

FILE

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

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PUCO

In the Matter of the Application of The  
East Ohio Gas Company d/b/a Dominion  
East Ohio for Authority to Modify its  
Accounting Procedures to Provide for the  
Deferral of Expenses Related to the  
Commission's Investigation of Gas Service  
Risers

Case No. 07-125 -GA-AAM

APPLICATION OF THE EAST OHIO GAS COMPANY  
D/B/A DOMINION EAST OHIO

Pursuant to R.C. 4905.13, The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO") requests that the Commission grant the accounting authority requested in this Application and permit DEO to defer the expenses it has incurred in connection with the Commission's investigation of natural gas service risers. In support of its Application, DEO states:

1. By Entry of April 13, 2005 in Case No. 05-463-GA-COI, the Commission initiated a statewide investigation into the type of risers being installed, the conditions of installation, and the overall performance of natural gas service risers in Ohio. In subsequent entries, the Commission directed the State's four largest local distribution companies, including DEO, to identify a sample number of installed risers and to remove a number of risers for submission to a testing laboratory selected by the Commission. The LDCs were requested to develop with Staff their sampling methods and customer notices and to attend a workshop on riser removal protocols. Each LDC was also required to report monthly all gas service risers that failed in its service territory.

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2. In its August 3, 2005 Entry in that case, the Commission recognized that the LDCs will bear the costs associated with the Commission's investigation. As a result, the Commission stated that it would "entertain applications for accounting deferrals for the cost of this investigation . . . ." This Application is filed pursuant to that Entry.

3. DEO has determined that it will have expenses in at least the following categories:

- a. The PUCO assessment to cover consultant and testing laboratory expenses;
- b. Contractor services and related costs for the removal and replacement of the risers selected for the initial testing and the ongoing investigation of leaking risers;
- c. Company labor and non-labor costs incurred to support the consultant and testing laboratory investigation reports, the submission of monthly riser failure reports and the riser inventory conducted to provide knowledge of the types and locations of risers in DEO's system.

DEO has incurred at least \$337,960.54 in the above expense categories to date and expects to incur additional costs in those categories in the future. DEO may also incur expenses in other categories depending on future orders issued in Case No. 05-463-GA-COI.

4. DEO requests authority to revise its accounting procedures to provide for the deferral of costs already incurred, retroactive to the date the expenses were incurred, and for all future expenses resulting from DEO's compliance with the Commission's directives in Case No. 05-463-GA-COI, with the appropriate level of recovery of the deferrals to be addressed in

DEO's next base rate case proceeding. DEO also requests Commission approval to recover carrying charges on the deferred balance.

5. The requested deferral is an accounting procedure that does not result in an increase in any rate or charge. The Commission can therefore approve this Application without a hearing.

For these reasons, DEO respectfully requests that the Commission grant the accounting authority requested in this Application.

Respectfully submitted,



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