**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 for Adjustment of Its Interim Emergency and Temporary Percentage of Income Payment Plan Rider. | ))))) | Case No. 12-1694-GA-PIP |

**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(A)(5) 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, and March 23, 2011 Finding and Order in Case No. 11-1022-GA-PIP.
3. In its Order 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, 2012 and projected deferred balances over the period in which the rate is proposed to be in effect.
4. The proposed PIPP Rider rate of $0.4443 per Mcf (*see* Attachment 1) would supersede the current rate of $0.7149 per Mcf approved in Case No. 11-1022-GA-PIP, which has been effective since April 13, 2011. The proposed PIPP Rider rate has been calculated so that, as nearly as possible, it refunds to customers the accumulated over-recovered deferred PIPP balances through March 31, 2012, over a two-year period 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 24-month period during which the proposed rate will be in effect. The proposed PIPP Rider also reflects carrying charges on deferred PIPP balances which, 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.
5. DEO believes the proposed rate is in the best interest of its customers. By using a two-year period, DEO is avoiding the significant fluctuations in PIPP rates that would result by using a twelve-month period, consistent with the regulatory concept of gradualism. If DEO calculated the PIPP rate using a twelve-month period, the rider rate would be $0.2125 (Attachments 3 and 4) due DEO more quickly refunding the existing over-recovery. However, the rate would increase substantially in 2013 to a projected level of $0.6811. DEO is not opposed to using a one-year period, but concern for the considerable rate fluctuation from this year to next year lead to DEO proposing a two-year period to calculate the PIPP Rider rate. Customers will not be harmed by the two-year recovery period because the over-recovery will be passed back to customers with carrying costs. Regardless of the rate recovery period approved, DEO will file an application to update the rate in May 2013.
6. 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, costs paid to the Ohio Department of Development for income reverification, plus 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, Case No. 07-829-GA-AIR, *et al.*, and by Tennessee Gas Pipeline Company refunds as described in DEO's Supplement to Application filed February 3, 2010, in Case No. 09-2011-GA-PIP. The last installment of the applicable Tennessee Gas Pipeline Company refunds was received by DEO in April 2012 and is included in the proposed rate calculation.
7. DEO requests authority to continue to accrue carrying costs on accumulated unrecovered deferred PIPP balances and to recovery 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.
8. Attachment 5 shows deferred PIPP activity and the average number of PIPP customers for 2011 and year-to-date through March 2012 compared with 2010.
9. Clean and scored versions of the PIPP Rider tariff reflecting the proposed rider rate is included as Attachment 6.
10. Pursuant to 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 provide for 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 the new PIPP Rider rate can be implemented no later than July 12, 2012.

WHEREFORE, DEO respectfully requests that the Commission approve the adjustment of DEO's Interim Emergency and Temporary Percentage of Income Payment Plan Rider.

Dated: May 30, 2012 Respectfully submitted,

/s/ Melissa L. Thompson

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