**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 Approval of an Adjustment to its Uncollectible Expense Rider Rate. | )  )  )  ) | Case No. 12-319-GA-UEX |

**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 providing natural gas service to approximately 1.2 million customers in northwest, 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. 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 of this Application.
4. By Entry dated March 17, 2004, in Case No. 03-2573-GA-ATA, the Commission 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:

Case No. Date of Entry

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

11-319-GA-UEX July 15, 2011

1. DEO is proposing an updated UEX Rider rate of $0.1525 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, 2012, and (2) an estimate of uncollectible accounts expense net of customer recoveries and late payment charges for the 12 months ending March 31, 2013. 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 of this Application.
2. The proposed UEX Rider rate reflects an increase of $0.1264 from the currently effective rate of $0.0261. This net increase is attributable to (a) an under-recovery of previously deferred uncollectible expenses in the amount $975,709.93 as of March 31, 2012, compared with an over-recovery of $21,287,180.74 included in the prior year’s calculation, and (b) a decrease in the estimated net uncollectible expense for the 12 months ending March 31, 2013, compared with the estimate included in the prior year's calculation.
3. 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 under-collection as of March 31, 2012 is $0.0063, calculated by dividing the deferred uncollectible accounts expense balance at that date by applicable annual volumes, which changed by more than 10% of the current UEX Rider rate.
4. The portion of the proposed UEX Rider rate attributable to estimated uncollectible expense net of applicable customer arrearage payments and late payment charges for the 12 months ending March 31, 2013, is $0.1462, calculated by dividing the net estimated dollar amount by annual volumes.
5. The proposed UEX Rider calculation reflects a reduction in deferred uncollectible expense in the amount of $9,827,943.06 from late payment charges billed to customers for the period from April 2011 through March 2012, as agreed to in the Stipulation and Recommendation filed in DEO's last base rate case, Case No. 07-829-GA-AIR, et al. In addition, the same amount was used as the estimate of late payment charges to be credited to deferred uncollectible expense for the 12 months ending March 31, 2013.
6. In prior years’ calculations, DEO used historical twelve-month volumes to calculate the rider rate per Mcf. Due to the unusually warm weather during the past winter, the historical annual volumes are considerably lower than they would otherwise be. The lower volumes would have the effect of increasing the rider rate slightly and could result in an over-recovery in the next year’s filing if the temperatures during the 2012-2013 winter are closer to normal. For this reason, DEO has calculated the per Mcf rate in this application using planned volumes based on normal weather for the prospective twelve-month period ending March 31, 2013. Using the projected volumes resulted in a decrease of $0.0110 in the proposed UEX Rider rate.
7. The resulting rate of $0.1525 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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