0782 per the West Ohio Division and implement uncollectible expense rider mechanisms of equal amounts. Since that time DEO has filed annual updates to adjust its rider rate and the Commission has authorized such subsequent revisions. The history of DEO's rider is as follows:

March 2004 - May 2004	\$0.0601 and \$0.0782 per Mcf
June 2004 - June 2005	\$0.1877 and \$0.1876 per Mcf
July 2005 - June 2006	\$0.2531 and \$0.2530 per Mcf
July 2006 - July 2007	\$0.2906 and \$0.2905 per Mcf
August 2007 - July 2008	\$0.5674 and \$0.5672 per Mcf
August 2008 - June 2009	\$0.4462 and \$0.4660 per Mcf
July 2009 - June 2010	\$0.2133 per Mcf
July 2010 - June 2011	\$0.1372 per Mcf
July 2011 - May 2012	\$0.0261 per Mcf
June 2012 - June 2013	\$0.1525 per Mcf
July 2013 - Current	\$0.1683 per Mcf

On May 30, 2014, DEO filed the pending application to revise its current uncollectible expense rider rate. Staff has reviewed the application and makes its findings and recommendations in this staff comments.

Application

DEO's application would decrease the existing rider rate of \$0.1683 per Mcf to \$0.1113 per Mcf or a decrease of 5.7 cents.

Attachment 2 of the application provides the calculation for the revised rider rate. DEO's ending uncollectible balance as of March 31, 2014 was an over-collected balance of \$(8,163,057.62) and if refunded to customers over 12 months would produce a rate of

\$(0.0545) per Mcf. DEO then projected its uncollectible expense for the next 12 months to be \$32,233,633.80, less late payment charges billed by DEO and credited to the UEX under the terms of DEO's last rate case, leaving \$24,852,993.07 to be collected through the rider. This amount was divided by 12 months of volumes to arrive at an uncollectible expense rider rate of \$0.1658 per Mcf. The final step in DEO's calculation was to add the rates together to arrive at the new rider rate of \$0.1113 per MCF.

Attachment 1, Pages 1 and 2 provide DEO's month-by-month balance reconciliation for the calendar year 2013 and the first quarter of 2014. The balance reconciliation reflects the beginning balance, the incremental bad debt written off, the incremental uncollectible expense rider recoveries and the ending balance as of March 31, 2014.

In reviewing the annual balance reconciliation, Staff notes that the beginning balance on April 1, 2013 was \$3,328,380.54 and the ending balance of March 31, 2014 was \$(8,163,057.62), a one year reduction of \$11,491,438.16.

Attachment 3 contains copies of the proposed and scored current tariff sheets.

Recommendation

Staff has performed a preliminary review of the annual balance reconciliation covering calendar year 2013 and the first quarter of 2014, and at this time, Staff does not propose any adjustment to the reconciliation. The proposed rate to \$0.1113 decreases the rate to a level reflective of existing over-collected balance and the anticipated bad debt write-offs through March 2015.

Staff believes DEO's application appropriately calculates the rider and recommends the proposed rate of \$0.1113 per Mcf be approved. Staff also recommends that in the next audit of DEO's riders in 2015, the auditors examine the monthly uncollectible expense balances and write-offs and recoveries for 2014 and first quarter of 2015 and any required adjustments/corrections be incorporated into the 2016 uncollectible expense rider application.