

FILE

**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 Waivers of Certain) Case No. 06-1452-GA-WVR
Provisions Contained in Chapter 4901:1-)
13, Ohio Administrative Code.)

**MEMORANDUM CONTRA APPLICATION FOR REHEARING
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

I. INTRODUCTION

Pursuant to Ohio Adm. Code 4901-1-35(B), the Office of the Ohio Consumers' Counsel ("OCC") submits this Memorandum Contra the Application for Rehearing filed in this proceeding on June 22, 2007, by East Ohio Gas Company d/b/a Dominion East Ohio ("DEO" or "the Company"). DEO claims that it has two reasons for requesting rehearing: duplication of the efforts of others and the associated costs, and additional time to discuss a detailed draft business process with the Staff of the Public Utilities Commission of Ohio ("PUCO" or "Commission").¹ DEO avers that its alternative process would fully satisfy the Commission's goal of gas line safety while at the same time avoiding duplication and costly steps. In addition, DEO requested more time in order to be able to meet with staff and discuss in detail a draft business process to address the Commission's concerns.² OCC's comments will focus on the first of these reasons.

¹ DEO Application for Rehearing at 1.

² Id.

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II. ARGUMENT

A. Costs of compliance

Although DEO correctly notes that the OCC did not oppose some aspects of the Companies' waiver request,³ OCC does have issue with statements contained in DEO's Application for Rehearing. In two different spots of its Application for Rehearing, DEO makes the argument that the Commission's actions will duplicate existing standards or increase costs which ultimately will be paid for by consumers in rates.⁴ DEO's statements seem to imply that regardless of the level of any alleged costs or the reasonableness of any alleged costs arising from compliance with any Commission directives, that consumers ultimately must pay those costs.

The OCC disputes this claim and urges the Commission to set the record straight - that any costs arising from compliance from any Commission directive or rule can only be collected from consumers after there has been a determination that both the level of costs and the cost item itself are fair, just and reasonable as determined as part of a ratemaking proceeding pursuant to R.C. 4909.18 and 4909.19, or as part of a valid and lawfully processed alternative rate plan pursuant to R.C. 4929. Contrary to the Company's apparent claim, there is no guarantee of automatic cost recovery.

³ Id. at 2.

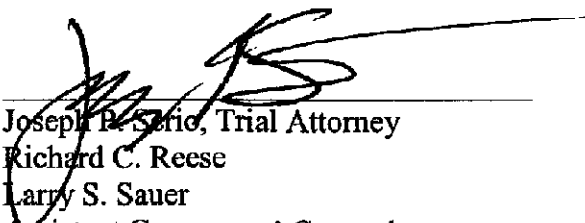
⁴ Id. at 1 and 6.

III. CONCLUSION

For these reasons, the OCC respectfully requests that the Commission reject DEO's claim of guaranteed automatic cost collection and reaffirm that any cost recovery must comply with Ohio ratemaking requirements as set forth in R.C. 4909.18, R.C. 4909.19 or R.C. 4929.

Respectfully submitted,

JANINE L. MIGDEN-OSTRANDER
CONSUMERS' COUNSEL

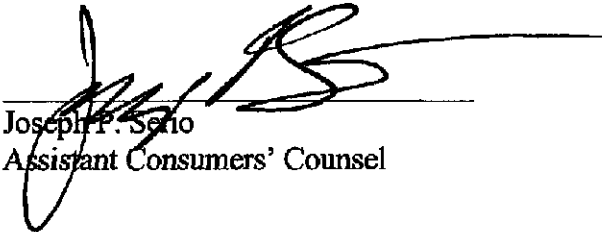


Joseph R. Serio, Trial Attorney
Richard C. Reese
Larry S. Sauer
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
(614) 466-8574 (Telephone)
serio@occ.state.oh.us
reese@occ.state.oh.us
sauer@occ.state.oh.us

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Office of the Ohio Consumers' Counsel Memorandum Contra Application for Rehearing was served to the individuals listed below by first class mail; postage prepaid this 2nd day of July, 2007.



Joseph P. Seno
Assistant Consumers' Counsel

DUANE W. LUCKEY
Chief, Public Utilities Section
Attorney General's Office
180 East Broad Street
Columbus, Ohio 43215

MARK WITT
ANDREW J. CAMPBELL
Jones Day
325 JH McConnell Blvd, Ste 600
P.O. Box 165017
Columbus, Ohio 43216